



**Southern Cross  
University**



# 2019 Southern Cross University Annual Report



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**Southern Cross  
University**



8 April 2020

The Hon Geoff Lee MP  
Minister for Skills and Tertiary Education  
Parliament House  
Sydney NSW 2000

Dear Minister

The Council of Southern Cross University submits the University's Annual Report of proceedings for the year ending 31 December 2019 for presentation to Parliament.

The Annual Report has been prepared in accordance with the *Annual Reports (Statutory Bodies) Act 1984 (NSW)* and the *Public Finance and Audit Act 1983 (NSW)*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nick Taylor'.

Mr Nick Burton Taylor AM  
Chancellor Southern Cross University

A handwritten signature in black ink, appearing to read 'Adam Shoemaker'.

Professor Adam Shoemaker  
Vice Chancellor Southern Cross University

[scu.edu.au](http://scu.edu.au)

**Lismore**

PO Box 157, Lismore NSW 2480 Australia  
**T** +61 2 6620 3000 **F** +61 2 6620 3700

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## Management Activities / Major Works

In 2019, Southern Cross University's continuing operations achieved a surplus for the first time since 2009; student load grew nine per cent on 2018; and an ambitious seven-year Strategic Plan – *The New Southern Cross* – was adopted by University Council.

The University taught 12,228 full time equivalent students across its campuses, in Australia at Lismore, Coffs Harbour, Gold Coast, Sydney, Melbourne and Perth, as well as internationally in Papua New Guinea and China. In doing so, the University exceeded its capped funding entitlement for Commonwealth Grant Scheme (domestic) students, and significantly expanded its international student cohort compared to prior years.

In the Excellence in Research for Australia (ERA) 2018 rankings, published in 2019, Southern Cross University achieved fourteen ERA-five results, a dramatic increase from nine in ERA 2015. The ERA-five 'well above world standard' rating in earth sciences, environmental science, ecology and forestry sciences reinforced the University's standing as a national and international research leader in these areas. The rise of civil engineering and resources engineering to a ERA-five rating was particularly notable as these were new areas of research for the University.

On 6 February 2019, Southern Cross and Universities Australia partnered with Our Watch to lead a new national program aimed at driving better gender equality in the higher education sector, and to drive nation-wide change in the cultures, behaviours and power imbalances that lead to violence

against women and their children.

In May 2019, the University undertook an external review of its founding legislation, policies, procedures, and Enterprise Agreement with respect to academic freedom and freedom of speech, as contemplated by the provisions of the Hon Robert French AC's Model Code. The University's review found that – with limited exceptions that were subsequently remedied – its existing legislative and policy instruments echoed and in some cases exceeded the Model Code protections for academic freedom and freedom of speech.

On 15 July 2019, the University commissioned an independent review of the 'effectiveness of the University's admissions function, with a particular focus on international and online student admissions'. The review team's final report was delivered on 27 September 2019, and through the Vice Chancellor's office, implementation of the report's recommendations has commenced, including the structural realignment of the domestic and international admissions teams and revised administrative processes.

On 12 September 2019, University Council approved a new seven-year strategy for the institution. The culmination of 18 months of planning, *The New Southern Cross 2020 – 2026* outlines the University's key aspiration: to firmly establish Southern Cross University among the top 50 young universities in the world by 2026. It envisages doubling the size of the University's student population over the term of the plan, enhancing teaching and research quality, and leading

in the areas of the Subtropics, Transitions and Caring for Country.

Construction of the new \$12m Health Sciences Building at the Coffs Harbour campus was completed on 16 September 2019, including seven specialist health laboratories, an outdoor teaching space, dual signage in Gumbaynggirr and English languages, and an Indigenous garden which features local medicinal plants. The project was completed to schedule and budget, with the building officially opened on 20 November 2019 by Mr Pat Conaghan MP, Member for Cowper.

On 17 September 2019, the University acknowledged a global ecological and climate crisis, and its opportunity and willingness to play a key role in addressing it. In particular, the University reaffirmed its commitment to sustainability across its disciplines and research in such a climate-challenged environment.

On 15 November 2019, the University announced the expansion of its operations into the Brisbane CBD market for the first time by launching The Hotel School Brisbane with partner Mulpha Australia. Built on a 30-year partnership between the parties, The Hotel School Brisbane is expected to perform strongly, leveraging the experience and assets of its sister-schools: The Hotel School Sydney and The Hotel School Melbourne.

## At a Glance 2019

| <b>2019</b>                             |              |
|---|--------------|
| <b>Total Number of Students</b>         |              |
| Total (Persons)                         | 20,329       |
| Total (EFTSL)                           | 12,228       |
| <b>Persons by Location</b>              |              |
| Lismore Campus                          | 2,413        |
| Gold Coast Campus                       | 5,695        |
| Coffs Harbour Campus                    | 1,167        |
| The Hotel Schools (Sydney & Melbourne)  | 1,052        |
| Online                                  | 4,943        |
| SCU Online                              | 2,094        |
| Other Australian Locations              | 2,303        |
| Offshore                                | 662          |
| <b>International Students (Persons)</b> | <b>5,936</b> |
| Onshore                                 | 5,210        |
| Offshore                                | 726          |
| <b>Total Staff (FTE)*</b>               | <b>872.7</b> |
| Academic Staff (FTE)                    | 322.4        |
| General Staff (FTE)                     | 550.3        |

*\* These Total Staff FTE (full-time equivalent) figures do not include Sessional or Casual FTE*

*Source: 2019 Government Student / Staff Submissions*

# Teaching and Learning

## Engaging Curriculum and Student Experience

With new courses developed for the National Centre for Naturopathic Medicine, the Centre for Organics Research and the Hotel School, among others, the University continued to enrich its course offerings and student experience with contemporary and innovative approaches. In Engineering, for example, immersive 360-degree video case-studies were developed to assist students in tackling the complexities of authentic projects and work sites.

## Teaching Staff Support

A range of initiatives and workshops supported teaching staff to enhance their practice through effective online delivery, authentic assessment design, peer review and the use of state-of-the-art learning technologies. These include the Foundations of University Teaching Practice program, evidence-based support for embedding academic skills in curricula, and the New to Teaching @SCU workshops aimed at welcoming new teaching staff each session with support, professional learning and collegial networking.

## Learning and Teaching Symposium

The annual Scholarship of Learning and Teaching Symposium was held on 5 November 2019 at the Gold Coast campus and incorporated an online component for the first time. The theme of Creating Quality, Engaging Online Learning Experiences provided an opportunity for staff to focus

on their scholarship of teaching in online and blended learning environments. The program encouraged contributors to share their successes as well as their strategies for overcoming the challenges associated with teaching in online and blended modes.

Professor Sue Gregory, Head of Education School, University of New England presented a keynote on the topic 'Thinking outside the online square: Engaging students in their learning'. The Opening Plenary was rounded out with two-minute presentations by School/ College Directors of Teaching and Learning, and a student and staff panel facilitated by Dr Raoul Adam. Staff shared practice in four parallel sessions across the day. Other activities included tours of the Virtual Reality lab, a Twitter feed and a technology Q&A session accessible either face-to-face or online.

Participant feedback was very positive with staff indicating the day was a valuable and thought-provoking event. In particular, staff appreciated the opportunity to hear about the work of their colleagues during the parallel sessions or through networking.

## 2019 Australian Awards for University Teaching Citations

*Dr Mieke Witsel, School of Business and Tourism*

For empowering first year students to succeed with future studies and careers by building competence and confidence in 21st century communication strategies in Business.

## 5-Star Learning / 5-Star Staff

The *5-Star Learning / 5-Star Staff* program again invited students to nominate staff who had provided them with a 5-Star learning experience. With each nomination requiring a description of at least 50 words, the initiative provides an opportunity for staff to receive positive feedback from students who may be reticent to send a thank you directly. Over 106 responses were received in 2019 for a mix of individuals and teams from across the University.

## Collaborations to Support Student Success

A range of collaborations and partnerships across the University strengthened student support through initiatives such as the Student Portal in Blackboard, *Numeracy Ready* resources in the School of Business & Tourism and Nursing, and award-winning *Unit Warm-Ups* designed to engage and inform students early in their studies. A new online module, *Practice Academic Integrity: an introduction* supports student understanding of academic misconduct and academic integrity. The module, which includes a final quiz, refers students to further resources and support at Southern Cross.

# Research

Southern Cross University is a vibrant regional university where our researchers are contributing to solving real world problems in areas including climate change, natural resource management, food security, health and wellbeing and social welfare – areas that have reflected the University's connection to community and place, the subtropical mid and northern coast of NSW and the Gold Coast. Southern Cross's new Strategic Plan has emphasised our connection to region, through a focus on the 'subtropics' and a commitment to research that promotes sustainability and regeneration of the environment.

For almost a decade, internal research funding at Southern Cross University has been focused in key areas of specialisation, such as Plant Science, Geoscience and Marine Science. The strategy to grow research adopted by the University over the last decade has been to focus resources on this limited number of areas. Much resource has been directed to a small number of individuals who have national and international reputations and the ability to generate high quality publications. This investment has seen excellent ERA 2018 results, with 14 research areas achieving a five ranking of 'well above world standard', up from nine in 2015.

STEM research areas accounted for 12 of the 14, and included Earth Sciences, Geochemistry, Oceanography, Environmental Science and Management, Ecology, Zoology, Agricultural and Veterinary Sciences, Crop and Pasture Production, Fisheries Sciences, Forestry Sciences, Civil Engineering and Resources Engineering and Extractive Metallurgy. In addition to these

12 STEM research areas, three of the health and human science research areas also performed extremely well in ERA 2018.

Nursing and Complementary and Alternative Medicine also achieved 'well above world standard', while Exercise Science achieved 'above world standard'. These results, in disciplines with high student load, require a reconsideration of research investment going forward, to ensure the alignment of research excellence with teaching excellence and to build greater capacity within these disciplines.

The establishment of the Centre for Naturopathic Medicine was announced in 2019, made possible by a 10-million-dollar donation by philanthropist Mr Marcus Blackmore AM. This will see more focus on research and teaching in the area of Alternative Medicine, boosting our credentials as the first Australian university to offer higher education qualifications in Naturopathy.

During 2019, the University also achieved great results in the Australian Research Council's engagement and impact assessment exercise with three case studies achieving 'high' status. Two University case studies from this exercise were chosen among 18 from across the state, and showcased at Parliament House in Sydney at the launch of Research Impact NSW. These projects were Seasons for Growth (support for children experiencing loss or grief) authored by Professor Anne Graham, Director of the University's Centre for Children and Young People, and Improving Knowledge and Awareness of End-of-Life Care authored by Emeritus Professor Colleen Cartwright.

In July 2019, the University resubmitted its application for Bronze accreditation in the Athena Swan program dedicated to achieving gender equity in the STEM disciplines and was successful. This accreditation commits Southern Cross to an ambitious set of targets towards achieving gender equity in the STEM disciplines and across the University. A gender equity committee, chaired by the Vice Chancellor, will be appointed to ensure that these targets are implemented over the next four years.

In line with University Australia's Indigenous Strategy (2017-2020) we are working to develop research environments and employment structures that support Indigenous early career researchers both within the Gnibi College of Indigenous Australian Peoples and in the other Schools. For the first time at Southern Cross, we were successful in our application for an ARC Indigenous Postdoctoral Fellow, Dr Ben Mos. Dr Mos works at the National Marine Science Centre in Coffs Harbour, with Professor Symon Dworjanyn on a project that received \$577,000 from the ARC, to research the impact of environmental changes on freshwater and marine animals, to help safeguard natural populations and aquatic habitats integral to Indigenous and non-Indigenous Australians.

We are currently working with Gnibi to develop an Indigenous research strategy that aligns with the University Elders' Principles and commits the University to further funding of research projects that draw upon Indigenous knowledges.

## Research

In 2019, we expanded our partnerships with industry. One of these resulted in the successful Cooperative Research Centre Project (CRC-P) application 'Growing the medicinal cannabis industry - precision farming to pharmaceuticals', with industry partners Cann Group Limited, NSW Department of Industry, Aglive Group Limited and the University of Newcastle. This CRC-P will provide industry with step change solutions to its key problems: production costs, product consistency and supply chain traceability. By developing products, processes and services in cultivation, analysis, quality assurance and chain of custody, industry will be enabled to produce safe, uniform and

traceable medicinal cannabis products.

Southern Cross University is one of eight universities who are major partners in the Soil CRC (CRC for High Performance Soils). The Soil CRC was established in 2017 to give farmers the knowledge and tools they need to make decisions on extremely complex soil management issues. Southern Cross is currently leading two projects, surveying farm practices and plant-based solutions to improve soil performance. Two CRC scholarships were awarded, one on phosphorous removal from dairy processing wastewater and another to examine the influence of root exudates on soil microbial diversity and soil function.

Increasingly, industry is looking to partner with universities to create opportunities for doctoral candidates to work with an industry-specific focus. In 2019 there were 19 co-funded industry doctoral scholarships. Three from the Soil CRC, two each from Cann Ltd and NSW Department of Primary Industries, and one each from Aglient, Australian Institute of Sport, Australian Institute of Nuclear Science and Engineering, Chess Connect, Coffs Harbour Employment and Support Services, Crops for the Future, EIR Health, Guardian Exercise Rehabilitation, Nambucca Heads Local Aboriginal Land Council, Passionfruit Australia, Rotary International and the University of Lincoln.





# Engagement

The Engagement portfolio spans three intersecting teams: Partnerships; Marketing, Media and Communications; and Strategic Projects.

## Partnerships

### Our alumni community

There were 2,905 alumni memberships activated in 2019 and a streamlined, opt-out alumni membership was implemented. Our alumni community now numbers more than 66,000 graduates.

Partnerships with work groups across the University such as Technology Services, Graduation, Events and Marketing, Media and Communications, positioned our alumni community at the forefront of key University events and activities.

Our alumni community continued to contribute to the University as mentors, through our Bright Futures mentoring program. The program pairs students with alumni in relevant industries as a key part of our Careers and Employability service. In 2019, 172 mentors from our alumni community volunteered for the Bright Futures program. Of this group, 70 matched sessions were completed with SCU students, who had high levels of satisfaction for the insight gained from the experience.

An awards program, the Southern Cross University Impact Awards, was introduced in mid-2019 to recognise and bring greater visibility to the outstanding achievements and community impact of our alumni.

### Giving and Philanthropy

The University continued to grow the volume of scholarships available to students. An important component of our student scholarships is those provided by

private donors, who represent local philanthropic businesses, agencies and individuals. In 2019, 34 valued donors gifted a total of \$214,721. This enabled the University to administer 66 scholarships funded by private donors in addition to other government-funded targeted scholarships.

In August 2019, our student scholarship recipients were celebrated through Student Achievement Celebrations held at Gold Coast, Lismore and Coffs Harbour campuses. A total of 320 guests attended the events, including scholarship recipients and their respective families, as well as our scholarship and prize donors, local headmasters and staff. The Student Opportunities Fund received \$5,587.69 in donations in 2019. Additionally, \$29,650 in prize donations was received.

### Impact Awards

The Southern Cross University Impact Awards were launched in July 2019 to provide a vehicle for engagement with the wider University community and opportunities for peer recognition of staff and alumni, with greater visibility for the notable achievements of these groups. Each category was judged on specific criteria related to the University's vision, mission and values.

A milestone in the wider 25th anniversary celebrations, the Impact Awards included a tribute to long-serving staff and to the University's impact. 111 nominations were received (68 staff nominations, 43 alumni nominations). The awards ceremony was attended by more than 300 staff and alumni.

Alumnus of the Year recipient Neale Robert Sutton was recognised at the event for his work at Humanihut, providing lightweight, robust emergency shelters for international humanitarian and other purposes. Other outstanding graduates included International Alumnus of the Year Mr Ashok Lavasa, Election Commissioner of India, and Young Alumnus of the Year Holly Millican, who was recognised for her teaching work empowering students who struggle with basic mathematical concepts.

### Entrepreneurship

In 2019, the University continued to deliver a range of entrepreneurial programs through the Enterprise Lab network at our Lismore and Gold Coast campuses.

Funded by the NSW Government and a partner in the Sydney School of Entrepreneurship, the Southern Cross Enterprise Lab is focused on developing future entrepreneurs by providing access to resources, knowledge, talent and space to turn ideas into action.

In 2019, the Enterprise Lab held more than 30 events across the Lismore and Gold Coast campuses, and throughout the Northern Rivers region, engaging with approximately 1,000 community members, students and partners. This included the continued partnership with clean tech accelerator the Energy Lab to form and nurture a new wave of clean tech energy businesses in the Northern Rivers. Engagement with school-aged youth through regional primary and secondary schools continued, as did professional development opportunities for education leaders in the Northern Rivers.

# Engagement

## Marketing, Media & Communications

The Marketing, Media and Communications (MMC) unit finalised its new structure and personnel in the first half of 2019, leading to considerable increases in output and effectiveness. Efficiencies under the new structure enabled an increase of 25% in direct media spend. Across 2019 paid marketing resulted in:

- 49m digital impressions (Reach) – up 12 per cent year-on-year
- 149,000 clicks – up 30 per cent
- 0.30% CTR (click through rate) – up 26 per cent
- This resulted in 38,900 digital leads and 6.2m web sessions.

The highest volume channels included:

- Native advertising – 25.5m impressions
- Programmatic (Display) – 9.6m
- Social Media advertising – 8.3m

Separately, MMC released a Northern Rivers-specific reputational campaign for the University, resulting in more than 2 million impressions during the campaign, meaning the target audience of working adults received the message 8-10 times each. More generally, a total of 25 (83%) of initiatives mapped out in the Integrated Marketing Plan 2019-20 were achieved with five (17%) partially completed. The design template platform Outfit was used to create 839 new documents and resulted in 1,379 projects published or printed across the University, up from 725 last year.

Activations of sponsorships set new benchmarks in 2019 with the Gold Coast Marathon, Mullumbimby Music Festival and Coffs Running

Festival all showcasing the very best of the University's community engagement and outreach.

### Media

A total of 9,417 domestic media reports mentioned Southern Cross University during 2019. This coverage reached a cumulative audience/circulation of 63 million.

A competitive set of similar or nearby universities is used to benchmark Southern Cross University's relative performance. Southern Cross ranked sixth in terms of coverage, with an eight per cent share of voice. This was consistent across the year. Much of the University's coverage appeared in national outlets (40%). This was followed by New South Wales (25%) and Queensland (15%). Other areas accounted for the remaining 20 per cent.

### Digital

The main website, scu.edu.au, continued to be the focus for improvement in 2019 with a detailed user analysis undertaken to help guide further development work. As a result of this review, the Web Content Upgrade Project was commissioned by the University, overseen by the Online Steering Committee and operationally led by MMC. This is an ongoing project aimed at improving content and the user journey on the website due for completion in late 2020.

Web traffic rose by 4.64 per cent to 8.42m page views in 2019.

All social media channels curated directly by the Southern Cross digital team grew in 2019. Facebook followers increased 18 per cent, Instagram grew 47 per cent and LinkedIn increased by 11 per cent.

## Strategic Projects

### Farming Together program

The University finalised the national pilot program Farming Together in May 2019. The program superseded expectations, supporting 28,500 primary producers and 730 groups through collaborative projects aimed at increasing return at the farm gate. The Farming Together program formed in excess of 70 new cooperatives.

In August the success of the Farming Together team was recognised with the program awarded the AFR Higher Education Award for Industry Engagement, and BHERT (Business Higher Education Round Table) Award for Industry Engagement.

### Regenerative Agriculture Alliance

The Regenerative Agriculture Alliance (RAA) was established in 2019 to support policymakers, farmers, researchers and agricultural entrepreneurs in building the foundations of research and practice for regenerative agriculture in Australia. It aims to assist farmers to become more resilient and mitigate climate change through farming techniques. The inaugural Industry Advisory Group meeting was held in Lismore in March 2019.

### Commercial partnerships

Research partnerships between the National Marine Research Centre and industry have been established in the areas of sea urchins, octopus, and new aquaculture projects involving fish farming such as rock blackfish (*Girella elveta*), and red sea lettuce (*Ulva australis*).

The research project, Plastic Resource Recovery for Remote and Indigenous Communities, has resulted in the establishment of a Cooperative Research Centre Project (CRC-P), with \$2.5 million grant funding.

# People

## Attraction and Retention

Over 130 employment vacancies were advertised and filled during 2019, utilising a combination of internal and external recruitment. 40 per cent of vacancies related to academic positions – continuing, fixed-term and casual roles.

New senior appointments commencing in 2019 included Deputy Vice Chancellor (Research), Dean, School of Environment, Science and Engineering, and Director, Property Services.

The implementation of a new e-recruit system, Acendre was completed in 2019 and integrated with the University's HR Information System, Aurion, enabling significant improvements in recruitment and appointment practices for hiring managers and job application candidates.

## Workforce Diversity

Southern Cross University continued to promote and support greater workforce diversity through the management of induction, and the delivery of a wide range of training programs: EO Online, Respectful Workplace, Courageous Conversations About Race, and Unconscious Bias training for senior managers.

In March 2019 the University launched its Ally Network, a University-wide commitment, championed by the Vice Chancellor, to the inclusion, success and celebration of LGBTIQ students and staff. All Allies (16 staff across three campuses) undergo Understanding Gender and Sexuality Diversity training combined with Ally training.

Implementation of the University's Aboriginal and Torres Strait

Islander Employment Strategy continued in 2019. The number of Aboriginal and Torres Strait Islander employees remained strong in 2019, with 39 staff employed across the University.

## Gender Equality

Southern Cross proudly supports equal opportunity and is committed to advancing gender equality. In 2019, the representation of female staff was 51.3 per cent (academic) and 65.9 per cent (professional).

In 2019, the University was advised of its successful application for a Science in Australia Gender Equity (SAGE) Athena Swan Bronze Institution Award. The Award is a global standard of excellence in gender equality that recognises the underrepresentation of females in the science, technology, engineering, mathematics and medicine disciplines (STEMM). As part of the application, a four-year Action Plan has been developed to strengthen and embed gender equality at Southern Cross.

As part of the annual Workplace Gender Equality Agency reporting, the University performed strongly against sector peers in relation to pay equity – 5.7 per cent (SCU) compared to the 'comparison group' median percentage of 11.2 per cent. Work is currently being undertaken to further reduce this gap.

In 2019, the University was one of four universities to participate in the Our Watch Pilot program. The program aims to drive nationwide change in the culture, behaviours and power imbalances that lead to violence against women and their children. The pilot involved reviewing existing policies,

programs and practices to identify good practice and areas requiring improvement.

## Academic Performance Enhancement

Eleven academic employees from six Schools engaged in the Special Studies Program in 2019. The Program provides up to six months of release from normal duties to engage in a research or teaching scholarship project with outcomes that benefit the University and supports the employee's career progression.

A new Mentoring Program was launched in 2019 focusing on career development and support for early career academics. Five academic employees were successfully paired with mentors from within the University.

## Work Health and Safety

A range of initiatives to support workplace health, safety and wellbeing were implemented in 2019. A key priority was the implementation of the online incident and hazard reporting system RiskWare, which enables a faster and streamlined process for staff and students to report incidents and hazards. Enhanced data, reports and tracking of subsequent actions are features of the new WHS software.

Over 1,500 staff accessed health and wellbeing initiatives across all campuses. These included in-person and online programs as well as access to wellbeing classes and software applications, flu vaccinations and counselling support through the Employee Assistance Program. A focus in 2019 has been on the mental health and wellbeing of staff including programs to assist staff

# People

in their support of colleagues and students with mental health concerns.

657 employees attended workplace health and safety training programs including Mental Health Awareness, Mental Health First Aid, SafeTALK, First Aid, Dangerous Goods, Emergency Warden, Fire Safety Adviser, Emergency Response, RiskWare, Manual Handling, Responding to Sexual Assault, Health and Safety Representative, Safety Support Officer, X-ray Safety, Safe Use of Sealed and Unsealed Radiation Sources.

## Leadership Capability Development

The continued development of current and emerging leaders occurred throughout 2019 as a key pillar of the University's organisation development strategy. Programs offered to targeted managers and leaders during 2019 included:

- NESLI Women's Advanced Leadership Program
- E-Lamp (Emerging Leaders and Managers Program) delivered in partnership with ATEM (Association of Tertiary Education Management)

- RUN (Regional Universities Network) Mentoring Program for Executive Women
- People Manager's Workshop (internal program).

In addition, a large number of senior managers completed 360-degree leadership surveys as part of a biennial program of leadership performance feedback. Following completion of the surveys, leadership plans are developed for the managers to guide improvement in identified areas of leadership capability.



# Multicultural Plan 2019 Report

## 1. Service delivery

The University established an Ally Network to support the sense of safety and well-being of LGBTIQ+ students.

HumanKind training, which seeks to empower student leaders to become active agents in contributing to a culture of student safety and well-being, was developed and trialled with two groups of Residential Assistants.

### Chaplaincy

Religious identities continued to be validated at the University. This was evidenced by the activities of the Muslim Student Club, which was engaged with the wider University community. The Muslim students coordinated a Ramadhan Iftar on campus, and provided a number of responses to the 2019 disasters. They were subsequently acknowledged in the local Australia Day Awards. The Hindu celebration of Holi was marked by the smearing of coloured chalk, and conversation.

### Student Equity & Inclusion Services

The Student Equity & Inclusion team continue to provide staff with disability awareness training. This is delivered every two years and now also comprises an online module for staff to complete.

The Disability Action Plan is under current review, with new objectives and strategies being identified. This review is at the early stages but will involve contribution and consultation from community, and a broad range of staff from the University.

## 2. Planning

The University's *Equity and Diversity Plan 2016 – 2020* includes strategies on supporting and

promoting an inclusive culture for students and staff, and embracing a knowledge of, and respect for, equity and diversity.

## 3. Leadership

The *Understanding Gender & Sexuality Diversity* LGBTIQ+ cultural competency staff training program was held at Coffs Harbour, Gold Coast and Lismore campuses with 23 participants.

Utilising a combination of real life narratives and values-based activities to allow for a self-reflective engagement with issues of gender and sexuality diversity, this workshop informs staff about the lived experiences of people of diverse sexualities and gender identities, creating understandings to lead and promote an inclusive environment at the University.

The Equity and Diversity Committee continues to be chaired by the Deputy Vice Chancellor (Students).

## 4. Engagement

During 2019, the annual Diversity Calendar delivered 10 engagement events across the University community.

Harmony Day occurred shortly after the devastating attack on a mosque in Christchurch, New Zealand. The day provided an opportunity for the University to come together to re-affirm our values of respect and inclusion and to offer our support to Muslim communities and students. Student Equity & Inclusion collaborated closely with the Chaplaincy service and Muslim communities and student groups. A simultaneous minute's silence was observed across the three main University campuses.

At the Lismore campus, Student Equity & Inclusion collaborated with the LEXSA Multi-Media Club to install a mural on the windows at the rear of the Chat Room in the Plaza. Students, staff and community members were invited to contribute their thoughts and aspirations to the mural theme "Together We Can...". Students from the Japanese Exchange program had a very popular calligraphy stall. Hindi students at Lismore also celebrated Holi, which signifies the victory of good over evil – a day of spreading happiness and love. The Hindi students ceremoniously anointed many willing participants with ochre, to signify this special occasion. Mr Habib Jamal, president of the Queensland Islamic Association, attended a ceremony of remembrance and respect at Gold Coast campus.

Student Equity & Inclusion curated an online collection of video resources and podcasts. The unit also provided advice and assistance for the 'Stories to Freedom' exhibition, a collaboration between the University and Anglicare North Coast about refugee and migrant women in our communities that was shown at the Gold Coast campus, Coffs Harbour Regional Museum and the Lismore campus Library.

# Multicultural Plan 2019 Report

The University's annual Fusion Festival was held in late August providing opportunities to acknowledge, learn from and celebrate our diverse communities across the University's three main campuses. Students from culturally diverse backgrounds were employed by the University to help coordinate festival events and activities. At each campus, students, staff and the community came together to enjoy international cuisine food tasting, cultural displays, performances and exchanges as well as music and cultural dances.

A photography competition for staff and students, with the theme Faces of Fusion, was part of the festival this year. Thirty-eight photos were submitted and exhibited on-line. This exhibition provided an opportunity for the University and wider communities to engage with, have conversations about, and celebrate cultural diversity.

## Strategies for 2020 include:

- Encouraging all staff to access relevant training including *EO Online* (Equal Opportunity training), *Respectful Workplace and Understanding Gender & Sexuality Diversity* (LGBTIQ+ awareness training).
- Promoting a University culture (including online) that is free from discrimination and supportive of diversity, to attract and retain staff and students from culturally and linguistically diverse backgrounds.
- Delivering cultural festivals and diversity events to students, staff and the wider community to promote diversity and harmony, in partnership with people from culturally diverse backgrounds and reflecting the different communities at each campus.

- Further develop the HumanKind concept as a cohesive, whole-of-university framework to support a culture of student safety and well-being.



# Student Feedback and Consumer Response

## Complaints Framework

The University's Complaints Framework recognises that many complaints can be resolved informally with a relevant member of staff. When this is not possible, students or members of the public can lodge a formal complaint with the Complaints Assistance Officer under the Complaints Policy - Students and Members of the Public. An important function of the Complaints Assistance Officer is to provide advice and assistance to students about their options.

During 2019, a total of 143 complaints were received by the Complaints Assistance Officer. Key themes were:

- Fees
- Quality of experience
- Inappropriate behaviour.

127 complaints were resolved informally and 16 were formalised and actioned as per the Complaints Policy.

Of the 16 formal complaints:

- Five were resolved to the student's satisfaction and recommendations for changes and improvements to University procedures were made;
- Six were not upheld. Advice and information were provided to the complainant about the reasons for the decision;
- Four were referred to be dealt with under other University policies;
- One was withdrawn.

## Academic Appeals

The Academic Board Appeals Committee is a committee of the University's Academic Board that



assists in assuring quality and integrity in academic outcomes for students by considering potential irregularities in academic assessment and progression processes.

During 2019, 43 academic appeals were lodged with the Secretary to the Academic Board Appeals Committee. Of the 43 appeals received:

- 11 appeals went to hearing before the Committee.
- 18 appeals were rejected by the Chair of the Committee as frivolous or vexatious or because the academic decision seemed to the Chair to have been properly taken and the student had not presented sufficient evidence to justify further consideration of the appeal.

- Nine appeals were made prematurely with the students being advised that they needed to take other steps to have the decision reviewed before lodging an appeal.
- Three appeals were referred to the relevant Head of School with an invitation to reconsider the matter raised.
- One appeal was referred back to Student Administration Services to reissue letter stating correct grounds for exclusion (original letter stated incorrect grounds).
- One appeal did not proceed after the student was provided with information on alternative options.

# Governance

## Purpose

Southern Cross University was established under the *Southern Cross University Act 1993* (NSW). Under the Act the object of the University is the promotion, within the limits of the University's resources, of scholarship, research, free inquiry, the interaction of research and teaching, and academic excellence.

## Governance

The University is governed by a Council to which the University's Chief Executive Officer, the Vice Chancellor, reports. The Council is chaired by the Chancellor and has 13 members: the Chancellor, the Vice Chancellor, the Chair of the Academic Board, two members appointed by the Minister, four members appointed by Council, three elected staff members and one elected student member.

The Academic Board is the University's principal academic body. It is responsible for establishing and maintaining the highest standards in teaching and learning and research in the University. It is also the primary advisory committee of the Council on academic matters.

## Voluntary Code of Best Practice for the Governance of Australian Public Universities

In 2013, the University Council adopted the Voluntary Code of Best Practice for the Governance of Australian Public Universities. In September 2018, the University Council adopted the revised Voluntary Code.

In November 2019, the University Council reviewed the University's

standing against the revised Voluntary Code. The University is substantially compliant with the Voluntary Code. The Council endorsed some recommendations to ensure that the University is

fully compliant with the Code's requirements. This included updating some processes in relation to the appointment of Council members to increase the transparency of that process.

## Management and Structure

As at 31 December 2019

### UNIVERSITY COUNCIL

#### Vice Chancellor and President

|          |                     |
|----------|---------------------|
| Campuses | Governance Services |
|----------|---------------------|

|             |
|-------------|
| HR Services |
|-------------|

#### Deputy Vice Chancellor (Academic)

|                              |                                  |
|------------------------------|----------------------------------|
| Planning, Quality and Review | Centre for Teaching and Learning |
|------------------------------|----------------------------------|

|                       |                           |
|-----------------------|---------------------------|
| Academic Partnerships | Careers and Employability |
|-----------------------|---------------------------|

|             |                                    |
|-------------|------------------------------------|
| SCU College | School of Arts and Social Sciences |
|-------------|------------------------------------|

|                                |  |
|--------------------------------|--|
| School of Business and Tourism | School of Environment, Science and Engineering |
|--------------------------------|--|

|  |                                     |
|--|-------------------------------------|
| Gnibi College of Indigenous Australian Peoples | School of Health and Human Sciences |
|--|-------------------------------------|

|                           |                     |
|---------------------------|---------------------|
| School of Law and Justice | School of Education |
|---------------------------|---------------------|

#### Vice President (Global)

|                           |                          |
|---------------------------|--------------------------|
| International Recruitment | International Admissions |
|---------------------------|--------------------------|

|                            |                           |
|----------------------------|---------------------------|
| International Partnerships | Study Abroad and Exchange |
|----------------------------|---------------------------|

#### Deputy Vice Chancellor (Research)

|                                 |                 |
|---------------------------------|-----------------|
| Research Funding and Management | Graduate School |
|---------------------------------|-----------------|

|                         |                  |
|-------------------------|------------------|
| Research Infrastructure | Research Centres |
|-------------------------|------------------|

|                  |
|------------------|
| Emeritus Faculty |
|------------------|

#### Vice President (Operations)

|                     |                   |
|---------------------|-------------------|
| Technology Services | Property Services |
|---------------------|-------------------|

|                  |                                 |
|------------------|---------------------------------|
| Library Services | Student Administration Services |
|------------------|---------------------------------|

|                 |                   |
|-----------------|-------------------|
| Campus Services | SCU Health Clinic |
|-----------------|-------------------|

#### Vice President (Finance)

|                      |                                 |
|----------------------|---------------------------------|
| Financial Operations | Financial Planning and Analysis |
|----------------------|---------------------------------|

#### Vice President (Engagement)

|                   |                 |
|-------------------|-----------------|
| Alumni and Giving | Enterprise Labs |
|-------------------|-----------------|

|                    |              |
|--------------------|--------------|
| Strategic Projects | Partnerships |
|--------------------|--------------|

|                                     |
|-------------------------------------|
| Marketing, Media and Communications |
|-------------------------------------|

#### Deputy Vice Chancellor (Students)

|                 |                    |
|-----------------|--------------------|
| Student Support | Student Experience |
|-----------------|--------------------|

|                                      |                      |
|--------------------------------------|----------------------|
| Student Safety, Health and Wellbeing | Equity and Diversity |
|--------------------------------------|----------------------|



# Governance

## Management and Structure

### UNIVERSITY COUNCIL MEMBERS FOR THE PERIOD 1 JANUARY 2019 TO 31 DECEMBER 2019

Chancellor and Chair of Council  
**Mr Nicholas Burton Taylor AM, BEc(Syd), FCA, FCPA, FFin, FAICD**  
Current term expires 25 September 2022

Deputy Chancellor  
**Mr Murray d'Almeida FAICD**  
Ministerially appointed member  
Current term expires 31 December 2021

Vice Chancellor  
**Professor Adam Shoemaker BA (Hons) (Queen's Canada), PhD (ANU)**  
Current term expires 23 September 2021

Chair of Academic Board  
**Professor Andrew Rose BE(Environmental)(Hons) (UNSW), BSc(Mathematics)(UNSW), PhD(UNSW)**  
From 23 March 2019  
Current term expires 31 December 2022

**Dr Austin Curtin MB MD BS(Syd), FRACS**  
Council appointed member  
Current term expires 11 September 2022

**Professor William Boyd BSc(Hons)(StAnd), MEdLead(HigherEd)(MACQU), DSc(StAnd), PhD(Glas)**  
Elected member – academic staff  
Current term expires 9 September 2020

**Ms Julie Granger BA/LLB(Hons)(SCU), LLM(UNSW)**  
Council appointed member  
Current term expires 9 November 2022

**Mr Graham Lancaster BAppSc(Hons)(UNENR)**  
Elected member – non-academic staff  
Current term expires 9 November 2022

**Ms Lynda O'Grady BCom(Hons)(UQ), FAICD**  
Council appointed member  
Current term expires 16 February 2021

**Associate Professor Adele Wessell BA(Hons) (UNSW), PhD(UNSW), GradCertHEd(L&T)(SCU)**  
Elected member – academic staff  
Current term expires 9 September 2020

**Mr Michael Jones DipCommServ(Mental/Hlth) NSW TAFE**  
Elected member – student representative  
Current term expires 9 September 2020

Council Secretary  
**Ms Belinda Atkinson BComm(UQ), LLB(UQ)**

**The following member's appointment concluded during 2019**

**Professor Mark Hughes BSW(Hons)(JCU), PhD(UQ)**  
Chair of Academic Board  
Retired on 22 March 2019

*Frequency of meetings and members' attendance is included at Appendix D.*

### EXECUTIVE OFFICERS

**Vice Chancellor**  
Professor Adam Shoemaker BA(Hons)(Queen's Canada), PhD(ANU)

**Deputy Vice Chancellor (Research)**  
Professor Susan Nancarrow BAppSc(Pod)(QUT), MAppSc(QUT), PhD(ANU), GAICD  
*To 25 January 2019*  
Professor Mary Spongberg BA(Hons)(Sydney), PhD(Sydney)  
*From 29 January 2019*

**Deputy Vice Chancellor (Academic)**  
Professor Tyrone Carlin, BComm(UNSW), LLB(Hons) (SYDNEY), LLM(Sydney), MComm(Hons)(UNSW), PhD(Macq)

**Vice President (Global)**  
Mr Monty Singh, BSci(OS), GradDip(CompSci)(UC), MIT(Macq)

**Vice President (Operations)**  
Mr Allan Morris, GradDiplInfoTech(Monash)

**Vice President (Finance)**  
Travis Walker B Bus(Accounting)(RMIT), MBA(LaT)

**Vice President (Engagement)**  
Mr Ben Roche, BSc(Hons)(UNSW), MEd(UTS)

**Deputy Vice Chancellor (Students) and Dean of Education**  
Prof Nan Bahr, DipEd(Adelaide), BA(Flinders), BEd, BMus(Adelaide), MEd(UQ), PhD(UQ)

# Governance

## Insurance

The University maintains an appropriate comprehensive insurance program to cover the financial effects of insurable risks. The principal areas of cover include, but are not limited to; property protection, general and products liability, professional liability, malpractice, clinical trials, cyber, corporate travel, motor vehicle insurance, and workers compensation. The University's risk profile, including new and emerging risks and the University's exposure to such risks, is considered when determining the limits of insurance, policy deductibles and classes of cover. The University's insurance program is renewed annually.

