



**Murdoch**  
UNIVERSITY

# 2012 Annual Report

# Statement of Compliance

Hon. Peter Charles Collier MLC BA, Dip.Ed.  
Minister for Education; Energy; Indigenous Affairs  
10th Floor, Dumas House  
2 Havelock Street  
WEST PERTH WA 6005

13 March 2013

Dear Minister,

In accordance with Section 63 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament the Annual Report of Murdoch University for the financial year ended 31 December 2012.

The Annual Report has been prepared in accordance with the provisions of the Financial Management Act 2006.

Yours sincerely



**E D R Skira**  
Pro Chancellor\*



**R A Higgott**  
Vice Chancellor

*\* In accordance with Section 11(3) of the Murdoch University Act 1973.*

## **Murdoch University**

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Western Australia 6150  
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# Contents

|  |           |
|--|-----------|
| <b>Executive Summary .....</b>                     | <b>3</b>  |
| Introduction from the Chancellor                   |           |
| Vice Chancellor's Review                           |           |
| Five Year Summary – Key Statistics 2012            |           |
| <b>Operational Structure.....</b>                  | <b>7</b>  |
| Overview of Murdoch University                     |           |
| Risk Management                                    |           |
| Senate Members                                     |           |
| Meetings of Senate Members                         |           |
| Report by Members of the Senate                    |           |
| Organisational Structures                          |           |
| University Governance and Management               |           |
| <b>Performance .....</b>                           | <b>15</b> |
| Vision, Values and Strategic Plan                  |           |
| Research   |           |
| Teaching and Learning                              |           |
| Community Engagement                               |           |
| Murdoch University Foundation Donors and Sponsors  |           |
| <b>Disclosures and Legal Compliance .....</b>      | <b>28</b> |
| Certification of Financial Statements              |           |
| Auditor General's Report                           |           |
| Financial Statements                               |           |
| Key Performance Indicators                         |           |
| Characteristics of the Student Population          |           |
| Other Disclosures:                                 |           |
| - Significant Issues Impacting the University;     |           |
| - Major Capital Projects;                          |           |
| - Staffing Matters;                                |           |
| - Media and Advertising Expenditure;               |           |
| - Pricing Policy;                                  |           |
| - Statement of Compliance with Record Keeping Plan |           |

# Executive Summary

## Introduction from the Chancellor



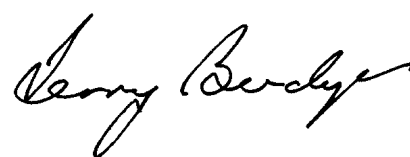
The new Strategic Plan 2012 – 2017 provides an excellent framework for new initiatives and those we have already seen launched in 2012. The approval by Senate of the Academic Restructure and the endorsement of the Murdoch Curriculum Commission White Paper are two key platforms for the realisation of the core priorities of the plan.

In the past year the University has also seen the beginnings of some exciting capital initiatives. The Murdoch Activity Centre (MAC) Structure Plan was considered and endorsed, with the potential for a range of future educational and community activities within the precinct. In addition, the final stage of the St Ives Village development was approved for construction, adding to this already impressive retirement community.

A new senior team came together at the beginning of the year, and are playing key roles in the operational implementation of the new strategic plan. They are a strong team with key skills and complementary individual talents who will be able to advance the core priorities and enabling strategies of the plan. The Senate fully endorsed the current initiatives, and look forward to reporting the progress against our new plan objectives to you at this time next year.

I am pleased to report that Murdoch University has once again enjoyed student growth and research success, with a strong end of year financial result. I would like to record my appreciation of the professionalism and dedication of the staff who have contributed to this result.

During the year, I was delighted when Senate reappointed me as Chancellor of the University for a further period. I remain committed to the University and will look forward to this new and exciting period as the University heads towards its 40th year.

A handwritten signature in black ink, reading "Terry Budge". The signature is written in a cursive, flowing style.

Mr Terry Budge  
Chancellor

## Vice Chancellor's Report



2012 has been an exciting year, with a range of strategic initiatives implemented which will assist in advancing the quality and reputation of the University while ensuring its long term sustainability.

### Building reputation – Murdoch's mission to reconnect teaching and research

In 2012 the Senate approved the new Strategic Plan 2012 – 2017, which outlines a 21st century vision for the University. The plan, which was the subject of significant consultation both within and outside the University, presents three core priorities:

- Leading edge, blue sky and translational research;
- High quality teaching and learning; and
- Strong societal engagement.

In addition, the parallel aspiration of these strategies is the vision to progress them in a way which provides for international connectivity. Internationalisation is a whole-of-University enterprise and does not simply refer to international student recruitment. Internationalisation is about the widening of cross-cultural experience and understanding. Through research, teaching and engagement, the University can successfully participate in an increasingly globalised world – building reputation through knowledge dissemination and partnerships.

Murdoch continues to be a major player in the development of the Murdoch Activity Centre (MAC), particularly the plans for the University's Eastern Precinct. The overall project, which includes the Fiona Stanley and St John of God hospitals, will see a wide range of activities, including health and biomedical services, cultural amenity and events and hospitality and commercial facilities. The University will bring its expertise and community ethos to the MAC across its three core activities of research, teaching and engagement. In terms of our strategic aims, the activity centre will be an ideal opportunity to demonstrate how a contemporary university can combine its core activities in a dynamic integrated way.

In 2012 we established the new Sir Walter Murdoch School of Public Policy and International Affairs, which began operation in 2013. This graduate school is the first of its kind in Western Australia and offers a unique opportunity to develop skills, experience and career opportunities in public policy and international affairs through the delivery of professional

postgraduate degrees. The new school will build on our strengths in applying world-class research to real world problems, giving students the opportunity to undertake policy studies in areas of Murdoch's research and applied policy strength, including Asian studies, political science, international relations, professional communication, environmental and resource management, energy, food security and biosecurity, animal welfare, water management and health policy.

In keeping with our internationalisation strategy, the organisation of the first Murdoch Commission is also well underway. Entitled *Western Australia and the evolving regional order – the next 25 years, challenges and opportunities*, it is an international commission of inquiry that will examine WA's broad development potential through a set of specific themes. A distinguished group of Commissioners from the region recently met for the first time to consider regional issues.

An exciting prospect with the National Trust of WA for the lease of Whitby Falls Farm has been under discussion. The site would provide a working farm environment for teaching and research in veterinary science, animal science, environmental science and water-related courses. It is anticipated that the site would also provide a variety of education and research collaborations with a range of local, state and international bodies. The University will ensure sustainable management of this site while promoting its rich natural and built heritage for enhanced educational outcomes.

### Financial position

Financially, the University is in a strong position. 2012 saw the University achieve a consolidated surplus of \$33 million driven largely by improvements in student load, investment performance, management of cost structures and timing associated with grants received.

Although a pleasing result, the University has ongoing financial challenges which include the significant capital requirements associated with its existing and future facilities, as well as the Western Australian half student cohort in 2015. Generating a surplus is crucial to meeting these challenges and will assist the University in achieving financial sustainability.

For a detailed analysis on the result, refer to the Operational Structure section.

### University reorganisation

After my appointment as Vice Chancellor in 2011, a priority was the revitalisation of the Senior Leadership Group. Professor Ann Capling and Professor David Morrison officially began their roles as Deputy Vice Chancellor Academic and Deputy Vice Chancellor Research respectively in February 2012. Both are significant scholars with outstanding international reputations in their respective disciplines. The University also appointed Jon Baldwin as Deputy Vice Chancellor Professional Services who also began in early February. Mr Baldwin has held significant management, teaching and administrative posts at some of Britain's best universities.

In addition to a new senior leadership, a review of the organisational structure of the University was undertaken with a view to enhancing the management and governance of our operations. A formal consultation process has led to a reconfiguration of School structures and of the professional services which support them. A global search for six new School Deans is underway – along with a Dean for the new graduate school. These appointments will be confirmed in 2013 and offer a major opportunity to reinvigorate the senior academic leadership of the University. They, along with the two confirmed Deans for Veterinary and Life Sciences and Law, will be pivotal to the success of our new approach.

In the context of re-organisation, the ongoing work of the Murdoch Curriculum Commission is a key element in achieving our goal of providing a rich and diverse academic learning experience with a curriculum integrally linked to quality research and up-to-date pedagogy, equipping students with life-long learning skills and the capacity to successfully engage in a globally-connected world.

The Curriculum Commission has undertaken a thorough analysis of our courses, degrees and degree structures and examined the current and future needs of our students, as well as national and international trends and impacts in higher education, educational technologies and pedagogy. The outcomes of the Commission will strengthen the nexus between teaching and research and ensure the provision of academic programs which are of international quality and design and are financially sustainable.