## Risk Management

The University's approach to risk management aligns with the risk management standard ISO 31000:2018 Risk Management – Guidelines. Oversight of the University's Risk Management Framework is provided by Council and the Audit and Risk Management Committee.

During 2019 there was continued focus on:

- Regular reporting and review of the University's strategic risk profile. The Strategic Risk Register was revised to align with the University's new 2020-2026 Strategic Plan.
- Supporting Operational Units to monitor and review operational risks.
- Improvement in risk reporting through the introduction of Riskware – a new incident reporting software.
- Emergency management – the Emergency and Crisis Management Plan was implemented in 2019 in conjunction with the Emergency and Crisis Management Policy, focusing on providing a safe work and learning environment; preventing or mitigating known risks, preparing for, and responding to, extreme and uncommon events, and then using the developed resilience to recover.
- Business Continuity planning.

## Legal changes

Legal changes occurring during 2019, with the most direct impact on the University are set out below.

### **Modern Slavery Act 2018 (Cth)**

Commenced on 1 January 2019 and requires the University to prepare and submit an annual Modern Slavery Statement (Statement) to the Australian Border Force. The Statement must report on the risks of modern slavery in the University's operations and supply chains, and actions taken by the University to address those risks in the relevant reporting period. As the University reporting year is 1 Jan to 31 December, our first reporting period will commence in January 2020, and our first Modern Slavery Statement must be submitted by no later than 30 June 2021.

### **Taxation Administration Act 1953 (Cth)**

Amendments to the *Tax Administration Act* commenced on 1 July 2019 and introduced a whistleblowing scheme for disclosures made about misconduct or improper conduct in relation to tax affairs.

To be protected the disclosure must be made by someone connected to the University, including University employees, and suppliers of University goods or services or their employees. The disclosure must be made to a person who is authorised to receive disclosures.

Criminal penalties may result if the identity of a whistleblower is revealed, unless in a limited set of circumstances, including where it is reasonably necessary to investigate the allegation.

# Governance

## **Corporations Act 2001 (Cth)**

Changes to the whistleblower protections under the *Corporations Act* also commenced on 1 July 2019, and appear to have unintentionally caught entities such as the University.

These protections are similar to those contained in the amended *Tax Administration Act* but allow for disclosures about a broader range of misconduct, including concerns about corruption, bribery and fraud. Once again, the scheme carries criminal penalties for individuals who breach whistleblower confidentiality and provides victimisation protection for whistleblowers.

## **Education Services for Overseas Students Regulations 2019 (Cth)**

Commenced on 1 October 2019, replacing the 2001 Regulations. Significant changes include:

- Providers must now give information on education agents for every student enrolment that has been facilitated by an agent;
- More information is required on students' English language proficiency in relation to student visas;
- Providers must provide contact information and residential address details for students who breach student visa conditions; and
- Expansion of the definition of tuition fees to provide improved guidance for providers.

## **Higher Education Support (Charges) Act 2019 (Cth)**

Provisions will commence on 1 January 2020, and include the imposition of an annual charge on a higher education provider. The amount is to be prescribed by regulation, which may also provide for exemptions.

## **Education Legislation Amendment (Tuition Protection and Other Measures) Act 2019 (Cth)**

Amends the *Education Services for Overseas Students Act 2000* to introduce the Tuition Protection Service (TPS) and Overseas Students Tuition Fund. Providers will be required to pay a Tuition Protection levy based on the estimated enrolments, estimated overseas tuition income and a risk factor multiplier.

## **Government Sector Finance Amendment Regulation 2019 (NSW)**

Amends the *Government Sector Finance Act 2018* (GSFA) to exempt University-controlled entities from GSFA reporting requirements from 1 July 2020.

## **Privacy and personal information**

The University continues its commitment to complying with its obligations under the *Privacy and Personal Information Protection Act 1998* (NSW) ("PIIP Act") and the *Health Records and Information Privacy Act 2002* (NSW) ("HRIP Act").

In 2019, the University promoted a culture of understanding of, and compliance with, privacy legislation through:

- Participating in the Information and Privacy Commission's Privacy Awareness Week in May;
- Introducing a new Privacy Policy and Privacy Data Breach Response Process;
- Providing privacy-related advice, including specific privacy review of hosted software agreements and proposed third party software solutions;
- Drafting and reviewing privacy collection notices and statements;
- Providing information sessions for staff on their obligations under the PIIP and HRIP Acts, and the appropriate management of suspected privacy data breaches.

The University received no applications for internal review under Part 5 of the PIIP Act in the 2019 calendar year.

# Governance

## Government information public access

### Program for the release of information

Throughout 2019, the University continued to make information of public interest available via its website, including the Gnibi Wandarahnn Innovate Reconciliation Action Plan 2019-2021 and related Strategies. The University also added to its Register of Government Contracts and Policy Library, and information about gifts received by the Office of the Vice Chancellor was added to the University Disclosure Log.

### Number of access applications received

In 2019, the University received four valid access applications under the *Government Information (Public Access) Act 2009* (NSW) (GIPA Act).

The University did not refuse any applications in 2019 on the basis that the information requested was information referred to in Schedule 1 of the GIPA Act.

Statistical information relating to the number and type of applications decided by the University in 2019, and applications that were subject to internal or external review within the reporting period, is provided in Appendix E.

## Public Interest Disclosures

The *Public Interest Disclosures Act 1994* (NSW) ("PID Act") establishes a system for public officials to report serious wrongdoing.

The University's Public Interest Disclosures (PID) Policy establishes an internal system for receiving, assessing and dealing with reports of wrongdoing under the PID Act. The PID Policy is available to staff on the University's online policy library. Staff are also provided with information on reporting corrupt conduct, maladministration and serious or substantial waste of public resources in accordance with the PID Act in the Code of Conduct.

The Code of Conduct forms part of staff members' conditions of employment and commencing staff must certify that they have read and understood the Code of Conduct. In 2019, additional information was provided to University management regarding their responsibilities in relation to PIDS and new whistleblower provisions in Commonwealth legislation.

The University's report in relation to public interest disclosures made in 2019 is as follows:

|  |   |
|--|---|
| Number of public officials who made Public Interest Disclosures (PIDs) to the University                     | 0 |
| Number of PIDs received by the University  | 0 |
| Of PIDs received by the University, number primarily about:  |   |
| Corrupt conduct  | 0 |
| Maladministration  | 0 |
| Serious and substantial waste of public money  | 0 |
| Government information contravention   | 0 |
| Number of PIDs finalised   | 0 |
| (1) Public interest disclosures made by public officials in performing their day-to-day functions            | 0 |
| (2) Public interest disclosures not covered by (1) that are made under a statutory or other legal obligation | 0 |
| All other public interest disclosures  | 0 |

# Financial Performance

The financial statements include Southern Cross University as the parent entity and the consolidated entity comprising Southern Cross University and its controlled entity Southern Cross Campus Services Limited.

## Review of Operations

Southern Cross University and its controlled entities reported a consolidated net profit of \$15.810m for the year ending 31 December 2019 (2018: \$493,557). The University reported a net profit of \$15.787m (2018: \$98,864).

Net cash from operating activities was \$13.1 million (2018: \$34.3 million).

Total University revenue (excluding capital grants), grew by 13 per cent compared to the previous year while total expenses rose by 10 per cent. Total salaries and wages grew by 11 per cent.

Cash and cash equivalents and Investments held to maturity greater than 90 days at year end were \$31 million (2018: \$35 million).



# Southern Cross University and Controlled Entities

ABN 41 995 651 524

## Financial Statements for the 2019 Reporting Period

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of Council**

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# Statement by the Members of Council

31 December 2019

In accordance with a resolution of the Council of Southern Cross University and pursuant to Section 41 C (1B) and (1C) of the *Public Finance and Audit Act 1983*, we state that:

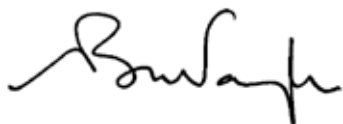
(a) The financial statements of Southern Cross University and Controlled Entity exhibit a true and fair view of the financial position as at 31 December 2019 and financial performance of the University for the financial year ended on that date;

(b) The amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended and Southern Cross University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure;

(c) The financial statements have been prepared in accordance with Australian Accounting Standards, other mandatory professional reporting requirements, the provisions of the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015* and the Financial Statement Guidelines for Australian Higher Education Providers 2019;

(d) Southern Cross University charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* and the Administration Guidelines under the Act. Revenue from the fees was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19 clause 38 (4) of the Act.

In addition, we are not aware at the date of signing these statements of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate and there are reasonable grounds to believe that Southern Cross University will be able to pay its debts as and when they fall due.



Mr Nicholas Burton Taylor AM  
Chancellor



Professor Adam Shoemaker  
Vice Chancellor

Dated 8 April 2020

# Income Statements

For the Year Ended  
31 December 2019

|  | Note   | Consolidated   |                | Parent         |                |
|--|--------|----------------|----------------|----------------|----------------|
|  |        | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Revenue and income from continuing operations</b>                         |        |                |                |                |                |
| Australian Government financial assistance                                   |        |                |                |                |                |
| Australian Government grants   |        | 110,007        | 98,620         | 110,007        | 98,620         |
| HELP - Australian Government payments  | 2.1(b) | 66,971         | 61,851         | 66,971         | 61,851         |
| State and local government financial assistance                              | 2.2    | 3,890          | 1,788          | 3,890          | 1,788          |
| HECS-HELP - Student payments   |        | 2,133          | 1,989          | 2,133          | 1,989          |
| Fees and charges   | 2.3    | 107,866        | 81,749         | 107,866        | 81,749         |
| Investment income  | 3      | 1,394          | 2,580          | 1,393          | 2,579          |
| Royalties and licences   |        | 898            | 827            | 898            | 827            |
| Consultancy and contracts  | 2.4    | 7,736          | 7,708          | 7,736          | 7,708          |
| Other revenue  | 2.5    | 15,292         | 14,696         | 13,225         | 13,110         |
| Gain on disposal of assets   |        | 124            | -              | 126            | -              |
| <b>Total revenue and income from continuing operations</b>                   |        | <b>316,311</b> | <b>271,808</b> | <b>314,245</b> | <b>270,221</b> |
| <b>Expenses from continuing operations</b>                                   |        |                |                |                |                |
| Employee related expenses  | 4      | 157,741        | 142,652        | 155,614        | 140,673        |
| Depreciation and amortisation  | 5      | 17,362         | 15,716         | 17,321         | 15,673         |
| Repairs and maintenance  |        | 4,992          | 4,354          | 4,965          | 4,270          |
| Borrowing costs  | 6      | 1,814          | 373            | 1,814          | 373            |
| Impairment of assets   | 7      | 1,654          | 411            | 2,269          | 1,631          |
| Share of profit or loss on investments accounted for using the equity method | 12     | 1              | 5              | -              | -              |
| Loss on disposal assets  |        | -              | 98             | -              | 94             |
| Other expenses   | 8      | 116,937        | 107,705        | 116,475        | 107,408        |
| <b>Total expenses from continuing operations</b>                             |        | <b>300,501</b> | <b>271,314</b> | <b>298,458</b> | <b>270,122</b> |
| <b>Net result from continuing operations</b>                                 |        | <b>15,810</b>  | <b>494</b>     | <b>15,787</b>  | <b>99</b>      |

The above Income Statements should be read in conjunction with the accompanying notes.



# Statements of Comprehensive Income

For the Year Ended  
31 December 2019

|  | Note  | Consolidated   |                | Parent         |                |
|--|-------|----------------|----------------|----------------|----------------|
|  |       | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Net result from continuing operations</b>   |       | <b>15,810</b>  | 494            | <b>15,787</b>  | 99             |
| <b>Items that will not be reclassified to profit or loss</b>                           |       |                |                |                |                |
| Gain on equity instruments designated at fair value through OCI                        |       | <b>17,904</b>  | 13,712         | <b>17,904</b>  | 13,712         |
| Remeasurement relating to defined benefit plans  | 31(e) | -              | (182)          | -              | (182)          |
| <b>Total</b>   |       | <b>17,904</b>  | 13,530         | <b>17,904</b>  | 13,530         |
| <b>Total other comprehensive income</b>  |       | <b>17,904</b>  | 13,530         | <b>17,904</b>  | 13,530         |
| <b>Total comprehensive income attributable to members of Southern Cross University</b> |       | <b>33,714</b>  | 14,024         | <b>33,691</b>  | 13,629         |

The above Statements of Comprehensive Income should be read in conjunction with accompanying notes.

# Statements of Financial Position

For the Year Ended  
31 December 2019

|   | Note   | Consolidated   |                | Parent         |                |
|---|--------|----------------|----------------|----------------|----------------|
|   |        | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Assets</b>                                     |        |                |                |                |                |
| <b>Current assets</b>                             |        |                |                |                |                |
| Cash and cash equivalents                         | 9      | 22,194         | 35,424         | 22,095         | 35,337         |
| Receivables                                       | 10     | 14,080         | 12,364         | 14,067         | 12,344         |
| Contract assets                                   | 2,6,10 | 1,750          | -              | 1,750          | -              |
| Inventories                                       |        | 111            | 155            | 92             | 132            |
| Other financial assets                            | 11     | 9,000          | -              | 9,000          | -              |
| Prepayments                                       |        | 10,349         | 2,854          | 10,341         | 2,846          |
| <b>Total current assets</b>                       |        | <b>57,484</b>  | <b>50,797</b>  | <b>57,345</b>  | <b>50,659</b>  |
| <b>Non-current assets</b>                         |        |                |                |                |                |
| Receivables                                       | 10     | 113,508        | 101,747        | 113,508        | 101,747        |
| Investments accounted for using the equity method | 12     | 294            | 296            | 175            | 175            |
| Other financial assets                            | 11     | 47,316         | 29,412         | 47,316         | 29,412         |
| Property, plant and equipment                     | 13     | 293,186        | 261,328        | 293,119        | 261,235        |
| Prepayments                                       |        | 517            | 711            | 517            | 711            |
| <b>Total non-current assets</b>                   |        | <b>454,821</b> | <b>393,494</b> | <b>454,635</b> | <b>393,280</b> |
| <b>Total assets</b>                               |        | <b>512,305</b> | <b>444,291</b> | <b>511,980</b> | <b>443,939</b> |
| <b>Liabilities</b>                                |        |                |                |                |                |
| <b>Current liabilities</b>                        |        |                |                |                |                |
| Trade and other payables                          | 14     | 16,533         | 16,578         | 16,371         | 16,410         |
| Borrowings  | 15     | 2,440          | -              | 2,440          | -              |
| Employee benefit provisions                       | 16     | 28,999         | 27,069         | 28,903         | 26,937         |
| Other financial liabilities                       | 17     | 536            | -              | 536            | -              |
| Other liabilities                                 | 18     | 18,949         | 38,457         | 18,949         | 38,414         |
| Contract liabilities                              | 2.6(d) | 21,281         | -              | 21,253         | -              |
| <b>Total current liabilities</b>                  |        | <b>88,738</b>  | <b>82,104</b>  | <b>88,452</b>  | <b>81,761</b>  |
| <b>Non-current liabilities</b>                    |        |                |                |                |                |
| Borrowings  | 15     | 42,169         | -              | 42,169         | -              |
| Employee benefit provisions                       | 16     | 117,480        | 105,515        | 117,456        | 105,498        |
| Other liabilities                                 | 18     | -              | 1,488          | -              | 1,488          |
| <b>Total non-current liabilities</b>              |        | <b>159,649</b> | <b>107,003</b> | <b>159,625</b> | <b>106,986</b> |
| <b>Total liabilities</b>                          |        | <b>248,387</b> | <b>189,107</b> | <b>248,077</b> | <b>188,747</b> |
| <b>Net assets</b>                                 |        | <b>263,918</b> | <b>255,184</b> | <b>263,903</b> | <b>255,192</b> |
| <b>Equity</b>                                     |        |                |                |                |                |
| Reserves  | 19(a)  | 47,316         | 29,412         | 47,316         | 29,412         |
| Retained earnings                                 | 19(b)  | 216,602        | 225,772        | 216,587        | 225,780        |
| <b>Total equity</b>                               |        | <b>263,918</b> | <b>255,184</b> | <b>263,903</b> | <b>255,192</b> |

The above Statements of Financial Position should be read in conjunction with accompanying notes.

# Statements of Changes in Equity

For the Year Ended  
31 December 2019

|   | Note  | Parent            |               |                |
|---|-------|-------------------|---------------|----------------|
|   |       | Retained Earnings | Reserves      | Total          |
|   |       | \$'000            | \$'000        | \$'000         |
| <b>Balance at 1 January 2019</b>                      |       | <b>225,780</b>    | <b>29,412</b> | <b>255,192</b> |
| Retrospective changes AASB 15                         | 19    | (20,834)          | -             | (20,834)       |
| Retrospective changes AASB 16                         |       | (11,289)          | -             | (11,289)       |
| Retrospective changes AASB 1058                       |       | 799               | -             | 799            |
| Retrospective changes (other)                         |       | 6,344             | -             | 6,344          |
| <b>Balance as restated</b>                            |       | <b>200,800</b>    | <b>29,412</b> | <b>230,212</b> |
| Net result from continuing operations                 | 19(b) | 15,787            | -             | 15,787         |
| Gain on revaluation of financial assets at fair value | 19(a) | -                 | 17,904        | 17,904         |
| <b>Total comprehensive income</b>                     |       | <b>15,787</b>     | <b>17,904</b> | <b>33,691</b>  |
| <b>Balance at 31 December 2019</b>                    | 19    | <b>216,587</b>    | <b>47,316</b> | <b>263,903</b> |
| <b>Balance at 1 January 2018</b>                      | 19    | 225,759           | 15,700        | 241,459        |
| Retrospective changes AASB 9                          | 1(g)  | 104               | -             | 104            |
| <b>Balance as restated</b>                            |       | 225,863           | 15,700        | 241,563        |
| Net result from continuing operations                 | 19(b) | 99                | -             | 99             |
| Gain on revaluation of financial assets at fair value | 19(a) | -                 | 13,712        | 13,712         |
| Remeasurement of defined benefit plans                | 19(b) | (182)             | -             | (182)          |
| <b>Total comprehensive income</b>                     |       | (83)              | 13,712        | 13,629         |
| <b>Balance at 31 December 2018</b>                    | 19    | 225,780           | 29,412        | 255,192        |

|   | Note  | Consolidated      |               |                |
|---|-------|-------------------|---------------|----------------|
|   |       | Retained Earnings | Reserves      | Total          |
|   |       | \$'000            | \$'000        | \$'000         |
| <b>Balance at 1 January 2019</b>                      | 19    | <b>225,772</b>    | <b>29,412</b> | <b>255,184</b> |
| Retrospective changes AASB 15                         |       | (20,834)          | -             | (20,834)       |
| Retrospective changes AASB 16                         |       | (11,289)          | -             | (11,289)       |
| Retrospective changes AASB 1058                       |       | 799               | -             | 799            |
| Retrospective changes (other)                         |       | 6,344             | -             | 6,344          |
| <b>Balance as restated</b>                            |       | <b>200,792</b>    | <b>29,412</b> | <b>230,204</b> |
| Net result from continuing operations                 | 19(b) | 15,810            | -             | 15,810         |
| Gain on revaluation of financial assets at fair value | 19(a) | -                 | 17,904        | 17,904         |
| <b>Total comprehensive income</b>                     |       | <b>15,810</b>     | <b>17,904</b> | <b>33,714</b>  |
| <b>Balance at 31 December 2019</b>                    |       | <b>216,602</b>    | <b>47,316</b> | <b>263,918</b> |
| <b>Balance at 1 January 2018</b>                      | 19    | 225,356           | 15,700        | 241,056        |
| Retrospective changes AASB 9                          | 1(g)  | 104               | -             | 104            |
| <b>Balance as restated</b>                            |       | 225,460           | 15,700        | 241,160        |
| Net result from continuing operations                 | 19(b) | 494               | -             | 494            |
| Gain on revaluation of financial assets at fair value | 19(a) | -                 | 13,712        | 13,712         |
| Remeasurement of defined benefit plans                | 19(b) | (182)             | -             | (182)          |
| <b>Total comprehensive income</b>                     |       | 312               | 13,712        | 14,024         |
| <b>Balance at 31 December 2018</b>                    | 19    | 225,772           | 29,412        | 255,184        |

The above Statement of Changes in Equity should be read in conjunction with accompanying notes.

# Statements of Cash Flows

For the Year Ended  
31 December 2019

|   | Note | Consolidated    |                | Parent          |                |
|---|------|-----------------|----------------|-----------------|----------------|
|   |      | 2019<br>\$'000  | 2018<br>\$'000 | 2019<br>\$'000  | 2018<br>\$'000 |
| <b>Cash flows from operating activities:</b>                      |      |                 |                |                 |                |
| Australian Government Grants                                      |      | 162,431         | 156,876        | 162,431         | 156,876        |
| OS-HELP (net)   |      | (119)           | 33             | (119)           | 33             |
| State Government Grants   |      | 3,890           | 1,788          | 3,890           | 1,788          |
| HECS-HELP - Student payments                                      |      | 2,133           | 1,989          | 2,133           | 1,989          |
| Receipts from student fees and other customers                    |      | 117,494         | 131,393        | 115,242         | 129,552        |
| Dividends received  |      | 1,900           | 500            | 1,900           | 500            |
| Payments to suppliers and employees                               |      | (281,528)       | (266,323)      | (278,847)       | (263,077)      |
| Interest received   |      | 880             | 603            | 880             | 602            |
| Interest and other costs of finance paid                          |      | (1,814)         | (393)          | (1,814)         | (393)          |
| GST recovered/paid  |      | 7,885           | 7,839          | 8,040           | 7,839          |
| <b>Net cash provided by operating activities</b>                  | 28   | <b>13,152</b>   | 34,305         | <b>13,736</b>   | 35,709         |
| <b>Cash flows from investing activities:</b>                      |      |                 |                |                 |                |
| Proceeds from sale of property, plant and equipment               |      | 562             | 491            | 543             | 491            |
| Payments for property, plant and equipment                        |      | (16,941)        | (5,969)        | (16,903)        | (5,969)        |
| Transfers to financial assets                                     |      | (9,000)         | -              | (9,000)         | -              |
| Loans to related parties  |      | -               | -              | (615)           | (1,419)        |
| <b>Net cash used in investing activities</b>                      |      | <b>(25,379)</b> | (5,478)        | <b>(25,975)</b> | (6,897)        |
| <b>Cash flows from financing activities:</b>                      |      |                 |                |                 |                |
| Repayment of borrowings   |      | (1,003)         | (10,020)       | (1,003)         | (10,020)       |
| <b>Net cash used in financing activities</b>                      |      | <b>(1,003)</b>  | (10,020)       | <b>(1,003)</b>  | (10,020)       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>       |      | <b>(13,230)</b> | 18,807         | <b>(13,242)</b> | 18,792         |
| Cash and cash equivalents at beginning of the financial year      |      | 35,424          | 16,617         | 35,337          | 16,545         |
| <b>Cash and cash equivalents at the end of the financial year</b> | 9    | <b>22,194</b>   | 35,424         | <b>22,095</b>   | 35,337         |

The above Statements of Cash Flows should be read in conjunction with accompanying notes.

# Notes to the Financial Statements

For the Year Ended  
31 December 2019

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## 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and where applicable, throughout the notes to the accounts. The policies have been consistently applied for all years reported unless otherwise stated.

The financial statements include separate statements for Southern Cross University (“the University”) as the parent entity and the consolidated entity consisting of Southern Cross University and its subsidiary.

Southern Cross University is a Higher Education Provider (“HEP”) which has been established under the *Southern Cross University Act 1993*. The principal address of Southern Cross University is Military Road, Lismore NSW 2480.

### (a) Basis of Preparation

The financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with Australian Accounting Standards (AAS) and other pronouncements of the AAS Board, the requirements of the *Higher Education Support Act 2003* (Financial Statement Guidelines), the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015*.

The University applies Tier 1 reporting requirements.

Southern Cross University is a not-for-profit entity and these statements have been prepared on that basis. The AAS include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS) and to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impact is on the accounting treatment relating to the offsetting of impairment losses within a class of assets.

### Date of authorisation for issue

The financial statements were authorised for issue by the members of Southern Cross University on 8 April 2020.

### Historical cost convention

These financial statements have been prepared under the historical cost convention, except for equity financial assets that have been measured at fair value through other comprehensive income.

### Critical accounting estimates

The preparation of financial statements in conformity with AAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Southern Cross University’s accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below:

- Estimated useful life assessments of property, plant and equipment assets (note 5)
- Measurement and recognition of employee benefits provisions (note 16)
- Impairment of trade and other receivables (note 7)
- Measurement of financial assets (note 30) and liabilities
- Measurement of finance leases and the related right-of-use assets
- Identifying and assessing the performance obligations relating to contracts with customers.

**1 Summary of Significant Accounting Policies (continued)****(b) Foreign currency translation***(i) Functional and presentation currency*

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

*(ii) Transactions and balances*

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

**(c) Income Tax**

Southern Cross University does not provide for Australian income tax as it is exempt under the provisions of Division 50 of the *Income Tax Assessment Act 1997 (ITAA)*.

**(d) Rounding of amounts**

Amounts have been rounded off to the nearest thousand dollars.

**(e) Goods and Services Tax (GST)**

Revenues, expenses and assets 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 statements 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.

**(f) Comparative Amounts**

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

**(g) Initial Application of AAS**

Southern Cross University has adopted AASB 15, AASB 1058 and AASB 16 in accordance with the transitional provisions applicable to each standard. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

The following interpretations and amending standards have also been adopted:

|             |  |
|-------------|--|
| AASB 2016-8 | Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities |
| AASB 2018-8 | Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities                 |

**1 Summary of Significant Accounting Policies (continued)****(g) Initial Application of AAS (continued)****AASB 15 and AASB 1058**

Southern Cross University adopted AASB 15 and AASB 1058 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. In accordance with the provisions of this transition approach, Southern Cross University recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 January 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income. In addition, Southern Cross University has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 January 2019.

In applying the modified retrospective approach, Southern Cross University applied the practical expedient described in AASB 15.C5(c), for contracts that were modified before the beginning of the earliest period presented.

Southern Cross University did not retrospectively restate the contract for those modifications. Instead, Southern Cross University reflected the aggregate effect of all of the modifications that occurred before the beginning of the earliest period presented when:

- Identifying the satisfied and unsatisfied performance obligations
- Determining the transaction price
- Allocating the transaction price to the satisfied and unsatisfied performance obligation

The new accounting policies for revenue and other income for not-for-profit in accordance with AASB 15 and AASB 1058 respectively are provided in Note 2.6 below.

**Overview of AASB 15 and AASB 1058**

Under the new income recognition model applicable to not-for-profit entities, the University shall first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are 'sufficiently specific'.

If an enforceable agreement exists and the promises are 'sufficiently specific' (to a transaction or part of a transaction), the University applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, the University applies AASB 1058.

The nature and effect of the changes as a result of adoption of AASB 15 and AASB 1058 are described as follows:

|                                   | <b>Ref.</b>                 | <b>Consolidated</b>   | <b>Ref.</b>                 | <b>Parent</b>         |
|-----------------------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
|                                   | <b>adjustments</b>          | <b>1 January 2019</b> | <b>adjustments</b>          | <b>1 January 2019</b> |
|                                   |                             | <b>\$'000</b>         |                             | <b>\$'000</b>         |
| <b>Assets</b>                     |                             |                       |                             |                       |
| <b>Current assets</b>             |                             |                       |                             |                       |
| Contracts assets                  | (b),(e)                     | 1,750                 | (b),(e)                     | 1,750                 |
| <b>Total current assets</b>       |                             | 1,750                 |                             | 1,750                 |
| <b>Total assets</b>               |                             | 1,750                 |                             | 1,750                 |
| <b>Liabilities</b>                |                             |                       |                             |                       |
| <b>Current liabilities</b>        |                             |                       |                             |                       |
| Other financial liabilities       | (d)                         | 536                   | (d)                         | 536                   |
| Other liabilities                 | (f)                         | (2,591)               | (f)                         | (2,591)               |
| Contract liabilities              | (a),(f)                     | 9,512                 | (a)(f)                      | 9,512                 |
| <b>Total current liabilities</b>  |                             | 7,457                 |                             | 7,457                 |
| <b>Total liabilities</b>          |                             | 7,457                 |                             | 7,457                 |
| <b>Net assets</b>                 |                             | (5,707)               |                             | (5,707)               |
| <b>Total adjustment on equity</b> |                             |                       |                             |                       |
| Retained earnings                 | (a),(b),(c),<br>(d),(e),(f) | (1,365)               | (a),(b),(c),<br>(d),(e),(f) | (1,365)               |
| <b>Total equity</b>               |                             | (1,365)               |                             | (1,365)               |



**1 Summary of Significant Accounting Policies (continued)****(g) Initial Application of AAS (continued)**

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 31 December 2019 as a result of the adoption of AASB 15 and AASB 1058. The adoption of AASB 15 did not have a material impact on other comprehensive income or the University's operating, investing and financing cash flows. The first column shows amounts prepared under AASB 15 and AASB 1058 and the second column shows what the amounts would have been had AASB 15 and AASB 1058 not been adopted:

|  |                 | Amounts prepared under        |                                |                                 |                               |                                |                                 |
|--|-----------------|-------------------------------|--------------------------------|---------------------------------|-------------------------------|--------------------------------|---------------------------------|
|  |                 | Consolidated                  |                                |                                 | Parent                        |                                |                                 |
|  | Ref adjustments | AASB15/<br>AASB1058<br>\$'000 | AASB118/<br>AASB1004<br>\$'000 | Increase/<br>decrease<br>\$'000 | AASB15/<br>AASB1058<br>\$'000 | AASB118/<br>AASB1004<br>\$'000 | Increase/<br>decrease<br>\$'000 |
| <b>Income Statements</b>                                   |                 |                               |                                |                                 |                               |                                |                                 |
| <b>Revenue and income from continuing operations</b>       |                 |                               |                                |                                 |                               |                                |                                 |
| Australian Government financial assistance:                |                 |                               |                                |                                 |                               |                                |                                 |
| Australian Government grants                               | (a),(b),(c),(e) | 110,007                       | 107,621                        | 2,386                           | 110,007                       | 107,621                        | 2,386                           |
| Consultancy and contracts                                  | (f)             | 7,736                         | 7,500                          | 236                             | 7,736                         | 7,500                          | 236                             |
| Other income and revenue                                   | (d)             | 15,292                        | 16,535                         | (1,243)                         | 13,225                        | 14,468                         | (1,243)                         |
| <b>Total revenue and income from continuing operations</b> |                 | 133,035                       | 131,656                        | 1,379                           | 130,968                       | 129,589                        | 1,379                           |
| <b>Expenses from continuing operations</b>                 |                 |                               |                                |                                 |                               |                                |                                 |
| <b>Other expenses</b>                                      | (d)             | 116,937                       | 117,694                        | (757)                           | 116,475                       | 117,232                        | (757)                           |
| <b>Total expenses from continuing operations</b>           |                 | 116,937                       | 117,694                        | (757)                           | 116,475                       | 117,232                        | (757)                           |
| <b>Net impact for the period</b>                           |                 | 16,098                        | 13,962                         | 2,136                           | 14,493                        | 12,357                         | 2,136                           |

|   |                         | Amounts prepared under        |                                |                                 |                               |                                |                                 |
|---|-------------------------|-------------------------------|--------------------------------|---------------------------------|-------------------------------|--------------------------------|---------------------------------|
|   |                         | Consolidated                  |                                |                                 | Parent                        |                                |                                 |
|   | Ref adjustments         | AASB15/<br>AASB1058<br>\$'000 | AASB118/<br>AASB1004<br>\$'000 | Increase/<br>decrease<br>\$'000 | AASB15/<br>AASB1058<br>\$'000 | AASB118/<br>AASB1004<br>\$'000 | Increase/<br>decrease<br>\$'000 |
| <b>Statements of Financial Position</b> |                         |                               |                                |                                 |                               |                                |                                 |
| <b>Assets</b>                           |                         |                               |                                |                                 |                               |                                |                                 |
| <b>Current assets</b>                   |                         |                               |                                |                                 |                               |                                |                                 |
| Contracts assets                        | (b),(e)                 | 1,750                         | -                              | 1,750                           | 1,750                         | -                              | 1,750                           |
| <b>Total current assets</b>             |                         | 1,750                         | -                              | 1,750                           | 1,750                         | -                              | 1,750                           |
| <b>Total assets</b>                     |                         | 1,750                         | -                              | 1,750                           | 1,750                         | -                              | 1,750                           |
| <b>Liabilities</b>                      |                         |                               |                                |                                 |                               |                                |                                 |
| <b>Current liabilities</b>              |                         |                               |                                |                                 |                               |                                |                                 |
| Other financial liabilities             | (d)                     | 536                           | -                              | 536                             | 536                           | -                              | 536                             |
| Other liabilities                       | (f)                     | 18,949                        | 21,540                         | (2,591)                         | 18,949                        | 21,540                         | (2,591)                         |
| Contract liabilities                    | (a),(f)                 | 21,281                        | 11,769                         | 9,512                           | 21,253                        | 11,741                         | 9,512                           |
| <b>Total current liabilities</b>        |                         | 40,766                        | 33,309                         | 7,457                           | 40,738                        | 33,281                         | 7,457                           |
| <b>Total liabilities</b>                |                         | 40,766                        | 33,309                         | 7,457                           | 40,738                        | 33,281                         | 7,457                           |
| <b>Net assets</b>                       |                         | (39,016)                      | (33,309)                       | (5,707)                         | (38,988)                      | (33,281)                       | (5,707)                         |
| <b>Equity</b>                           |                         |                               |                                |                                 |                               |                                |                                 |
| Retained earnings                       | (a),(b),(c),(d),(e),(f) | 216,602                       | 217,967                        | (1,365)                         | 216,587                       | 217,952                        | (1,365)                         |
| <b>Total equity</b>                     |                         | 216,602                       | 217,967                        | (1,365)                         | 216,587                       | 217,952                        | (1,365)                         |

## 1 Summary of Significant Accounting Policies (continued)

### (g) Initial Application of AAS (continued)

The nature of the adjustments as at 1 January 2019 and the reasons for the significant changes in the statements of financial position as at 31 December 2018 and the income statements for the year ended 31 December 2019 are described below:

#### (a) Commonwealth Grant Scheme

The University has entered into an enforceable contract with the Commonwealth Government by virtue of the provisions in the Higher Education Support Act and the Commonwealth Grant Scheme Funding Agreement to provide tuition services. The University has sufficiently specific performance obligations in providing a specific number of students with tuition services for the year covered by the Commonwealth Grant Scheme Funding Agreement. Revenue is therefore, recognised over time as the student receives their tuition services.