All of these strategies are designed to enhance our core activities, ensuring we are 'fit for purpose' with a strong management and governance model that will facilitate our 21st century vision.

### Significant achievements

Along with the range of initiatives that began in 2012, there has been much to celebrate, with a range of awards and achievements which demonstrate the depth and quality of our University.

At the national level, the Excellence in Research Australia (ERA) results were very positive for us. The number of fields rated "well above world standard" has increased from five to seven, and we have maintained our strength in units rated as "above world standard". Overall, 85 per cent of our assessed areas are rated "at world standard" or above, which confirms Murdoch as a high quality research university.

Murdoch also received more positive news in university rankings – being placed 301-350 in the Times Higher Education World University Rankings for 2012/13. This was the first time that Murdoch has been considered in these rankings, which use a set of 13 performance indicators to judge universities across all of their core missions – teaching, research, knowledge transfer and international outlook. There are only 19 Australian universities listed in the top 400 this year.

In addition, the ninth annual QS World University Rankings were published in September, with seven Australian institutions in the top 100. Australia had the third highest representation among the countries included – after the UK and the US. Murdoch is ranked number 448 – a jump of at least 50 places from 2011/12, which places us in the top five per cent of universities globally.

Despite methodological limitations, it is a fact that rankings influence international students and potential staff members in their decisions about universities and provide positive indicators of quality and reputation, so these rankings confirm Murdoch as a quality international institution.

During the year, Murdoch University received a \$5 million grant from the Federal Government to implement outreach projects in local high schools to encourage and inspire local students to continue their education at university. This project: *Building Aspirations and Learning Links for Young people to go to University*, will allow the University to work with many of the high schools in Kwinana, Rockingham and Peel to create innovative programs. New university courses and pathway programs at our Rockingham and Peel campuses will be part of the response. Murdoch's expertise in pathways to learning and building aspirations was a critical factor in receiving this grant.

In teaching and learning, the University also achieved success in the Australian Awards for University Teaching 2012 with four citations for outstanding contributions to student learning. The awards were for innovative teaching and pedagogy – engaging students to achieve academic success.

As a part of the new Federal regulatory environment, Murdoch has been very active this year preparing for renewal of registration as a self-accrediting higher education provider. The Tertiary Education Quality Assurance Agency (TEQSA), established in 2011, regulates and assures the quality of Australia's higher education sector, assessing performance against a Higher Education Standards Framework. Assessment of our completed application will be concluded in 2013.

Strategic activities undertaken in 2012 provide an excellent platform for the implementation of our strategic plan in the coming years. As a University, we enter 2013 in a stronger position than we entered 2012, and I am confident in our abilities as an institution and a community to meet the challenges of the future.



Professor Richard Higgott  
Vice Chancellor

## Five Year Summary – Key Statistics

|  |                           | 2012          | 2011          | 2010          | 2009          | 2008          |
|--|---------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>STUDENT STATISTICS*</b>                   | <b>Total</b>              | <b>22,602</b> | <b>19,733</b> | <b>18,103</b> | <b>17,701</b> | <b>16,647</b> |
| Number of students                           | Commencing                | 9,220         | 8,227         | 6,983         | 6,846         | 6,305         |
| Student load (EFTSL)                         | <b>Total</b>              | <b>15,744</b> | <b>13,611</b> | <b>12,671</b> | <b>12,543</b> | <b>11,831</b> |
|  | Undergraduate             | 13,475        | 11,592        | 10,750        | 10,664        | 10,025        |
|  | Postgraduate              | 2,269         | 2,019         | 1,920         | 1,878         | 1,806         |
| Student load by funding source (EFTSL)       | Commonwealth Grant Scheme | 8,231         | 7,933         | 7,741         | 7,592         | 7,201         |
|  | Research Training Scheme  | 376           | 381           | 378           | 346           | 352           |
|  | Domestic fee paying       |               |               |               |               |               |
|  | - Undergraduate           | 1             | 0             | 11            | 9             | 18            |
|  | - Postgraduate            | 684           | 642           | 590           | 548           | 568           |
|  | International onshore     | 1,577         | 1,584         | 1,634         | 1,794         | 1,692         |
|  | Transnational             | 4,808         | 2,980         | 2,197         | 2,122         | 1,810         |
|  | Other                     | 66            | 91            | 120           | 132           | 174           |
| <b>STAFF STATISTICS^</b>                     | <b>Total</b>              | <b>1,612</b>  | <b>1,556</b>  | <b>1,561</b>  | <b>1,595</b>  | <b>1,570</b>  |
| Staff (FTE)                                  | Academic                  |               |               |               |               |               |
|  | Teaching only or mainly   | 190           | 164           | 180           | 185           | 172           |
|  | Research only             | 54            | 58            | 63            | 75            | 85            |
|  | Teaching and research     | 428           | 422           | 428           | 415           | 394           |
|  | Other                     | 26            | 26            | 20            | 26            | 22            |
|  | Non academic              | 913           | 886           | 870           | 894           | 898           |
| <b>FINANCIAL STATISTICS (Consolidated) #</b> |                           |               |               |               |               |               |
| Net operating result (\$'000's)              |                           | 32,995        | 3,017         | 25,948        | 14,542        | 14,421        |
| Operating margin (%)                         |                           | 10            | 1             | 8             | 5             | 5             |
| Net assets (\$'000's)                        |                           | 777,644       | 678,330       | 675,313       | 636,650       | 635,526       |
| Total assets (\$'000's)                      |                           | 1,022,588     | 912,615       | 896,456       | 838,829       | 826,543       |
| Total revenue (\$'000's)                     |                           | 328,921       | 308,861       | 306,400       | 286,710       | 275,581       |
| Total research income (\$'000's)             |                           | 30,184        | 31,757        | 38,689        | 43,050        | 41,862        |

\* Student data figures are subject to updates in Summer school, revisions and final quarter submission corrections.

# Historic numbers have been restated to match a change in accounting approach to research.

^ Staff statistics do not include Staff employed by transnational partners.



# Operational Structure



## Overview of Murdoch University

The University was established by the Murdoch University Act 1973, an Act of the Western Australian Parliament. The Act provides the legislative machinery for administering the University and establishes the Senate as the primary body which governs the University.

The Senate oversees the development and adoption of strategic plans and key policies, monitors and reviews the University's overall performance and bears ultimate accountability for the University.

Its activities are those of guidance and review, rather than executive management, and members recognise their responsibility to bring diverse viewpoints together for the advancement of the University rather than to represent sectional interests.

To assist it in carrying out its responsibilities, the Senate has established six committees and one sub-committee. These committees are the Audit and Risk Committee,

the Chancellor's Committee and its Remuneration Sub-Committee, the Honorary Awards and Ceremonial Committee, the Governance and Nominations Committee, the Resources Committee and the Summer Committee.

Under the Act, the Senate can delegate any of its functions, other than its powers of delegation and making statutes, by-laws and regulations. As such, the operational responsibility for the University is delegated to the Vice Chancellor and the individuals he appoints as senior executives.

The Act provides for a maximum 19 member Senate comprising of the Chancellor, the Vice Chancellor, six members appointed by the Governor of Western Australia, three members elected by and from the University's full-time academic staff, one member elected by and from the University's full-time non academic staff, two members elected by and from the University's students, two members elected by and from the University's alumni and up to three members co-opted by an absolute majority of the Senate.

The University also complies with the Voluntary Code of Best Practice for the Governance of Australian Universities which was endorsed by the Ministerial Council for Tertiary Education and Employment in July 2011.

The University is responsible to the Minister for Education for Western Australia for the proper conduct of its business under the legal framework established by State legislation. However, the University receives significant funding from the Commonwealth and under those arrangements it is also responsible to the Minister for Tertiary Education, Skills, Science and Research for the delivery of its teaching and research programs and for the provision of adequate infrastructure to support these programs.

The Vice Chancellor is appointed by the Senate. The current Vice Chancellor is Professor Richard Higgott, who commenced his duties in 2011. The role of the Vice Chancellor is to encourage, promote and facilitate the very best academic and organisational performance across the whole University.





Professor Ann Capling



Professor David Morrison



Jon Baldwin

The Vice Chancellor appoints a Senior Leadership Group (SLG) to assist him in operating the University. In 2012, the SLG comprised the Vice Chancellor, the three Deputy Vice Chancellors, five Pro Vice Chancellors and the President of Academic Council. The Deputy Vice Chancellors were:

#### Deputy Vice Chancellor Academic, Professor Ann Capling

Has overall responsibility for the enhancement and growth of the University's undergraduate and postgraduate coursework profile. This position provides leadership in achieving the University's strategic goals in learning and teaching and has overall responsibility for academic planning and policy, the student experience and curriculum, pedagogy and delivery.

#### Deputy Vice Chancellor Research, Professor David Morrison

Has overall responsibility for the strategic direction and focus of research undertaken within the University. This position is active in developing closer research links and a funding base with both private and public sector users and providers. The Deputy Vice Chancellor Research is also responsible for ensuring the promotion of research for the public good and its contribution to society.

#### Deputy Vice Chancellor Professional Services, Jon Baldwin

Responsible for the management of the University's administrative support services and resources, including Finance, Legal, Governance, Risk Management, Human Resources, Library, Information Technology, Development, Communications, Student Services, Transnational Education, Facilities Management, Commercial Services and Research and Development.

### Academic Governance

Of major importance in a university is academic governance. Section 21 of the Murdoch University Act provides for the establishment by Statute of an Academic Council. The Academic Council of Murdoch University is the senior decision-making body on academic matters within the University. On matters of academic policy it makes the final decision. The President of Academic Council in 2012 was Associate Professor David Holloway.

### Academic and Professional Services Restructure

In 2012, the University had four faculties comprising 14 schools which were responsible for the general administration of the courses under their governance. Each faculty was headed by a Pro Vice Chancellor and each school was headed by a Dean.

Throughout 2012, an academic and professional services restructure took place in support of the University's strategic goals in teaching and learning, research, engagement and internationalisation. As of January 1, 2013, a new structure was implemented to realign the University's purpose with scholarly and academic values. The faculties no longer exist and the number of schools has been reduced to eight as well as a new graduate school, the Sir Walter Murdoch School of Public Policy and International Affairs.

Following consultations required under the Enterprise Agreement, the restructure of professional services was concluded in September 2012 with the number of direct reports to Deputy Vice Chancellor Professional Services reduced to nine.

The Senior Leadership Group, the Deans and committees at all levels work with and are supported by the University's professional staff, both technical and administrative.

### Risk Management

The Senate, in accordance with its Statement of Governance Principles, has responsibility for setting risk management policy and critically monitoring the management of risk across the University, including commercial undertakings. Senate has also approved Terms of Reference for the Audit and Risk Committee (ARC) which requires the Committee to confirm the University's risk management framework is appropriate. The ARC receives regular reports on management of the University's significant risks and systems of internal control. To enhance controls, the ARC submits its minutes to Senate regularly and submits an annual report on risk, internal controls and audit matters.

Senate has also approved the University's risk management policy, which is consistent with concepts in Standards Australia AS/NZS ISO 31000:2009, Risk Management – Principles and Guidelines. The policy requires management to maintain risk registers at strategic and operational levels.

The Strategic Risk Register is closely aligned with the objectives of the University's Strategic Plan and highlights key risks of not achieving those objectives. The Strategic Risk Register is presented at each ARC meeting and is continually being reviewed to ensure it records current risks and mitigating controls.

Operational Risk Registers were completed during the year and higher level risks reported to the ARC. As the University updates its operational plans, it will update the operational risk registers accordingly.

The Risk Registers enable the University to understand its objectives, related risks, actual controls in operation and any further controls required to mitigate risks to an acceptable level. The Risk Registers also form an important source for compiling annual internal audit plans.

## Senate Members

The following persons were members of the Murdoch University Senate during the year and up to the date of this report:

|   |   |
|---|---|
| Terence Budge (Chancellor)                  | Member since 2004                                       |
| Eva Skira (Pro Chancellor)                  | Member since 2008                                       |
| Professor Richard Higgott (Vice Chancellor) | Member since 2011                                       |
| Brian Aitken                                | Member since 2005                                       |
| Associate Professor Pia Broderick           | Member since 2009, Term expired 5 November 2012         |
| Liz Harris                                  | Member since 2010, Term expired 9 March 2013            |
| Garry Hunt                                  | Member since 2004                                       |
| Tony Iannello                               | Member since 2006                                       |
| Dr Marian Kemp                              | Member since 2007                                       |
| Maxine Murray                               | Member since 2008                                       |
| Paul Niardone                               | Member since 2008                                       |
| Dr Lyndy Scott                              | Member since 2007, Term expired 31 December 2012        |
| Fiona Feist                                 | Member since 2011                                       |
| Russell Barnett                             | Member since 2011                                       |
| Paul Sadleir                                | Member since 2011                                       |
| Associate Professor David Holloway          | Member since 2011                                       |
| Alex Bellotti                               | Appointed 1 January 2012, Term expired 31 December 2012 |
| Bec Thompson                                | Appointed 1 January 2012                                |
| Anna George                                 | Appointed 1 January 2012                                |
| Dr Janice Dudley                            | Appointed 6 November 2012                               |
| Patryk Lazarz                               | Appointed 1 January 2013                                |

## Meetings of Senate Members

The numbers of meetings of the members of the Murdoch University Senate and of each Senate Sub-Committee held during the year ended 31 December 2012, and the numbers of meetings attended by each Senate member were:

|   | Senate |   | Senate Sub-Committees |   |              |   |                          |   |                              |   |           |   |
|---|--------|---|-----------------------|---|--------------|---|--------------------------|---|------------------------------|---|-----------|---|
|   |        |   | Audit & Risk          |   | Chancellor's |   | Governance & Nominations |   | Honorary Awards & Ceremonial |   | Resources |   |
|   | A      | B | A                     | B | A            | B | A                        | B | A                            | B | A         | B |
| Terence Budge (Chancellor)                  | 5      | 5 |                       |   | 1            | 1 | 2                        | 2 | 2                            | 2 |           |   |
| Eva Skira (Pro Chancellor)                  | 5      | 4 | 5                     | 5 | 1            | 1 | 2                        | 1 | 2                            | 1 |           |   |
| Professor Richard Higgott (Vice Chancellor) | 5      | 5 |                       |   |              |   | 2                        | 2 | 2                            | 2 | 4         | 4 |
| Brian Aitken                                | 5      | 5 | 5                     | 4 | 1            | 1 |                          |   |                              |   | 4         | 4 |
| Associate Professor Pia Broderick           | 4      | 4 |                       |   |              |   |                          |   |                              |   | 3         | 3 |
| Liz Harris                                  | 5      | 3 | 5                     | 2 |              |   |                          |   |                              |   |           |   |
| Garry Hunt                                  | 5      | 4 |                       |   | 1            | 0 |                          |   |                              |   | 4         | 2 |
| Tony Iannello                               | 5      | 4 |                       |   | 1            | 1 |                          |   |                              |   | 4         | 3 |
| Dr Marian Kemp                              | 5      | 4 |                       |   |              |   | 2                        | 1 |                              |   |           |   |
| Maxine Murray                               | 5      | 5 |                       |   | 1            | 0 | 2                        | 2 |                              |   |           |   |
| Paul Niardone                               | 5      | 3 |                       |   | 1            | 1 |                          |   |                              |   |           |   |
| Dr Lyndy Scott                              | 5      | 5 |                       |   |              |   |                          |   | 2                            | 0 |           |   |
| Fiona Feist                                 | 5      | 4 |                       |   |              |   |                          |   | 2                            | 1 |           |   |
| Russell Barnett                             | 5      | 4 |                       |   |              |   |                          |   |                              |   | 4         | 4 |
| Paul Sadleir                                | 5      | 5 |                       |   | 1            | 1 |                          |   |                              |   | 4         | 3 |
| Associate Professor David Holloway          | 5      | 5 |                       |   |              |   |                          |   | 2                            | 2 |           |   |
| Alex Bellotti                               | 5      | 4 |                       |   |              |   |                          |   | 2                            | 2 |           |   |
| Bec Thompson                                | 5      | 5 |                       |   |              |   | 2                        | 2 |                              |   |           |   |
| Anna George                                 | 5      | 4 |                       |   |              |   | 2                        | 1 | 2                            | 2 |           |   |
| Dr Janice Dudley                            | 1      | 1 |                       |   |              |   |                          |   |                              |   |           |   |

**A** = Number of meetings held during the time the member held office or was a member of the committee during the year

**B** = Number of meetings attended

**Note:** The Senate Sub-Committee members that are not Senate members have been excluded from the table above.

## Principal Activities

During the year the principal continuing activities of the University and its subsidiaries (the Group) consisted of higher education, research, consultancy and other commercial operations supporting University activities.

There were no significant changes in the nature of the activities of the Group during the financial year.