The University has provided tuition services that were performed over a period that extends across balance date. In accordance with AASB 15, a net adjustment increasing revenue of \$824,984, has been made to the income statement in order to reflect the revenue for tuition services that has been brought forward from the prior year and the revenue that has been deferred and recognised as a contract liability at balance date.

#### (b) Capital grants

The University has entered into an enforceable contract with the Commonwealth Department of Infrastructure, Regional Development and Cities to provide Coffs Harbour and its surrounding region with new allied health facility at the University's Coffs Harbour campus that enables students and the community to participate in a wider range of medical and allied health studies and use of the facilities.

The agreement provides for Australian Government Grant funding of \$12,000,000 to enable the University to construct and operate the facility. The funding received was initially recognised as a liability representing the University's obligation to construct the identified non-financial assets. The liability has been extinguished and recognised as income as the non-financial assets are constructed.

A total of \$799,305 of revenue has been recognised in 2019, in relation to contract assets brought to account as at 31 December 2019 and revenue previously brought to account in the prior year which has been adjusted against opening retained earnings as at 1 January 2019, in accordance with AASB 15.

#### (c) Other Australian government financial assistance

The University has entered into an enforceable contract with the Commonwealth Department of Agriculture and Water Resources by virtue of provisions within a funding agreement created for the purpose of delivering innovative solutions through the National Farm Co-operatives and Collaboration Pilot Program (Farming Together). The funding agreement provides sufficiently specific performance obligations in the promise of delivering activities such as needs assessment, business planning, legal advice, marketing, supply chain analysis, agronomy, collaborative workshops and other activities to primary producers.

Revenue has been recognised over time as the activities are performed. The use of the input method has been determined to be the best approach to measure revenue and reflect the performance of these obligations.

In accordance with AASB 15, an adjustment of \$1,213,787 has been made to opening retained earnings at 1 January 2019 and to current year revenue, in order to reflect the revenue for program activities performed in the current year that had been previously recognised in the prior year.

#### (d) Scholarships and Grants

The University receives grants for scholarships to be paid to students for the purposes of their education. Certain scholarships may be paid directly to students and others are indirectly paid. Where scholarship funding is provided to the University and then passed onto the student, a contractual obligation to deliver cash to the student exists. Therefore a financial liability is created and extinguished as the University delivers on its obligation to provide cash to the student. No revenue or expense is recognised in the income statement as a result of the funding received or the transfer of cash to the student.

In accordance with AASB 15, an adjustment of \$49,804 has been made to the statement of financial position in order to reflect the financial liability arising on receipt of scholarship grant funding that is yet to be paid to students at balance date.

#### (e) Australian government research grants

The University has entered into various enforceable contracts by virtue of provisions within funding agreements and corresponding legislation created for the purpose of carrying out research activities. The funding agreements provide sufficiently specific performance obligations in the promise of research activities in the form of research findings, which are contained within the proposal for the grant.

## 1 Summary of Significant Accounting Policies (continued)

### (g) Initial Application of AAS (continued)

#### (e) Australian government research grants (continued)

Revenue has been recognised over time as the research activities are performed and the transfer of control over the research findings occurs, except for the Commonwealth Research Training and Support Programs. The use of the input method has been determined to be the best approach to measure revenue and reflect the performance of these obligations.

In accordance with AASB 15, an adjustment of \$603,316 has been made to the income statement, in order to reflect the revenue for research activities performed that had been previously recognised in the prior year and the grant funding that has been deferred and recognised as a contract liability at balance date.

#### (f) External consulting projects

The University has entered into enforceable contracts by virtue of various agreements between the University and commercial organisations for the purpose of carrying out research activities. The funding agreements provide sufficiently specific performance obligations in the promise of research activities in the form of research findings.

Revenue has been recognised over time as the research activities are performed and the transfer of control over the research findings occurs. The use of the input method has been determined to be the best approach to measure revenue and reflect the performance of these obligations.

In accordance with AASB 15, an adjustment of \$11,699 has been made to the income statement, in order to reflect the revenue for research activities performed that had been previously recognised in the prior year and the funding that has been deferred and recognised as a contract liability at balance date. In addition, a movement of \$2,591,278 has occurred between other liabilities recognised in the prior year under the previous standards and those balances now reclassified as contract liabilities under AASB 15.

### AASB 16

Southern Cross University has adopted AASB 16 using the modified retrospective method of transition, with the date of initial application date of 1 January 2019. Under the modified approach, Southern Cross University has chosen, on a lease-by-lease basis, to measure the related right-of-use asset at either:

- i) its carrying amount as if AASB 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application, or

In accordance with the provisions of this transition approach, Southern Cross University recognised the cumulative effect of applying this new standard as an adjustment to opening retained earnings at the date of initial application i.e. 1 January 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on leases - AASB 117 and AASB Interpretation 4 *Determining whether an arrangement contains a lease* (Interpretation 4). The new accounting policies for leases in accordance with AASB 16 is provided in the note 15.

The nature and effect of the changes as a result of adoption of AASB 16 are as described below:

#### Definition of a lease

Previously, Southern Cross University determined at contract inception whether an arrangement is or contains a lease under Interpretation 4. Under AASB 16, Southern Cross University will continue to assess at contract inception whether a contract is, or contains, a lease but now uses the new definition of a lease.

On transition to AASB 16, Southern Cross University elected to apply the practical expedient to grandfather the assessment of which transactions are or contain leases. This means that for arrangements entered into before 1 January 2019, Southern Cross University has not reassessed whether they are, or contain, a lease in accordance with the new AASB 16 lease definition. Consequently, contracts existing prior to 1 January 2019 which were assessed per the previous accounting policy described below in accordance with AASB 117 and Interpretation 4 as a lease will be treated as a lease under AASB 16. Whereas, contracts previously not identified as a lease, will not be reassessed to determine whether they would meet the new definition of a lease in accordance with AASB 16. Therefore, Southern Cross University applied the recognition and measurement requirements of AASB 16 only to contracts that were previously identified as leases, and does not apply AASB 16 to contracts that were previously not identified as leases. The new definition of lease under AASB 16 will only be applied to contracts entered into or modified on or after 1 January 2019.

#### Incentives

Under AASB 117, lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease. Under AASB 16, Southern Cross University recognises incentives as part of the right-to-use asset and lease liability when calculating their value on commencing a lease contract.

**1 Summary of Significant Accounting Policies (continued)****(g) Initial Application of AAS (continued)****Southern Cross University as a lessee**

Southern Cross University previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to Southern Cross University. Under AASB 16, this classification no longer exists for Southern Cross University as a lessee. Instead, practically all leases are now recognised on the statements of financial position as right-of-use assets with corresponding lease liabilities comprising all amounts which are considered to be lease payments (see note 15 for the new leases policy which explains what amounts are included in lease payments).

**Leases previously classified as operating leases under AASB 117**

On transition to AASB 16, the University recognised lease liabilities for leases previously classified as operating leases by discounting the remaining lease payments using the incremental borrowing rate as at the date of initial application, i.e. 1 January 2019. The University's incremental borrowing rate (IBR) was determined using the following input parameters: the lease term, the University's credit rating, a risk-free interest rate corresponding to the lease term, and a lease specific adjustment considering the "secured borrowing" element of the leases. The weighted average incremental borrowing rate applied to lease liabilities recognised in the statements of financial position on the date of initial application was 3.84%.

Right-of-use assets were recognised at their carrying amount of \$33,698,259, as if AASB 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

The University has applied the following practical expedients in transitioning existing operating leases:

- (a) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment)
- (b) Applied the exemption not to recognise right-of-use assets and lease liabilities where the remaining leases term is 12 months or less from the date of initial application
- (c) Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease
- (d) Excluded initial direct costs from the measurement of right-of-use asset at the date of initial application.

**Reconciliation of operating lease commitments under AASB 117 and lease liabilities under AASB 16**

The difference between the operating lease commitments disclosed previously by applying AASB 117 and the value of the lease liabilities recognised under AASB 16 on 1 January 2019 is explained as follows:

|   | <b>Consolidated</b>   | <b>Parent</b> |
|---|-----------------------|---------------|
|   | <b>1 January 2019</b> |               |
|   | <b>\$'000</b>         | <b>\$'000</b> |
| Operating lease commitments disclosed at 31 December 2018   | 84,376                | 84,376        |
| Discounted using the Southern Cross University weighted average incremental borrowing rate of 3.84% | (36,208)              | (36,208)      |
| <b>(Less):</b> Short-term leases recognised on a straight-line basis as an expense                  | (313)                 | (313)         |
| <b>(Less):</b> Low-value leases recognised on a straight-line basis as an expense                   | (2,243)               | (2,243)       |
| <b>Lease liability recognised as at 1 January 2019</b>  | <b>45,612</b>         | <b>45,612</b> |

**Southern Cross University as a lessor****Overview**

Southern Cross University is not required to make any adjustments on transition to AASB 16 where it is a lessor, except for subleases.

## 1 Summary of Significant Accounting Policies (continued)

### (g) Initial Application of AAS (continued)

#### Subleases

For subleases where Southern Cross University is an intermediate lessor, the sublease shall be classified as an operating lease or finance leases with reference to the right-of-use asset arising from the head lease and not the underlying asset. On transition, Southern Cross University reassessed the classification of subleases recognised as operating sub-leases under AASB 117 with reference to the right-of-use asset and accordingly recognised impacts on transition.

The assessment was performed on the basis of the remaining contractual terms and conditions of the head lease and sublease at transition date. No material impact was identified.

### (h) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The University has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the University where the standard is relevant:

| Standard Name                                       | Mandatory Application Date | Impact   |
|---|----------------------------|--|
| AASB 1059 Service Concession Arrangements: Grantors | 1 January 2020             | The potential impact of this standard is currently being determined. |

## 2 Revenue and Income

Notes 2.1 to 2.5 disclose the revenue and income received during the year according to the mandatory disclosures required by the department. The disclosures as per AASB 15 and AASB 1058 are included in note 2.6 and a reconciliation is included in note 2.7.

### 2.1 Australian Government financial assistance including Australian Government loan programs (HELP)

#### (a) Commonwealth Grants Scheme and Other Grants

|  | Note  | Consolidated   |                | Parent         |                |
|--|-------|----------------|----------------|----------------|----------------|
|  |       | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| Commonwealth Grants Scheme                               |       | <b>83,792</b>  | 79,209         | <b>83,792</b>  | 79,209         |
| Access and Participation Fund                            |       | <b>2,528</b>   | 2,806          | <b>2,528</b>   | 2,806          |
| Disability Performance Funding                           |       | <b>107</b>     | 83             | <b>107</b>     | 83             |
| Indigenous Student Success Program                       |       | <b>1,963</b>   | 2,027          | <b>1,963</b>   | 2,027          |
| <b>Total Commonwealth Grants Scheme and Other Grants</b> | 32(a) | <b>88,390</b>  | 84,125         | <b>88,390</b>  | 84,125         |

#### (b) Higher Education Loan Programs

|   |       |               |        |               |        |
|---|-------|---------------|--------|---------------|--------|
| HECS - HELP                                 |       | <b>49,910</b> | 48,073 | <b>49,910</b> | 48,073 |
| FEE - HELP                                  |       | <b>15,801</b> | 12,653 | <b>15,801</b> | 12,653 |
| SA-HELP payments                            |       | <b>1,260</b>  | 1,125  | <b>1,260</b>  | 1,125  |
| <b>Total Higher Education Loan Programs</b> | 32(b) | <b>66,971</b> | 61,851 | <b>66,971</b> | 61,851 |

#### (c) EDUCATION Research

|  |       |              |       |              |       |
|--|-------|--------------|-------|--------------|-------|
| Research Training Program              |       | <b>4,241</b> | 4,357 | <b>4,241</b> | 4,357 |
| Research Support Program               |       | <b>3,004</b> | 3,171 | <b>3,004</b> | 3,171 |
| <b>Total EDUCATION Research Grants</b> | 32(c) | <b>7,245</b> | 7,528 | <b>7,245</b> | 7,528 |

#### (d) Australian Research Council

|                  |       |              |       |              |       |
|------------------|-------|--------------|-------|--------------|-------|
| Discovery        |       | <b>950</b>   | 1,231 | <b>950</b>   | 1,231 |
| Linkages         |       | <b>282</b>   | 423   | <b>282</b>   | 423   |
| <b>Total ARC</b> | 32(e) | <b>1,232</b> | 1,654 | <b>1,232</b> | 1,654 |

#### (e) Other Australian Government financial assistance

##### Non-capital

|  |  |              |       |              |       |
|--|--|--------------|-------|--------------|-------|
| Department of Agriculture and Water Resources      |  | <b>1,214</b> | 3,344 | <b>1,214</b> | 3,344 |
| Department of Education                            |  | <b>646</b>   | 181   | <b>646</b>   | 181   |
| Aust'n Ctr for International Agricultural Research |  | <b>540</b>   | 770   | <b>540</b>   | 770   |
| Other  |  | <b>287</b>   | 735   | <b>287</b>   | 735   |
| <b>Total non-capital</b>                           |  | <b>2,687</b> | 5,030 | <b>2,687</b> | 5,030 |

##### Capital

|   |  |                |         |                |         |
|---|--|----------------|---------|----------------|---------|
| Department of Infrastructure, Regional Development and Cities       |  | <b>10,453</b>  | 284     | <b>10,453</b>  | 284     |
| <b>Total capital</b>  |  | <b>10,453</b>  | 284     | <b>10,453</b>  | 284     |
| <b>Total other Australian Government financial assistance</b>       |  | <b>13,140</b>  | 5,314   | <b>13,140</b>  | 5,314   |
| <b>Total Australian Government financial assistance (a+b+c+d+e)</b> |  | <b>176,978</b> | 160,472 | <b>176,978</b> | 160,472 |

**2.2 State and local Government financial assistance**

|  | Consolidated   |                | Parent         |                |
|--|----------------|----------------|----------------|----------------|
|  | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Non-capital</b>   |                |                |                |                |
| New South Wales  | <b>3,394</b>   | 1,317          | <b>3,394</b>   | 1,317          |
| Queensland   | <b>299</b>     | 281            | <b>299</b>     | 281            |
| Victoria   | <b>70</b>      | 158            | <b>70</b>      | 158            |
| South Australia  | <b>4</b>       | 9              | <b>4</b>       | 9              |
| Northern Territory   | <b>114</b>     | -              | <b>114</b>     | -              |
| Western Australia  | <b>9</b>       | 23             | <b>9</b>       | 23             |
| <b>Total Non-capital</b>                                     | <b>3,890</b>   | 1,788          | <b>3,890</b>   | 1,788          |
| <b>Total State and Local Government financial assistance</b> | <b>3,890</b>   | 1,788          | <b>3,890</b>   | 1,788          |

**2.3 Fees and charges****Course Fees and Charges**

|  |                |        |                |        |
|--|----------------|--------|----------------|--------|
| Fee-paying onshore overseas students       | <b>95,909</b>  | 71,587 | <b>95,909</b>  | 71,587 |
| Fee-paying offshore overseas students      | <b>2,411</b>   | 2,409  | <b>2,411</b>   | 2,409  |
| Continuing education                       | <b>12</b>      | 9      | <b>12</b>      | 9      |
| Fee-paying domestic postgraduate students  | <b>5,099</b>   | 4,593  | <b>5,099</b>   | 4,593  |
| Fee-paying domestic undergraduate students | <b>549</b>     | 518    | <b>549</b>     | 518    |
| Fee-paying domestic non-award students     | <b>67</b>      | 32     | <b>67</b>      | 32     |
| <b>Total Course Fees and Charges</b>       | <b>104,047</b> | 79,148 | <b>104,047</b> | 79,148 |

**Other Non-Course Fees and Charges**

|                                     |       |                |        |                |        |
|-------------------------------------|-------|----------------|--------|----------------|--------|
| Student services and amenities fees | 32(g) | <b>1,117</b>   | 961    | <b>1,117</b>   | 961    |
| Student accommodation               |       | <b>447</b>     | 472    | <b>447</b>     | 472    |
| Other non-course fees and charges   |       | <b>2,255</b>   | 1,168  | <b>2,255</b>   | 1,168  |
| <b>Total Other Fees and Charges</b> |       | <b>3,819</b>   | 2,601  | <b>3,819</b>   | 2,601  |
| <b>Total Fees and Charges</b>       |       | <b>107,866</b> | 81,749 | <b>107,866</b> | 81,749 |

**2.4 Consultancy and contract fees**

|  |  |              |       |              |       |
|--|--|--------------|-------|--------------|-------|
| Consultancy                            |  | <b>4,416</b> | 4,174 | <b>4,416</b> | 4,174 |
| Contract research                      |  | <b>3,320</b> | 3,534 | <b>3,320</b> | 3,534 |
| <b>Total consultancy and contracts</b> |  | <b>7,736</b> | 7,708 | <b>7,736</b> | 7,708 |

## 2.5 Other income and revenue

|                             | Consolidated   |                | Parent         |                |
|-----------------------------|----------------|----------------|----------------|----------------|
|                             | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Other income</b>         |                |                |                |                |
| Donations and bequests      | 2,340          | 3,164          | 2,340          | 3,164          |
| Scholarships and prizes     | -              | 251            | -              | 251            |
| Sale of goods               | 1,090          | 638            | 131            | 135            |
| Rental and facilities hire  | 536            | 685            | 512            | 655            |
| Service fees                | 3,421          | 3,022          | 3,420          | 3,019          |
| Memberships & registrations | 1,338          | 1,241          | 309            | 236            |
| Laboratory services         | 4,898          | 4,719          | 4,898          | 4,719          |
| Conferences and workshops   | 25             | 5              | 25             | 5              |
| Other revenue               | 1,644          | 971            | 1,590          | 926            |
| <b>Total other revenue</b>  | <b>15,292</b>  | <b>14,696</b>  | <b>13,225</b>  | <b>13,110</b>  |

## 2.6 Revenue and income from continuing operations

### Basis for disaggregation

**Sources of funding:** the University receives funds from Australian Government as well as State and Local Government to assist with education programs across a wide range of disciplines, and at different education qualification levels. Apart from the sources received from Government, the University also receives funds and fees from private organisations or individuals that are used for the different programs led by the University.

**Revenue and income streams:** the streams are distinguishing the different activities performed by the University as well as acknowledge the different type of users of the programs and services provided:

- i) Education: Southern Cross University has domestic and overseas students enrolled in a variety of programs for different qualification levels (from certificates to doctoral degrees). Whilst, the number of domestic students is affected by national economic factors as interest rates or unemployment, the overseas students are impacted by the changes in the immigration policies.
- ii) Research: Southern Cross University performs research activities in different fields such as health, engineering, education, or science. The University enters into many different types of research agreements with different counterparties, such as with private sector customers and Government agencies that award research grants. Each grant agreement needs to be assessed as to whether it is an enforceable arrangement and contains sufficiently specific promises to transfer outputs from the research to the customer (or at the direction of the customer). Judgement is required in making this assessment. The University has concluded that some research agreements represent a contract with a customer whereas other research grants are recognised as income when the University obtains control of the research funds.
- iii) Non-course fees and charges: these correspond to the complementary services provided by the University such as parking.



**2.6 Revenue and income from continuing operations (continued)**

**(a) Disaggregation**

The University derives revenue and income from:

|   | Consolidated                           |                |  |   |                         |  |        | 2019   |
|---|--|----------------|--|---|-------------------------|--|--------|--|
|   | Sources of funding                     |                |  |   |                         |  |        |  |
|   | Higher Education Loan Program ('HELP') | Student fees   | Australian Government financial assistance | State and Local Government financial assistance | Commercial arrangements | Donations, including corporate sponsorship | Others | Total  |
|   | \$'000                                 | \$'000         | \$'000                                     | \$'000  | \$'000                  | \$'000                                     | \$'000 | Revenue from contracts with customers \$'000   |
|   |  |                |  |   |                         |  |        | Total income of not-for-profit entities \$'000 |
| <b>Revenue and Income Streams</b>           |  |                |  |   |                         |  |        |  |
| <b>Course fees and charges</b>              |  |                |  |   |                         |  |        |  |
| Domestic students undergraduate             | 54,599                                 | 2,749          | -  | -   | -                       | -  | -      | 57,348   |
| Onshore overseas students undergraduate     | -                                      | 40,901         | -  | -   | -                       | -  | -      | 40,901   |
| Offshore overseas students undergraduate    | -                                      | 1,905          | -  | -   | -                       | -  | -      | 1,905  |
| Domestic students postgraduate              | 1,136                                  | 891            | -  | -   | -                       | -  | -      | 2,027  |
| Onshore overseas students postgraduate      | -                                      | 55,008         | -  | -   | -                       | -  | -      | 55,008   |
| Offshore overseas students postgraduate     | -                                      | 506            | -  | -   | -                       | -  | -      | 506  |
| Continuing education and executive programs | -                                      | 12             | -  | -   | -                       | -  | -      | 12   |
| Online                                      | 11,235                                 | 4,207          | -  | -   | -                       | -  | -      | 15,442   |
| <b>Total course fees and charges</b>        | <b>66,970</b>                          | <b>106,179</b> | -  | -   | -                       | -  | -      | <b>173,149</b>                                 |

## 2.6 Revenue and income from continuing operations (continued)

### (a) Disaggregation (continued)

|  | Consolidated                      |              |  |   |                         |  |        | 2019  |   |
|--|-----------------------------------|--------------|--|---|-------------------------|--|--------|---|---|
|  | Sources of funding                |              |  |   |                         |  |        |   |   |
|  | Higher Education Program ('HELP') | Student fees | Australian Government financial assistance | State and Local Government financial assistance | Commercial arrangements | Donations, including corporate sponsorship | Others | Total Revenue from contracts with customers | Total income of not-for-profit entities |
|  | \$'000                            | \$'000       | \$'000                                     | \$'000  | \$'000                  | \$'000                                     | \$'000 | \$'000                                      | \$'000                                  |
| <b>Research</b>                          |                                   |              |  |   |                         |  |        |   |   |
| <b>Revenue and Income Streams</b>        |                                   |              |  |   |                         |  |        |   |   |
| Research goods and services [AASB15]     | -                                 | -            | 11,163                                     | 3,086   | 7,032                   | -  | -      | 21,281                                      | -                                       |
| Research income [AASB1058]               | -                                 | -            | -  | 803   | -                       | -  | -      | -   | 803                                     |
| <b>Total research</b>                    | -                                 | -            | 11,163                                     | 3,889   | 7,032                   | -  | -      | 21,281                                      | 803                                     |
| <b>Recurrent government grants</b>       |                                   |              |  |   |                         |  |        |   |   |
| <b>Recurrent government grants</b>       |                                   |              |  |   |                         |  |        |   |   |
| Commonwealth CGS                         | -                                 | -            | 83,792                                     | -   | -                       | -  | -      | -   | 83,792                                  |
| Other grants                             | -                                 | -            | 4,598                                      | -   | -                       | -  | -      | -   | 4,598                                   |
| <b>Total recurrent government grants</b> | -                                 | -            | 88,390                                     | -   | -                       | -  | -      | -   | 88,390                                  |

## 2.6 Revenue and income from continuing operations (continued)

### (a) Disaggregation (continued)

|  | Consolidated                           |              |  |   |                         |  | 2019   |   |   |
|--|--|--------------|--|---|-------------------------|--|--------|---|---|
|  | Higher Education Loan Program ('HELP') | Student fees | Australian Government financial assistance | State and Local Government financial assistance | Commercial arrangements | Donations, including corporate sponsorship | Others | Total Revenue from contracts with customers | Total income of not-for-profit entities |
|  | \$'000                                 | \$'000       | \$'000                                     | \$'000  | \$'000                  | \$'000                                     | \$'000 | \$'000                                      | \$'000                                  |
| <b>Revenue and Income Streams</b>                  | -                                      | -            | -  | -   | -                       | -  | -      | -   | -                                       |
| <b>Non-course fees and charges</b>                 | -                                      | -            | -  | -   | 66                      | -  | -      | 66  | -                                       |
| Use of facilities charges                          | -                                      | -            | -  | -   | 3,754                   | -  | -      | 3,754                                       | -                                       |
| Other  | -                                      | -            | -  | -   | -                       | -  | -      | -   | -                                       |
| <b>Total non-course fees and charges</b>           | -                                      | -            | -  | -   | 3,820                   | -  | -      | 3,820                                       | -                                       |
| <b>Capital Government grants</b>                   | -                                      | -            | 10,453                                     | -   | -                       | -  | -      | -   | 10,453                                  |
| <b>Royalties</b>                                   | -                                      | -            | -  | -   | -                       | -  | 289    | 289   | -                                       |
| <b>Licenses</b>                                    | -                                      | -            | -  | -   | -                       | -  | 609    | 609   | -                                       |
| <b>Other</b>                                       | -                                      | -            | -  | -   | -                       | -  | -      | -   | -                                       |
| Other [AASB15]                                     | -                                      | -            | -  | -   | 12,771                  | 59   | -      | 12,830                                      | -                                       |
| Other [AASB1058]                                   | -                                      | -            | -  | -   | 1,522                   | 2,340                                      | -      | -   | 3,862                                   |
| <b>Total other</b>                                 | -                                      | -            | -  | -   | 14,293                  | 2,399                                      | -      | 12,830                                      | 3,862                                   |
| <b>Total revenue from contracts with customers</b> | -                                      | -            | -  | -   | -                       | -  | -      | -   | -                                       |
| <b>Total income of not-for-profit</b>              | 66,970                                 | 106,179      | 110,006                                    | 3,889   | 25,145                  | 2,399                                      | 898    | 211,978                                     | 103,508                                 |

## 2.6 Revenue and income from continuing operations (continued)

### (a) Disaggregation (continued)

|   | Parent  |                     |   |  |                                |   |               | 2019   |
|---|---|---------------------|---|--|--------------------------------|---|---------------|--|
|   | Sources of funding                            |                     |   |  |                                |   |               | Total Revenue from contracts with customers \$'000 |
|   | Higher Education Loan Program ('HELP') \$'000 | Student fees \$'000 | Australian Government financial assistance \$'000 | State and Local Government financial assistance \$'000 | Commercial arrangements \$'000 | Donations, including corporate sponsorship \$'000 | Others \$'000 |  |
| <b>Revenue and Income Streams</b>           |   |                     |   |  |                                |   |               |  |
| <b>Course fees and charges</b>              |   |                     |   |  |                                |   |               |  |
| Domestic students undergraduate             | 54,599  | 2,749               | -   | -  | -                              | -   | -             | 57,348   |
| Onshore overseas students undergraduate     | -   | 40,901              | -   | -  | -                              | -   | -             | 40,901   |
| Offshore overseas students undergraduate    | -   | 1,905               | -   | -  | -                              | -   | -             | 1,905  |
| Domestic students postgraduate              | 1,136   | 891                 | -   | -  | -                              | -   | -             | 2,027  |
| Onshore overseas students postgraduate      | -   | 55,008              | -   | -  | -                              | -   | -             | 55,008   |
| Offshore overseas students postgraduate     | -   | 506                 | -   | -  | -                              | -   | -             | 506  |
| Continuing education and executive programs | -   | 12                  | -   | -  | -                              | -   | -             | 12   |
| Online                                      | 11,235  | 4,207               | -   | -  | -                              | -   | -             | 15,442   |
| <b>Total course fees and charges</b>        | <b>66,970</b>                                 | <b>106,179</b>      | -   | -  | -                              | -   | -             | <b>173,149</b>                                     |

## 2.6 Revenue and income from continuing operations (continued)

### (a) Disaggregation (continued)

|  | Parent  |                           |   |   |                                      |   |                  | 2019   |
|--|---|---------------------------|---|---|--------------------------------------|---|------------------|--|
|  | Sources of funding  |                           |   |   |                                      |   |                  | Total<br>Revenue<br>from<br>contracts<br>with<br>customers<br>\$'000 |
|  | Higher<br>Education<br>Loan Program<br>(‘HELP’)<br>\$'000 | Student<br>fees<br>\$'000 | Australian<br>Government<br>financial<br>assistance<br>\$'000 | State and<br>Local<br>Government<br>financial<br>assistance<br>\$'000 | Commercial<br>arrangements<br>\$'000 | Donations,<br>including<br>corporate<br>sponsorship<br>\$'000 | Others<br>\$'000 |  |
| <b>Revenue and Income Streams</b>        |   |                           |   |   |                                      |   |                  |  |
| <b>Research</b>                          |   |                           |   |   |                                      |   |                  |  |
| Research goods and services [AASB15]     | -   | -                         | 11,163  | 3,086   | 7,032                                | -   | -                | 21,281   |
| Research income [AASB1058]               | -   | -                         | -   | 803   | -                                    | -   | -                | 803  |
| <b>Total research</b>                    | -   | -                         | 11,163  | 3,889   | 7,032                                | -   | -                | 21,281   |
| <b>Recurrent government grants</b>       |   |                           |   |   |                                      |   |                  |  |
| Commonwealth CGS                         | -   | -                         | 83,792  | -   | -                                    | -   | -                | 83,792   |
| Other grants                             | -   | -                         | 4,598   | -   | -                                    | -   | -                | 4,598  |
| <b>Total recurrent government grants</b> | -   | -                         | 88,390  | -   | -                                    | -   | -                | 88,390   |

## 2.6 Revenue and income from continuing operations (continued)

### (a) Disaggregation (continued)

|  | Parent                                 |              |  |   |                         |  | 2019   |   |   |
|--|--|--------------|--|---|-------------------------|--|--------|---|---|
|  | Sources of funding                     |              |  |   |                         |  |        |   |   |
|  | Higher Education Loan Program ('HELP') | Student fees | Australian Government financial assistance | State and Local Government financial assistance | Commercial arrangements | Donations, including corporate sponsorship | Others | Total Revenue from contracts with customers | Total income of not-for-profit entities |
|  | \$'000                                 | \$'000       | \$'000                                     | \$'000  | \$'000                  | \$'000                                     | \$'000 | \$'000                                      | \$'000                                  |
| <b>Revenue and Income Streams</b>                  | -                                      | -            | -  | -   | -                       | -  | -      | -   | -                                       |
| <b>Non-course fees and charges</b>                 | -                                      | -            | -  | -   | 66                      | -  | -      | 66  | -                                       |
| Use of facilities charges                          | -                                      | -            | -  | -   | 3,754                   | -  | -      | 3,754                                       | -                                       |
| Other  | -                                      | -            | -  | -   | 3,820                   | -  | -      | 3,820                                       | -                                       |
| <b>Total non-course fees and charges</b>           | -                                      | -            | 10,453                                     | -   | -                       | -  | -      | -   | 10,453                                  |
| <b>Capital Government grants</b>                   | -                                      | -            | -  | -   | -                       | -  | 289    | 289   | -                                       |
| <b>Royalties</b>                                   | -                                      | -            | -  | -   | -                       | -  | 609    | 609   | -                                       |
| <b>Licenses</b>                                    | -                                      | -            | -  | -   | -                       | -  | -      | -   | -                                       |
| <b>Other</b>                                       | -                                      | -            | -  | -   | 10,706                  | 59   | -      | 10,765                                      | -                                       |
| Other [AASB15]                                     | -                                      | -            | -  | -   | 1,522                   | 2,340                                      | -      | -   | 3,862                                   |
| Other [AASB1058]                                   | -                                      | -            | -  | -   | 12,228                  | 2,399                                      | -      | 10,765                                      | 3,862                                   |
| <b>Total other</b>                                 | -                                      | -            | -  | -   | -                       | -  | -      | -   | -                                       |
| <b>Total revenue from contracts with customers</b> | -                                      | -            | -  | -   | -                       | -  | -      | -   | -                                       |
| <b>Total income of not-for-profit</b>              | 66,970                                 | 106,179      | 110,006                                    | 3,889   | 23,080                  | 2,399                                      | 898    | 209,913                                     | 103,508                                 |

## 2.6 Revenue and income from continuing operations (continued)

### Revenue from contracts with customers

#### (b) Accounting policies and significant accounting judgements and estimates

##### • Course fees and charges

The course fees and charges revenue relates to undergraduate programs, graduate and professional degree programs and continuing education and executive programs.

The revenue is recognised over time as the University provides tuition services.

When the courses or trainings have been paid in advanced by students or the University has received the government funding in advance (e.g. before starting the academic period) the University recognises a contract liability until the services are delivered.

There is no significant financing component, as the period from when the student pays and the service is provided is less than 12 months and the consideration is not variable.

##### • Research

Revenue recognition for research funding is dependent upon the source of the funding and the nature of the transaction.

The following specific research revenue recognition criteria have been applied:

- Funding received from Australian Research Council ("ARC") is recognised over time as the research activities are performed.
- Funding received from the Department of Education: The University received funding in relation to the Research Training Program ("RTP") and Research Support Program ("RSP") – recognised immediately when the University has the contractual right to receive the grant.
- Funding received from non-government entities is recognised over time as the University satisfies a performance obligation by transferring a promised good or service.

The research grants that are considered within the scope of AASB 15 meet the enforceability criteria due to the existence of refund clauses in the agreements with the grantor and the promises to transfer good or services to the customer (or on behalf of the customer) are sufficiently specific as the University has the obligation to provide:

- Results of the research
- Publishing research data and results on an ongoing basis in a openly accessible repository as requested by the grantor
- Intellectual property

Depending on the nature of the promise, the University either recognises revenue at a point in the time when the promise is delivered (e.g. when the comprehensive academic paper is published) or recognises revenue over time as the service is performed (e.g. as the grantor obtains control or otherwise as the results of the research are made available to authorised third parties).