## Review of Operations

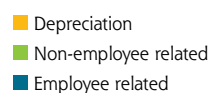
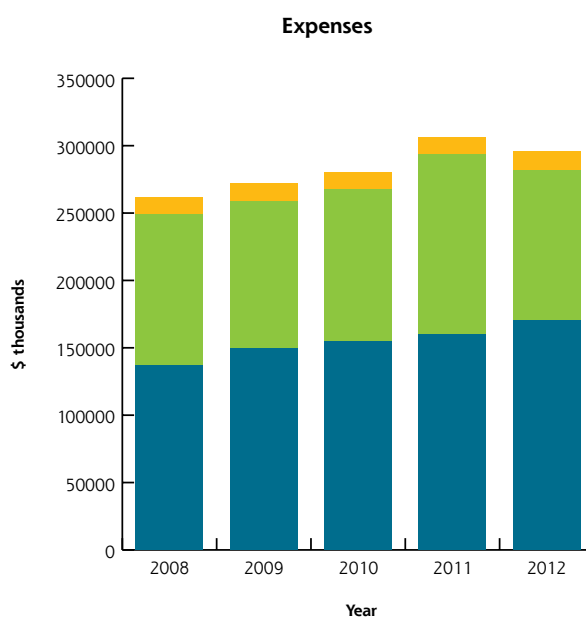
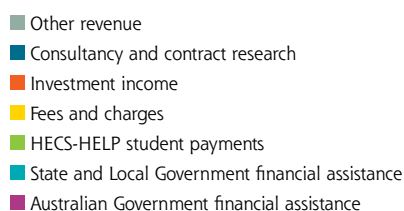
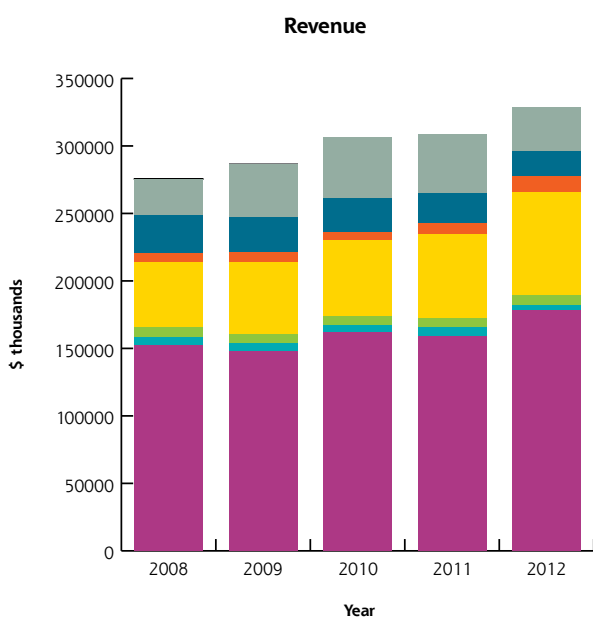
The Group reported an operating surplus before tax of \$33.5 million (2011: \$26.1 million) and an operating surplus after tax of \$33 million (2011: \$3 million) for the year. The University reported an operating surplus before tax of \$85.7 million (2011: \$39.9 million) and an operating surplus after tax of \$85.2 million (2011: \$39.7 million) for the year.

Although the Group and University results show a significant increase from the previous year, these increases are further explained by the following:

- i. Group – A significant tax related event (\$22.9 million) in 2011 in one of the University's subsidiaries, Murdoch Retirement Services Pty Ltd (MRS) which operates the St Ives Retirement Village. The event originated from two University subsidiaries successfully applying for income tax exemption from the Australian Taxation Office as charitable institutions which resulted in a cash benefit of \$7.3 million and \$30.2 million write down of deferred tax asset in MRS.
- ii. University – Donations of \$49 million received by the University from MRS which is eliminated on consolidation of the Group result. The donations consist of a cash donation of \$34 million and a non-cash loan settlement of \$15 million in 2012.

|                                  | Group       |             | University  |             |
|----------------------------------|-------------|-------------|-------------|-------------|
|                                  | 2012<br>\$m | 2011<br>\$m | 2012<br>\$m | 2011<br>\$m |
| Result before tax (reported)     | 33.5        | 26.1        | 85.7        | 39.9        |
| Less:                            |             |             |             |             |
| Income tax expense               | (0.5)       | (23.1)      | (0.5)       | (0.2)       |
| Result after tax (reported)      | 33.0        | 3.0         | 85.2        | 39.7        |
| Add back/<br>(Less):             |             |             |             |             |
| One-off tax related event in MRS | -           | 22.9        | -           | -           |
| Donation income from MRS         | -           | -           | (49.0)      | -           |
| Result after tax (underlying)    | 33.0        | 25.9        | 36.2        | 39.7        |

The Group reported revenue of \$329 million for 2012 (\$308.9 million in 2011), an increase of seven per cent over the prior year.



The revenue increase is a combination of:

- Higher Australian Government Financial Assistance (\$19.7 million or 12 per cent);
- A decrease in State and Local Government grants received (\$3.5 million or 50 per cent);
- Growth in fees and charges (\$13.9 million or 23 per cent) largely associated with international and Open Universities Australia student fees;
- An increase in investment revenue and income (\$3.2 million or 36 per cent). However, once investment losses are included, the net increase in investment returns is \$4.7 million or 72 per cent, largely the result of an increase in investment pool and the improved performance on investment market;
- A decrease in consultancy and contract research income (\$3.1 million or 14 per cent); and
- A decrease in the fair value adjustment on investment property (\$5 million or 90 per cent), largely due to an absence of new units being available for sale in 2012 from the St Ives Retirement Village.

The Group reported expenses (including income tax) of \$295.9 million for 2012, a decrease of \$9.9 million or three per cent over 2011.

Employee related costs increased \$9.9 million or six per cent, from \$160.3 million in 2011 to \$170.2 million in 2012. This increase is due primarily to salary increases and the automatic progression to higher paid levels of staff on Collective Workplace Agreements.

Non employee related costs decreased by \$21.2 million, or 16 per cent. Excluding the one-off tax related item in MRS as mentioned in the "Review of Operations", non employee related costs increased by \$1.6 million or two per cent. This is largely due to higher repairs and maintenance costs (\$1.8 million or 23 per cent), higher non-research consulting fees (\$2.2 million or 15 per cent) and higher scholarship expenses (\$1.9 million or 14 per cent). These increases are partially offset by the decreased costs associated with lower fair value movement in resident loans (\$4.4 million or 57 per cent).

Depreciation has increased by \$1.3 million or 10 per cent as a result of new asset acquisitions, including the commissioning of new buildings.

## Unqualified Audit Opinion from the Office of the Auditor General

The University has received an unqualified audit opinion from the Office of the Auditor General in relation to its financial statements for the year ended 31 December 2012.

## Current Assets vs Current Liabilities

The consolidated Statement of Financial Position reflects current assets of \$142 million and current liabilities of \$231.9 million.

This position is distorted by the resident loans relating to the St Ives Retirement Village of \$151.8 million, which are classified as current liabilities. Under Australian Accounting Standards and under our policy as per note 1 (s) of the financial statements, the resident loans are required to be recognised as current liabilities, as residents have control over when they exit the village, not the consolidated group. As a result, the consolidated group does not have an unconditional right to defer settlement.

The classification of the resident loans as current liabilities operates under the assumption that the consolidated group could be required to repay the entire liability at once. In practice however, this is unlikely to occur. Additionally, it is estimated that all payments required would be funded by the cash received from incoming new residents. This has been the situation since the retirement village commenced operations.

If the resident loans were excluded from current liabilities, the current liabilities would be \$80.1 million.

## Significant Changes in State of Affairs

In the opinion of the Members of the Senate, there were no significant changes in the state of affairs of the Group during the financial year under review.

## Matters Subsequent to the End of the Financial Year

There has not arisen in the period between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations or results of the Group.

## Likely Developments

The Group will continue to pursue its primary activities of higher education and research. It will further continue to identify commercial activities that provide opportunities for the Group to expand its primary activities, to further develop its endowment funds to strengthen the long term financial security of the Group and expand the educational and research activities.

The higher education sector is facing ongoing challenges as a result of both changing market conditions and Commonwealth Government policy. The Group continues to develop strategies and initiatives to operate successfully in this environment. This is likely to see ongoing change both within the sector and the Group.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

## Environmental Regulations

The Group's operations are subject to various environmental regulations under both Commonwealth and State legislation, which sets the minimum requirement the Group entity must meet.

The University has an Environmental Sustainability Advisory Committee, which considers environmental issues on the University's campuses.

The University also has an Occupational Safety and Health Committee which considers regulatory and other obligations in relation to health and safety.