##### • Non-course fees and charges

Non-course fees and charges revenue relates to student services and amenities fees, parking fees, and publications.

Revenue is recognised either:

- Over time as and when the service is provided over the period; or
- At a point in time.

##### • Other

Other revenue that is within the scope of AASB 15 mainly relates to laboratory testing services, memberships and recoveries.

Revenue is recognised at a point in time when the service has been delivered.

##### • Royalties, trademarks and licences

Royalties, trademarks and licences that are within the scope of AASB 15 mainly relate to enforceable agreements relating to licencing courses and the University's accommodation facilities.

Revenue is recognised over the period of the licence.

**2.6 Revenue and income from continuing operations (continued)****(c) Unsatisfied performance obligations**

Remaining performance obligations represent services Southern Cross University has promised to provide to customers under the research and education service agreements which are satisfied as the goods or services are provided over the contract term. In determining the transaction price allocated to the remaining performance obligations in Southern Cross University's contracts with customers, the University has used the input method. For customer contracts with terms of one year or less, or where revenue is recognised using the 'right to invoice' method of recognising revenue, as permitted under AASB 15, disclosures are not required in relation to the transaction price allocated to these unsatisfied performance obligations. Further, the amounts disclosed below do not include variable consideration which has been constrained.

These unsatisfied performance obligations are expected to be satisfied within the following periods:

|                              | Within 1 year<br>\$'000 | From 1 to 5<br>years<br>\$'000 | After 5 years<br>\$'000 | Total<br>\$'000 |
|------------------------------|-------------------------|--------------------------------|-------------------------|-----------------|
| <b>Consolidated</b>          |                         |                                |                         |                 |
| Grants and research services | 4,140                   | -                              | -                       | 4,140           |
| Student tuition              | 17,082                  | -                              | -                       | 17,082          |
| Other                        | 59                      | -                              | -                       | 59              |
| <b>Total</b>                 | <b>21,281</b>           | <b>-</b>                       | <b>-</b>                | <b>21,281</b>   |
| <b>Parent</b>                |                         |                                |                         |                 |
| Grants and research services | 4,140                   | -                              | -                       | 4,140           |
| Student tuition              | 17,082                  | -                              | -                       | 17,082          |
| Other                        | 31                      | -                              | -                       | 31              |
| <b>Total</b>                 | <b>21,253</b>           | <b>-</b>                       | <b>-</b>                | <b>21,253</b>   |

As permitted under the transitional provisions in AASB 15, the transaction price allocated to partially unsatisfied performance obligations as of 31 December 2018 is not disclosed.

**(d) Assets and liabilities related to contracts with customers**

The University has recognised the following assets and liabilities related to contracts with customers:

|  | Consolidated                 |                              | Parent                       |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
|  | 2019                         | 2019                         | 2019                         | 2019                         |
|  | Closing<br>balance<br>\$'000 | Opening<br>balance<br>\$'000 | Closing<br>balance<br>\$'000 | Opening<br>balance<br>\$'000 |
| Contract assets                                    | 1,750                        | -                            | 1,750                        | -                            |
| <b>Contract assets - current</b>                   | <b>1,750</b>                 | <b>-</b>                     | <b>1,750</b>                 | <b>-</b>                     |
| <b>Contract assets - non-current</b>               | <b>-</b>                     | <b>-</b>                     | <b>-</b>                     | <b>-</b>                     |
| Australian Government unspent financial assistance | 543                          | -                            | 543                          | -                            |
| Other contract liabilities                         | 20,738                       | -                            | 20,710                       | -                            |
| <b>Contract liabilities - current</b>              | <b>21,281</b>                | <b>-</b>                     | <b>21,253</b>                | <b>-</b>                     |
| <b>Contract liabilities - non-current</b>          | <b>-</b>                     | <b>-</b>                     | <b>-</b>                     | <b>-</b>                     |



**2.6 Revenue and income from continuing operations (continued)****(d) Assets and liabilities related to contracts with customers (continued)**

- Contract assets**

The contract assets are associated with the University's right to consideration for work completed but not billed at the reporting date.

The impairment associated with the contract assets is disclosed in Note 10. Receivables and contract assets.

**Accounting Policy**

While a receivable is Southern Cross University's right to consideration that is unconditional, a contract asset is Southern Cross University's right to consideration in exchange for goods or services that the Southern Cross University has transferred to the customer when that right is conditioned on something other than the passage of time (e.g, HEP's future performance).

- Contract liabilities**

The contract liabilities primarily relate to the advance consideration received from customers for contracts, for which revenue is recognised over time.

**Accounting Policy**

A contract liability is the obligation to transfer goods or services to a customer for which Southern Cross University has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before Southern Cross University transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when Southern Cross University performs under the contract.

Contract liabilities (deferred income) differ from the amounts disclosed in note 18 Other liabilities.

**(e) Refund liabilities**

The University has refund liabilities related to contracts with customers:

|   | <b>Consolidated</b>    |                        | <b>Parent</b>          |                        |
|---|------------------------|------------------------|------------------------|------------------------|
|   | <b>2019</b>            |                        | <b>2019</b>            |                        |
|   | <b>Closing balance</b> | <b>Opening balance</b> | <b>Closing balance</b> | <b>Opening balance</b> |
|   | <b>\$'000</b>          | <b>\$'000</b>          | <b>\$'000</b>          | <b>\$'000</b>          |
| Australian government refund liability  | <b>2,147</b>           | <b>3,061</b>           | <b>2,147</b>           | <b>3,061</b>           |
| <b>Refund liabilities - current</b>     | <b>2,147</b>           | <b>3,061</b>           | <b>2,147</b>           | <b>3,061</b>           |
| <b>Refund liabilities - non-current</b> | -                      | -                      | -                      | -                      |

## 2.7 Reconciliation of revenue and income

The following table reconciles the amounts disclosed in notes 2.1 to 2.5 which contain the mandatory disclosures required by the department and the disclosures provided in note 2.6 as per AASB 15 and AASB 1058:

|   |             | <b>Consolidated</b> | <b>Parent</b>  |
|---|-------------|---------------------|----------------|
|   | <b>Note</b> | <b>2019</b>         | <b>2019</b>    |
|   |             | <b>\$'000</b>       | <b>\$'000</b>  |
| Total Australian Government financial assistance including Australian Government loan programs (HELP) | 2.1         | <b>176,978</b>      | <b>176,978</b> |
| Total State and Local Government financial assistance   | 2.2         | <b>3,890</b>        | <b>3,890</b>   |
| Total HECS-HELP - Student Payments  |             | <b>2,133</b>        | <b>2,133</b>   |
| Total Fees and charges  | 2.3         | <b>107,866</b>      | <b>107,866</b> |
| Total Royalties, trademarks and licences  |             | <b>898</b>          | <b>898</b>     |
| Total Consultancy and contract fees   | 2.4         | <b>7,736</b>        | <b>7,736</b>   |
| Total Other revenue and income  | 2.5         | <b>15,292</b>       | <b>13,225</b>  |
| Total Other   |             | <b>693</b>          | <b>695</b>     |
| <b>Total</b>  |             | <b>315,486</b>      | <b>313,421</b> |
| Total Revenue from contracts with customers as per AASB15   | 2.6         | <b>211,978</b>      | <b>209,913</b> |
| Total Income of not-for-profit as per AASB1058  | 2.6         | <b>103,508</b>      | <b>103,508</b> |
| <b>Total Revenue and Income from continuing operations</b>  |             | <b>315,486</b>      | <b>313,421</b> |

## 3 Investment income

|   |  | <b>Consolidated</b> |        | <b>Parent</b> |        |
|---|--|---------------------|--------|---------------|--------|
|   |  | <b>2019</b>         | 2018   | <b>2019</b>   | 2018   |
|   |  | <b>\$'000</b>       | \$'000 | <b>\$'000</b> | \$'000 |
| <b>Interest</b>   |  |                     |        |               |        |
| Financial assets  |  | <b>824</b>          | 680    | <b>823</b>    | 679    |
| <b>Dividends</b>  |  |                     |        |               |        |
| Equity instruments designated at fair value through OCI |  | <b>570</b>          | 1,900  | <b>570</b>    | 1,900  |
| <b>Total investment income</b>                          |  | <b>1,394</b>        | 2,580  | <b>1,393</b>  | 2,579  |

Interest revenue is recognised as it is earned. Dividends are recognised when the dividend is declared.

**4 Employee related expenses**

|  | Consolidated   |                | Parent         |                |
|--|----------------|----------------|----------------|----------------|
|  | 2019           | 2018           | 2019           | 2018           |
|  | \$'000         | \$'000         | \$'000         | \$'000         |
| <b>Academic</b>                                |                |                |                |                |
| Salaries                                       | 60,547         | 52,956         | 60,547         | 52,956         |
| Contributions to funded superannuation schemes | 8,775          | 8,009          | 8,775          | 8,009          |
| Payroll tax                                    | 3,719          | 3,388          | 3,719          | 3,388          |
| Worker's compensation                          | 172            | 160            | 172            | 160            |
| Long service leave                             | 1,800          | 1,299          | 1,800          | 1,299          |
| Annual leave                                   | 3,581          | 3,151          | 3,581          | 3,151          |
| Other  | 687            | 538            | 687            | 538            |
| <b>Total academic</b>                          | <b>79,281</b>  | <b>69,501</b>  | <b>79,281</b>  | <b>69,501</b>  |
| <b>Non-academic</b>                            |                |                |                |                |
| Salaries                                       | 57,580         | 54,114         | 55,855         | 52,486         |
| Contributions to funded superannuation schemes | 9,575          | 8,662          | 9,400          | 8,507          |
| Payroll tax                                    | 3,972          | 3,577          | 3,858          | 3,472          |
| Worker's compensation                          | 190            | 177            | 185            | 169            |
| Long service leave                             | 2,183          | 1,663          | 2,175          | 1,652          |
| Annual leave                                   | 3,877          | 3,776          | 3,805          | 3,704          |
| Other  | 1,083          | 1,182          | 1,055          | 1,182          |
| <b>Total non-academic</b>                      | <b>78,460</b>  | <b>73,151</b>  | <b>76,333</b>  | <b>71,172</b>  |
| <b>Total employee related expenses</b>         | <b>157,741</b> | <b>142,652</b> | <b>155,614</b> | <b>140,673</b> |

Contributions to the defined contribution section of Southern Cross University's superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable. Past service costs are recognised in profit or loss immediately.

Refer to note 16 for accounting policies on employee benefits and note 31 for retirement benefit obligations.

**5 Depreciation and amortisation**

|  | Consolidated  |               | Parent        |               |
|--|---------------|---------------|---------------|---------------|
|  | 2019          | 2018          | 2019          | 2018          |
|  | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Depreciation</b>                        |               |               |               |               |
| Buildings                                  | 7,358         | 6,766         | 7,358         | 6,766         |
| Infrastructure                             | 916           | 1,867         | 916           | 1,867         |
| Plant and equipment                        | 6,907         | 7,081         | 6,866         | 7,038         |
| Land (Right-of-use)                        | 1,165         | -             | 1,165         | -             |
| Buildings (Right-of-use)                   | 459           | -             | 459           | -             |
| Equipment (Right-of-use)                   | 532           | -             | 532           | -             |
| Leasehold improvements                     | 25            | 2             | 25            | 2             |
| <b>Total depreciation and amortisation</b> | <b>17,362</b> | <b>15,716</b> | <b>17,321</b> | <b>15,673</b> |

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

**5 Depreciation and amortisation (continued)**

| Depreciable assets  | 2019                    | 2018                    |
|---------------------|-------------------------|-------------------------|
|                     | Useful Lives<br>(Years) | Useful Lives<br>(Years) |
| Buildings           | 10-60                   | 10-60                   |
| Plant and equipment | 2-30                    | 2-30                    |
| Improvements        | 5                       | 5                       |
| Infrastructure      | 7-70                    | 7-70                    |

Right-of-use assets recognised under a lease are amortised over the shorter of the lease term and the useful life of the asset.

**6 Borrowing costs**

|   | Consolidated   |                | Parent         |                |
|---|----------------|----------------|----------------|----------------|
|   | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| Interest expense on financial liabilities at amortised cost | 116            | 373            | 116            | 373            |
| Interest expense on lease liabilities                       | 1,698          | -              | 1,698          | -              |
| <b>Total borrowing costs expensed</b>                       | <b>1,814</b>   | 373            | <b>1,814</b>   | 373            |

**Accounting Policy**

Borrowing costs incurred for the construction of any qualifying asset are expensed in the period in which they are incurred regardless of how the borrowings are applied.

Finance charges in respect of finance leases are included in the definition of borrowing costs.

For Interest expense on lease liabilities, please refer to note 15.1 which details the policy for lease accounting where Southern Cross University is a lessee.

## 7 Impairment of assets

|   | Note  | Consolidated |            | Parent       |              |
|---|-------|--------------|------------|--------------|--------------|
|   |       | 2019         | 2018       | 2019         | 2018         |
|   |       | \$'000       | \$'000     | \$'000       | \$'000       |
| <b>Impairment losses - Financial assets</b>     |       |              |            |              |              |
| Trade receivables and contract assets           | 10,29 | 1,654        | 338        | 1,654        | 338          |
| Related party receivables                       |       | -            | -          | 615          | 1,220        |
| <b>Total impairment of financial assets</b>     |       | <b>1,654</b> | <b>338</b> | <b>2,269</b> | <b>1,558</b> |
| <b>Impairment losses - Non-financial assets</b> |       |              |            |              |              |
| Plant and equipment                             |       | -            | 73         | -            | 73           |
| <b>Total impairment of non-financial assets</b> |       | <b>-</b>     | <b>73</b>  | <b>-</b>     | <b>73</b>    |
| <b>Total impairment of assets</b>               |       | <b>1,654</b> | <b>411</b> | <b>2,269</b> | <b>1,631</b> |

### Accounting Policy

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). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Many assets of the Southern Cross University that are not held primarily for their ability to generate net cash inflows are typically specialised assets held for continuing use of their service capacity and they are rarely sold. The recoverable amount of such assets is expected to be materially the same as fair value, determined under AASB 13, with the consequence that AASB 136 applies to such assets accounted for under the cost model in AASB 116 and AASB 138.

For further information on accounting policies of impairment of financial assets, refer to Note 10 and Note 11.

## 8 Other expenses

|   | Consolidated   |                | Parent         |                |
|---|----------------|----------------|----------------|----------------|
|   | 2019           | 2018           | 2019           | 2018           |
|   | \$'000         | \$'000         | \$'000         | \$'000         |
| Advertising, marketing and promotional expenses | 4,323          | 4,435          | 4,315          | 4,426          |
| Audit fees, bank charges, insurance & taxes     | 1,815          | 1,650          | 1,740          | 1,575          |
| Books and subscriptions                         | 3,916          | 3,736          | 3,915          | 3,735          |
| Consulting and professional fees                | 16,453         | 14,147         | 16,423         | 14,014         |
| External education services                     | 51,382         | 42,265         | 51,382         | 42,265         |
| Grants & contributions                          | 1,190          | 3,712          | 1,190          | 3,712          |
| Leased asset charges                            | 1,899          | 4,619          | 1,899          | 4,619          |
| Non-capitalised equipment                       | 2,712          | 2,432          | 2,649          | 2,372          |
| Printing and stationery                         | 642            | 661            | 637            | 655            |
| Property and facility costs                     | 6,437          | 6,324          | 6,109          | 6,042          |
| Scholarships, grants and prizes                 | 7,819          | 6,967          | 7,819          | 6,965          |
| Software expenses                               | 6,138          | 5,313          | 6,138          | 5,313          |
| Telecommunications                              | 880            | 1,060          | 869            | 1,048          |
| Travel, entertainment and staff development     | 5,316          | 4,974          | 5,503          | 5,148          |
| Other expenses                                  | 6,015          | 5,410          | 5,887          | 5,519          |
| <b>Total other expenses</b>                     | <b>116,937</b> | <b>107,705</b> | <b>116,475</b> | <b>107,408</b> |

### Accounting Policy

Lease payments relating to short term or low value leases are classified as leased asset charges. Refer to note 15.

**9 Cash and cash equivalents**

|  | Consolidated   |                | Parent         |                |
|--|----------------|----------------|----------------|----------------|
|  | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| Cash at bank and on hand   | 8,644          | 5,874          | 8,545          | 5,787          |
| Short term deposits at call  | 13,550         | 29,550         | 13,550         | 29,550         |
| <b>Total cash and cash equivalent in the statement of financial position and cashflows</b> | <b>22,194</b>  | <b>35,424</b>  | <b>22,095</b>  | <b>35,337</b>  |

**(a) Cash at bank and on hand**

Cash on hand is non-interest bearing. Cash at bank earned floating interest rates of between 1.30% and 0.55% (2018:1.30%).

**(b) Deposits at call**

The deposits are bearing floating interest rates between 1.54% and 2.62% (2018: 1.78% and 2.70%). The deposits have an average maturity of 93 days.

For statements of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statements of financial position.

**10 Receivables and contract assets**

|  | Note        | Consolidated   |                | Parent         |                |
|--|-------------|----------------|----------------|----------------|----------------|
|  |             | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Current</b>                                 |             |                |                |                |                |
| Trade receivables                              |             | 2,745          | 4,637          | 2,727          | 4,622          |
| Student fees receivable                        |             | 10,926         | 5,913          | 10,926         | 5,913          |
| Less: Allowance for expected credit losses     |             | (2,832)        | (1,752)        | (2,832)        | (1,752)        |
|  |             | <b>10,839</b>  | <b>8,798</b>   | <b>10,821</b>  | <b>8,783</b>   |
| Related party receivables                      | 24(e),24(f) | 16             | 16             | 631            | 16             |
| Less: Allowance for expected credit losses     |             | -              | -              | (615)          | -              |
| OS-HELP Receivable                             | 32(f)       | 126            | 7              | 126            | 7              |
| Other receivables                              |             | 3,099          | 3,543          | 3,104          | 3,538          |
| <b>Total current receivables</b>               |             | <b>14,080</b>  | <b>12,364</b>  | <b>14,067</b>  | <b>12,344</b>  |
| <b>Non-current</b>                             |             |                |                |                |                |
| Deferred government benefit for superannuation | 31(d)       | 113,508        | 101,747        | 113,508        | 101,747        |
| <b>Total non-current receivables</b>           |             | <b>113,508</b> | <b>101,747</b> | <b>113,508</b> | <b>101,747</b> |
| <b>Total receivables</b>                       |             | <b>127,588</b> | <b>114,111</b> | <b>127,575</b> | <b>114,091</b> |

A receivable represents the University's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Refer to note 11 for a detailed accounting policy for financial assets.

**Classification and measurement**

Trade receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. At initial recognition trade receivables are measured at their transaction price and subsequently these are classified and measured as debt instruments at amortised cost. Trade receivables are non-interest bearing and generally on terms of 30 days.

**10 Receivables and contract assets (continued)****Impairment**

For trade receivables the University applies a simplified approach in calculating expected credit losses (“ECLs”). Therefore, the University does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The University has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**Contract assets**

As at 31 December 2019, the University has contract assets of \$1,750,095 which is net of an allowance for expected credit losses of \$NIL. Refer to note 2.6 for further detail.

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

|                                      | Consolidated |              | Parent       |              |
|--------------------------------------|--------------|--------------|--------------|--------------|
|                                      | 2019         | 2018         | 2019         | 2018         |
|                                      | \$'000       | \$'000       | \$'000       | \$'000       |
| At 1 January                         | 1,752        | 2,313        | 1,752        | 2,313        |
| Provision for expected credit losses | 1,690        | 185          | 1,690        | 185          |
| Write-off                            | (610)        | (746)        | (610)        | (746)        |
| <b>At 31 December</b>                | <b>2,832</b> | <b>1,752</b> | <b>2,832</b> | <b>1,752</b> |

The significant changes in the balances of contract assets are disclosed in note 2.6 while the information about the credit exposures are disclosed in note 29 Financial risk management.

**11 Other financial assets**

|   | Consolidated  |               | Parent        |               |
|---|---------------|---------------|---------------|---------------|
|   | 2019          | 2018          | 2019          | 2018          |
|   | \$'000        | \$'000        | \$'000        | \$'000        |
| <b>Current</b>  |               |               |               |               |
| <b>Financial assets at amortised cost:</b>                                      |               |               |               |               |
| Term deposit  | 9,000         | -             | 9,000         | -             |
| <b>Total current other financial assets</b>                                     | <b>9,000</b>  | <b>-</b>      | <b>9,000</b>  | <b>-</b>      |
| <b>Non-current</b>  |               |               |               |               |
| <b>Other financial assets at fair value through other comprehensive income:</b> |               |               |               |               |
| Unlisted equity securities  | 47,316        | 29,412        | 47,316        | 29,412        |
| <b>Total non-current other financial assets</b>                                 | <b>47,316</b> | <b>29,412</b> | <b>47,316</b> | <b>29,412</b> |
| <b>Total other financial assets</b>   | <b>56,316</b> | <b>29,412</b> | <b>56,316</b> | <b>29,412</b> |

**(a) Other financial assets at amortised cost**

The University 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.

**11 Other financial assets (continued)****(b) Equity instruments elected to be at fair value through other comprehensive income**

| Investments                | Reason for Adopting  | Fair Value 2019 | Dividends Recognised 2019 | Transfers of Gain/ (Loss) 2019 |
|----------------------------|--|-----------------|---------------------------|--------------------------------|
|                            |  | 000's           | 000's                     | 000's                          |
| Unlisted Equity Securities | The University elected to classify irrevocably it's unlisted equity securities at fair value through OCI upon adoption of AASB 9 | 47,316          | 570                       | -                              |

There were no equity instruments derecognised during 2019.

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

Upon initial recognition, the University has elected to classify irrevocably the above investments, as equity instruments designated at fair value through other comprehensive income, as 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 income statements when the right of payment has been established, except when the University benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment. The University has recognised \$570,000 (2018: \$1,900,000) as Dividends from these unlisted equity securities.



**12 Investments accounted for using the equity method****Associates**

| Name of Entity                    | Place of business/<br>Country of incorporation | Measurement method | Quoted fair value \$ |      | Ownership Interest % |       |
|-----------------------------------|--|--------------------|----------------------|------|----------------------|-------|
|                                   |  |                    | 2019                 | 2018 | 2019                 | 2018  |
| Coffs Harbour Technology Park Ltd | Coffs Harbour, Australia                       | At Cost            | <b>175</b>           | 175  | <b>33.33</b>         | 33.33 |

Summarised financial information for individually material associates is set out below:

|   | 2019<br>\$'000 | 2018<br>\$'000 |
|---|----------------|----------------|
| <b>Financial Position</b>                       |                |                |
| Current assets                                  | <b>130</b>     | 125            |
| Non-current assets                              | <b>883</b>     | 886            |
| <b>Total assets</b>                             | <b>1,013</b>   | 1,011          |
| Current liabilities                             | <b>34</b>      | 30             |
| Non-current liabilities                         | <b>96</b>      | 95             |
| <b>Total liabilities</b>                        | <b>130</b>     | 125            |
| <b>Net assets</b>                               | <b>883</b>     | 886            |
| <b>Share of associates' net assets</b>          | <b>294</b>     | 296            |
| <b>Reconciliation of carrying amounts:</b>      |                |                |
| Balance at 1 January                            | <b>296</b>     | 301            |
| Share of profit/(loss) for year                 | <b>(1)</b>     | (5)            |
| <b>Balance at 31 December</b>                   | <b>295</b>     | 296            |
| <b>Financial Performance</b>                    |                |                |
| Income  | <b>145</b>     | 122            |
| Expenses  | <b>(148)</b>   | (137)          |
| <b>Profit/(loss) from continuing operations</b> | <b>(3)</b>     | (15)           |
| <b>Total comprehensive income</b>               | <b>(3)</b>     | (15)           |
| <b>Share of associates' profit/(loss)</b>       | <b>(1)</b>     | (5)            |

Associates are all entities over which the University has significant influence but not control. Investments in associates are accounted for in the parent entity financial statements using the cost method or the equity method, and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The University's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The University's share of its associates' post acquisition profits or losses is recognised in the income statements, and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statements, while in the consolidated financial statements they reduce the carrying amount of the investment.

Gains or losses resulting from 'upstream' and 'downstream' transactions, involving assets that do not constitute a business, are recognised in the parent's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Gains or losses resulting from the contribution of non-monetary assets in exchange for an equity interest are accounted for in the same method. When the University's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the University does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

### 13 Property, plant and equipment

| Parent                             | Land<br>\$'000 | Buildings<br>\$'000 | Plant and<br>equipment<br>\$'000 | Infrastructure<br>\$'000 | Improvements<br>\$'000 | Library<br>collections<br>\$'000 | Capital<br>works in<br>progress<br>\$'000 | Subtotal<br>Property,<br>plant and<br>equipment<br>(owned)<br>\$'000 | Subtotal<br>Right<br>of use<br>assets***<br>\$'000 | Total<br>\$'000 |
|------------------------------------|----------------|---------------------|----------------------------------|--------------------------|------------------------|----------------------------------|---|--|--|-----------------|
| <b>At 1 January 2018</b>           |                |                     |                                  |                          |                        |                                  |   |  |  |                 |
| At cost                            | 11,974         | 253,963             | 72,359                           | 26,770                   | 43                     | 8,827                            | 5,541                                     | 379,477  | -  | 379,477         |
| Accumulated depreciation           | -              | (58,808)            | (33,862)                         | (5,854)                  | (9)                    | (8,027)                          | -   | (106,560)  | -  | (106,560)       |
| Accumulated impairment             | -              | (112)               | -                                | (1,263)                  | -                      | (683)                            | -   | (2,058)  | -  | (2,058)         |
| <b>Net book amount</b>             | <b>11,974</b>  | <b>195,043</b>      | <b>38,497</b>                    | <b>19,653</b>            | <b>34</b>              | <b>117</b>                       | <b>5,541</b>                              | <b>270,859</b>   | <b>-</b>   | <b>270,859</b>  |
| <b>Year ended 31 December 2018</b> |                |                     |                                  |                          |                        |                                  |   |  |  |                 |
| Opening net book amount            | 11,974         | 195,043             | 38,497                           | 19,653                   | 34                     | 117                              | 5,541                                     | 270,859  | -  | 270,859         |
| Additions                          | -              | 27                  | 3,299                            | -                        | -                      | -                                | 3,414                                     | 6,740  | -  | 6,740           |
| Disposals - written down value     | -              | -                   | (444)                            | (168)                    | (3)                    | -                                | (3)                                       | (618)  | -  | (618)           |
| Depreciation expense               | -              | (6,766)             | (7,038)                          | (1,867)                  | (2)                    | -                                | -   | (15,673)   | -  | (15,673)        |
| Impairment (loss)/income           | -              | -                   | (73)                             | -                        | -                      | -                                | -   | (73)   | -  | (73)            |
| Transfers                          | -              | 205                 | 512                              | 6,456                    | -                      | -                                | (7,173)                                   | -  | -  | -               |
| <b>Closing net book amount</b>     | <b>11,974</b>  | <b>188,509</b>      | <b>34,753</b>                    | <b>24,074</b>            | <b>29</b>              | <b>117</b>                       | <b>1,779</b>                              | <b>261,235</b>   | <b>-</b>   | <b>261,235</b>  |
| <b>At 31 December 2018</b>         |                |                     |                                  |                          |                        |                                  |   |  |  |                 |
| At cost                            | 11,974         | 254,194             | 73,322                           | 32,888                   | 40                     | 8,827                            | 1,779                                     | 383,024  | -  | 383,024         |
| Accumulated depreciation           | -              | (65,573)            | (38,569)                         | (7,551)                  | (11)                   | (8,027)                          | -   | (119,731)  | -  | (119,731)       |
| Accumulated impairment             | -              | (112)               | -                                | (1,263)                  | -                      | (683)                            | -   | (2,058)  | -  | (2,058)         |
| <b>Net book amount</b>             | <b>11,974</b>  | <b>188,509</b>      | <b>34,753</b>                    | <b>24,074</b>            | <b>29</b>              | <b>117</b>                       | <b>1,779</b>                              | <b>261,235</b>   | <b>-</b>   | <b>261,235</b>  |

**13 Property, plant and equipment (continued)**

|                                    | Land<br>\$'000 | Buildings<br>\$'000 | Plant and<br>equipment<br>\$'000 | Infrastructure<br>\$'000 | Improvements<br>\$'000 | Library<br>collections<br>\$'000 | Capital<br>works in<br>progress<br>\$'000 | Subtotal<br>Property,<br>plant and<br>equipment<br>(owned)<br>\$'000 | Subtotal<br>Right<br>of use<br>assets***<br>\$'000 | Total<br>\$'000 |
|------------------------------------|----------------|---------------------|----------------------------------|--------------------------|------------------------|----------------------------------|---|--|--|-----------------|
| <b>Year ended 31 December 2019</b> |                |                     |                                  |                          |                        |                                  |   |  |  |                 |
| Opening net book amount            | 11,974         | 188,509             | 34,753                           | 24,074                   | 29                     | 117                              | 1,779                                     | 261,235  | -  | 261,235         |
| Adoption of AASB 16                | (3,000)        | -                   | -                                | -                        | -                      | -                                | -   | (3,000)  | 35,854   | 32,854          |
| Additions                          | -              | -                   | 3,273                            | -                        | 1                      | -                                | 13,494                                    | 16,768   | -  | 16,768          |
| Disposals - written down value     | -              | -                   | (417)                            | -                        | -                      | -                                | -   | (417)  | -  | (417)           |
| Depreciation expense               | -              | (7,358)             | (6,866)                          | (916)                    | (25)                   | -                                | -   | (15,165)   | (2,156)  | (17,321)        |
| Impairment (loss)/income           | -              | -                   | -                                | -                        | -                      | -                                | -   | -  | -  | -               |
| Transfers                          | -              | 9,577               | 1,506                            | 445                      | 1,746                  | -                                | (13,274)                                  | -  | -  | -               |
| <b>Closing net book amount</b>     | <b>8,974</b>   | <b>190,728</b>      | <b>32,249</b>                    | <b>23,603</b>            | <b>1,751</b>           | <b>117</b>                       | <b>1,999</b>                              | <b>259,421</b>   | <b>33,698</b>                                      | <b>293,119</b>  |
| <b>At 31 December 2019</b>         |                |                     |                                  |                          |                        |                                  |   |  |  |                 |
| At cost                            | 8,974          | 263,771             | 75,756                           | 33,333                   | 1,788                  | 8,828                            | 1,999                                     | 394,449  | 39,042   | 433,491         |
| Accumulated depreciation           | -              | (72,931)            | (43,507)                         | (8,467)                  | (37)                   | (8,028)                          | -   | (132,970)  | (5,344)  | (138,314)       |
| Accumulated impairment             | -              | (112)               | -                                | (1,263)                  | -                      | (683)                            | -   | (2,058)  | -  | (2,058)         |
| <b>Net book amount</b>             | <b>8,974</b>   | <b>190,728</b>      | <b>32,249</b>                    | <b>23,603</b>            | <b>1,751</b>           | <b>117</b>                       | <b>1,999</b>                              | <b>259,421</b>   | <b>33,698</b>                                      | <b>293,119</b>  |

**13 Property, plant and equipment (continued)**

|                                    | Land          | Buildings      | Plant and equipment | Infrastructure | Improvements | Library collections | Capital works in progress | Subtotal Property, plant and equipment (owned) | Subtotal Right of use assets*** | Total          |
|------------------------------------|---------------|----------------|---------------------|----------------|--------------|---------------------|---------------------------|--|---------------------------------|----------------|
| Consolidated                       | \$'000        | \$'000         | \$'000              | \$'000         | \$'000       | \$'000              | \$'000                    | \$'000   | \$'000                          | \$'000         |
| <b>At 1 January 2018</b>           |               |                |                     |                |              |                     |                           |  |                                 |                |
| At cost                            | 11,974        | 253,963        | 72,598              | 26,770         | 43           | 8,827               | 5,541                     | 379,716  | -                               | 379,716        |
| Accumulated depreciation           | -             | (58,808)       | (33,963)            | (5,854)        | (9)          | (8,027)             | -                         | (106,661)                                      | -                               | (106,661)      |
| Accumulated impairment             | -             | (112)          | -                   | (1,263)        | -            | (683)               | -                         | (2,058)  | -                               | (2,058)        |
| <b>Net book amount</b>             | <b>11,974</b> | <b>195,043</b> | <b>38,635</b>       | <b>19,653</b>  | <b>34</b>    | <b>117</b>          | <b>5,541</b>              | <b>270,997</b>                                 | <b>-</b>                        | <b>270,997</b> |
| <b>Year ended 31 December 2018</b> |               |                |                     |                |              |                     |                           |  |                                 |                |
| Opening net book amount            | 11,974        | 195,043        | 38,635              | 19,653         | 34           | 117                 | 5,541                     | 270,997  | -                               | 270,997        |
| Additions                          | -             | 27             | 3,301               | -              | -            | -                   | 3,414                     | 6,742  | -                               | 6,742          |
| Disposals - written down value     | -             | -              | (448)               | (168)          | (3)          | -                   | (3)                       | (622)  | -                               | (622)          |
| Depreciation expense               | -             | (6,766)        | (7,081)             | (1,867)        | (2)          | -                   | -                         | (15,716)                                       | -                               | (15,716)       |
| Impairment (loss)/income           | -             | -              | (73)                | -              | -            | -                   | -                         | (73)   | -                               | (73)           |
| Transfers                          | -             | 205            | 512                 | 6,456          | -            | -                   | (7173)                    | -  | -                               | -              |
| <b>Closing net book amount</b>     | <b>11,974</b> | <b>188,509</b> | <b>34,846</b>       | <b>24,074</b>  | <b>29</b>    | <b>117</b>          | <b>1,779</b>              | <b>261,328</b>                                 | <b>-</b>                        | <b>261,328</b> |
| <b>At 31 December 2018</b>         |               |                |                     |                |              |                     |                           |  |                                 |                |
| At cost                            | 11,974        | 254,194        | 73,549              | 32,888         | 40           | 8,827               | 1,779                     | 383,251  | -                               | 383,251        |
| Accumulated depreciation           | -             | (65,573)       | (38,703)            | (7,551)        | (11)         | (8,027)             | -                         | (119,865)                                      | -                               | (119,865)      |
| Accumulated impairment             | -             | (112)          | -                   | (1,263)        | -            | (683)               | -                         | (2,058)  | -                               | (2,058)        |
| <b>Net book amount</b>             | <b>11,974</b> | <b>188,509</b> | <b>34,846</b>       | <b>24,074</b>  | <b>29</b>    | <b>117</b>          | <b>1,779</b>              | <b>261,328</b>                                 | <b>-</b>                        | <b>261,328</b> |

**13 Property, plant and equipment (continued)**

| <b>Consolidated</b>                | <b>Land</b>   | <b>Buildings</b> | <b>Plant and equipment</b> | <b>Infrastructure</b> | <b>Improvements</b> | <b>Library collections</b> | <b>Capital works in progress</b> | <b>Subtotal Property, plant and equipment (owned)</b> | <b>Subtotal Right of use assets***</b> | <b>Total</b>   |
|------------------------------------|---------------|------------------|----------------------------|-----------------------|---------------------|----------------------------|----------------------------------|---|--|----------------|
|                                    | <b>\$'000</b> | <b>\$'000</b>    | <b>\$'000</b>              | <b>\$'000</b>         | <b>\$'000</b>       | <b>\$'000</b>              | <b>\$'000</b>                    | <b>\$'000</b>   | <b>\$'000</b>                          | <b>\$'000</b>  |
| <b>Year ended 31 December 2019</b> |               |                  |                            |                       |                     |                            |                                  |   |  |                |
| Opening net book amount            | 11,974        | 188,509          | 34,846                     | 24,074                | 29                  | 117                        | 1,779                            | 261,328   | -                                      | 261,328        |
| Adoption of AASB 16                | (3,000)       | -                | -                          | -                     | -                   | -                          | -                                | (3,000)   | 35,854                                 | 32,854         |
| Additions                          | -             | -                | 3,310                      | -                     | 1                   | -                          | 13,494                           | 16,805  | -                                      | 16,805         |
| Disposals - written down value     | -             | -                | (439)                      | -                     | -                   | -                          | -                                | (439)   | -                                      | (439)          |
| Depreciation expense               | -             | (7,358)          | (6,907)                    | (916)                 | (25)                | -                          | -                                | (15,206)  | (2,156)                                | (17,362)       |
| Impairment (loss)/income           | -             | -                | -                          | -                     | -                   | -                          | -                                | -   | -                                      | -              |
| Transfers                          | -             | 9,577            | 1,506                      | 445                   | 1,746               | -                          | (13,274)                         | -   | -                                      | -              |
| <b>Closing net book amount</b>     | <b>8,974</b>  | <b>190,728</b>   | <b>32,316</b>              | <b>23,603</b>         | <b>1,751</b>        | <b>117</b>                 | <b>1,999</b>                     | <b>259,488</b>  | <b>33,698</b>                          | <b>293,186</b> |
| <b>At 31 December 2019</b>         |               |                  |                            |                       |                     |                            |                                  |   |  |                |
| At cost                            | 8,974         | 263,771          | 75,987                     | 33,333                | 1,788               | 8,828                      | 1,999                            | 394,680   | 39,042                                 | 433,722        |
| Accumulated depreciation           | -             | (72,931)         | (43,671)                   | (8,467)               | (37)                | (8,028)                    | -                                | (133,134)   | (5,344)                                | (138,478)      |
| Accumulated impairment             | -             | (112)            | -                          | (1,263)               | -                   | (683)                      | -                                | (2,058)   | -                                      | (2,058)        |
| <b>Net book amount</b>             | <b>8,974</b>  | <b>190,728</b>   | <b>32,316</b>              | <b>23,603</b>         | <b>1,751</b>        | <b>117</b>                 | <b>1,999</b>                     | <b>259,488</b>  | <b>33,698</b>                          | <b>293,186</b> |

**13 Property, plant and equipment (continued)****Revision of Estimates**

During the 2019 financial year, the estimated total useful lives of certain plant and equipment was revised. The net effect of the changes in the current financial year was an increase in depreciation expense of \$577,195.