## Insurance of Officers

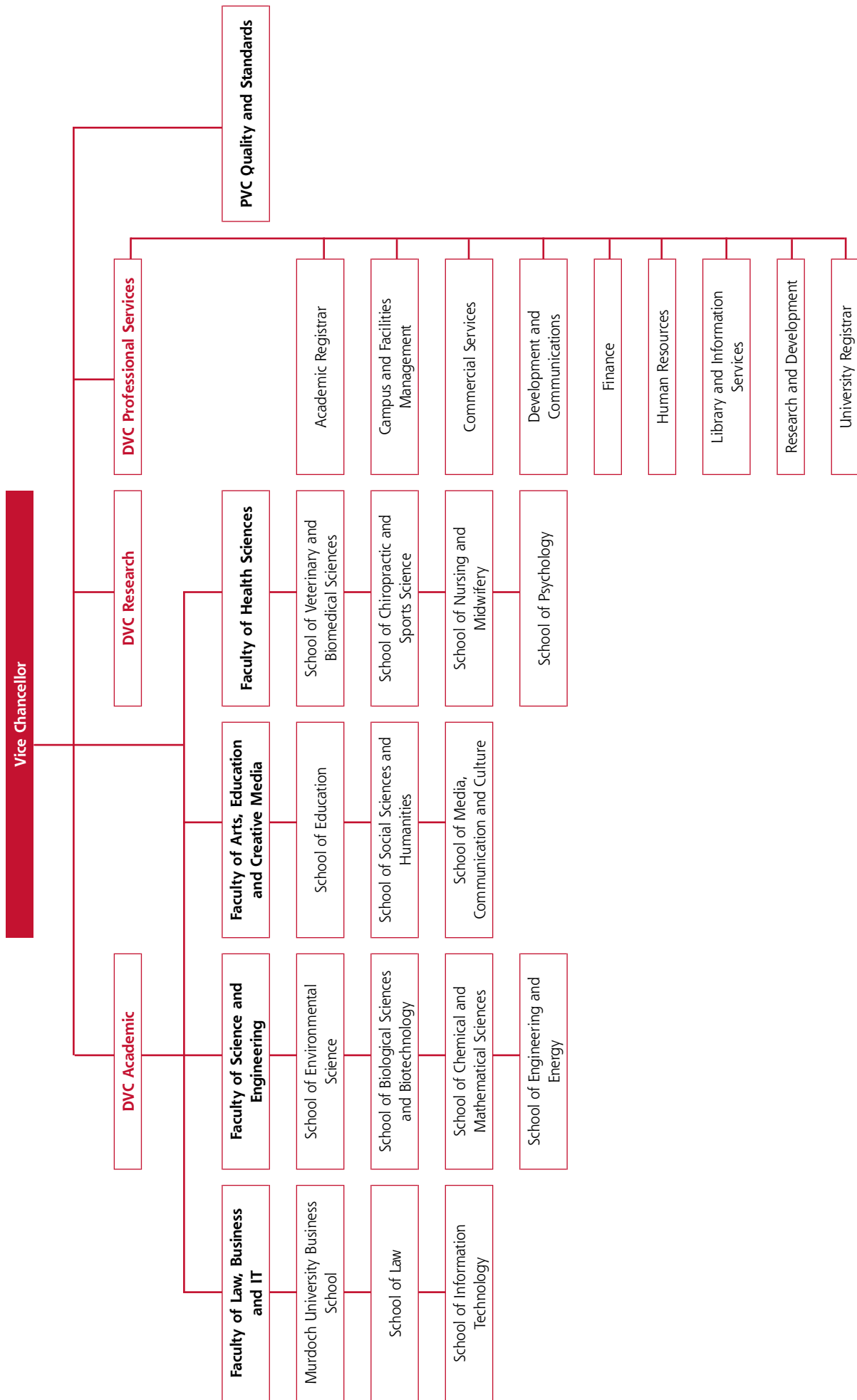
During the financial year, the Group has paid insurance premiums of \$33,640 (2011: \$32,028) in respect of directors' and officers' liability, for current and former directors and officers, including executive officers and secretaries of controlled entities.

Insurance premiums relate to:

- Costs and expenses incurred by the relevant directors and officers in defending proceedings; and
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

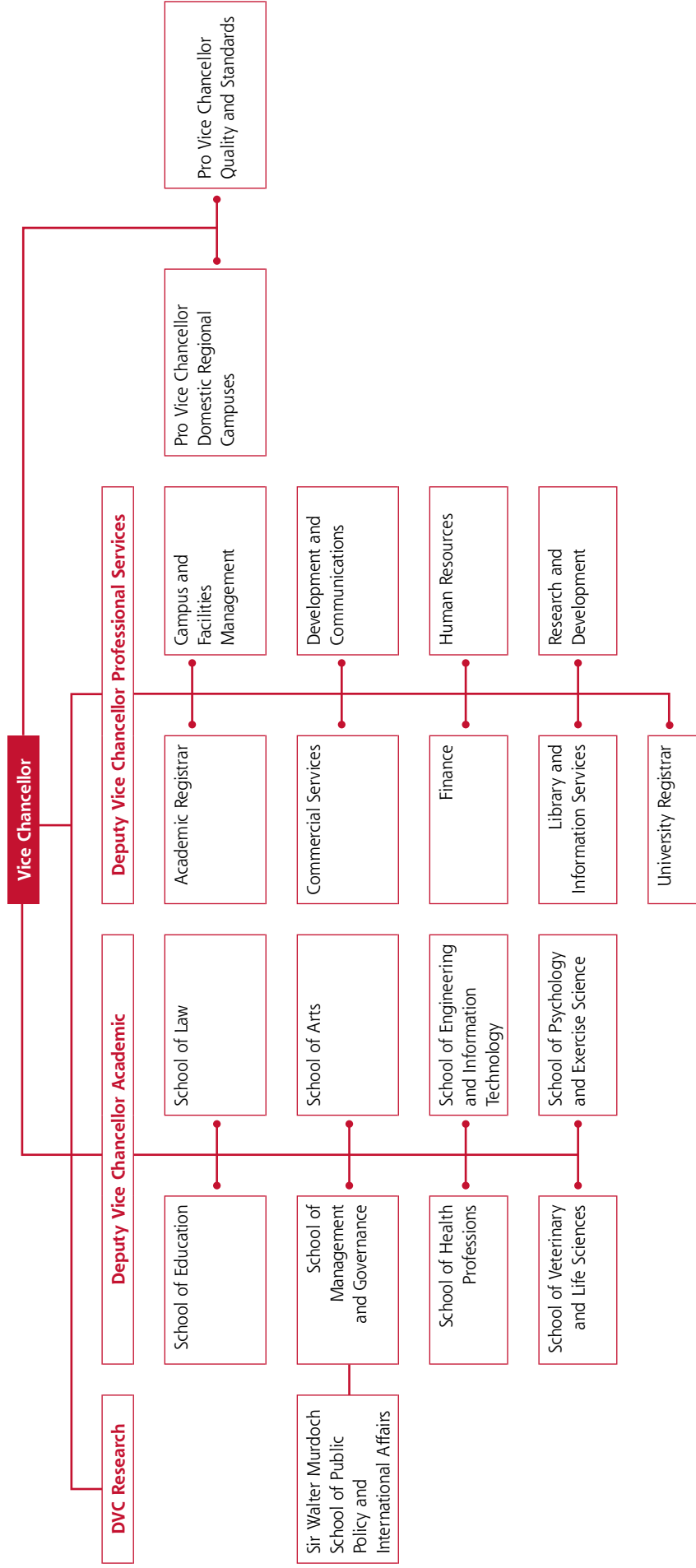
# Organisational Structure

(As at 31 December 2012)