**Accounting Policy**

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

The assets' 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.

**13.1 Right-of-use assets**

Information about leases where Southern Cross University is a lessee is presented below:

|                                   | Consolidated   |                | Parent         |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Right-of-use assets</b>        |                |                |                |                |
| <b>Buildings</b>                  |                |                |                |                |
| 1 January 2019 - Initial adoption | 2,562          | -              | 2,562          | -              |
| Additions of right-of-use assets  | -              | -              | -              | -              |
| Depreciation charge               | (459)          | -              | (459)          | -              |
| <b>At 31 December 2019</b>        | <b>2,103</b>   | -              | <b>2,103</b>   | -              |
| <b>Right-of-use assets</b>        |                |                |                |                |
| <b>Land</b>                       |                |                |                |                |
| 1 January 2019 - Initial adoption | 32,487         | -              | 32,487         | -              |
| Additions of right-of-use assets  | -              | -              | -              | -              |
| Depreciation charge               | (1,165)        | -              | (1,165)        | -              |
| <b>At 31 December 2019</b>        | <b>31,322</b>  | -              | <b>31,322</b>  | -              |
| <b>Right-of-use assets</b>        |                |                |                |                |
| <b>Equipment</b>                  |                |                |                |                |
| 1 January 2019 - Initial adoption | 805            | -              | 805            | -              |
| Depreciation charge               | (532)          | -              | (532)          | -              |
| <b>At 31 December 2019</b>        | <b>273</b>     | -              | <b>273</b>     | -              |
| <b>Total right-of-use assets</b>  | <b>33,698</b>  | -              | <b>33,698</b>  | -              |

## 13 Property, plant and equipment (continued)

### Accounting Policy

#### Policy applicable from 1 January 2019

#### Assessment of whether a contract is, or contains, a lease

At inception of a contract, the Southern Cross University assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

Southern Cross University assesses whether:

(a) The contract involves the use of an identified asset - The asset may be explicitly or implicitly specified in the contract. A capacity portion of larger assets is considered an identified asset if the portion is physically distinct or if the portion represents substantially all of the capacity of the asset. The asset is not considered an identified asset, if the supplier has the substantive right to substitute the asset throughout the period of use.

(b) The customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

(c) The customer has the right to direct the use of the asset throughout the period of use - The customer is considered to have the right to direct the use of the asset only if either:

- i) The customer has the right to direct how and for what purpose the identified asset is used throughout the period of use; or
- ii) The relevant decisions about how and for what purposes the asset is used is predetermined and the customer has the right to operate the asset, or the customer designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

#### Accounting for leases - Southern Cross University as lessee

In contracts where Southern Cross University is a lessee, Southern Cross University recognises a right-of-use asset and a lease liability at the commencement date of the lease, unless the short-term or low-value exemption is applied.

#### Right-of-use asset

A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

A right-of-use asset associated with land and buildings is measured at amortised cost. All other property, plant and equipment are measured as described in the accounting policy for property, plant and equipment in Note 13.

#### Concessionary leases

The University has elected to measure right-of-use assets arising under 'concessionary leases' on initial recognition at fair value, which incorporates the amount of the initial measurement of the lease liability.

No lease liabilities corresponding to concessionary leases, have been recognised in 2019, due to nil lease payments required over the term of the concessionary lease.

**13 Property, plant and equipment (continued)**

Information about leases where Southern Cross University is a lessee is presented below:

|                                   | Consolidated   |                | Parent         |                |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Land</b>                       |                |                |                |                |
| At 1 January 2019                 | 2,910          | -              | 2,910          | -              |
| Additions of right-of-use assets  | -              | -              | -              | -              |
| Depreciation charge               | (124)          | -              | (73)           | -              |
| <b>At 31 December 2019</b>        | <b>2,786</b>   | -              | <b>2,837</b>   | -              |
| <b>Total concessionary leases</b> | <b>2,786</b>   | -              | <b>2,837</b>   | -              |

**Dependencies on concessionary leases**

The University operates its Coffs Harbour Campus through a joint operation between North Coast TAFE and the New South Wales Department of Education, refer to Note 26. As a partner to the joint operation, the University has entered into a lease with the New South Wales Department of Education for the right to construct and operate buildings and other assets for the purposes of furthering its objectives as a Higher Education Provider and those of the joint operation.

The University has constructed buildings with a book value of \$21 million on the leased land and is dependent on the lease to operate its Coffs Harbour Campus.

**Nature and term of the leases**

The underlying asset of the lease is the land that the University can use to operate accommodation principally for students and the development of additional building or buildings for accommodation principally for students.

The lease is for a term of 36 years and 2 months and the University is not required to pay any rent during the term.

**Concessionary (peppercorn) leases**

Leased assets arising from significantly below market leases are measured at fair value at the inception of the lease whereas the lease liability is recognised at present value of peppercorn lease payment amounts. The difference between the right-of-use asset and lease liability is recorded as income in the income statements under AASB 1058.

**14 Trade and other payables**

|   | Consolidated   |                | Parent         |                |
|---|----------------|----------------|----------------|----------------|
|   | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Current</b>                                |                |                |                |                |
| Trade creditors                               | 16,533         | 16,578         | 16,371         | 16,410         |
| <b>Total current trade and other payables</b> | <b>16,533</b>  | 16,578         | <b>16,371</b>  | 16,410         |

**Foreign currency risk**

The carrying amounts of the University's trade and other payables are denominated in the following currencies:

|                    |        |        |        |        |
|--------------------|--------|--------|--------|--------|
| Australian Dollars | 16,365 | 16,520 | 16,203 | 16,352 |
| US Dollars         | 149    | 23     | 149    | 23     |
| Danish Krone       | 3      | 35     | 3      | 35     |
| Euros              | 16     | -      | 16     | -      |

For an analysis of the sensitivity of trade and other payables to foreign currency risk, refer to note 29.

Trade and other payables represent liabilities for goods and services provided to the University prior to the end of financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.



## 15 Borrowings

|                                     | Consolidated   |                | Parent         |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Current</b>                      |                |                |                |                |
| Lease liability                     | 2,440          | -              | 2,440          | -              |
| <b>Total current borrowings</b>     | <b>2,440</b>   | <b>-</b>       | <b>2,440</b>   | <b>-</b>       |
| <b>Non-Current</b>                  |                |                |                |                |
| Lease liability                     | 42,169         | -              | 42,169         | -              |
| <b>Total non-current borrowings</b> | <b>42,169</b>  | <b>-</b>       | <b>42,169</b>  | <b>-</b>       |
| <b>Total borrowings</b>             | <b>44,609</b>  | <b>-</b>       | <b>44,609</b>  | <b>-</b>       |

### (a) Assets pledged as security

The University has no assets pledged as security for borrowings drawn during the year ended 31 December 2019 (2018: Nil).

### (b) Financing arrangements

Unrestricted access was available at reporting date to the following lines of credit:

|  | Consolidated   |                | Parent         |                |
|--|----------------|----------------|----------------|----------------|
|  | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Credit standby arrangements:</b>      |                |                |                |                |
| Guarantee facility                       | 5,000          | 5,000          | 5,000          | 5,000          |
| Commercial card facility                 | 500            | 500            | 500            | 500            |
| <b>Total credit standby arrangements</b> | <b>5,500</b>   | <b>5,500</b>   | <b>5,500</b>   | <b>5,500</b>   |
| Used at balance date                     | (451)          | (500)          | (451)          | (500)          |
| <b>Total unused at balance date</b>      | <b>5,049</b>   | <b>5,000</b>   | <b>5,049</b>   | <b>5,000</b>   |
| <b>Bank loan facilities</b>              |                |                |                |                |
| Total facilities                         | 28,510         | 30,950         | 28,510         | 30,950         |
| <b>Total unused at balance date</b>      | <b>28,510</b>  | <b>30,950</b>  | <b>28,510</b>  | <b>30,950</b>  |

### (c) Bank loans

On 3 October 2019, Southern Cross University re-negotiated its bank loan and credit facilities with the ANZ Banking Group Limited. As part of the renegotiation, the University entered into an uncommitted loan facility for \$19,730,000 and a committed facility of \$10,000,000 on an annual revolving basis. The undrawn component of the uncommitted facility can be terminated, cancelled or withdrawn by ANZ at any time and is not subject to any other provision of the facility:

(a) ANZ has no obligation to provide a drawing or utilisation or otherwise make available the facility at any time; and

(b) ANZ may, at any time without notice and without giving any reason, withdraw and/or cancel the undrawn component of the facility (or any part thereof).

**15 Borrowings (continued)****(d) Fair value**

The fair value of current borrowings equals their carrying amount as the impact of discounting is not significant.

**(e) Risk exposures**

The exposure of the University's borrowings to interest rate changes and the contractual repricing dates at the balance dates are as follows:

|                            | Consolidated  |          | Parent        |          |
|----------------------------|---------------|----------|---------------|----------|
|                            | 2019          | 2018     | 2019          | 2018     |
|                            | \$'000        | \$'000   | \$'000        | \$'000   |
| Within one year            | 2,533         | -        | 2,533         | -        |
| Between one and five years | 11,374        | -        | 11,374        | -        |
| Later than five years      | 61,130        | -        | 61,130        | -        |
| <b>Total borrowings</b>    | <b>75,037</b> | <b>-</b> | <b>75,037</b> | <b>-</b> |
| Current borrowings         | 2,440         | -        | 2,440         | -        |
| Non-current borrowings     | 42,169        | -        | 42,169        | -        |
| <b>Total borrowings</b>    | <b>44,609</b> | <b>-</b> | <b>44,609</b> | <b>-</b> |

The carrying amounts of the University's borrowings are denominated in Australian dollars. For an analysis of the sensitivity of borrowings to interest rate risk, refer to note 29.

**(f) Reconciliation of liabilities arising from financing activities**

|  | 2018     | Cash flows     | Non-cash changes | 2019          |
|--|----------|----------------|------------------|---------------|
|  | \$'000   | \$'000         | Other<br>\$'000  | \$'000        |
| Lease liabilities                                  | -        | (2,701)        | 47,310           | 44,609        |
| <b>Total liabilities from financing activities</b> | <b>-</b> | <b>(2,701)</b> | <b>47,310</b>    | <b>44,609</b> |

Cash flows relating to lease liabilities disclosed above reflect the introduction of Australian Accounting Standard 16 Leases which required the recognition of operating leases on the statements of financial position. The University adopted the modified retrospective transition recognition criteria allowed by the Standard which allowed recognition of lease liabilities as at 1 January 2019.

**Accounting Policy**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statements over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period and does not expect to settle the liability for at least 12 months after the end of the reporting period.

**15.1 The University as lessee****Amounts recognised in the income statements**

|  | Consolidated   |                | Parent         |                |
|--|----------------|----------------|----------------|----------------|
|  | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| Interest on lease liabilities  | 1,698          | -              | 1,698          | -              |
| Income from sub-leasing right-of-use assets  | (34)           | -              | (34)           | -              |
| Expenses relating to short-term leases   | 512            | -              | 512            | -              |
| Expenses relating to leases of low-value assets, excluding short term leases of low-value assets | 1,387          | -              | 1,387          | -              |
|  | <b>3,563</b>   | -              | <b>3,563</b>   | -              |
| <b>Maturity analysis - undiscounted contractual cash flows</b>                                   |                |                |                |                |
| Less than one year   | 2,533          | -              | 2,533          | -              |
| One to five years  | 11,374         | -              | 11,374         | -              |
| More than 5 years  | 61,130         | -              | 61,130         | -              |
| <b>Total undiscounted lease payments receivable</b>  | <b>75,037</b>  | -              | <b>75,037</b>  | -              |
| Future finance charges   | (30,428)       | -              | (30,428)       | -              |
| Lease liabilities recognised in the statements of financial position                             | 44,609         | -              | 44,609         | -              |
| <b>Current</b>   | <b>2,440</b>   | -              | <b>2,440</b>   | -              |
| <b>Non-current</b>   | <b>42,169</b>  | -              | <b>42,169</b>  | -              |

**Nature of leasing activities as a lessee****Land**

The University has entered into three long term land leases with Gold Coast Airport Pty Limited for the purposes of the construction and operation of a public university and educational campus at Bilinga, Queensland and includes the following:

- student and staff facilities;
- administration buildings;
- bookstore, cafe, mixed businesses, medical and professional services suites;
- service buildings;
- carparking; and
- all other approved uses necessary or incidental to a tertiary institution.

Each lease has a remaining lease term of 28 years and an option to renew for a further 48 years. Lease payments are subject to an annual review based on the higher of CPI or the fixed rate and then an additional market review each three years.

**Buildings**

The University leases office space under non-cancellable operating leases expiring within one to five years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

**Plant and equipment**

The University leases computer and printing equipment under non-cancellable leases expiring within one to five years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

**Exposure from variable lease payments**

The University does not have any material leases which are exposed to variable lease payments.

**15.1 The University as lessee (continued)****Nature of leasing activities as a lessee (continued)****Exposure from extension options and termination options**

The University has options to extend the term of its long term land leases at its Gold Coast campus, at balance date. Extension options are available on each long term land lease, however, it is the University's assessment that it is not certain that these options will be exercised, therefore, the option has not been included in determining the length of term of the associated lease liabilities.

**Exposure from residual value guarantees**

The University is not exposed to any material residual value guarantees on any of its lease contracts.

**Exposure from leases not yet commenced but committed by Southern Cross University**

The University has not entered into any contractual lease arrangements which are not yet effective at balance date.

**Restrictions and covenants imposed by leases**

The University leases land on which its Gold Coast campus is located. The lease agreement stipulates that the land may, during the term, be affected by a resumption or surrender by the landlord and the tenant of the land, and/or the granting of a volumetric lease to facilitate the development of a heavy railway line by Queensland Transport.

**Sale and leaseback transactions**

None of the University's lease contracts are subject to sale and leaseback arrangements.

**Amounts recognised in statements of cash flows**

|                               | <b>Consolidated</b> |        | <b>Parent</b> |        |
|-------------------------------|---------------------|--------|---------------|--------|
|                               | <b>2019</b>         | 2018   | <b>2019</b>   | 2018   |
|                               | <b>\$'000</b>       | \$'000 | <b>\$'000</b> | \$'000 |
| Total cash outflow for leases | <b>2,701</b>        | -      | <b>2,701</b>  | -      |

**Accounting policy leases****Policy applicable from 1 January 2019****Lease liabilities - Southern Cross University as lessee**

**Policy on assessment of whether a contract is, or contains, a lease is detailed in note 13.1.**

**Lease liability**

A lease liability is initially measured at the present value of unpaid lease payments at the commencement date of the lease. To calculate the present value, the unpaid lease payments are discounted using the interest rate implicit in the lease if the rate is readily determinable. If the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate at the commencement date of the lease is used. Lease payments included in the measurement of lease liabilities comprise:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. payments varying on account of changes in CPI); and
- Amounts expected to be payable by the lessee under residual value guarantees.

Subsequently, the lease liability is measured at amortised cost using the effective interest rate method resulting in interest expense being recognised as a borrowing cost in the income statements. The lease liability is remeasured when there are changes in future lease payments arising from a change in an index or rate with a corresponding adjustment to the right-of-use asset. The adjustment amount is factored into depreciation of the right-of-use asset prospectively.

Right-of-use assets are presented within the right-of-use assets note, in Note 13.1 and lease liabilities are presented within Note 15.1.

**15.1 The University as lessee (continued)****Short-term leases and leases of low-value assets**

Southern Cross University has elected not to recognise right-of-use assets and lease liabilities for short-term leases i.e. leases with a lease term of 12 months or less and leases of low-value assets i.e., when the value of the leased asset when new is \$10,000 or less. Southern Cross University recognises the lease payments associated with these leases as expense on a straight-line basis over the lease term.

**Concessionary leases**

The University has not recognised any lease liabilities corresponding to concessionary leases in 2019 as there were no lease payments being required over the term of the concessionary lease. Refer to note 13.1 for the accounting policy related to concessionary leases.

**16 Provisions**

|  | Note  | Consolidated   |                | Parent         |                |
|--|-------|----------------|----------------|----------------|----------------|
|  |       | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Current provisions expected to be settled within 12 months</b>          |       |                |                |                |                |
| <b>Employee benefits</b>   |       |                |                |                |                |
| Annual leave   |       | <b>7,517</b>   | 7,291          | <b>7,467</b>   | 7,226          |
| Long service leave   |       | <b>4,862</b>   | 4,823          | <b>4,858</b>   | 4,817          |
|  |       | <b>12,379</b>  | 12,114         | <b>12,325</b>  | 12,043         |
| <b>Current provisions expected to be settled after more than 12 months</b> |       |                |                |                |                |
| Employee benefits  |       |                |                |                |                |
| Annual leave   |       | <b>2,147</b>   | 2,072          | <b>2,120</b>   | 2,037          |
| Long service leave   |       | <b>14,473</b>  | 12,883         | <b>14,458</b>  | 12,857         |
|  |       | <b>16,620</b>  | 14,955         | <b>16,578</b>  | 14,894         |
| <b>Total current provisions</b>  |       | <b>28,999</b>  | 27,069         | <b>28,903</b>  | 26,937         |
| <b>Non-current provisions</b>  |       |                |                |                |                |
| <b>Employee benefits</b>   |       |                |                |                |                |
| Long service leave   |       | <b>3,601</b>   | 3,399          | <b>3,577</b>   | 3,382          |
| Defined benefit obligation   | 31(d) | <b>113,879</b> | 102,116        | <b>113,879</b> | 102,116        |
| <b>Total non-current provisions</b>  |       | <b>117,480</b> | 105,515        | <b>117,456</b> | 105,498        |
| <b>Total provisions</b>  |       | <b>146,479</b> | 132,584        | <b>146,359</b> | 132,435        |

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

**16 Provisions (continued)****Employee benefits****(i) Short-term obligations**

Liabilities for short-term employee benefits including wages and salaries, non-monetary benefits are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before 12 months after the end of the reporting period, and is recognised in other payables. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates payable.

**(ii) Other long-term obligations**

The liability for other long-term benefits are those that are not expected to be settled wholly before 12 months after the end of the annual reporting period. Other long-term employee benefits include such things as annual leave and long service leave liabilities.

It is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Regardless of the expected timing of settlements, 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.

**(iii) Retirement benefit obligations**

Refer to note 31.

**17 Other financial liabilities****Current**

Other financial liabilities at amortised cost

**Total current other financial liabilities**

| Consolidated |          | Parent     |          |
|--------------|----------|------------|----------|
| 2019         | 2018     | 2019       | 2018     |
| \$'000       | \$'000   | \$'000     | \$'000   |
| 536          | -        | 536        | -        |
| <b>536</b>   | <b>-</b> | <b>536</b> | <b>-</b> |

**18 Other liabilities****Current**

Australian Government unspent financial assistance

Student Fees received in advance

Other income received in advance

Lease incentive

**Total current other liabilities****Non-current**

Lease incentive

**Total non-current other liabilities****Total other liabilities**

| Consolidated  |               | Parent        |               |
|---------------|---------------|---------------|---------------|
| 2019          | 2018          | 2019          | 2018          |
| \$'000        | \$'000        | \$'000        | \$'000        |
| 2,147         | 3,061         | 2,147         | 3,061         |
| 16,802        | 30,491        | 16,802        | 30,448        |
| -             | 4,851         | -             | 4,851         |
| -             | 54            | -             | 54            |
| <b>18,949</b> | <b>38,457</b> | <b>18,949</b> | <b>38,414</b> |
| -             | 1,488         | -             | 1,488         |
| <b>-</b>      | <b>1,488</b>  | <b>-</b>      | <b>1,488</b>  |
| <b>18,949</b> | <b>39,945</b> | <b>18,949</b> | <b>39,902</b> |

**Accounting Policy**

In 2019, any Australian Government unspent financial assistance amounts that are part of the contract liabilities in scope of AASB15 are now disclosed in note 2.6. For comparative purposes, all Australian Government unspent financial assistance amounts (including amounts that are now classified as contract liabilities) are presented in this note.

**19 Reserves and retained earnings****(a) Reserves**

|                         | Consolidated   |                | Parent         |                |
|-------------------------|----------------|----------------|----------------|----------------|
|                         | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Reserves</b>         |                |                |                |                |
| Financial Asset Reserve | <b>47,316</b>  | 29,412         | <b>47,316</b>  | 29,412         |
| <b>Total Reserves</b>   | <b>47,316</b>  | 29,412         | <b>47,316</b>  | 29,412         |

**Movements****Available-for-sale investments revaluation surplus**

|                            |          |          |          |          |
|----------------------------|----------|----------|----------|----------|
| Balance 1 January          | -        | 15,700   | -        | 15,700   |
| Transfers out              | -        | (15,700) | -        | (15,700) |
| <b>Balance 31 December</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> |

**Financial asset reserve**

|                            |               |        |               |        |
|----------------------------|---------------|--------|---------------|--------|
| Balance 1 January          | <b>29,412</b> | -      | <b>29,412</b> | -      |
| Transfers in               | -             | 15,700 | -             | 15,700 |
| Gain on revaluation        | <b>17,904</b> | 13,712 | <b>17,904</b> | 13,712 |
| <b>Balance 31 December</b> | <b>47,316</b> | 29,412 | <b>47,316</b> | 29,412 |
| <b>Total reserves</b>      | <b>47,316</b> | 29,412 | <b>47,316</b> | 29,412 |

**(b) Retained earnings**

Movements in retained earnings were as follows:

|   | Note  | Consolidated    |                | Parent          |                |
|---|-------|-----------------|----------------|-----------------|----------------|
|   |       | 2019<br>\$'000  | 2018<br>\$'000 | 2019<br>\$'000  | 2018<br>\$'000 |
| Retained earnings at 1 January                        |       | <b>225,772</b>  | 225,356        | <b>225,780</b>  | 225,759        |
| Retrospective changes (AASB 9)                        | 1(g)  | -               | 104            | -               | 104            |
| Retrospective changes (AASB 15)                       |       | <b>(20,834)</b> | -              | <b>(20,834)</b> | -              |
| Retrospective changes (AASB 16)                       |       | <b>(11,289)</b> | -              | <b>(11,289)</b> | -              |
| Retrospective changes (AASB 1058)                     |       | <b>799</b>      | -              | <b>799</b>      | -              |
| Retrospective changes (other)                         |       | <b>6,344</b>    | -              | <b>6,344</b>    | -              |
| <b>Restated opening balance</b>                       | 1(g)  | <b>200,792</b>  | 225,460        | <b>200,800</b>  | 225,863        |
| Net result from continuing operations                 |       | <b>15,810</b>   | 494            | <b>15,787</b>   | 99             |
| Remeasurement of defined benefit plans                | 31(e) | -               | (182)          | -               | (182)          |
| <b>Retained earnings at end of the financial year</b> |       | <b>216,602</b>  | 225,772        | <b>216,587</b>  | 225,780        |

**(c) Nature and purpose of reserves**

The financial asset reserve reflects the difference between the carrying value and fair value of investments in non-listed companies.

## 20 Key management personnel disclosures

### (a) Names of responsible persons

The following persons were responsible persons of Southern Cross University during the financial year:

| <b>Official Council Members</b>                                     |
|---|
| Mr Nicholas Burton Taylor AM, Chancellor                            |
| Professor Adam Shoemaker, Vice Chancellor                           |
| Professor Mark Hughes, Chair Academic Board                         |
| Professor Andrew Rose, Chair Academic Board                         |
| <b>Ministerial Appointments</b>                                     |
| Murray d'Almeida  |
| Jonathan Rourke   |
| <b>Elected Council Members</b>                                      |
| Professor William Boyd  |
| Michael Jones   |
| Graham Lancaster  |
| Associate Professor Adele Wessell                                   |
| <b>Council Appointed Members</b>                                    |
| Dr Austin Curtin  |
| Julie Granger   |
| Lynda O'Grady   |
| Scott Noble   |
| <b>Council members whose term concluded in 2019 are as follows:</b> |
| Professor Mark Hughes, Chair Academic Board                         |

### (b) Names of executive officers

The following persons had executive authority and responsibility for planning, directing and controlling the activities of Southern Cross University during the financial year:

|                           |                                   |
|---------------------------|-----------------------------------|
| Professor Adam Shoemaker  | Vice Chancellor                   |
| Professor Susan Nancarrow | Deputy Vice Chancellor (Research) |
| Professor Mary Spongberg  | Deputy Vice Chancellor (Research) |
| Professor Tyrone Carlin   | Deputy Vice Chancellor (Academic) |
| Professor Nanette Bahr    | Deputy Vice Chancellor (Students) |
| Ben Roche                 | Vice President (Engagement)       |
| Travis Walker             | Vice President (Finance)          |
| Monty Singh               | Vice President (Global)           |
| Allan Morris              | Vice President (Operations)       |

At the reporting date of 31 December 2019, Professor Susan Nancarrow was no longer an executive officer.



**20 Key management personnel disclosures (continued)****(c) Remuneration of board members and executives**

|   | Consolidated   |                | Parent         |                |
|---|----------------|----------------|----------------|----------------|
|   | 2019<br>Number | 2018<br>Number | 2019<br>Number | 2018<br>Number |
| <b>Remuneration of Board Members</b>      |                |                |                |                |
| Nil to \$14,999                           | 9              | 8              | 9              | 8              |
| \$15,000 to \$29,999                      | 1              | -              | 1              | -              |
| \$30,000 to \$44,999                      | -              | 1              | -              | 1              |
| \$45,000 to \$59,999                      | -              | 1              | -              | 1              |
| \$90,000 to \$104,999                     | -              | 1              | -              | 1              |
| \$180,000 to \$194,999                    | 3              | -              | 3              | -              |
| \$210,000 to \$224,999                    | -              | 2              | -              | 2              |
| \$765,000 to \$779,999                    | 1              | -              | 1              | -              |
| \$810,000 to \$824,999                    | -              | 1              | -              | 1              |
| <b>Remuneration of executive officers</b> |                |                |                |                |
| \$15,000 to \$29,999                      | 1              | -              | 1              | -              |
| \$45,000 to \$59,999                      | -              | 1              | -              | 1              |
| \$75,000 to \$89,999                      | 1              | -              | 1              | -              |
| \$120,000 to \$134,999                    | -              | 1              | -              | 1              |
| \$135,000 to \$149,999                    | -              | 1              | -              | 1              |
| \$255,000 to \$269,999                    | -              | 1              | -              | 1              |
| \$300,000 to \$314,999                    | 1              | 1              | 1              | 1              |
| \$315,000 to \$329,999                    | -              | 2              | -              | 2              |
| \$345,000 to \$359,999                    | -              | 2              | -              | 2              |
| \$360,000 to \$374,999                    | 2              | -              | 2              | -              |
| \$375,000 to \$389,999                    | 1              | -              | 1              | -              |
| \$390,000 to \$404,999                    | 1              | -              | 1              | -              |
| \$420,000 to \$434,999                    | 1              | -              | 1              | -              |
| \$765,000 to \$779,999                    | 1              | -              | 1              | -              |
| \$810,000 to \$824,999                    | -              | 1              | -              | 1              |

Remuneration bands for the Vice Chancellor appear in both tables above as this management position is a responsible person and an executive officer.

**(d) Key management personnel compensation**

|                              | Consolidated   |                | Parent         |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| Short-term employee benefits | 3,071          | 3,011          | 3,071          | 3,011          |
| Post-employment benefits     | 559            | 541            | 559            | 541            |
| Other long-term benefits     | 63             | 133            | 63             | 133            |
|                              | <b>3,693</b>   | 3,685          | <b>3,693</b>   | 3,685          |

## 21 Remuneration of auditors

During the year, the following fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

|   | Consolidated |            | Parent     |            |
|---|--------------|------------|------------|------------|
|   | 2019         | 2018       | 2019       | 2018       |
|   | \$'000       | \$'000     | \$'000     | \$'000     |
| <b>Audit the Financial Statements</b>                   |              |            |            |            |
| Fees paid to the Audit Office of NSW                    | 209          | 210        | 180        | 182        |
| <b>Total paid for audit</b>                             | <b>209</b>   | <b>210</b> | <b>180</b> | <b>182</b> |
| <b>Other audit and assurance services</b>               |              |            |            |            |
| Fees paid to the Audit Office of NSW                    | 11           | 11         | 11         | 11         |
| Fees paid to firms unrelated to the Audit Office of NSW | 97           | 115        | 97         | 115        |
| <b>Total paid for audit and assurance</b>               | <b>108</b>   | <b>126</b> | <b>108</b> | <b>126</b> |

## 22 Contingencies

### (a) Contingent liabilities

#### Bank Guarantees

The University has entered into bank guarantees with ANZ Banking Group Limited for \$167,868 (2018: \$167,868). These guarantees are in respect of leased premises at the University's Gold Coast and Sydney campuses.

#### Claims

There are no litigation claims in progress against the University at balance date.

#### Letter of comfort to subsidiary

The University has provided its subsidiary (Southern Cross Campus Services Ltd) a letter of comfort guaranteeing the liabilities of the controlled entity. At the date of this report the net liabilities of the controlled entity total (\$724,853) (2018: (\$131,911)), which includes the inter-company loan of \$615,000 (2018: \$Nil).

### (b) Contingent assets

#### Bonds and guarantees

The University has entered into a construction contract in 2018. The parties agreed to enter into a maintenance bond up to \$229,949 in favour of the University. This bond is in respect to obligations for the construction of a building.

**23 Commitments****(a) Capital commitments**

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

|  | Consolidated |        | Parent     |        |
|--|--------------|--------|------------|--------|
|  | 2019         | 2018   | 2019       | 2018   |
|  | \$'000       | \$'000 | \$'000     | \$'000 |
| <b>Property, plant and equipment</b>                   |              |        |            |        |
| Within one year  | <b>280</b>   | 9,468  | <b>280</b> | 9,468  |
| <b>Total property, plant and equipment commitments</b> | <b>280</b>   | 9,468  | <b>280</b> | 9,468  |

**(b) Lease commitments**

(i) *Operating Leases (Under AASB 117)*

The University leases office space, equipment, car parks and premises under non-cancelable operating leases expiring within one to twenty eight years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

|  |          |               |          |               |
|--|----------|---------------|----------|---------------|
| Within one year                            | -        | 3,343         | -        | 3,343         |
| Between one year and five years            | -        | 8,969         | -        | 8,969         |
| Later than five years                      | -        | 72,063        | -        | 72,063        |
| <b>Total future minimum lease payments</b> | <b>-</b> | <b>84,375</b> | <b>-</b> | <b>84,375</b> |

**24 Related Parties****(a) Parent entities**

The ultimate parent entity is Southern Cross University, which is incorporated in Australia.

**(b) Subsidiaries**

Interests in subsidiaries are set out in note 25.

**(c) Key management personnel**

Disclosures relating to directors and specified executives are set out in note 20.

**(d) Transactions with related parties**

The following transactions occurred between related parties:

|  | Parent     |        |
|--|------------|--------|
|  | 2019       | 2018   |
|  | \$'000     | \$'000 |
| Sale of goods and services               |            |        |
| Service fees                             | <b>(1)</b> | (3)    |
| Purchase of goods                        |            |        |
| Catering services                        | <b>232</b> | 205    |
| External labour hire and cost recoveries | <b>578</b> | 550    |
| Equipment hire                           | <b>3</b>   | 9      |
| Other transactions                       |            |        |
| Forgiveness of related party loan        | -          | 1,220  |
| Impairment of related party loan         | <b>615</b> | -      |

## 24 Related Parties (continued)

### (e) Loans to related parties

|                              | Consolidated   |                | Parent         |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2019<br>\$'000 | 2018<br>\$'000 | 2019<br>\$'000 | 2018<br>\$'000 |
| <b>Loans from associates</b> |                |                |                |                |
| Beginning of the year        | 16             | 16             | 16             | 16             |
| <b>End of year</b>           | <b>16</b>      | 16             | <b>16</b>      | 16             |

No expected credit losses have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

### (f) Outstanding balances

The following balances are outstanding at the reporting date in relation to transactions with related parties:

|                                  | Parent         |                |
|----------------------------------|----------------|----------------|
|                                  | 2019<br>\$'000 | 2018<br>\$'000 |
| Current receivables              |                |                |
| Subsidiaries                     | 615            | -              |
| <b>Total current receivables</b> | <b>615</b>     | -              |

A provision for doubtful debt has been raised in relation to the outstanding balance, with an expense being recognised in respect of bad or doubtful debts due from related parties of \$615,005 (2018: \$NIL).

The University forgave the outstanding balance of the loan payable by Southern Cross Campus Services Limited of \$1,219,523 effective 31 December 2018.

### (g) Guarantees

There have been no guarantees given by the parent entity to its subsidiary as at balance date (2018: Nil)

A letter of unconditional financial support has been provided by Southern Cross University to Southern Cross Campus Services Limited. The ultimate parent entity will support the entity financially to ensure that the entity can pay its debts as and when they fall due.

### (h) Terms and Conditions

Related party outstanding balances are unsecured and have been provided on interest-free terms.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

## 25 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described below:

| Name of Entity                     | Principal place of business | Ownership interest |           |
|------------------------------------|-----------------------------|--------------------|-----------|
|                                    |                             | 2019<br>%          | 2018<br>% |
| Southern Cross Campus Services Ltd | Australia                   | <b>100.00</b>      | 100.00    |

### Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Southern Cross University ("parent entity") as at 31 December 2019 and the results of all subsidiary for the year then ended. Southern Cross University and its subsidiary together are referred to in this financial report as the University or the consolidated entity.

Subsidiaries are all those entities (including structured entities) over which the University has control. The University has control over an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power over the investee exists when the Group has existing rights that give it current ability to direct the relevant activities of the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the University controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the University. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the University.

## 26 Joint Operations

The University has entered into the following joint operations.

| Name of joint operation        | Nature of relationship   | Principle place of business  | Controlling Interest |       |
|--------------------------------|--|------------------------------|----------------------|-------|
|                                |  |                              | 2019%                | 2018% |
| The Hotel School               | Represents a partnership with Mulpha Education Group Pty Ltd for the purpose of the education and development of students who are either employed, or wishing to be employed, in the hotel and tourism industries. | Sydney, Melbourne & Brisbane | <b>50.00</b>         | 50.00 |
| Coffs Harbour Education Campus | Represents the development and continued operation of a joint educational precinct with Coffs Harbour Senior College and North Coast TAFE at the Coffs Harbour campus  | Coffs Harbour                | <b>33.33</b>         | 33.33 |

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

The University's share of assets, liabilities, revenue and expenses of each joint operation have been incorporated in the financial statements under the appropriate headings.

The assets and liabilities employed in the above jointly controlled operations, including the Southern Cross University's share of any assets and liabilities held jointly, are detailed below.

**26 Joint Operations (continued)**

The amounts are included in the financial statements under their respective categories.

|   | <b>2019</b>   | 2018   |
|---|---------------|--------|
|   | <b>\$'000</b> | \$'000 |
| Assets (including share of jointly held assets) | <b>24,060</b> | 20,681 |
| Liabilities (including jointly incurred)        | <b>3,542</b>  | 1,640  |

The revenue and expenses raised or incurred in the above jointly controlled operations, including the Southern Cross University's share of any revenue or jointly incurred expenses, are detailed below. The amounts are included in financial statements under their respective categories.

|                                       |              |       |
|---------------------------------------|--------------|-------|
| Share of revenue from joint operation | <b>8,458</b> | 6,378 |
| Expenses (including jointly incurred) | <b>4,637</b> | 3,921 |

**27 Events Occurring After the Reporting Date****Coronavirus Pandemic**

On 11 March 2020, the World Health Organisation declared the coronavirus illness (COVID-19) as a global pandemic.

The COVID-19 event will have an impact on the 2020 revenues, the extent of which is difficult to determine at this stage.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the University, the results of those operations, or the state of affairs of the University in future financial years.

**28 Reconciliation of net result to net cash provided by / (used in) operating activities**

|  | Note | Consolidated    |         | Parent          |         |
|--|------|-----------------|---------|-----------------|---------|
|  |      | <b>2019</b>     | 2018    | <b>2019</b>     | 2018    |
|  |      | <b>\$'000</b>   | \$'000  | <b>\$'000</b>   | \$'000  |
| Net result from continuing operations                        |      | <b>15,810</b>   | 494     | <b>15,787</b>   | 99      |
| Depreciation and amortisation                                | 5    | <b>17,362</b>   | 15,716  | <b>17,321</b>   | 15,673  |
| Impairment loss on assets                                    | 7    | <b>1,654</b>    | 411     | <b>2,269</b>    | 1,631   |
| Net (gain)/loss on sale of non-current assets                |      | <b>(124)</b>    | 98      | <b>(126)</b>    | 94      |
| Net foreign exchange differences                             |      | -               | 15      | -               | 15      |
| Share of associate net profit after income tax and dividends |      | <b>1</b>        | 5       | -               | -       |
| <b>Change in operating assets and liabilities:</b>           |      |                 |         |                 |         |
| (Increase) / decrease in trade and other receivables         |      | <b>(15,753)</b> | (2,130) | <b>(15,138)</b> | (1,656) |
| (Increase) / decrease in inventories                         |      | <b>44</b>       | 36      | <b>40</b>       | 29      |
| (Increase) / decrease in contract assets                     |      | <b>(3,359)</b>  | -       | <b>(3,359)</b>  | -       |
| (Increase) / decrease in other assets                        |      | <b>(955)</b>    | 322     | <b>(959)</b>    | 331     |
| Increase / (decrease) in trade payables and accruals         |      | <b>(2,423)</b>  | 539     | <b>(3,037)</b>  | 732     |
| Increase / (decrease) in other provisions                    |      | <b>13,896</b>   | 1,358   | <b>13,924</b>   | 1,322   |
| Increase / (decrease) in other operating liabilities         |      | <b>(16,393)</b> | 17,441  | <b>(16,350)</b> | 17,439  |
| Increase / (decrease) in contract liabilities                |      | <b>2,906</b>    | -       | <b>2,878</b>    | -       |
| Increase / (decrease) in other financial liabilities         |      | <b>486</b>      | -       | <b>486</b>      | -       |
| <b>Net cash provided by / (used in) operating activities</b> |      | <b>13,152</b>   | 34,305  | <b>13,736</b>   | 35,709  |

## 29 Financial risk management

The University's activities expose it to a variety of financial risks such as: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the University.

The University may use derivative financial instruments such as interest rate swaps to hedge certain risk exposures. The University 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, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by a central group treasury department under policies approved by the University Council. The University does not enter into or trade financial instruments for speculative purposes.

### (a) Market risk

#### (i) Foreign exchange risk

The University undertakes transactions with other educational institutions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. At reporting date the transactions were insignificant and the movement in rates throughout the year was not considered high risk.

#### (ii) Price risk

Price risk arises on financial instruments because of changes in equity prices in shares in unlisted entities.

#### (iii) Cash flow and fair value interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The University's exposure to market interest rates relates primarily to the University's long term borrowings and investments held as interest bearing deposits and on-call bank deposits. It is policy to protect part of the borrowings from exposure to increasing interest rates. .

Any gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified to income statement when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately.

#### (iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the University's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

| 31 December 2019                         | Carrying amount | Interest rate risk |                  |                  |                  | Foreign exchange risk |                  |                  |                  | Other price risk |                  |                  |                  |
|--|-----------------|--------------------|------------------|------------------|------------------|-----------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  |                 | -1%                |                  | +1%              |                  | -1%                   |                  | +1%              |                  | -10%             |                  | +10%             |                  |
|  |                 | Result<br>\$'000   | Equity<br>\$'000 | Result<br>\$'000 | Equity<br>\$'000 | Result<br>\$'000      | Equity<br>\$'000 | Result<br>\$'000 | Equity<br>\$'000 | Result<br>\$'000 | Equity<br>\$'000 | Result<br>\$'000 | Equity<br>\$'000 |
| <b>Financial assets</b>                  |                 |                    |                  |                  |                  |                       |                  |                  |                  |                  |                  |                  |                  |
| Cash and cash equivalents                | 22,194          | (136)              | (136)            | 136              | 136              | -                     | -                | -                | -                | -                | -                | -                | -                |
| Trade and other receivables              | 127,489         | -                  | -                | -                | -                | -                     | -                | -                | -                | -                | -                | -                | -                |
| Other financial assets at amortised cost | 9,000           | -                  | -                | -                | -                | -                     | -                | -                | -                | -                | -                | -                | -                |
| Other financial assets - unlisted shares | 47,316          | -                  | -                | -                | -                | -                     | -                | -                | -                | -                | (4,732)          | -                | 4,732            |
| <b>Financial liabilities</b>             |                 |                    |                  |                  |                  |                       |                  |                  |                  |                  |                  |                  |                  |
| Trade and other payables                 | (13,990)        | -                  | -                | -                | -                | 2                     | 2                | (2)              | (2)              | -                | -                | -                | -                |
| Other liabilities                        | (2,147)         | -                  | -                | -                | -                | -                     | -                | -                | -                | -                | -                | -                | -                |
| <b>Total increase/(decrease)</b>         |                 | <b>(136)</b>       | <b>(136)</b>     | <b>136</b>       | <b>136</b>       | <b>2</b>              | <b>2</b>         | <b>(2)</b>       | <b>(2)</b>       | <b>-</b>         | <b>(4,732)</b>   | <b>-</b>         | <b>4,732</b>     |

**29 Financial risk management (continued)**

| 31 December 2018                         |                 | Interest rate risk |               |               |               | Foreign exchange risk |               |               |               | Other price risk |               |               |               |
|--|-----------------|--------------------|---------------|---------------|---------------|-----------------------|---------------|---------------|---------------|------------------|---------------|---------------|---------------|
|  |                 | -1%                |               | +1%           |               | -1%                   |               | +1%           |               | -10%             |               | +10%          |               |
|  | Carrying amount | Result \$'000      | Equity \$'000 | Result \$'000 | Equity \$'000 | Result \$'000         | Equity \$'000 | Result \$'000 | Equity \$'000 | Result \$'000    | Equity \$'000 | Result \$'000 | Equity \$'000 |
| <b>Financial assets</b>                  |                 |                    |               |               |               |                       |               |               |               |                  |               |               |               |
| Cash and cash equivalents                | 35,424          | (296)              | (296)         | 296           | 296           | -                     | -             | -             | -             | -                | -             | -             | -             |
| Receivables                              | 113,541         | -                  | -             | -             | -             | 4                     | 4             | (4)           | (4)           | -                | -             | -             | -             |
| Other financial assets - unlisted shares | 29,412          | -                  | -             | -             | -             | -                     | -             | -             | -             | -                | (2,941)       | -             | 2,941         |
| <b>Financial liabilities</b>             |                 |                    |               |               |               |                       |               |               |               |                  |               |               |               |
| Trade and other payables                 | (13,972)        | -                  | -             | -             | -             | -                     | -             | -             | -             | -                | -             | -             | -             |
| Other liabilities                        | (3,061)         | -                  | -             | -             | -             | (1)                   | (1)           | 1             | 1             | -                | -             | -             | -             |
| <b>Total</b>                             |                 | (296)              | (296)         | 296           | 296           | 3                     | 3             | (3)           | (3)           | -                | (2,941)       | -             | 2,941         |

**(b) Credit risk**

The carrying amount of financial assets (as contained in the table in subnote 29(a)) represents the University's maximum exposure to credit risk.

**Receivables and contract assets**

Credit risk is managed at group level subject to the University's established policy, procedures and control relating to credit risk management. Credit quality of a customer is assessed based on individual credit limits. Outstanding receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. 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. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

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.

The University evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.



**29 Financial risk management (continued)**

Set out below is the information about the credit risk exposure on the University's receivables using a provision matrix:

|   | Contract Assets |           | Trade receivables |              |              |            | Total  |
|---|-----------------|-----------|-------------------|--------------|--------------|------------|--------|
|   | \$              | Current % | Day past due      |              |              |            |        |
|   |                 |           | <30 days %        | 30-60 days % | 61-90 days % | >91 days % |        |
| Expected credit loss rate                                 | -               | -         | 4                 | 5            | 59           | 58.36      | 18.36  |
| Estimated total gross carrying amount at default (\$'000) | 1,750           | 2,029     | 503               | 6,879        | 41           | 4,219      | 15,421 |
| Expected credit loss (\$'000)                             | -               | 10        | 20                | 316          | 24           | 2,462      | 2,832  |

|   | Contract Assets |           | Trade receivables |              |              |            | Total  |
|---|-----------------|-----------|-------------------|--------------|--------------|------------|--------|
|   |                 | Current % | Day past due      |              |              |            |        |
|   |                 |           | <30 days %        | 30-60 days % | 61-90 days % | >91 days % |        |
| Expected credit loss rate                                 |                 | -         | 2                 | 9            | 5            | 54         | 17     |
| Estimated total gross carrying amount at default (\$'000) |                 | 2,511     | 1,078             | 4,249        | 229          | 2,483      | 10,550 |
| Expected credit loss (\$'000)                             |                 | 5         | 22                | 376          | 12           | 1,337      | 1,752  |

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the University in accordance with the University'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 by the University's Audit & Risk Committee on an annual basis, and may be updated throughout the year subject to approval of the 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.

The University's maximum exposure to credit risk for the components of the statements of financial position at 31 December 2019 and 2018 is the carrying amounts as illustrated in Note 11.

**(c) Liquidity risk**

The University manages liquidity risk by maintaining adequate cash reserves, banking facilities and continuously monitoring forecast and actual cash flows to ensure that there is adequate liquidity to meet the University's obligations over the near term.

The interest bearing deposits and deposits at call have an average maturity of 93 days. There has been no variation to the objectives, policies and processes for liquidity risk since the prior period.

## 29 Financial risk management (continued)

The following tables summarise the maturity of the University's financial assets and financial liabilities:

|                                    | Average Interest rate |       | Variable interest rate |               | Non interest rate |                | Within 1 year  |                | 1 - 5 years   |          | 5+ years      |          | Total          |                |
|------------------------------------|-----------------------|-------|------------------------|---------------|-------------------|----------------|----------------|----------------|---------------|----------|---------------|----------|----------------|----------------|
|                                    | 2019                  | 2018  | 2019                   | 2018          | 2019              | 2018           | 2019           | 2018           | 2019          | 2018     | 2019          | 2018     |                |                |
|                                    |                       |       | \$'000                 | \$'000        | \$'000            | \$'000         | \$'000         | \$'000         | \$'000        | \$'000   | \$'000        | \$'000   | \$'000         |                |
| <b>Financial Assets:</b>           |                       |       |                        |               |                   |                |                |                |               |          |               |          |                |                |
| Cash and cash equivalents          | 1.54%                 | 1.92% | 22,173                 | 35,406        | 21                | 18             | 22,194         | 35,424         | -             | -        | -             | -        | 22,194         | 35,424         |
| Trade and other receivables        | -                     | -     | -                      | -             | 127,489           | 113,541        | 127,489        | 113,541        | -             | -        | -             | -        | 127,489        | 113,541        |
| Other financial assets             | 2.47%                 | -     | 9,000                  | -             | -                 | -              | 9,000          | -              | -             | -        | -             | -        | 9,000          | -              |
| <b>Total financial assets</b>      |                       |       | <b>31,173</b>          | <b>35,406</b> | <b>127,510</b>    | <b>113,559</b> | <b>158,683</b> | <b>148,965</b> | <b>-</b>      | <b>-</b> | <b>-</b>      | <b>-</b> | <b>158,683</b> | <b>148,965</b> |
| <b>Financial Liabilities:</b>      |                       |       |                        |               |                   |                |                |                |               |          |               |          |                |                |
| Trade and other payables           | -                     | -     | -                      | -             | 13,990            | 13,972         | 13,990         | 13,972         | -             | -        | -             | -        | 13,990         | 13,972         |
| Borrowings                         | 3.84%                 | -     | 75,037                 | -             | -                 | -              | 2,533          | -              | 11,374        | -        | 61,130        | -        | 75,037         | -              |
| Other liabilities                  | -                     | -     | -                      | -             | 2,147             | 3,061          | 2,147          | 3,061          | -             | -        | -             | -        | 2,147          | 3,061          |
| <b>Total financial liabilities</b> |                       |       | <b>75,037</b>          | <b>-</b>      | <b>16,137</b>     | <b>17,033</b>  | <b>18,670</b>  | <b>17,033</b>  | <b>11,374</b> | <b>-</b> | <b>61,130</b> | <b>-</b> | <b>91,174</b>  | <b>17,033</b>  |

**30 Fair value measurements****(a) Fair value measurements**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Due to the short-term nature of the cash and cash equivalents and current receivables, their carrying value approximates 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 carrying value of the University's financial assets approximates their fair value at balance date.

The University measures and recognises financial assets at fair value through other comprehensive income at fair value on a recurring basis.

**(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 included 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 statements of financial position are categorised into the following levels at 31 December 2019.

**Fair value measurements at 31 December 2019**

|   | Note | 2019<br>\$'000 | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 |
|---|------|----------------|-------------------|-------------------|-------------------|
| <b>Consolidated</b>   |      |                |                   |                   |                   |
| <b>Recurring fair value measurements</b>                                |      |                |                   |                   |                   |
| <b>Financial assets</b>   |      |                |                   |                   |                   |
| Other financial assets at fair value through other comprehensive income | 11   | 47,316         | -                 | 39,723            | 7,593             |
| Investments using the equity method                                     | 12   | 295            | -                 | -                 | 295               |
| <b>Total financial assets</b>   |      | <b>47,611</b>  | <b>-</b>          | <b>39,723</b>     | <b>7,888</b>      |
| <b>Parent</b>   |      |                |                   |                   |                   |
| <b>Recurring fair value measurements</b>                                |      |                |                   |                   |                   |
| <b>Financial assets</b>   |      |                |                   |                   |                   |
| Other financial assets at fair value through other comprehensive income | 11   | 47,316         | -                 | 39,723            | 7,593             |
| Investments using the equity method                                     | 12   | 175            | -                 | -                 | 175               |
| <b>Total financial assets</b>   |      | <b>47,491</b>  | <b>-</b>          | <b>39,723</b>     | <b>7,768</b>      |

### 30 Fair value measurements (continued)

#### (b) Fair value hierarchy (continued)

##### Fair value measurements at 31 December 2018

| Consolidated  | Note | 2018<br>\$'000 | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 |
|---|------|----------------|-------------------|-------------------|-------------------|
| <b>Recurring fair value measurements</b>                                |      |                |                   |                   |                   |
| <b>Financial assets</b>   |      |                |                   |                   |                   |
| Other financial assets at fair value through other comprehensive income | 11   | 29,412         | -                 | 22,934            | 6,478             |
| Investments using the equity method                                     | 12   | 296            | -                 | -                 | 296               |
| <b>Total financial assets</b>   |      | <b>29,708</b>  | <b>-</b>          | <b>22,934</b>     | <b>6,774</b>      |
| <b>Parent</b>   |      |                |                   |                   |                   |
| <b>Recurring fair value measurements</b>                                |      |                |                   |                   |                   |
| <b>Financial assets</b>   |      |                |                   |                   |                   |
| Other financial assets at fair value through other comprehensive income | 11   | 29,412         | -                 | 22,934            | 6,478             |
| Investments using the equity method                                     | 12   | 175            | -                 | -                 | 175               |
| <b>Total financial assets</b>   |      | <b>29,587</b>  | <b>-</b>          | <b>22,934</b>     | <b>6,653</b>      |

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

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

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

##### (i) Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market 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 and associated companies.

The University uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices discounted to reflect the limited liquidity in the market for shareholders to sell their holding and the likely impact of a trade sale should the shareholders realise the value of their equity interests;
- Share of the net assets of unlisted entities;

All of the resulting fair value estimates are included in level 2 except for unlisted Associates and equity securities explained in (d) below.

**30 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 periods ended 31 December 2019 and 2018.

**Consolidated**

| <b>Level 3 Fair Value Measurement 2019</b> | <b>Unlisted securities<br/>\$'000</b> | <b>Other financial<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|--|---------------------------------------|-----------------------------------|-------------------------|
| Opening balance                            | -                                     | 296                               | 296                     |
| Recognised in profit or loss               | -                                     | (1)                               | (1)                     |
| Recognised in other comprehensive income   | 7,593                                 | -                                 | 7,593                   |
| <b>Closing balance</b>                     | <b>7,593</b>                          | <b>295</b>                        | <b>7,888</b>            |

| <b>Level 3 Fair Value Measurement 2018</b> |              |            |              |
|--|--------------|------------|--------------|
| Opening balance                            | -            | 301        | 301          |
| Recognised in profit or loss*              | -            | (5)        | (5)          |
| Recognised in other comprehensive income   | 6,478        | -          | 6,478        |
| <b>Closing balance</b>                     | <b>6,478</b> | <b>296</b> | <b>6,774</b> |

(i) *Transfers between levels 2 and 3 and changes in valuation techniques*

There were no transfers of assets/liabilities between levels 2 and 3 during the financial year ended 31 December 2019.

(ii) *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.

**Consolidated**

| <b>Description</b>         | <b>Fair value at 31 December 2019<br/>\$'000</b> | <b>Unobservable inputs*</b>    | <b>Range of inputs</b>                                 | <b>Relationship of unobservable inputs to fair value</b>                              |
|----------------------------|--|--------------------------------|--|---|
| Unlisted equity securities | 7,593  | Asset-based valuation approach | Book value of net assets assumed to reflect fair value | A market-based and income based valuation approach may produce a different fair value |
| Associated companies       | 295  | Asset-based valuation approach | Book value of net assets assumed to reflect fair value | A market-based and income based valuation approach may produce a different fair value |
| <b>Total</b>               | <b>7,888</b>                                     |                                |  |   |

**Parent**

| <b>Description</b>         | <b>Fair value at 31 December 2019<br/>\$'000</b> | <b>Unobservable inputs*</b>    | <b>Range of inputs</b>                                 | <b>Relationship of unobservable inputs to fair value</b>                              |
|----------------------------|--|--------------------------------|--|---|
| Unlisted equity securities | 7,593  | Asset-based valuation approach | Book value of net assets assumed to reflect fair value | A market-based and income based valuation approach may produce a different fair value |
| Associated companies       | 175  | Asset-based valuation approach | Book value of net assets assumed to reflect fair value | A market-based and income based valuation approach may produce a different fair value |
| <b>Total</b>               | <b>7,768</b>                                     |                                |  |   |

\*There were no significant inter-relationship between unobservable inputs that materially affects fair value

### 31 Retirement benefit obligations

All University employees, including casuals, receive superannuation benefits equal or exceeding the government superannuation guarantee levy.

#### Defined Contribution Plan (Unisuper)

The University contributes to the UniSuper Defined Benefit Plan ('Unisuper') (formerly Superannuation Scheme for Australian Universities) SSAU for academic staff appointed since 1 March 1988 and all other staff from 1 July 1991. Unisuper is a post employment defined contribution plan into which the University pays fixed contributions. The Unisuper Defined Benefit Division (DBD) is a defined benefit plan under Superannuation Law but, as a result of Clause 34 of the Unisuper Trust Deed, a defined contribution plan under Accounting Standard AASB 119.

#### Defined Benefit Plans (State Funds)

The University contributes to three closed state pension schemes (as detailed in Note 31(a)), which are subject to reimbursement arrangements under the Higher Education Support Act 2003 in the proportion of 78:22 from the Commonwealth and the NSW State Government respectively.

A non-current receivable for deferred government superannuation benefits are the amounts recognised as reimbursement rights as they are the amounts expected to be received from the Australian and New South Wales (NSW) Governments for the emerging costs of the superannuation funds for the life of the liability.

A liability in respect of defined benefit superannuation plans is recognised in the statements of financial position, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statements of changes in equity and in the statements of financial position. Past service costs are recognised in profit or loss immediately.

The liabilities recorded in the statement of financial position under provisions, for all NSW Universities, have been determined by Mercer (Australia) Pty Ltd using consistent valuation techniques.

#### (a) Fund specific disclosure

##### *i) Nature of the benefits provided*

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- State Authorities Non-Contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes - at least a component of the final benefit is derived from a multiple of member salary and years of membership. Members receive a lump sum or pension benefits on retirement, death, disablement and withdrawal. All schemes are closed to new members.

##### *ii) Description of the regulatory framework*

The schemes in the Pooled Fund are established and governed by the following NSW legislation:

- *Superannuation Act 1916*
- *State Authorities Superannuation Act 1987*
- *State Authorities Non-Contributory Superannuation Scheme Act 1987*, and their associated regulations

The schemes in the Pooled Fund are exempt public sector superannuation schemes under the *Commonwealth Superannuation Industry (Supervision) Act 1993* (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

Under a Heads of Government agreement, the New South Wales government undertakes to ensure that the Pooled Fund will conform with the principles of the Commonwealth retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

**31 Retirement benefit obligations (continued)****(a) Fund specific disclosure (continued)**

The New South Wales government prudentially monitors and audits the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth retirement incomes policy.

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2018. The next actuarial investigation will be performed at 30 June 2021.

*iii) Description of other entities' responsibilities for the governance of the funds*

The Fund's Trustee is responsible for the governance of the Fund. The Trustee has a legal obligation to act solely in the best interests of fund beneficiaries. The Trustee has the following roles:

- Administration of the fund and payment to the beneficiaries from fund assets when required in accordance with the fund rules;
- Management and investment of the fund assets; and
- Compliance with other applicable regulations.

*iv) Description of risks*

There are a number of risks to which the Fund exposes the Employer. The more significant risks relating to the defined benefits are:

- Investment risk: the risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall;
- Longevity risk: The risk that pensioners live longer than assumed, increasing future pensions;
- Pension indexation risk: the risk that pensions will increase at a rate greater than assumed, increasing future pensions;
- Salary growth risk: The risk that wages or salaries (on which future benefit amounts for active members will be based) will rise more rapidly than assumed, increasing defined benefit amounts and thereby requiring additional employer contributions;
- Legislative risk: the risk is that Legislative changes could be made which increase the cost of providing the defined benefits.

The defined benefit fund assets are invested with independent fund managers and have a diversified asset mix. The Fund has no significant concentration of investment risk or liquidity risk.

The trustee monitors its asset-liability risk continuously in setting its investment strategy. It also monitors cashflows to manage liquidity requirements. No explicit asset-liability matching strategy is used by the Trustee.

*v) Description of any plan amendments, curtailments and settlements*

There were no fund amendments, curtailments or settlements during the year.

*vi) Expected Contributions*

The Southern Cross University expects to make employer contribution's of \$279,625 (2018: \$327,369) to the defined benefit plan during the next financial year.

*vii) Maturity Profile*

The weighted average duration of the defined benefit obligation is 12.0 years (2018 12.6 years). The expected maturity analysis of undiscounted benefit obligations is as follows:

|   | <b>Less than 1<br/>year<br/>\$'000</b> | <b>Between<br/>1 and 2 years<br/>\$'000</b> | <b>Between<br/>2 and 5 years<br/>\$'000</b> | <b>Over 5 years<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|--|---|---|--------------------------------|-------------------------|
| Defined benefit obligations - 31<br>December 2019 | <b>5,887</b>                           | <b>5,776</b>                                | <b>16,302</b>                               | <b>100,355</b>                 | <b>128,320</b>          |
| Defined benefit obligations - 31<br>December 2018 | 5,521                                  | 5,774                                       | 16,486                                      | 104,918                        | 132,699                 |

**31 Retirement benefit obligations (continued)****(b) Categories of plan assets**

The analysis of the plan assets at the end of the reporting period is as follows:

|                              | 2019 (%)      |                  | 2018 (%)      |                  |
|------------------------------|---------------|------------------|---------------|------------------|
|                              | Active Market | No Active Market | Active Market | No Active Market |
| Short term securities        | <b>8.90</b>   | -                | 9.80          | -                |
| Australian fixed interest    | <b>3.50</b>   | -                | 5.60          | -                |
| International fixed interest | <b>4.80</b>   | -                | 3.50          | -                |
| Australian equities          | <b>19.30</b>  | -                | 19.30         | -                |
| International equities       | <b>31.30</b>  | -                | 26.20         | -                |
| Property                     | <b>3.70</b>   | <b>5.00</b>      | 3.50          | 5.40             |
| Alternatives                 | <b>12.80</b>  | <b>10.70</b>     | 16.50         | 10.20            |
| <b>Total</b>                 | <b>84.30</b>  | <b>15.70</b>     | 84.40         | 15.60            |

The fair value of the Pooled Fund assets as at 31 December 2019 includes \$84.8 million (2018: \$105.8 million) in NSW Government bonds.

The principal assumptions used for the purposes of the actuarial valuations (expressed as weighted averages) were:

|  | 2019<br>%   | 2018<br>%    |
|--|-------------|--------------|
| Discount rate(s)   | <b>1.37</b> | 2.33         |
| Expected rate of return on fund assets backing current pension liabilities | <b>7.40</b> | 7.40         |
| Expected rate of return on fund assets backing other liabilities           | <b>6.40</b> | 6.40         |
| Expected rate(s) of salary increase  | <b>3.20</b> | 2.70 to 3.20 |
| Expected rate of CPI increase  | <b>2.20</b> | 2.20         |

**(c) Actuarial assumptions and sensitivity**

The sensitivity of the defined benefit obligation to change in the significant assumptions is:

|                       | Change in assumption | Impact on defined obligation |                        |
|-----------------------|----------------------|------------------------------|------------------------|
|                       |                      | Increase in assumption       | Decrease in assumption |
| Discount rate         | 1.00%                | Increase by 15%              | Decrease by -11%       |
| Rate of CPI           | 0.50%                | Increase by 7%               | Decrease by -6%        |
| Salary inflation rate | 0.50%                | Increase by 0.3%             | Decrease by -0.3%      |
| Pensioner mortality   | 5.00%                | Decrease by 2%               | Increase by -1%        |

The above sensitivity analyses are based on a change in an assumption while holding all the other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the statement of financial position.

The methods and types of assumptions used in the preparation of the sensitivity analysis did not change compared to the prior period.



**31 Retirement benefit obligations (continued)****(d) Statement of financial position amounts**

|  | Note | \$'000<br>SASS | \$'000<br>SANCS | \$'000<br>SSS  | \$'000<br>Total |
|--|------|----------------|-----------------|----------------|-----------------|
| <b>Liabilities</b>   |      |                |                 |                |                 |
| Provision for deferred government benefits for superannuation              |      | 5,159          | 1,195           | 104,917        | 111,271         |
| Provision for pension entitlements   |      | 121            | 28              | 2,459          | 2,608           |
| <b>Total liabilities recognised in the statement of financial position</b> | 16   | <b>5,280</b>   | <b>1,223</b>    | <b>107,376</b> | <b>113,879</b>  |
| <b>Assets</b>  |      |                |                 |                |                 |
| Receivable for deferred government benefit for superannuation              | 10   | 5,253          | 1,181           | 107,074        | 113,508         |
| <b>Total assets recognised in the statement of financial position</b>      |      | <b>5,253</b>   | <b>1,181</b>    | <b>107,074</b> | <b>113,508</b>  |
| <b>Net liability recognised in the statements of financial position</b>    |      | <b>(27)</b>    | <b>(42)</b>     | <b>(302)</b>   | <b>(371)</b>    |

**Net liability reconciliation - 2019**

|                                    |    |              |              |                |                |
|------------------------------------|----|--------------|--------------|----------------|----------------|
| Defined benefit obligation         |    | 8,342        | 1,825        | 116,646        | 126,813        |
| On-cost on pension entitlements    |    | 121          | 28           | 2,459          | 2,608          |
| Fair value of plan assets          |    | (3,183)      | (630)        | (11,729)       | (15,542)       |
| <b>Net liability</b>               | 16 | <b>5,280</b> | <b>1,223</b> | <b>107,376</b> | <b>113,879</b> |
| Reimbursement right                | 10 | (5,253)      | (1,181)      | (107,074)      | (113,508)      |
| <b>Total net liability/(asset)</b> |    | <b>27</b>    | <b>42</b>    | <b>302</b>     | <b>371</b>     |

**Reimbursement rights - 2019**

|  | Note | \$'000<br>SASS | \$'000<br>SANCS | \$'000<br>SSS  | \$'000<br>Total |
|--|------|----------------|-----------------|----------------|-----------------|
| Opening value of reimbursement right                                   |      | 5,378          | 1,155           | 95,214         | 101,747         |
| Contributions received for super schemes                               |      | 117            | 22              | 2,437          | 2,576           |
| Actuarial losses/(gains) arising from changes in financial assumptions |      | (284)          | (6)             | 9,190          | 8,900           |
| Payroll tax (superannuation)   |      | 42             | 10              | 233            | 285             |
| <b>Closing value of reimbursement right</b>                            | 10   | <b>5,253</b>   | <b>1,181</b>    | <b>107,074</b> | <b>113,508</b>  |

**Present value of obligation - 2019**

|                                    |  |              |              |                |                |
|------------------------------------|--|--------------|--------------|----------------|----------------|
| Opening defined benefit obligation |  | 8,285        | 1,807        | 106,726        | 116,818        |
| Current service cost               |  | 180          | 55           | 367            | 602            |
| Interest expense                   |  | 182          | 38           | 2,468          | 2,688          |
|                                    |  | <b>8,647</b> | <b>1,900</b> | <b>109,561</b> | <b>120,108</b> |

### 31 Retirement benefit obligations (continued)

#### (d) Statement of financial position amounts (continued)

|   | Note | \$'000<br>SASS | \$'000<br>SANCS | \$'000<br>SSS  | \$'000<br>Total |
|---|------|----------------|-----------------|----------------|-----------------|
| <b>Remeasurements</b>   |      |                |                 |                |                 |
| Actuarial losses/(gains) arising from changes in financial assumptions    |      | 212            | 69              | 11,525         | 11,806          |
| Experience (gains)/losses   |      | (138)          | (39)            | (1,754)        | (1,931)         |
| <b>Contributions</b>  |      | <b>74</b>      | <b>30</b>       | <b>9,771</b>   | <b>9,875</b>    |
| Plan Participants   |      | 97             | -               | 87             | 184             |
| <b>Payments from plan</b>   |      |                |                 |                |                 |
| Benefits paid   |      | (430)          | (268)           | (3,212)        | (3,910)         |
| Taxes, premiums and expenses  |      | (46)           | 163             | 439            | 556             |
|   |      | <b>(476)</b>   | <b>(105)</b>    | <b>(2,773)</b> | <b>(3,354)</b>  |
| <b>Closing defined benefit obligation</b>                                 |      | <b>8,342</b>   | <b>1,825</b>    | <b>116,646</b> | <b>126,813</b>  |
| <br>  |      |                |                 |                |                 |
| <b>Present value of plan assets - 2019</b>                                |      |                |                 |                |                 |
| Opening fair value of plan assets   |      | 2,969          | 634             | 13,422         | 17,025          |
| Interest (income)   |      | 60             | 11              | 296            | 367             |
|   |      | <b>3,029</b>   | <b>645</b>      | <b>13,718</b>  | <b>17,392</b>   |
| <b>Remeasurements</b>   |      |                |                 |                |                 |
| Return on plan assets, excluding amounts included in net interest expense |      | 346            | 31              | 598            | 975             |
| <b>Contributions</b>  |      |                |                 |                |                 |
| Employers   |      | 187            | 60              | 102            | 349             |
| Plan participants   |      | 97             | -               | 87             | 184             |
|   |      | <b>284</b>     | <b>60</b>       | <b>189</b>     | <b>533</b>      |
| <b>Payments from plan</b>   |      |                |                 |                |                 |
| Benefits paid   |      | (430)          | (268)           | (3,215)        | (3,913)         |
| Taxes, Premiums and expenses  |      | (46)           | 162             | 439            | 555             |
|   |      | <b>(476)</b>   | <b>(106)</b>    | <b>(2,776)</b> | <b>(3,358)</b>  |
| <b>Closing fair value of plans assets</b>                                 |      | <b>3,183</b>   | <b>630</b>      | <b>11,729</b>  | <b>15,542</b>   |