# Organisational Structure

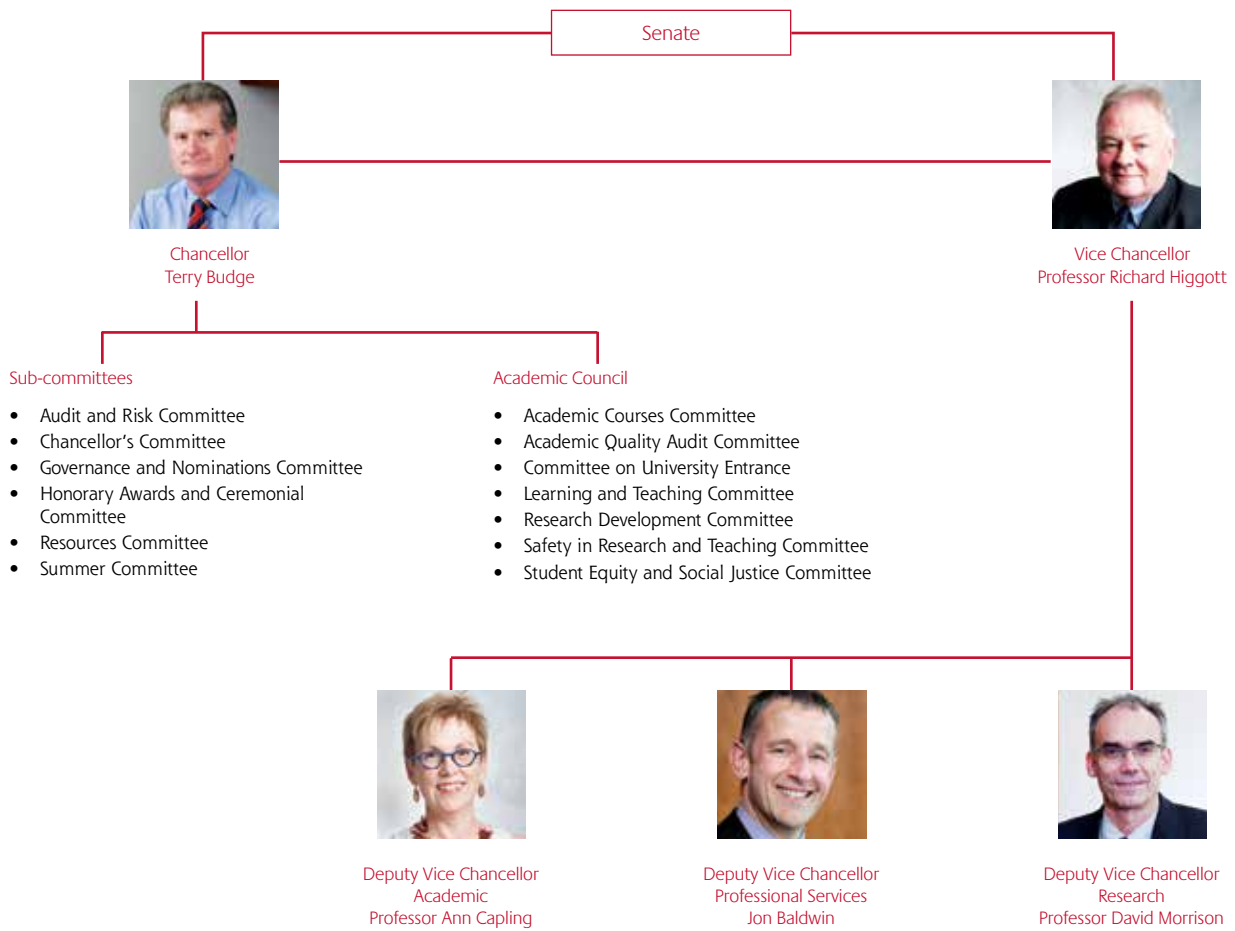
(As at 1 January 2013)





# University Governance and Management

(As at 31 December 2012)



# Performance

## Vision, Values and Strategic Plan

Murdoch University is at a turning point in its history. It must operate in an intensely competitive and dynamic environment. In this context, the University recognised in 2012 that new strategies were needed to meet the challenges posed by the dramatic transformations underway in the higher education sector, both nationally and internally.

The University has set out and is following a new Strategic Plan 2012-2017 to help it to achieve its goal of enhancing and advancing the quality and reputation of the University.

### Vision

An international research university pursuing excellence in select fields of knowledge.

### Values

Murdoch's values are an intrinsic part of the University culture. These values provide a sense of identity and a continuing context for all of our activities:

- Scholarly integrity;
- Equity;
- Sustainability.

### Strategic Plan 2012-2017

The University's strategic plan specifies three core priorities that are expected to further advance the University's vision for the years 2012 to 2017. These are:

- **Leading edge, blue sky and translational research.** By 2017 the University will be research-led with a reputation for high quality international research in select areas of knowledge, engaging with significant social and scientific challenges of our time.
- **High quality teaching and learning.** By 2017, the University will provide a rich and diverse academic learning experience with a curriculum integrally linked to quality research and up-to-date pedagogy, equipping students with life-long learning skills and the capacities to successfully engage in a global world.
- **Strong societal engagement.** By 2017, the University will continue to communicate and engage with its various communities at the local, regional and international levels, cultivating knowledge partnerships, participating in mutual endeavours and contributing to public debate and cultural enrichment.



Underpinning these priorities in the strategic plan is **internationalisation**, which is central to how Murdoch pursues its core priorities and how it goes about enabling them. From international research measures and teaching benchmarking, through the rejuvenation of its staff base via global recruitment and engagement, to international best practice in professional functions, the University has to ensure its academic and professional operations are working to the highest standards.

To achieve its goals in **research** the University will:

1. Concentrate on a select number of existing research areas and maintain or attain international status in these areas;
2. Establish a systematic and rigorous approach to internal and external auditing of research performance;
3. Develop and support incentives to increase the number of competitive grant applications and their success rate;
4. Encourage and enable the development of international research collaborations and partnerships;
5. Provide a common framework for research mentoring and training.

To achieve its goals in **teaching and learning** the University will:

1. Develop a relevant curriculum sensitive to contemporary societal needs and labour markets;
2. Deliver a distinctive and rewarding student experience;
3. Provide a high-quality courses that optimise graduate outcomes;
4. Offer world-class postgraduate coursework programs;
5. Continue to build on Murdoch's commitment to access and equity.

To achieve its goals in **engagement** the University will:

1. Intensify and diversify community partnership activities, particularly in Peel and Rockingham;
2. Extend government and industry relationships through joint ventures and other collaborative projects statewide;
3. Enhance current alumni programs, especially in terms of international networks and events;
4. Promote and support faculty contribution to public debate and culture;
5. Develop a strong institutional profile in the areas of translational research and applied public policy.

## Enablers

In order to pursue our vision, the University requires talented and committed people who share the Murdoch vision and the means to support their efforts. Responsive governance structures, financial sustainability and up-to-date infrastructure are also crucial for the advancement of the vision.

As such, by 2017 the University will:

1. Modernise staff recruitment, training, performance and evaluation processes so that high-performing academic and professional staff can be attracted and retained;
2. Revamp and revitalise governance and management into a more responsive, effective and integrated set of processes and activities;
3. Diversify the University's income streams;
4. Upgrade and update Murdoch infrastructures to meet the demands of a contemporary university.

# Research



Murdoch University has an impressive track record for high-quality research, especially in the areas of translational research. The University's Strategic Plan 2012-2017 outlines an aspirational strategy to position Murdoch as a leading university in the East Asian region.

Murdoch will be a research-led university with a reputation for high-quality international research in selected areas of knowledge, engaging with significant social and scientific challenges of our time.

Research is an integral component of the University's teaching and learning mission. The University plans to instil the principles of research-led teaching and evidence-based practice across all of the degree courses.

## Outstanding research in key areas

Building research capacity is essential to enhance the University's local and international reputation and ensure long-term sustainability. The University will enhance existing areas of research excellence, restore some areas that have stalled and actively pursue several new areas of research activity.

The University's status as a high-quality research university was confirmed by the 2012 Excellence in Research for Australia (ERA) results, with 85 per cent of its

assessed research fields rated as world standard or above. This performance is stronger in 2012 than it was in 2010. The number of fields rated "well above world standard" increased from five to seven, and the strengths in units rated as "above world standard" was retained.

The University's research was ranked "well above world standard" in the areas of physical chemistry, crop and pasture production, resources engineering and extractive metallurgy, agricultural biotechnology, clinical sciences, immunology, and medical microbiology.

The University will use this expertise in medical and health science to facilitate knowledge and commercial partnerships arising from the intended growth of the precinct to the East of the University. The Murdoch Activity Centre, comprising the Fiona Stanley Hospital and the expanded St John of God Hospital plus a concentration of specialised medical practices and organisations, will generate synergies in biomedical research and other fields in which the University is keen to participate.

The University's research centres and institutes were reviewed during the year with the aim of consolidating these centres to increase capacity and capability. Investigations to identify key research areas for strategic investment will continue in 2013.

## A global university

The University was a core partner in the Plant Biosecurity Cooperative Research Centre bid that received extension funding for six more years. Biosecurity has emerged as a major global issue. Harmful plant pests and diseases can impact on food safety, trade, market access, market development and ultimately the profitability and sustainability of plant industries.