**31 Retirement benefit obligations (continued)****(d) Statement of financial position amounts (continued)**

| <b>Amounts recognised in the statements of financial position - 2018</b>   | <b>Note</b> | <b>\$'000<br/>SASS</b> | <b>\$'000<br/>SANCS</b> | <b>\$'000<br/>SSS</b> | <b>\$'000<br/>Total</b> |
|--|-------------|------------------------|-------------------------|-----------------------|-------------------------|
| <b>Liabilities</b>   |             |                        |                         |                       |                         |
| Provision for deferred government benefits for superannuation              |             | 5,317                  | 1,174                   | 93,303                | 99,794                  |
| add: On-costs on pension entitlements                                      |             | 124                    | 27                      | 2,171                 | 2,322                   |
| <b>Total liabilities recognised in the statement of financial position</b> | 16          | 5,441                  | 1,201                   | 95,474                | 102,116                 |
| <b>Assets</b>  |             |                        |                         |                       |                         |
| Receivable for deferred government benefit for superannuation              |             | 5,378                  | 1,155                   | 95,214                | 101,747                 |
| <b>Total assets recognised in the statements of financial position</b>     | 10          | 5,378                  | 1,155                   | 95,214                | 101,747                 |
| <b>Net liability recognised in the statements of financial position</b>    |             | 63                     | 46                      | 260                   | 369                     |
| <b>Net liability reconciliation - 2018</b>                                 |             |                        |                         |                       |                         |
| Defined benefit obligation   |             | 8,410                  | 1,834                   | 108,897               | 119,141                 |
| Fair value of plan assets  |             | (2,969)                | (633)                   | (13,423)              | (17,025)                |
| <b>Net liability</b>   | 16          | 5,441                  | 1,201                   | 95,474                | 102,116                 |
| Reimbursement right  | 10          | (5,378)                | (1,155)                 | (95,214)              | (101,747)               |
| <b>Total net liability/(asset)</b>   |             | 63                     | 46                      | 260                   | 369                     |
| <b>Reimbursement rights - 2018</b>   |             |                        |                         |                       |                         |
| Opening value of reimbursement right                                       |             | 4,660                  | 996                     | 86,519                | 92,175                  |
| Return on reimbursement rights   |             | 169                    | 28                      | 2,355                 | 2,552                   |
| Remeasurements   |             | 549                    | 131                     | 6,340                 | 7,020                   |
| <b>Closing value of reimbursement right</b>                                | 10          | 5,378                  | 1,155                   | 95,214                | 101,747                 |
| <b>Present value of obligation - 2018</b>                                  |             |                        |                         |                       |                         |
| Opening defined benefit obligation   |             | 9,355                  | 1,946                   | 102,805               | 114,106                 |
| Current service cost   |             | 241                    | 65                      | 180                   | 486                     |
| Interest expense   |             | 232                    | 47                      | 2,674                 | 2,953                   |
|  |             | 9,828                  | 2,058                   | 105,659               | 117,545                 |
| <b>Remeasurements</b>  |             |                        |                         |                       |                         |
| Actuarial losses/(gains) arising from changes in demographic assumptions   |             | (56)                   | (16)                    | 487                   | 415                     |
| Actuarial losses/(gains) arising from changes in financial assumptions     |             | 79                     | 25                      | 4,114                 | 4,218                   |
| Experience (gains)/losses  |             | 409                    | 114                     | (498)                 | 25                      |
| <b>Contributions</b>   |             | 432                    | 123                     | 4,103                 | 4,658                   |
| Plan Participants  |             | 117                    | -                       | 94                    | 211                     |
| <b>Payments from plan</b>  |             |                        |                         |                       |                         |
| Benefits paid  |             | (2,042)                | (377)                   | (3,507)               | (5,926)                 |
| Taxes, premiums and expenses   |             | (52)                   | 3                       | 377                   | 328                     |
|  |             | (2,094)                | (374)                   | (3,130)               | (5,598)                 |
| <b>Closing defined benefit obligation</b>                                  |             | 8,283                  | 1,807                   | 106,726               | 116,816                 |

**31 Retirement benefit obligations (continued)****(d) Statement of financial position amounts (continued)**

|   | \$'000  | \$'000 | \$'000  | \$'000  |
|---|---------|--------|---------|---------|
|   | SASS    | SANCS  | SSS     | Total   |
| <b>Present value of plan assets - 2018</b>                                |         |        |         |         |
| Opening fair value of plan assets   | 4,696   | 934    | 16,117  | 21,747  |
| Interest (income)   | 111     | 21     | 378     | 510     |
| Taxes, Premiums and expenses  | (52)    | 3      | 377     | 328     |
|   | 4,755   | 958    | 16,872  | 22,585  |
| <b>Remeasurements</b>   |         |        |         |         |
| Return on plan assets, excluding amounts included in net interest expense | (54)    | (9)    | (159)   | (222)   |
| <b>Contributions</b>  |         |        |         |         |
| Employers   | 193     | 62     | 123     | 378     |
| Plan participants   | 117     | -      | 94      | 211     |
|   | 310     | 62     | 217     | 589     |
| <b>Payments from plan</b>   |         |        |         |         |
| Benefits paid   | (2,042) | (377)  | (3,508) | (5,927) |
| <b>Closing fair value of plans assets</b>                                 | 2,969   | 634    | 13,422  | 17,025  |

**(e) Amounts recognised in other statements****Amounts recognised in other comprehensive income - 2019**

The amounts recognised in the statements of comprehensive income are restricted to the the following schemes and are included in retained earnings (note 19).

|  | \$'000 | \$'000 | \$'000  | \$'000  |
|--|--------|--------|---------|---------|
|  | SASS   | SANCS  | SSS     | Total   |
| <b>Remeasurements</b>  |        |        |         |         |
| Actuarial losses (gains) arising from changes in financial assumptions | 212    | 69     | 11,525  | 11,806  |
| Actuarial losses (gains) arising from experience adjustments           | (138)  | (39)   | (1,754) | (1,931) |
| Actual return on plan assets less interest income                      | (346)  | (31)   | (598)   | (975)   |
| Remeasurement of reimbursement right                                   | 284    | 6      | (9,190) | (8,900) |
| <b>Total remeasurements in OCI</b>                                     | 12     | 5      | (17)    | -       |

**Amounts recognised in other comprehensive income - 2018**

The amounts recognised in the statements of comprehensive income are restricted to the the following schemes and are included in retained earnings (note 19).

|   | Note | \$'000 | \$'000 | \$'000  | \$'000  |
|---|------|--------|--------|---------|---------|
|   |      | SASS   | SANCS  | SSS     | Total   |
| <b>Remeasurements</b>   |      |        |        |         |         |
| Actuarial losses (gains) arising from changes in demographic assumptions  |      | 56     | 16     | (487)   | (415)   |
| Actuarial losses (gains) arising from changes in financial assumptions    |      | (79)   | (25)   | (4,114) | (4,218) |
| Actuarial losses (gains) arising from experience adjustments              |      | (409)  | (114)  | 498     | (25)    |
| Actual return on plan assets less interest income                         |      | (54)   | (9)    | (159)   | (222)   |
| Remeasurement of reimbursement right                                      |      | 425    | 104    | 4,169   | 4,698   |
| <b>Total remeasurements in OCI</b>  |      | (61)   | (28)   | (93)    | (182)   |
| <b>Total amounts recognised in the Statements of Comprehensive Income</b> | 19   | (61)   | (28)   | (93)    | (182)   |

### 32 Acquittal of Australian government financial assistance

#### (a) Education - CGS and other Education grants

| Parent Entity (University)<br>Only   | Note | Commonwealth<br>Grants Scheme#1 |                | Access and<br>Participation Fund |                | Promotion of<br>Excellence in Learning<br>and Teaching |                | Disability<br>Performance<br>Funding #2 |                | Indigenous<br>Student Success<br>Program #3 |                | Total         |
|--|------|---------------------------------|----------------|----------------------------------|----------------|--|----------------|---|----------------|---|----------------|---------------|
|  |      | 2019<br>\$'000                  | 2018<br>\$'000 | 2019<br>\$'000                   | 2018<br>\$'000 | 2019<br>\$'000   | 2018<br>\$'000 | 2019<br>\$'000                          | 2018<br>\$'000 | 2019<br>\$'000                              | 2018<br>\$'000 |               |
| Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program) |      | 81,852                          | 78,146         | 2,528                            | 2,806          | -  | -              | 107                                     | 83             | 1,963                                       | 2,027          | 86,450        |
| Net adjustments  |      | 1,940                           | 1,063          | -                                | -              | -  | -              | -                                       | -              | -   | -              | 1,940         |
| <b>Revenue for the period</b>  | 1(a) | <b>83,792</b>                   | <b>79,209</b>  | <b>2,528</b>                     | <b>2,806</b>   | <b>-</b>   | <b>-</b>       | <b>107</b>                              | <b>83</b>      | <b>1,963</b>                                | <b>2,027</b>   | <b>88,390</b> |
| Surplus/(deficit) from the previous year   |      | -                               | -              | -                                | -              | 23   | 33             | -                                       | -              | 374   | 250            | 397           |
| <b>Total revenue including accrued revenue</b>   |      | <b>83,792</b>                   | <b>79,209</b>  | <b>2,528</b>                     | <b>2,806</b>   | <b>23</b>  | <b>33</b>      | <b>107</b>                              | <b>83</b>      | <b>2,337</b>                                | <b>2,277</b>   | <b>88,787</b> |
| Less expenses including accrued expenses   |      | (83,792)                        | (79,209)       | (2,528)                          | (2,806)        | (2)  | (10)           | (107)                                   | (83)           | (2,337)                                     | (1,903)        | (88,766)      |
| <b>Surplus/(deficit) for reporting period</b>  |      | <b>-</b>                        | <b>-</b>       | <b>-</b>                         | <b>-</b>       | <b>21</b>  | <b>23</b>      | <b>-</b>                                | <b>-</b>       | <b>-</b>                                    | <b>374</b>     | <b>21</b>     |

#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 & Training

#3 Indigenous Student Success Program has replaced the Indigenous Commonwealth Scholarships Program and the Indigenous Support Program as of 1 January 2017.

**32 Acquitment of Australian government financial assistance (continued)**

**(b) Higher Education Loan Programs (excl OS-HELP)**

|   | HECS-HELP (Australian Government payments only) |               | FEE-HELP #4   |               | SA-HELP       |               | Total         |               |
|---|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2019  | 2018          | 2019          | 2018          | 2019          | 2018          | 2019          | 2018          |
| <b>Parent Entity (University) Only</b>                            | <b>\$'000</b>                                   | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> |
| Cash Payable/(Receivable) at the beginning of the year            | 1,479   | 1,132         | (662)         | (279)         | (20)          | (18)          | 797           | 835           |
| Financial assistance received in Cash during the reporting period | 49,894  | 48,420        | 16,633        | 12,269        | 1,249         | 1,123         | 67,776        | 61,812        |
| <b>Cash available for period</b>                                  | <b>51,373</b>                                   | <b>49,552</b> | <b>15,971</b> | <b>11,990</b> | <b>1,229</b>  | <b>1,105</b>  | <b>68,573</b> | <b>62,647</b> |
| Revenue earned net of adjustments                                 | 49,910  | 48,073        | 15,801        | 12,653        | 1,260         | 1,125         | 66,971        | 61,851        |
| <b>Cash Payable/(Receivable) at end of year</b>                   | <b>1,463</b>                                    | <b>1,479</b>  | <b>170</b>    | <b>(663)</b>  | <b>(31)</b>   | <b>(20)</b>   | <b>1,602</b>  | <b>796</b>    |

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

**(c) Department of Education and Training Research**

|  | Research Training Program |               | Research Support Program |               | Total         |               |
|--|---------------------------|---------------|--------------------------|---------------|---------------|---------------|
|  | 2019                      | 2018          | 2019                     | 2018          | 2019          | 2018          |
| <b>Parent Entity (University) Only</b>   | <b>\$'000</b>             | <b>\$'000</b> | <b>\$'000</b>            | <b>\$'000</b> | <b>\$'000</b> | <b>\$'000</b> |
| Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program) | 4,241                     | 4,357         | 3,004                    | 3,171         | 7,245         | 7,528         |
| <b>Revenue for the period</b>  | <b>4,241</b>              | <b>4,357</b>  | <b>3,004</b>             | <b>3,171</b>  | <b>7,245</b>  | <b>7,528</b>  |
| <b>Total revenue including accrued revenue</b>   | <b>4,241</b>              | <b>4,357</b>  | <b>3,004</b>             | <b>3,171</b>  | <b>7,245</b>  | <b>7,528</b>  |
| Less expenses including accrued expenses   | (4,241)                   | (4,357)       | (3,004)                  | (3,171)       | (7,245)       | (7,528)       |
| <b>Surplus/(deficit) for reporting period</b>  | <b>-</b>                  | <b>-</b>      | <b>-</b>                 | <b>-</b>      | <b>-</b>      | <b>-</b>      |

1(c)

### 32 Acquittal of Australian government financial assistance (continued)

#### (d) Total Higher Education Provider Research Training Program expenditure

|  | Total domestic students \$'000 | Total overseas students \$'000 |
|--|--------------------------------|--------------------------------|
| Research Training Program Fees offsets | 2,586                          | 185                            |
| Research Training Program Stipends     | 1,215                          | 167                            |
| Research Training Program Allowances   | 52                             | 36                             |
| <b>Total for all types of support</b>  | <b>3,853</b>                   | <b>388</b>                     |

#### (e) Australian Research Council Grants

##### Parent Entity (University) Only

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)

Net accrual adjustments

##### Revenue for the period

Surplus/(deficit) from the previous year

##### Total revenue including accrued revenue

Less expenses including accrued expenses

##### Surplus/(deficit) for reporting period

| Note | Discovery   |             | Linkages    |             | Total       |             |
|------|-------------|-------------|-------------|-------------|-------------|-------------|
|      | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
|      | 764         | 1,231       | 196         | 423         | 960         | 1,654       |
|      | 185         | -           | 86          | -           | 271         | -           |
| 1(d) | 949         | 1,231       | 282         | 423         | 1,231       | 1,654       |
|      | 466         | 589         | 62          | 166         | 528         | 755         |
|      | 1,415       | 1,820       | 344         | 589         | 1,759       | 2,409       |
|      | (815)       | (1,354)     | (148)       | (527)       | (963)       | (1,881)     |
|      | 600         | 466         | 196         | 62          | 796         | 528         |

**32 Acquittal of Australian government financial assistance (continued)**

**(f) OS-HELP**

| <b>Parent Entity (University) Only</b>             | <b>Note</b> | <b>2019<br/>\$'000</b> | <b>2018<br/>\$'000</b> |
|--|-------------|------------------------|------------------------|
| Cash received during the reporting period          |             | 810                    | 790                    |
| Cash spent during the reporting period             | 2.1         | (929)                  | (823)                  |
| <b>Net cash received</b>                           |             | <b>(119)</b>           | <b>(33)</b>            |
| Cash surplus/(deficit) from the previous period    |             | (7)                    | 26                     |
| <b>Cash surplus/(deficit) for reporting period</b> | 10,14       | <b>(126)</b>           | <b>(7)</b>             |

**(g) Student Services and Amenities Fee**

| <b>Parent Entity (University) Only</b>                   |      |              |              |
|--|------|--------------|--------------|
| Unspent/(overspent) revenue from previous period         |      | 121          | (270)        |
| SA-HELP revenue earned                                   | 1(b) | 1,260        | 1,125        |
| Student Services and Amenities Fees direct from students | 2.3  | 1,117        | 961          |
| <b>Total revenue expendable in period</b>                |      | <b>2,498</b> | <b>1,816</b> |
| Student services expenses during period                  |      | (2,119)      | (1,695)      |
| <b>Unspent/(overspent) student services revenue</b>      |      | <b>379</b>   | <b>121</b>   |





## INDEPENDENT AUDITOR'S REPORT

### Southern Cross University

To Members of the New South Wales Parliament

### Opinion

I have audited the accompanying financial statements of Southern Cross University (the University), which comprises the Income Statement and Statement of Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Summary of significant accounting policies and other explanatory information of the University and the consolidated entity. The consolidated entity comprises the University and the entity it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the University and the consolidated entity, as at 31 December 2019, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- comply with the 'Financial Statement Guidelines for Australian Higher Education Providers for the 31 December 2019 Reporting Period' (the Guidelines), issued by the Australian Government Department of Education, pursuant to the *Higher Education Support Act 2003* and the *Australian Research Council Act 2001*.

My opinion should be read in conjunction with the rest of this report.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the University in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

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

## **Other Information**

The University's annual report for the year ended 31 December 2019, includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The members of the Council of the University are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by Members of Council.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 must report that fact.

I have nothing to report in this regard.

## **University Council's Responsibilities for the Financial Statements**

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act and the Guidelines and for such internal control as the Council determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council are responsible for assessing the University's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the University carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Aaron Green  
Assistant Auditor-General

Delegate of the Auditor-General for New South Wales

14 April 2020  
SYDNEY

# Southern Cross Campus Services Limited

ABN 57 003 082 406

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**For the Year Ended 31 December 2019**

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# Directors' Report

For the Year Ended  
31 December 2019

The directors present their report on Southern Cross Campus Services Limited ("the Company") for the financial year ended 31 December 2019.

## Information on directors

The names of each person who has been a director during the year and to the date of this report are:

|                          |   |
|--------------------------|---|
| <b>Paul Deegan</b>       |   |
| Qualifications           | BBuild (UNSW), Licensed Real Estate Agent   |
| Experience               | Over thirty years experience in the property and construction industries.   |
| Special responsibilities | Independent Director  |
| <b>Les Christidis</b>    |   |
| Qualifications           | BSc(Hons), PhD(ANU)   |
| Experience               | Professor Leslie Christidis is currently the Assoc Deputy Vice Chancellor (Research) and Dean, Graduate Studies at Southern Cross University. Previously he was Director of the University's National Marine Science Centre. He was curator of birds at Museum Victoria and later became Head of Sciences where he led the development of a Planetarium, Children's Museum and five major exhibitions. He then went to the Australian Museum as its Deputy Director. Here he led the development of a \$35 million research and collections building and initiated the Intangible Cultural Heritage program at the Museum.  |
| Special responsibilities | Head of the Coffs Harbour Campus, Southern Cross University   |
| <b>Robin Stonecash</b>   |   |
| Qualifications           | MSciEcon(Wisc), PhD(UNSW)   |
| Experience               | Professor Robin Stonecash is currently the Dean of Business and Head of the Gold Coast Campus at Southern Cross University. She has been an academic and consultant for 30 years, working at the University of Sydney Business School, the Macquarie Graduate School of Management, the Australian Graduate School of Management at UNSW and the School of Business at UTS. She also worked for the Centre for International Economics, a Canberra based economic consulting firm, working on government policy and regulatory issues. Robin spent four years as Director of the Global Executive MBA and Director of Executive Education at the Business School at University of Sydney. She also developed Executive Education programs for the Human Rights Commission, the Royal Australian Navy, several Australia Awards programs, as well as for corporate clients. She has been Director of Rabobank's Executive Development Program and Farm Managers Program for a number of years. |
| Special responsibilities | Head of the Gold Coast Campus, Southern Cross University  |

# Directors' Report

For the Year Ended  
31 December 2019

|                                  |  |
|----------------------------------|--|
| <b>Allan Morris</b>              | (Appointed 21 February 2019)   |
| Qualifications                   | Grad Dip InfoTech (Monash), GAICD, MACS (Senior)   |
| Experience                       | Allan Morris is currently the Vice President (Operations) at Southern Cross University. Previously, he was the Chief Information Officer at RMIT University, lectured in Information Technology and has held numerous Information Technology executive management positions in the private sector. He is a Meritorious of the Council of Australian University Directors of IT (CAUDIT), a senior member of the Australian Computer Society and a Graduate of the Australian Institute of Company Directors. Allan has served on a number of boards and advisory committees in the education sector. |
| Special responsibilities         | Vice President (Operations) at Southern Cross University   |
| <b>Benjamin Roche</b>            | (Resigned 21 February 2019)  |
| Qualifications                   | BSc(Hons)(UNSW), MEd(UTS)  |
| Experience                       | Ben Roche is currently the Vice President (Engagement) at Southern Cross University, a Senior Associate of the AtKisson Group of international sustainability thinkers and a Director of The Connect Project. He is Chair of the national Farming Together program, Chair of Engagement Australia and Deputy Chair of Regional Arts NSW. Ben has worked with a range of agencies from small not for profits to Universities, Government and the United Nations Environment Programme on strategic approaches to education and engagement.  |
| Special responsibilities         | Vice President (Engagement) at Southern Cross University   |
| <b>Donna Moffitt</b>             | (Resigned 21 February 2019)  |
| Qualifications                   | BCom(Griffith), MStratHRM(UOW)   |
| Experience                       | Over thirteen years experience in the higher education sector.   |
| Special responsibilities         | Director of Student Services at Southern Cross University  |
| <b>Professor William MacNeil</b> | (Appointed 17 April 2019)  |
| Qualifications                   | BA(Tor), MA(Tor), LLB(Dal.), LLM(Lond), JSD(Col)   |
| Experience                       | Professor William MacNeil is the Dean and Head of the School of Law and Justice at Southern Cross University. He is also the Head of the University's Lismore Campus. Previously, Professor MacNeil taught at Griffith University, the University of Hong Kong and the London School of Economics. He is the author of Lex Populi: The Jurisprudence of Popular Culture (Stanford, 2007) and Novel Judgements: Legal Theory as Fiction (Routledge, 2012).  |
| Special responsibilities         | Head of the Lismore Campus, Southern Cross University  |
| <b>Travis Walker</b>             | (Appointed 17 April 2019)  |
| Qualifications                   | BBus(Accounting) (RMIT), MBA(La Trobe), CPA  |
| Experience                       | Travis Walker has over 20 years' experience in financial roles in the higher education sector. He is currently the Vice President (Finance) at Southern Cross University and was the Deputy Director Finance at RMIT University prior to that. Mr Walker is on the board of the Australian Universities Senior Finance Officers Group.   |
| Special responsibilities         | Vice President (Finance) at Southern Cross University  |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

# Directors' Report

For the Year Ended  
31 December 2019

## Company Secretary

Belinda Atkinson is a Lawyer and the Head, Governance Services at Southern Cross University. Belinda was appointed Company Secretary of Southern Cross Campus Services Limited on 12 December 2017.

## Principal activities

The principal activity of Southern Cross Campus Services Limited ('the Company') during the financial year was to provide on-campus amenities and services to students and staff of Southern Cross University. These principal activities include operating a licensed bar, function room, pool and gymnasium.

No significant changes in the nature of the Company's activities occurred during the financial year.

## Short term and long term objectives

The Company's short and long term objective is to provide services and amenities to students and staff of the University.

## Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the strategy to provide high quality service in the provision of on-campus food and beverage services and other amenities.

## Performance measure

The Company measures performance through the analysis of metrics relating to student and staff usage of facilities provided.

## Members guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. As the sole member, Southern Cross University, undertakes to contribute to the property of the Company, in the event of it being wound up, such an amount as may be required not exceeding \$20. At 31 December 2019, the collective liability of members was \$20 (2018: \$20).

## Going concern

Notwithstanding the deficiency of net assets, the financial report has been prepared on a going concern basis as the directors have received a guarantee of continued financial support from the Company's ultimate parent entity, Southern Cross University, and the directors believe that such financial support will continue to be made available.

# Directors' Report

For the Year Ended  
31 December 2019

## Meetings of directors

During the financial year, 1 meeting of directors (including committees of directors) was held. Attendances by each director during the year were as follows:

| Directors' Meetings       |                              |                    |
|---------------------------|------------------------------|--------------------|
|                           | Number eligible<br>to attend | Number<br>attended |
| Paul Deegan               | 1                            | 1                  |
| Les Christidis            | 1                            | 1                  |
| Robin Stonecash           | 1                            | 1                  |
| Allan Morris              | 1                            | 1                  |
| Professor William MacNeil | 1                            | 1                  |
| Travis Walker             | 1                            | 1                  |

## Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 31 December 2019 has been received and can be found on page 104 of the financial report.

Signed on behalf of and in accordance with the resolution of the Board of Directors in accordance with section 298(2)(a) of the *Corporations Act 2001*:

Director:  .....

Travis Walker

Director:  .....

Allan Morris

Dated this 1<sup>st</sup> day of April 2020





To the Directors

Southern Cross Campus Services Limited

### **Auditor's Independence Declaration**

As auditor for the audit of the financial statements of Southern Cross Campus Services Limited for the year ended 31 December 2019, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

Margaret Crawford  
Auditor-General of NSW

31 March 2020  
SYDNEY

# Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended  
31 December 2019

|  | <b>Note</b> | <b>2019</b><br>\$  | 2018<br>\$  |
|--|-------------|--------------------|-------------|
| Revenue  | 2           | <b>2,301,693</b>   | 1,804,158   |
| Other income                                   | 2           | <b>577,886</b>     | 1,769,884   |
| Costs of goods sold                            |             | <b>(623,321)</b>   | (318,772)   |
| Employee benefits expense                      |             | <b>(2,127,949)</b> | (2,025,988) |
| Depreciation expense                           |             | <b>(41,633)</b>    | (42,472)    |
| Other expenses                                 | 3           | <b>(679,615)</b>   | (788,230)   |
| <b>Net profit/(loss) for the year</b>          |             | <b>(592,939)</b>   | 398,580     |
| <b>Total comprehensive income for the year</b> |             | <b>(592,939)</b>   | 398,580     |

The accompanying notes form part of these financial statements.

# Statement of Financial Position

For the Year Ended  
31 December 2019

|                                      | Note | 2019<br>\$'000   | 2018<br>\$'000 |
|--------------------------------------|------|------------------|----------------|
| <b>Assets</b>                        |      |                  |                |
| <b>Current assets</b>                |      |                  |                |
| Cash and cash equivalents            | 4    | <b>99,095</b>    | 87,613         |
| Trade and other receivables          | 5    | <b>18,174</b>    | 19,530         |
| Inventories                          | 6    | <b>18,786</b>    | 23,028         |
| Prepayments                          |      | <b>1,630</b>     | 4,349          |
| <b>Total current assets</b>          |      | <b>137,685</b>   | 134,520        |
| <b>Non-current assets</b>            |      |                  |                |
| Property, plant and equipment        | 7    | <b>67,154</b>    | 92,203         |
| <b>Total non-current assets</b>      |      | <b>67,154</b>    | 92,203         |
| <b>Total assets</b>                  |      | <b>204,839</b>   | 226,723        |
| <b>Liabilities</b>                   |      |                  |                |
| <b>Current liabilities</b>           |      |                  |                |
| Trade and other payables             | 8    | <b>781,548</b>   | 168,028        |
| Provisions                           | 9    | <b>95,632</b>    | 131,273        |
| Other liabilities                    | 10   | -                | 42,996         |
| Contract liabilities                 | 11   | <b>28,081</b>    | -              |
| <b>Total current liabilities</b>     |      | <b>905,261</b>   | 342,297        |
| <b>Non-current liabilities</b>       |      |                  |                |
| Provisions                           | 9    | <b>24,428</b>    | 16,337         |
| <b>Total non-current liabilities</b> |      | <b>24,428</b>    | 16,337         |
| <b>Total liabilities</b>             |      | <b>929,689</b>   | 358,634        |
| <b>Net assets/(Net liabilities)</b>  |      | <b>(724,850)</b> | (131,911)      |
| <b>Equity/(Net deficiency)</b>       |      |                  |                |
| Accumulated losses                   | 12   | <b>(724,850)</b> | (131,911)      |
| <b>Total equity/(Net deficiency)</b> |      | <b>(724,850)</b> | (131,911)      |

The accompanying notes form part of these financial statements.

# Statement of Changes in Equity

For the Year Ended  
31 December 2019

|                                    | Note | Accumulated<br>losses<br>\$ |
|------------------------------------|------|-----------------------------|
| <b>Balance at 1 January 2018</b>   |      | (530,491)                   |
| Net profit/(loss) for the year     |      | 398,580                     |
| <b>Balance as 31 December 2018</b> | 12   | (131,911)                   |
| <b>Balance as 1 January 2019</b>   |      | <b>(131,911)</b>            |
| Net profit/(loss) for the year     |      | <b>(592,939)</b>            |
| <b>Balance at 31 December 2019</b> | 12   | <b>(724,850)</b>            |

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

For the Year Ended  
31 December 2019

|   | Note | 2019<br>\$         | 2018<br>\$  |
|---|------|--------------------|-------------|
| <b>Cash flows from operating activities:</b>              |      |                    |             |
| Receipts from customers                                   |      | <b>3,065,270</b>   | 2,369,587   |
| Payments to suppliers and employees                       |      | <b>(3,494,243)</b> | (3,653,062) |
| Net GST recovered/(paid)                                  |      | <b>(155,344)</b>   | (119,264)   |
| <b>Net cash provided by operating activities</b>          | 13   | <b>(584,317)</b>   | (1,402,739) |
| Proceeds from sale of plant and equipment                 |      | <b>18,800</b>      | -           |
| Payments for property, plant and equipment                |      | <b>(38,006)</b>    | -           |
| <b>Net cash generated by investing activities</b>         |      | <b>(19,206)</b>    | -           |
| <b>Cash flows from financing activities:</b>              |      |                    |             |
| Amounts advanced from related parties                     |      | <b>2,280,005</b>   | 2,693,787   |
| Repayments of loans by related parties                    |      | <b>(1,665,000)</b> | (1,275,000) |
| <b>Net cash generated by financing activities</b>         |      | <b>615,005</b>     | 1,418,787   |
| <b>Net increase in cash and cash equivalents held</b>     |      | <b>11,482</b>      | 16,048      |
| Cash and cash equivalents at beginning of year            |      | <b>87,613</b>      | 71,565      |
| <b>Cash and cash equivalents at end of financial year</b> | 4(a) | <b>99,095</b>      | 87,613      |

The accompanying notes form part of these financial statements.

## 1 Summary of Significant Accounting Policies

### (a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Additionally the statements have been prepared in accordance with following statutory requirements:

- *Corporations Act 2001*
- *Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2015*
- *Australian Charities and Not-for-profit Commission Act 2012 and Australian Charities and Not-for-profit Commission Regulations 2013*

Southern Cross Campus Services Limited 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 IFRS requirements. The main impact is in the offsetting of impairment losses within a class of assets.

### Date of authorisation for issue

The financial statements were authorised for issue by the directors of Southern Cross Campus Services Limited on 1 April 2020.

### Historical cost convention

These financial statements, except for the cash flow information, have been prepared on an accrual basis and under the historical cost convention, as modified by the revaluation of financial assets and liabilities and certain classes of property, plant and equipment and investment property, where applicable.

### 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 Southern Cross Campus Services Limited's accounting policies.

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

- Measurement and recognition of employee benefits provisions
- Impairment of trade and other receivables
- Estimated useful life assessments of property, plant and equipment assets
- Impairment of property, plant and equipment assets.

### Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

A letter of unconditional financial support has been provided by Southern Cross University, the Company's ultimate parent entity. The parent entity will support the Company financially to ensure the Company can pay its debts as and when they fall due.

## 1 Summary of Significant Accounting Policies (continued)

### (b) Comparative Amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year. Comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

### (c) Revenue and other income

#### Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

#### Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

##### (i) Rendering of services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual services provided to the end of the reporting period as a proportion of the total services to be provided as the customer receives and uses the benefit simultaneously.

##### (ii) Sale of goods

Revenue from the sale of goods is recognised at the point of delivery to the customer as this is deemed to be the point in time when the performance obligation is satisfied.

##### (iii) Membership revenue

Membership revenue is recognised as income in the year of receipt, except to the extent that membership revenue relates to future periods. Such periods (or portion thereof) are treated as contract liabilities in the statement of financial position.

#### Statement of financial position balances relating to revenue recognition

##### Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable.

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

## 1 Summary of Significant Accounting Policies (continued)

### (d) Employee benefits

#### *i) Wages and salaries*

Liabilities for short term employee benefits including wages and salaries, non-monetary benefits and profit-sharing bonuses which are expected to be settled wholly before 12 months after the end of the period are measured at the amount expected to be paid when the liability is settled and recognised in other payables.

#### *ii) Annual leave and sick leave*

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

#### *iii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. An actuarial assessment is performed every year and gives consideration to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on Commonwealth government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### *iv) Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits not expected to be settled wholly before 12 months after balance date are discounted to present value.

### (e) Trade and other payables

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

### (f) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset (i.e. decision making rights in relation to changing how and for what purpose the asset is used).



## 1 Summary of Significant Accounting Policies (continued)

### (f) Leases (continued)

#### *Lessee accounting*

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### *Exceptions to lease accounting*

The Company has elected to apply the exceptions to lease accounting for both short term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low value assets. The Company recognises the payments associated with these leases as an expense on a straight line basis over the lease term.

### (g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### (h) Trade receivables

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL (Expected Credit Losses). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

### (i) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and are net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

### (j) Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include gains or losses that were recognised in other comprehensive income on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 Company and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

**1 Summary of Significant Accounting Policies (continued)****(j) Property, Plant and Equipment (continued)**

Depreciation on assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

| Class of Asset      | Useful life (yrs) |
|---------------------|-------------------|
| Plant and Equipment | 5 - 10            |
| Motor Vehicles      | 5                 |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**(k) Income Tax**

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

**(l) Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**(m) 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.

**(n) Change in accounting policy****Initial application of AASB 15 - Revenue from Contracts with Customers**

The Company has adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of *Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 January 2019.

The Company has applied AASB 15 and AASB 1058 using the modified retrospective method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 January 2019.

The nature and effect of the changes as a result of the adoption of AASB 15 and AASB 1058 did not have a significant impact to the Company.

**(o) New Accounting Standards and Interpretations for Application in Future Periods**

The following standards have been issued but are not mandatory for 31 December 2019 reporting periods. The Company has elected not to early adopt any of these Standards. The Company's assessment of the impact of these new standards and interpretations is set out below:

| Standard Name                                       | Effective date for entity | Impact   |
|---|---------------------------|--|
| AASB 1059 Service Concession Arrangements: Grantors | 1 January 2020            | The potential impact of this standard is currently being determined. |

## 2 Revenue and Other Income

|                                   | Note | 2019<br>\$       | 2018<br>\$ |
|-----------------------------------|------|------------------|------------|
| <b>Revenue</b>                    |      |                  |            |
| Membership revenue                |      | 1,028,591        | 1,005,611  |
| Facilities hire revenue           |      | 26,875           | 39,079     |
| Catering revenue                  |      | 1,060,371        | 557,649    |
| Bar sales                         |      | 120,314          | 139,327    |
|                                   |      | <b>2,236,151</b> | 1,741,666  |
| Other revenue                     |      | 65,541           | 62,492     |
| <b>Total Revenue</b>              |      | <b>2,301,692</b> | 1,804,158  |
| <b>Other Income</b>               |      |                  |            |
| Cost recoveries                   |      | 577,886          | 550,361    |
| Forgiveness of related party loan |      | -                | 1,219,523  |
| <b>Total Other Income</b>         |      | <b>577,886</b>   | 1,769,884  |

## 3 Other expenses

|   |  |                |         |
|---|--|----------------|---------|
| Audit fees, bank charges & taxes              |  | 73,412         | 96,977  |
| Fees and charges                              |  | 49,846         | 124,684 |
| Non-capitalised equipment & maintenance costs |  | 99,184         | 97,329  |
| Net loss on disposal of plant and equipment   |  | 2,621          | 4,172   |
| Property & facility costs                     |  | 355,123        | 365,584 |
| Travel, entertainment & staff development     |  | 31,962         | 14,541  |
| Other expenses                                |  | 67,467         | 84,943  |
| <b>Total other expenses</b>                   |  | <b>679,615</b> | 788,230 |

## 4 Cash and cash equivalents

|  |      |               |        |
|--|------|---------------|--------|
| Cash at bank and on hand               |      | 99,095        | 87,613 |
| <b>Total cash and cash equivalents</b> | 4(a) | <b>99,095</b> | 87,613 |

### (a) Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

|   |   |               |        |
|---|---|---------------|--------|
| Cash and cash equivalents                     | 4 | 99,095        | 87,613 |
| <b>Balance as per statement of cash flows</b> |   | <b>99,095</b> | 87,613 |

### (b) Cash at bank

Cash in operating accounts earns interest at variable interest rates.

**5 Trade and other receivables**

|  | <b>2019</b>   | 2018   |
|--|---------------|--------|
|  | <b>\$</b>     | \$     |
| <b>Current</b>                                   |               |        |
| <b>Trade receivables</b>                         | <b>18,121</b> | 15,112 |
| GST receivable                                   | -             | 4,319  |
| Other receivables                                | <b>53</b>     | 99     |
| <b>Total current trade and other receivables</b> | <b>18,174</b> | 19,530 |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

**Ageing analysis of receivables:**

As at 31 December 2019 trade receivables of \$9,829 (2018: \$2,420) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

**Past due but not impaired receivables**

|                       |              |       |
|-----------------------|--------------|-------|
| Between 2 to 3 months | <b>9,829</b> | 550   |
| Between 3 to 6 months | -            | 870   |
| Over 6 months         | -            | 1,000 |
|                       | <b>9,829</b> | 2,420 |

The creation and release of the provision for impaired receivables has been included in impairment expenses in the statement of profit or loss and other comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

**6 Inventories**

|                          | <b>2019</b>   | 2018   |
|--------------------------|---------------|--------|
|                          | \$            | \$     |
| <b>Current</b>           |               |        |
| At cost:                 |               |        |
| Food and beverage stock  | <b>18,786</b> | 23,028 |
| <b>Total inventories</b> | <b>18,786</b> | 23,028 |

**7 Property, plant and equipment**

|  |                  |           |
|--|------------------|-----------|
| <b>Plant and equipment</b>                 |                  |           |
| At cost                                    | <b>169,938</b>   | 169,938   |
| Accumulated depreciation                   | <b>(150,192)</b> | (120,318) |
| <b>Total plant and equipment</b>           | <b>19,746</b>    | 49,620    |
| <b>Motor vehicles</b>                      |                  |           |
| At cost                                    | <b>60,941</b>    | 56,725    |
| Accumulated depreciation                   | <b>(13,533)</b>  | (14,142)  |
| <b>Total motor vehicles</b>                | <b>47,408</b>    | 42,583    |
| <b>Total property, plant and equipment</b> | <b>67,154</b>    | 92,203    |

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

|                                    | <b>Plant and<br/>Equipment</b> | <b>Motor<br/>Vehicles</b> | <b>Total</b>    |
|------------------------------------|--------------------------------|---------------------------|-----------------|
|                                    | \$                             | \$                        | \$              |
| <b>Year ended 31 December 2018</b> |                                |                           |                 |
| Opening net book value             | 84,920                         | 53,928                    | 138,848         |
| Disposals                          | (4,173)                        | -                         | (4,173)         |
| Depreciation expense               | (31,127)                       | (11,345)                  | (42,472)        |
| <b>Closing net book amount</b>     | <b>49,620</b>                  | <b>42,583</b>             | <b>92,203</b>   |
| <b>Year ended 31 December 2019</b> |                                |                           |                 |
| Opening net book value             | <b>49,620</b>                  | <b>42,583</b>             | <b>92,203</b>   |
| Additions                          | -                              | <b>38,005</b>             | <b>38,005</b>   |
| Disposals                          | -                              | <b>(21,421)</b>           | <b>(21,421)</b> |
| Depreciation expense               | <b>(29,874)</b>                | <b>(11,759)</b>           | <b>(41,633)</b> |
| <b>Closing net book amount</b>     | <b>19,746</b>                  | <b>47,408</b>             | <b>67,154</b>   |

**8 Trade and other payables**

|   | Note  | 2019<br>\$     | 2018<br>\$ |
|---|-------|----------------|------------|
| <b>Current</b>                                |       |                |            |
| Trade payables                                |       | <b>28,763</b>  | 18,427     |
| GST payable                                   |       | <b>4,945</b>   | -          |
| Related party payables                        | 16(c) | <b>615,005</b> | -          |
| Other payables                                |       | <b>132,835</b> | 149,601    |
| <b>Total current trade and other payables</b> |       | <b>781,548</b> | 168,028    |

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

**9 Provisions****Current provisions expected to be settled wholly within 12 months****Employee benefits**

|                    |               |        |
|--------------------|---------------|--------|
| Annual leave       | <b>50,483</b> | 64,943 |
| Long service leave | <b>4,259</b>  | 5,981  |
|                    | <b>54,742</b> | 70,924 |

**Current provisions expected to be settled wholly after more than 12 months****Employee benefits**

|                                 |               |         |
|---------------------------------|---------------|---------|
| Annual leave                    | <b>26,244</b> | 34,651  |
| Long service leave              | <b>14,646</b> | 25,698  |
|                                 | <b>40,890</b> | 60,349  |
| <b>Total current provisions</b> | <b>95,632</b> | 131,273 |

**Non current provisions****Employee benefits**

|                                     |                |         |
|-------------------------------------|----------------|---------|
| Long service leave                  | <b>24,428</b>  | 16,337  |
| <b>Total non-current provisions</b> | <b>24,428</b>  | 16,337  |
| <b>Total provisions</b>             | <b>120,060</b> | 147,610 |

**10 Other liabilities****Current**

|  |   |        |
|--|---|--------|
| Income received in advance             | - | 42,996 |
| <b>Total current other liabilities</b> | - | 42,996 |

**11 Contract liabilities****Current**

|   |               |   |
|---|---------------|---|
| Income received in advance                | <b>28,081</b> | - |
| <b>Total current contract liabilities</b> | <b>28,081</b> | - |

**12 Accumulated losses**

|  | <b>2019</b>      | 2018      |
|--|------------------|-----------|
|  | <b>\$</b>        | \$        |
| <b>Accumulated losses at the beginning of the financial year</b> | <b>(131,911)</b> | (530,491) |
| Net result for the year  | <b>(592,939)</b> | 398,580   |
| <b>Accumulated losses at end of the financial year</b>           | <b>(724,850)</b> | (131,911) |

**13 Cash flow information****Reconciliation of net income to net cash generated by/(used) in operating activities:**

|  |                  |             |
|--|------------------|-------------|
| Net result for the year                            | <b>(592,939)</b> | 398,580     |
| Non cash flows in net result:                      |                  |             |
| Forgiveness of related party loan                  | -                | (1,219,523) |
| Depreciation expense                               | <b>41,633</b>    | 42,472      |
| Net loss/(gain) on disposal of plant and equipment | <b>2,621</b>     | 4,173       |
| Changes in assets and liabilities:                 |                  |             |
| (Increase)/decrease in trade and other receivables | <b>1,357</b>     | 13,944      |
| (Increase)/decrease in inventories                 | <b>4,242</b>     | 6,111       |
| (Increase)/decrease in other assets                | <b>2,719</b>     | (2,694)     |
| Increase/(decrease) in trade and other payables    | <b>(1,485)</b>   | (676,814)   |
| Increase/(decrease) in provisions                  | <b>(27,550)</b>  | 33,335      |
| Increase/(decrease) in other liabilities           | <b>(42,996)</b>  | (2,323)     |
| Increase/(decrease) in contract liabilities        | <b>28,081</b>    | -           |
| <b>Cash flows used in operating activities</b>     | <b>(584,317)</b> | (1,402,739) |

**14 Financial Risk Management**

The Company's activities expose it to a variety of financial risks, including, liquidity risk, credit risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The Company 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 and other price risks, ageing analysis for credit risk and daily assessment of investment portfolios to determine market risk.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

**14 Financial Risk Management (continued)**

|                                    | <b>Note</b> | <b>2019</b>    | 2018      |
|------------------------------------|-------------|----------------|-----------|
|                                    |             | <b>\$</b>      | <b>\$</b> |
| <b>Financial assets</b>            |             |                |           |
| <i>Held at amortised cost:</i>     |             |                |           |
| Cash and cash equivalents          | 4           | <b>99,095</b>  | 87,613    |
| Trade and other receivables*       |             | <b>18,174</b>  | 10,774    |
| <b>Total financial assets</b>      |             | <b>117,269</b> | 98,387    |
| <b>Financial liabilities</b>       |             |                |           |
| <i>Measured at amortised cost:</i> |             |                |           |
| Trade and other payables*          |             | <b>757,894</b> | 152,941   |
| <b>Total financial liabilities</b> |             | <b>757,894</b> | 152,941   |

\* The total amounts disclosed here exclude statutory amounts (e.g. amounts owing to/from Government, GST input tax credit recoverable and taxes payable).

**Liquidity risk**

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company manages its liquidity needs by maintaining adequate reserves, banking facilities and continuously monitoring forecast and actual cash flows.

There have been no variations to the objects, policies and processes for liquidity risk since the prior period.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.



**14 Financial Risk Management (continued)**

The table below reflects the undiscounted contractual maturity analysis for financial liabilities.

*Financial liability maturity analysis – Non-derivative*

|  | Weighted average<br>Interest rate |      | Within 1 Year  |         | Total          |         |
|--|-----------------------------------|------|----------------|---------|----------------|---------|
|  | 2019                              | 2018 | 2019           | 2018    | 2019           | 2018    |
|  | %                                 | %    | \$             | \$      | \$             | \$      |
| <b>Financial liabilities due for payment</b> |                                   |      |                |         |                |         |
| Trade and other payables                     | -                                 | -    | <b>757,894</b> | 152,941 | <b>757,894</b> | 152,941 |
| <b>Total contractual outflows</b>            | -                                 | -    | <b>757,894</b> | 152,941 | <b>757,894</b> | 152,941 |

The timing of expected outflows is not expected to be materially different from contracted cashflows.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

*Trade receivables*

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Ongoing credit evaluation is performed on the financial condition of accounts receivable. Trade receivables are assessed after 60 days and action taken to collect the debt. There has been no change in managing credit risk since the prior year.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

Refer to Note 5 for the ageing analysis of receivables.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

**14 Financial Risk Management (continued)***(i) Interest rate risk*

The Company is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's policy is to minimise interest rate cash flow risk exposures on long term financing. Longer term borrowings are therefore usually at fixed rates. At the reporting date, the Company is exposed to changes in market interest rates through its bank deposits, which are subject to variable interest rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and 1.00% (2018: +1.00%/ 1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

|             | 2019   |        | 2018   |        |
|-------------|--------|--------|--------|--------|
|             | +1.00% | -1.00% | +1.00% | -1.00% |
|             | \$     | \$     | \$     | \$     |
| Net results | 991    | (991)  | 876    | (876)  |
| Equity      | 991    | (991)  | 876    | (876)  |

The Company is not exposed to any other forms of market risk.

**15 Key Management Personnel Disclosures****(a) Directors**

The names of directors of Southern Cross Campus Services Limited who held office during the financial year are:

|                           |                              |
|---------------------------|------------------------------|
| Benjamin Roche            | (resigned 21 February 2019)  |
| Donna Moffitt             | (resigned 21 February 2019)  |
| Paul Deegan               |                              |
| Les Christidis            |                              |
| Robin Stonecash           |                              |
| Allan Morris              | (appointed 21 February 2019) |
| Professor William MacNeil | (appointed 17 April 2019)    |
| Travis Walker             | (appointed 17 April 2019)    |

The above persons have been in office since the start of the year unless otherwise stated.

**15 Key Management Personnel Disclosures (continued)****(b) Directors and responsible officers remuneration**

No income is paid or payable, or otherwise made available, to board members by the Company in connection with the management of affairs of the Company.

The independent board member, Paul Deegan, is external to the Company and is not remunerated. The remaining board members and responsible officers are remunerated by the Company's ultimate parent entity, Southern Cross University.

**16 Related Parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**(a) Ultimate Parent Entity**

The Company is a wholly owned subsidiary of its ultimate parent entity, Southern Cross University.

Transactions with Southern Cross University for services provided are fully reimbursed by the Company. The Company operates from premises owned by Southern Cross University at no charge and the Company is unable to determine the value for this charge.

**(b) Transactions with related parties**

The following transactions occurred with related parties:

|                                   | Note | 2019<br>\$     | 2018<br>\$ |
|-----------------------------------|------|----------------|------------|
| <b>Parent</b>                     |      |                |            |
| Catering services                 |      | <b>231,668</b> | 204,900    |
| Cost recoveries                   |      | <b>577,886</b> | 550,361    |
| Equipment hire                    |      | <b>2,844</b>   | 9,218      |
| Other costs                       |      | <b>(884)</b>   | (3,263)    |
| Forgiveness of related party loan |      | -              | 1,219,523  |

**(c) Balances to related parties****Current**

Amount payable to:

|  |   |                |   |
|--|---|----------------|---|
| Ultimate parent entity                           | 8 | <b>615,005</b> | - |
| <b>Total current balances to related parties</b> |   | <b>615,005</b> | - |

**(d) Terms and Conditions**

Related party outstanding balances are unsecured and have been provided on interest-free terms.

## 17 Remuneration of Auditors

|  | <b>2019</b>   | 2018   |
|--|---------------|--------|
|  | <b>\$</b>     | \$     |
| <b>Remuneration of the auditor of the Company, Audit Office of NSW, for:</b> |               |        |
| Auditing the financial report  | <b>28,600</b> | 28,100 |
| <b>Total remuneration of auditor</b>   | <b>28,600</b> | 28,100 |

## 18 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstandings and obligations of the Company. At 31 December 2019 the number of members was 1 (2018: 1).

## 19 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2019 (31 December 2018: None).

## 20 Events Occurring After the Reporting Date

### Coronavirus Pandemic

On 11 March 2020, the World Health Organization (WHO) declared the coronavirus illness as a global pandemic and by this time the virus was officially named COVID-19. On this day, Southern Cross University (ultimate parent), closed its Lismore and Gold Coast Campus for a single day, as a result of a visiting international staff member being confirmed as having contracted COVID-19.

As a result of the escalating health crisis, management are of the view that further, extended closures may occur, therefore, having an impact on the revenue of Southern Cross Campus Services Limited. However, the nature of the Company's operations provides flexibility, through reduction in variable expenses and leveraging flexible employment arrangements.

A letter of unconditional financial support has been provided by Southern Cross University, the Company's ultimate parent entity. The parent entity will support the Company financially to ensure the Company can pay its debts as and when they fall due.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

## 21 Company Details

The registered office of and principal place of business of the Company is:

Southern Cross Campus Services Limited  
Southern Cross University  
Military Road  
EAST LISMORE NSW 2480

## Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, set out on pages 105 to 123, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards, the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015*, *Australian Charities and Not-for-profit Commission Act 2012* and *Australian Charities and Not-for-profit Commission Regulation 2013*; and
  - b. give a true and fair view of the financial position as at 31 December 2019 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors in accordance with section 295(5)(a) of the *Corporations Act 2001*.

Director



Travis Walker

Director



Allan Morris

Dated this 1<sup>st</sup> day of April 2020



## INDEPENDENT AUDITOR'S REPORT

### Southern Cross Campus Services Limited

To Members of the New South Wales Parliament and Members of Southern Cross Campus Services Limited

#### Opinion

I have audited the accompanying financial statements of Southern Cross Campus Services Limited (the Company), which comprises the Statement of Profit and Loss and Comprehensive Income for the year ended 31 December 2019, the Statement of Financial Position as at 31 December 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration. In my opinion, the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2019 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

My opinion should be read in conjunction with the rest of this report.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 31 March 2020, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

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

### **Other Information**

Other information comprises the information included in the Company's annual report for the year ended 31 December 2019, other than the financial report and my Independent Auditor's Report thereon. The directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Director's Report.

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in 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 must report that fact.

I have nothing to report in this regard.

### **Directors' Responsibilities for the Financial Statements**

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, *Corporations Act 2001* and *the Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Margaret Crawford  
Auditor-General for NSW

2 April 2020  
SYDNEY



## Appendix A

### Staff employment 2013-2019

#### ALL STAFF FTE\*

| Nominal FTE  | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Academic     | 363.7        | 326.0        | 319.0        | 310.7        | 313.2        | 301.0        | 322.4        |
| Professional | 575.0        | 553.4        | 519.0        | 515.2        | 526.5        | 536.5        | 550.3        |
| <b>TOTAL</b> | <b>938.8</b> | <b>879.4</b> | <b>838.0</b> | <b>825.9</b> | <b>839.7</b> | <b>837.5</b> | <b>872.7</b> |

\*This data excludes staff employed on a casual/sessional basis.  
Figures might not add exactly to the total FTE due to rounding.

#### Academic Staff

| Nominal FTE           | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Above Senior lecturer | 75.6         | 68.6         | 77.1         | 73.0         | 75.3         | 78.1         | 80.3         |
| Senior lecturer       | 91.4         | 79.0         | 80.2         | 84.0         | 82.8         | 83.2         | 94.3         |
| Lecturer              | 152.8        | 142.0        | 122.4        | 118.9        | 123.9        | 114.4        | 119.4        |
| Below lecturer        | 44.0         | 36.4         | 39.3         | 34.9         | 31.2         | 25.2         | 28.4         |
| <b>TOTAL</b>          | <b>363.7</b> | <b>326.0</b> | <b>319.0</b> | <b>310.7</b> | <b>313.2</b> | <b>301.0</b> | <b>322.4</b> |

Above senior lecturer = Levels D, E (plus VC and DVC)  
Senior lecturer = Level C  
Lecturer = Level B  
Below lecturer = Level A

#### Professional staff

| Nominal FTE    | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         |
|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| HEW 1          | 6.6          | 7.0          | 8.0          | 7.8          | 7.6          | 1.0          | 15.7         |
| HEW 2          | 3.1          | 3.5          | 2.0          | 0.5          | 1.0          | 0.5          |              |
| HEW 3          | 16.0         | 16.8         | 17.4         | 12.1         | 12.4         | 19.5         | 13.3         |
| HEW 4          | 146.3        | 139.0        | 124.4        | 117.4        | 118.2        | 118.9        | 126.5        |
| HEW 5          | 149.4        | 142.3        | 133.9        | 132.7        | 129.1        | 140.1        | 139.8        |
| HEW 6          | 92.5         | 89.7         | 79.1         | 89.2         | 97.6         | 94.9         | 97.2         |
| HEW 7          | 82.6         | 85.0         | 88.5         | 89.7         | 92.9         | 93.9         | 85.5         |
| HEW 8          | 38.5         | 32.6         | 27.0         | 31.0         | 30.2         | 36.2         | 39.9         |
| HEW 9          | 12.1         | 10.6         | 13.8         | 12.0         | 12.0         | 9.0          | 9.8          |
| HEW 10         | 15.0         | 12.0         | 12.0         | 9.0          | 10.0         | 8.5          | 7.6          |
| Above Level 10 | 13.0         | 15.0         | 12.9         | 13.9         | 15.5         | 14.0         | 15.0         |
| <b>TOTAL</b>   | <b>575.0</b> | <b>553.4</b> | <b>519.0</b> | <b>515.2</b> | <b>526.5</b> | <b>536.5</b> | <b>550.3</b> |

\*This data excludes staff employed on a casual/sessional basis.  
Figures might not add exactly to the total FTE due to rounding.  
Source: MIS Government Staff Cube – 3rd March 2020

## Appendix B

### Senior Executives

| Band                     | 2019     |      | 2018     |      |
|--------------------------|----------|------|----------|------|
|                          | Female   | Male | Female   | Male |
| Band 1 (Executive)       |          |      |          |      |
| Band 2 (Executive)       | 1        | 2    | 2        | 3    |
| Band 3 (Executive)       | 1        | 3    |          | 2    |
| Band 4 (Executive)       |          |      |          |      |
| Above Band 4 (Executive) |          | 1    |          | 1    |
| Totals                   | 2        | 6    | 2        | 6    |
|                          | <b>8</b> |      | <b>8</b> |      |

In 2019, 2.03% of the Southern Cross University's employee related expenditure in 2019 was related to senior executives, compared to 2.14% in 2018.

| Band                     | Range \$               | Average remuneration |           |
|--------------------------|------------------------|----------------------|-----------|
|                          |                        | 2019 \$              | 2018 \$   |
| Band 1 (Executive)       | \$192,600 to \$274,700 | \$0                  | \$0       |
| Band 2 (Executive)       | \$274,701 to \$345,550 | \$316,300            | \$319,020 |
| Band 3 (Executive)       | \$345,551 to \$487,050 | \$378,825            | \$367,500 |
| Band 4 (Executive)       | \$487,051 to \$562,650 | \$0                  | \$0       |
| Above Band 4 (Executive) | Over \$562,651         | \$733,600            | \$727,700 |

## Appendix C

### Equal Employment Opportunity (EEO)

The tables below detail the 2019 statistics for the University's key EEO target groups. The percentage of women in our academic staff

increased from 2018 and now exceeds the benchmark of 50%. An increase of Aboriginal people and Torres Strait Islanders within our academic

workforce also occurred and exceeds the target of 2.6%.

**Table 1: Academic Staff representation of EEO Target Groups as a percentage at 31 March in the years 2016 - 2019**

| Academic Staff   | Benchmark or target | 2016  | 2017  | 2018  | 2019  |
|--|---------------------|-------|-------|-------|-------|
| Women  | 50%                 | 49.8% | 49.3% | 48.8% | 51.3% |
| Aboriginal people and Torres Strait Islanders              | 2.6%                | 1.8%  | 1.8%  | 2.5%  | 3.4%  |
| People whose first language was not English                | 19%                 | 8.7%  | 8.4%  | 11.9% | 12.9% |
| People with a disability                                   | NA                  | 6.3%  | 6.6%  | 7.2%  | 6.6%  |
| People with a disability requiring work-related adjustment | 1.1%                | 0.6%  | 0.6%  | 1.3%  | 1.1%  |

**Table 2: Professional Staff representation of EEO Target Groups as a percentage at 31 March in the years 2016 - 2019**

| Professional Staff   | Benchmark or target | 2016  | 2017  | 2018  | 2019  |
|--|---------------------|-------|-------|-------|-------|
| Women  | 50%                 | 67.1% | 66.3% | 67.2% | 65.9% |
| Aboriginal people and Torres Strait Islanders              | 2.6%                | 3.2%  | 2.8%  | 2.9%  | 2.7%  |
| People whose first language was not English                | 19%                 | 2.8%  | 3.8%  | 5.1%  | 4.6%  |
| People with a disability                                   | NA                  | 3.6%  | 3.3%  | 3.4%  | 2.9%  |
| People with a disability requiring work-related adjustment | 1.1%                | 0.2%  | 0.2%  | 0.5%  | 0.5%  |

## Appendix C

**Table 3: Academic Staff – Trends in distribution of EEO Target Groups at 31 March in the years 2016 - 2019**

| Academic Staff   | Benchmark or target | Distribution Index |      |      |      |
|--|---------------------|--------------------|------|------|------|
|  |                     | 2016               | 2017 | 2018 | 2019 |
| Women  | 100                 | 93                 | 88   | 89   | 87   |
| Aboriginal people and Torres Strait Islanders              | 100                 | 120                | 107  | 95   | 75   |
| People whose first language was not English                | 100                 | 89                 | 98   | 93   | 96   |
| People with a disability                                   | 100                 | 93                 | 104  | 99   | 104  |
| People with a disability requiring work-related adjustment | 100                 | 89                 | 89   | 104  | 105  |

**Table 4: Professional Staff – Trends in distribution of EEO Target Groups at 31 March in the years 2016 - 2019**

| Professional Staff   | Benchmark or target | Distribution Index |      |      |      |
|--|---------------------|--------------------|------|------|------|
|  |                     | 2016               | 2017 | 2018 | 2019 |
| Women  | 100                 | 89                 | 91   | 90   | 90   |
| Aboriginal people and Torres Strait Islanders              | 100                 | 87                 | 85   | 87   | 83   |
| People whose first language was not English                | 100                 | 92                 | 93   | 94   | 95   |
| People with a disability                                   | 100                 | 102                | 100  | 99   | 98   |
| People with a disability requiring work-related adjustment | 100                 | 104                | 104  | 94   | 82   |

## Appendix D

### Frequency of meetings and members' attendance at meetings

| Council 2019    |        |        |        |        |        |   |
|-----------------|--------|--------|--------|--------|--------|---|
|                 | 15 Feb | 17 Apr | 20 Jun | 12 Sep | 28 Nov |   |
| B Boyd          | ✓      | ✓      |        |        | ✓      |   |
| N Burton Taylor | ✓      | ✓      |        | ✓      | ✓      |   |
| A Curtin        | ✓      | ✓      | ✓      | ✓      | ✓      |   |
| M d'Almeida     | ✓      | ✓      | ✓      | ✓      | ✓      |   |
| J Granger       | ✓      | ✓      | ✓      | ✓      | ✓      |   |
| M Hughes        | ✓      | N/A    | N/A    | N/A    | N/A    | <i>Term concluded<br/>22 March 2019</i> |
| M Jones         | ✓      |        | ✓      | ✓      | ✓      |   |
| G Lancaster     | ✓      | ✓      |        | ✓      | ✓      |   |
| S Noble         | ✓      |        | ✓      | ✓      | ✓      |   |
| L O'Grady       | ✓      | ✓      | ✓      | ✓      |        |   |
| A Rose          | N/A    | ✓      | ✓      | ✓      | ✓      | <i>Term commenced<br/>23 March 2019</i> |
| J Rourke        | ✓      | ✓      |        | ✓      | ✓      |   |
| A Shoemaker     | ✓      | ✓      | ✓      | ✓      | ✓      |   |
| A Wessell       | ✓      | ✓      | ✓      | ✓      | ✓      |   |

#### Legend

|                     |   |
|---------------------|---|
| Attended meeting    | ✓ |
| Absent from meeting |   |

## Appendix E

### Statistical information about access applications – Clause 8(d) and Schedule 2

**Table A: Number of applications by type of applicant and outcome\***

|   | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
|---|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| Media   | 1                      |                        |                        |                      | 1                             |                                 |  |                       |
| Members of Parliament                                       |                        |                        |                        |                      |                               |                                 |  |                       |
| Private sector business                                     |                        |                        |                        |                      |                               |                                 |  |                       |
| Not for profit organisations or community groups            |                        |                        |                        |                      |                               |                                 |  |                       |
| Members of the public (application by legal representative) |                        |                        |                        |                      |                               |                                 |  |                       |
| Members of the public (other)                               |                        |                        |                        |                      |                               | 1                               |  |                       |

\* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

**Table B: Number of applications by type of application and outcome**

|  | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
|--|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| Personal information applications*   |                        |                        |                        |                      |                               | 1                               |  |                       |
| Access applications (other than personal information applications)                     | 1                      |                        |                        |                      | 1                             |                                 |  |                       |
| Access applications that are partly personal information applications and partly other |                        |                        |                        |                      |                               |                                 |  |                       |

\* A *personal information application* is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

## Appendix E

**Table C: Invalid applications**

| Reason for invalidity   | No of applications |
|---|--------------------|
| Application does not comply with formal requirements (section 41 of the Act)  | 1                  |
| Application is for excluded information of the agency (section 43 of the Act) | 0                  |
| Application contravenes restraint order (section 110 of the Act)              | 0                  |
|   | 0                  |
| Total number of invalid applications received                                 | 0                  |
| Invalid applications that subsequently became valid applications              | 0                  |

**Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act**

|   | Number of times consideration used* |
|---|-------------------------------------|
| Overriding secrecy laws                               | 0                                   |
| Cabinet information                                   | 0                                   |
| Executive Council information                         | 0                                   |
| Contempt  | 0                                   |
| Legal professional privilege                          | 0                                   |
| Excluded information                                  | 0                                   |
| Documents affecting law enforcement and public safety | 0                                   |
| Transport safety                                      | 0                                   |
| Adoption  | 0                                   |
| Care and protection of children                       | 0                                   |
| Ministerial code of conduct                           | 0                                   |
| Aboriginal and environmental heritage                 | 0                                   |

\* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

**Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act**

|  | Number of occasions when application not successful |
|--|---|
| Responsible and effective government                                 | 0   |
| Law enforcement and security   | 0   |
| Individual rights, judicial processes and natural justice            | 0   |
| Business interests of agencies and other persons                     | 0   |
| Environment, culture, economy and general matters                    | 0   |
| Secrecy provisions   | 0   |
| Exempt documents under interstate Freedom of Information legislation | 0   |

## Appendix E

**Table F: Timeliness**

|  | Number of applications |
|--|------------------------|
| Decided within the statutory timeframe (20 days plus any extensions) | 3                      |
| Decided after 35 days (by agreement with applicant)                  | 0                      |
| Not decided within time (deemed refusal)                             | 0                      |
| Total  | 3                      |

**Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)**

|  | Decision varied | Decision upheld | Total |
|--|-----------------|-----------------|-------|
| Internal review  | 0               | 0               | 0     |
| Review by Information Commissioner*                              |                 | 1               | 1     |
| Internal review following recommendation under section 93 of Act | 0               | 0               | 0     |
| Review by ADT  | 2               | 0               | 2     |
| Total  | 2               | 1               | 3     |

\* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

**Table H: Applications for review under Part 5 of the Act (by type of applicant)**

|   | Number of applications for review |
|---|-----------------------------------|
| Applications by access applicants   | 3                                 |
| Applications by persons to whom information the subject of access application relates (see section 54 of the Act) | 0                                 |

**Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)**

|                               | Number of applications transferred |
|-------------------------------|------------------------------------|
| Agency-initiated transfers    | 0                                  |
| Applicant-initiated transfers | 0                                  |



## Appendix F

### Financial Compliance

#### Investment Performance

The University held investment funds (excluding cash at bank and on hand) of \$23 million as at 31 December 2019, with the maturity period of 182 days or less.

The average rate of return on term deposits is shown below in comparison to the TCorp Cash Hourglass Facility.

|                                 |       |
|---------------------------------|-------|
| Cash Investments                | 2.62% |
| TCorp Hourglass Facility - Cash | 1.86% |

As investments are held as interest bearing deposits and on-call bank deposits the only impact of economic events has been on the future earning potential due to lower interest rates, with no impact on the invested values.

#### Payment of Accounts

The University's payment terms in respect of its creditors are 30 days. In 2019, 63 per cent of invoices were paid in accordance with these terms. Interest of \$0 was incurred during 2019.

#### Aged analysis at the end of each quarter

| Quarter            | Mar-19            | Jun-19         | Sep-19         | Dec-19           |
|--------------------|-------------------|----------------|----------------|------------------|
|                    | \$                | \$             | \$             | \$               |
| Current            | 10,750,882        | 153,262        | 406,591        | 2,146,823        |
| Between 30-60 days | 166,546           | 43,127         | 90,185         | 7,068            |
| Between 60-90 days | 61,095            | 1,555          | 349,238        | 284              |
| Over 90 days       | 944               | 200            | 5,462          | 2,054            |
| <b>Total</b>       | <b>10,979,467</b> | <b>198,144</b> | <b>851,476</b> | <b>2,156,230</b> |

#### Accounts paid within each quarter

| Measure  | Mar-19       | Jun-19       | Sep-19       | Dec-19       | Annual        |
|--|--------------|--------------|--------------|--------------|---------------|
| Number of accounts paid  | 1,004        | 1,026        | 1,120        | 1,075        | <b>2,176</b>  |
| Number of invoices paid on time  | 2,363        | 2,760        | 3,052        | 2,706        | <b>10,881</b> |
| Actual percentage of invoices paid on time (based on number of invoices) | 65%          | 63%          | 64%          | 60%          | <b>63%</b>    |
| Number of payments for interest on overdue accounts                      | -            | -            | -            | -            | -             |
| Interest paid on overdue accounts  | -            | -            | -            | -            | -             |
| <b>Total number of invoices paid</b>                                     | <b>3,615</b> | <b>4,401</b> | <b>4,738</b> | <b>4,486</b> | <b>17,240</b> |

## Appendix F

### Land Disposal

The University did not dispose of any land holdings greater than \$5,000,000 in 2019.

### Overseas Travel

The University spent \$1.75 million on a variety of overseas visits in 2019 (\$1.63 million in 2018) for the purposes of promotion and marketing of the University and specific programs, visits to overseas partners and the development of new partner relationships, the attendance and presentation of research papers at international conferences, and research and teaching at affiliated universities.

### Consultants

The University engaged a range of consultants to provide recommendations or high level specialist or professional advice to assist in decision making by management. Table 1 lists the consultancies that were engaged by the University and the fees paid for their services during the year ended 31 December 2019. Table 2 lists those consultants costing greater than \$50,000.

Table 1: Consultancies costing less than \$50,000

| Consultancy   | No. | Amount \$'000 |
|---|-----|---------------|
| Information Technology                                | 1   | 13            |
| Organisation Review                                   | 2   | 38            |
| Planning & Environment                                | 3   | 40            |
| Marketing & Communications                            | 3   | 92            |
| <b>Total Consultancies costing less than \$50,000</b> |     | <b>183</b>    |

Table 2: Consultancies costing more than \$50,000

| Consultant Name                                       | Description                             | Amount \$'000 |
|---|---|---------------|
| Asean Focus Group Pty Ltd                             | International Strategic Engagement      | 60            |
| Strategic Project Partners                            | Strategic planning                      | 68            |
| Phillips K P A Pty Ltd                                | Admissions Review                       | 56            |
| Global Reviews (Asia Pacific) Pty Ltd                 | Monitor Sales Strategy                  | 50            |
| Fresh Projects Pty Ltd.                               | Research                                | 101           |
| Savills (NSW) Pty Ltd                                 | Student Accommodation Advisory Services | 115           |
| <b>Total Consultancies costing more than \$50,000</b> |   | <b>450</b>    |

## Appendix G

### Budget and Actual Performance (Parent entity only)

| <b>Southern Cross University</b>                 | <b>Actual</b>  | <b>Budget</b>  | <b>Budget</b>  |
|--|----------------|----------------|----------------|
| <b>Statement of Comprehensive Income</b>         | <b>2019</b>    | <b>2019</b>    | <b>2020</b>    |
|  | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>  |
| <b>Income from continuing operations</b>         |                |                |                |
| Australian Government financial assistance       |                |                |                |
| Australian Government grants                     | 110,007        | 112,156        | 104,254        |
| HELP - Australian Government payments            | 66,971         | 62,697         | 71,390         |
| State and local government financial assistance  | 3,890          | 1,792          | 2,135          |
| HECS-HELP - Student payments                     | 2,133          | 2,100          | 2,273          |
| Fees and charges                                 | 107,866        | 97,393         | 108,196        |
| Investment income                                | 1,393          | 328            | 612            |
| Royalties, trademarks and licences               | 898            | 817            | 830            |
| Consultancy and contracts                        | 7,736          | 6,256          | 7,700          |
| Gain on disposal of assets                       | 126            |                |                |
| Other revenue                                    | 13,225         | 11,981         | 12,251         |
| <b>Total income from continuing operations</b>   | <b>314,245</b> | <b>295,520</b> | <b>309,520</b> |
| <b>Expenses from continuing operations</b>       |                |                |                |
| Employee related expenses                        | 155,614        | 146,542        | 157,582        |
| Depreciation and amortisation                    | 17,321         | 17,173         | 16,654         |
| Repairs and maintenance                          | 4,965          | 4,300          | 4,477          |
| Borrowing costs                                  | 1,814          | 1,520          | 1,350          |
| Impairment of assets                             | 2,269          | 1,500          | 1,484          |
| Losses on disposal of assets                     |                | 100            | 100            |
| Other expenses                                   | 116,475        | 112,129        | 122,863        |
| <b>Total expenses from continuing operations</b> | <b>298,458</b> | <b>283,264</b> | <b>304,510</b> |
| <b>Net result from continuing operations</b>     | <b>15,787</b>  | <b>12,256</b>  | <b>5,131</b>   |

**Southern Cross University  
Annual Report 2019**

scu.edu.au

Production costs: \$2,600

**Locations**

Lismore campus  
Military Road  
East Lismore NSW 2480

Coffs Harbour campus  
Hogbin Drive  
Coffs Harbour NSW 2450

Gold Coast campus  
Southern Cross Drive  
Bilinga QLD 4225

Business Hours  
Monday – Friday  
9am to 5pm

T: 1800 005 687



**Southern Cross  
University**

**[scu.edu.au](http://scu.edu.au)**

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