In November, it was announced that the University will be administering a grant of almost \$1 million from the National Health and Medical Research Council – European Union (NHMRC-EU) to build a database of rare diseases. This pooling of information, including clinical and genetic information, research and trial datasets from across Australia and the world, will give medical researchers more to work with in their investigations into conditions like Muscular Dystrophy, Cystic Fibrosis and Motor Neurone Disease. The project's partners will include the University's Centre for Comparative Genomics and the Institute for Immunology and Infectious Diseases.

## Supporting research and development

The University's research income for the year was \$30,184,000. Funding bodies included the Australian Research Council, the Grain Research and Development



Corporation, the Health Department of Western Australia, Fisheries WA, BHP Billiton, the Water Corporation, ESPN and the Cities of Rockingham, Mandurah and Cockburn.

To increase the number of competitive grant applications and their success rate, there was investment in the Research and Development Office in 2012. A greater level of support will be given to academic staff in preparation of proposals and applications. Post-award support for administration of research grants will be strengthened. Additional resources in 2013 will enable the Knowledge Transfer team to improve research outcomes and develop links with the Western Australian business community.

During the year, many University staff received recognition of their expertise through awards, speaking invitations and scholarships. Professor Bernard Dell's contribution to sustainable forestry in China was acknowledged in September when he was the only foreign expert invited to speak at the 50th Anniversary of the Research Institute of Tropical Forestry. PhD student Fiona Anderson received national recognition for her investigation into meat quality at the prestigious Science and Innovation Awards for Young People in Agriculture, Fisheries and Forestry. Physicist Dr Mark McHenry will undertake research in the United States after winning a prestigious Fulbright Scholarship. He will spend six months with Sandia National Laboratories investigating how industries that are important across Western Australia can be more energy, carbon and water use efficient via the use of new technologies. Emeritus Professor Geoffrey Bolton was awarded the Australian Dictionary of Biography Medal, marking his 50 years of service to the reference guide.

## Encouraging national and international collaborations

To support collaborations with world leading scholars and universities, the Sir Walter Murdoch Adjunct Professorship and Distinguished Collaborator schemes were established in 2012.

These programs are intended to raise the University's profile among the global research community. Eight Adjunct Professors were appointed in 2012 along with 16 Distinguished Collaborators. The University aims to grow these programs in 2013.

The Sir Walter Murdoch Adjunct Professorial Scheme supported the collaboration

of researchers who already understood each other's work and sought to cement an ongoing relationship. It encouraged established researchers to include those more junior in their research endeavors so as to build depth and strength in research expertise across the University.

The Sir Walter Murdoch Distinguished Collaborator Scheme supported embryonic collaborations with the view that successful collaborations would develop into Sir Walter Murdoch Adjunct Professorial appointments. Some of the universities involved in the collaboration schemes were the University of Oxford, the University of Copenhagen, Pennsylvania State University, the National University of Singapore and Hokkaido University.

A new research centre, which will investigate media and communications management in Australia, China and across the Asia Pacific region, opened in June. The Asia Pacific Centre for Media Economics and Communications Management Research is a partnership between Murdoch and the Communication University of China in Beijing. The Centre will allow academics from both institutions to research media governance and policy, the management of media organisations, political and marketing communication and cross-cultural learning.

Another joint research centre, which aims to improve international competitiveness for Australian grain growers by mapping the entire wheat protein genome, opened in late 2012. The Australia-China Centre for Wheat Quality is a partnership between researchers from Murdoch and the Chinese Academy of Agricultural Sciences. Researchers will aim to duplicate the Human Genome Project for the 100,000 proteins found in wheat. Wheat proteins control attributes for disease resistance and climate adaptability as well as quality traits such as colour, texture and taste. Funding for the Centre was announced by the former

Minister for Tertiary Education Senator Chris Evans and Chinese Vice-Minister of Science and Technology Mr Wang Zhigang in December.

In November Murdoch University hosted the 2012 Omics Australasia Symposium, which brought leading omics researchers, industry and government together to identify and collaboratively work on common goals. Omics refers to a field of study in biology ending in omics, such as genomics, proteomics or metabolomics. The symposium was managed and run by the University's Separation Sciences and Metabolomics group and gave a number of Murdoch University academics the opportunity to network with peers from across the globe. Among the speakers was one of the world's most popular and downloaded science presenters Dr Chris Smith, from Cambridge University, who is also known as The Naked Scientist.

## A quality PhD environment

Creating a high-quality PhD and post-doctoral development environment is vital to increasing research capacity. The Graduate Research Education and Training program provided more than 575 hours of training for graduate research degree students. One of the largest programs of its type in Australia, it offers students free seminars in research skills, statistics, computing, ethics, copyright, academic writing and publishing, plus a range of other topics. It also hosts an award-winning series of programs on thesis writing.

Participation in the Murdoch University Postgraduate Student Association (MUPSA) Multidisciplinary Postgraduate Conference continued to grow with its third conference, run during the year, being the largest held. At the conference, students presented their research in a formal but friendly academic forum and senior postgraduates were trained in the process of peer review.



Associate Professor Christine Daymon from the Asia Pacific Centre for Media Economics and Communications Management Research with postgraduate student Regina Rao.

# Teaching and Learning



Murdoch University aims to provide a rich and diverse learning experience with a curriculum integrally linked to quality research and up-to-date pedagogy, equipping students with life-long learning skills and the capability to successfully engage in a global world.

## A curriculum for the 21st century

The University has a proud reputation of quality teaching, interdisciplinary studies and a strong commitment to access and equity. These remain integral characteristics of a Murdoch education.

The challenge for the contemporary university is to deliver coherent academic courses that meet 21st century needs. A relevant curriculum sensitive to contemporary societal needs and labour markets is fundamental.

With this in mind, during 2012, the Curriculum Commission, overseen by the Deputy Vice Chancellor Academic, embarked on a wholesale review of the University's undergraduate and postgraduate coursework offerings. The Commission analysed the existing courses, degrees and degree structures and examined the current and future needs of students, as well as national and international trends and impacts in higher education, educational technologies and pedagogy.

The Commission's recommendations will see, from 2014, the undergraduate bachelor offerings streamlined to seven degrees, with strengthened majors that are supported by greater emphasis on research skills and inter-disciplinary breadth studies. These recommendations support the renewal of the coursework offerings, with a view to enhancing the University's reputation for high-quality teaching and learning, providing clear pathways for students beyond the undergraduate degree and strengthening the teaching-research nexus.

Plans were made to change the organisational structure in 2013 to better suit the University's purpose and align with its scholarly and academic values. The restructure will strengthen schools academically, raise the quality of research and teaching, and position the University to leverage prospects for institutional and reputational development.

## A distinctive and rewarding student experience

Improving the quality of teaching and overall student satisfaction across all fields of education at the University is crucial to delivering a distinctive and rewarding student experience.

Graduate satisfaction, as measured by the Course Experience Questionnaire, was maintained at very high levels in 2012 with around 90 per cent agreement for each of the "good teaching", "generic skills" and "overall satisfaction" scales.

Commencing students can be at risk of withdrawing from university if their expectations for their studies or support are not met. To improve the students' experience and retention, the University has implemented strategies to provide a more supportive learning environment. The percentage of 2011 commencing students who continued their studies at the University in 2012 improved to 81.5 per cent. The percentage of 2011 students who successfully completed their units stabilised at around 88 per cent. Statistics for 2012 students are not yet available.

## Teaching awards

Four members of staff were recognised for their outstanding contributions to student learning by the Federal government. Dr Sarah Etherington, Gael Gibbs, Dr Dorit Maor and Dr James Trotter each received national citations from the Office for Learning and Teaching at an award ceremony in September 2012.



## Hands-on experience to enhance learning

Work integrated learning is integral to the University's approach to teaching and learning as it provides students with practical experience to prepare them for success in their chosen career. Various courses offer opportunities for students to gain experience in Perth, regional Western Australia or overseas. The number of courses that included work integrated learning increased from 81 per cent in 2011 to 86 per cent in 2012.

The University has been given in-principle support by the National Trust to lease the heritage working farm at Whitby Falls in the Shire of Serpentine-Jarrahdale. The 230-hectare site has significant historic and cultural value. It will be maintained and used by the University to support teaching and research in veterinary and agricultural sciences, as well as other disciplines such as environmental science and conservation. The University plans to invest \$1.7m into the infrastructure needed to re-establish a working beef cattle and sheep farm and will be seeking further investment and support for the development of teaching and public-use facilities.

## Transnational, international and educational partnerships

Murdoch University currently has 6700 students studying 57 courses at four transnational education locations in Singapore, Dubai and Malaysia.

The University is reviewing its offshore operations with the aim of transitioning to a model in which the delivery and oversight of courses is more closely controlled by the University's faculty. Murdoch initiated plans to establish an Office of the Singapore Principal and to recruit a senior academic leader to this position. Based in Singapore, this person will advance the University's academic, strategic and commercial interests in Singapore and deliver a higher level of accountability in academic quality and compliance.

After 20 years of productive partnership with KDU University College in Malaysia, both Murdoch University and KDU University College mutually agreed to end the relationship in 2012 in order that the two institutions can pursue different models of transnational education. New enrolments in the Murdoch courses offered by KDU cease early in 2013. Current students will be given the opportunity to complete their courses.

The University's goal to deliver a distinctive and rewarding experience to international students saw it become the first university in Western Australia to implement the Student Welcome Services in July. This online orientation program provided an appropriate, thorough, customised and fully auditable pre and post arrival package that assisted international students with their transition to living and studying in the state. It also enabled compliance with the ESOS Act and National Code 2007 regulations.

With additional funding available from the Australian Government to assist students with expenses incurred in participating in the outbound exchange program, application numbers increased by 10 per cent in 2012.

## Learning management system

During the year, work on the new learning management system, Moodle, focused on design and build. The flexible web-based product will make managing units easier and quicker for both staff and students and will provide new ways for students to interact with each other and their teachers. The new system will launch in 2013.

## Professional postgraduate coursework programs

The goal to offer a suite of world-class postgraduate coursework programs in a vibrant graduate environment saw a new graduate school of public policy and international affairs established during the year. The school's programs commence in 2013.

The first of its kind in Western Australia, the Sir Walter Murdoch School of Public Policy and International Affairs will offer a range of professional, multidisciplinary masters degrees to equip graduates with the necessary skills and knowledge to pursue careers in all aspects of public and international affairs. The School will have both a strong national and international orientation. Students will be taught by a mix of senior academics who are leading experts in their field, academics who bring leading edge knowledge, distinguished international visitors and industry practitioners.

Course delivery and assessment has been designed to meet the needs of culturally diverse and globally mobile students. As such, the University has been in close consultation with employers who have highlighted the knowledge and skill sets they seek in professional masters degree holders.

The courses have also been designed to accommodate the working lives of busy professionals, with most teaching in intensive formats to take place in evenings, weekends and sometimes in four-day blocks. The programs will be supported with online resources but will be offered in face-to-face formats to enhance the learning experience.

## Committed to access and equity

The University welcomes students from a variety of educational backgrounds and provides alternative entry pathways for students. During the year, a number of programs operated to improve the recruitment and progress of groups that are traditionally under-represented in the student cohort. The percentage of students from low socio-economic backgrounds increased slightly in 2012 to 18 per cent.

## Helping more young people go to university

The University received \$5 million in the 2012 Federal budget to increase the number of students living in the Rockingham, Kwinana and Mandurah areas going to university. The funding will support school-based projects designed to build the aspirations and learning outcomes of young people and create new pathways so that many more go to university.

These aspiration projects will commence in 2013 with vocational education training providers, schools and their communities working together to help more young people attend university. The campuses at Peel and Rockingham are central to the initiative. Innovative programs and partnerships with local high schools, already underway in the area, will be strengthened.

The Access Southwest Program encouraged students at high schools and colleges in the Rockingham, Kwinana and Peel areas to consider entry to the University. The Tertiary Options Project offered a number of students who experienced disruption during their last year of high school direct admission to the University. In 2012, 22 students were offered a place through these two pathways.

An example of how an innovative approach can boost the number of students enrolling in university exists at the Rockingham campus. In the primary education course that incorporates health and physical education, the numbers of young men studying the degree rose to around 25 per cent of commencing students.



## Transitioning to university study

In 2012, 343 students enrolled in the University's OnTrack program which helps non-ATAR school leavers and mature age applicants with a supported transition into university study. This free pre-university program is oriented towards people who can demonstrate educational disruption or disadvantage.

Nearly 80 per cent of participants successfully completed the program and entered undergraduate programs at the University. Of these students, nearly half were from low socio-economic backgrounds and were the first in their family to attend university, 17 per cent had a disability and two per cent were Indigenous. OnTrack articulated with K-Track to provide Indigenous students with a year-long enabling pathway into university.

As a further indicator of success, OnTrack program coordinator Gael Gibbs was awarded a Vice Chancellor's Citation for Enhancing Learning, plus an Office for Learning and Teaching Citation for Outstanding Contribution to Student Learning.

## Open Day

To improve student recruitment, the University hosts an Open Day each year. Thousands of prospective students and their families explored the South Street campus on Sunday, August 19 for Open Your Mind Day. Academics, staff members and current students provided information to visitors. As well, general talks, information sessions, activities, competitions and campus tours

showcased the many different research and study opportunities available at the University.

## Kulbardi Aboriginal Centre

The Kulbardi Aboriginal Centre encourages increased participation in tertiary education by Indigenous students. During the year, the Centre offered alternative entry pathways for Indigenous students, including pre-media and K-track programs. It is developing cultural awareness training for University staff, students, industry and government. Plans were also formulated to run a leadership program for Aboriginal corporation traditional owner directors in conjunction with the University's Executive Education Centre.

## Equity

There are currently more than 850 support plans in place for students with a disability or medical condition.

## Disability Access and Inclusion Plan outcomes

Action on the Disability Access and Inclusion Plan 2011-2015 ensured compliance with the Western Australian Disability Services Act 1993. Programs were implemented to realise the University's intention to create an environment where all people can safely work and study free from harassment or discrimination.

Key outcomes for 2012 included developing an equity community web page which contains information about support and resources for students with disability. The

University has developed a process to ensure that all students who indicate, at the point of enrolment, that they have a disability or medical condition which may impact on their studies will be linked into the equity community page.

Student Centre staff have also been trained to use the Telephone Relay Service, which will enable them to communicate more effectively with students with a hearing or speech impairment.

Staff orientation sessions in 2012 have included an increased focus on disability awareness including accessibility on campus.

Information on the University's Equity and Disability Policy and procedures was provided to transnational staff.

The construction of two stair lifts was completed – one outside the Chancellery building and the other at the newly completed covered link-way between the Economics, Commerce and Law building and the Amenities building. Both of these projects were completed as part of larger capital works projects.

As part of the upgrades at six lecture theatres, a wireless hearing augmentation system has been procured for hearing impaired students. Suitable spacing has also been allowed for students who use wheelchairs.

The implementation of this plan will continue until 2016. Aligned to the University's budget program, it will be regularly reviewed to ensure delivery is occurring in a timely and appropriate manner.



Murdoch Open Your Mind Day 2012.

# Community Engagement

The University communicates and engages with various communities at the local, regional and international levels, cultivates knowledge partnerships, participates in endeavours with organisations that share the University's values and contributes to public debate and cultural enrichment.

## Supporting the community

The University wishes to promote and cultivate educational aspiration, especially among under-represented groups in the university system. It does this through a range of initiatives.

### Scholarships and prizes

The University supports students with scholarships to help them meet their financial responsibilities and prizes to recognise their academic achievements.

Along with strengthening the relationships with existing prize and scholarship donors, in 2012 the opportunities for student support increased with over \$150,000 pledged for new prizes and scholarships.

The Banksia Association, consisting of emeritus professors, former senators, board and trust members, generously supported the Banksia Association Scholarship.

### Sunset Events

The University has long been active in societal and community affairs. It has made significant contributions in the areas of environmental sustainability, animal welfare and social reform.

The partnership with Sunset Events continued to engage internal and external audiences and evidence the University's values. Sunset Events runs the popular Southbound and West Coast Blues 'n' Roots music festivals. Sustainability forms a key part of the Sunset Events business model, which is one of many areas where their and Murdoch's values are closely aligned.

The University won three State Australian Marketing Institute awards for its work at Southbound in the categories of Experiential and Brand Experiences, Green Marketing and Sponsorship. In addition, 88 per cent of people recognised Murdoch as a major event sponsor, making it the most recognised official sponsor at the festival.



*Dr Nicole White from the University's Ancient DNA Lab collects a sample from the second Forest Red-tailed black cockatoo chick to hatch on campus.*

### Graduation ceremonies

The University held five local graduation ceremonies and three international graduation ceremonies in 2012. These are the premier events that recognise student achievements and excellence while showcasing Murdoch to the broader community.

The local ceremonies held in March and September comprised 1648 attending graduates, 74 PhD graduates and Honorary Degree recipients Mr David Murray AO, Mr Alan Dodge AM CitWA, Mr Sydney Corser AM OBE and Emeritus Professor Norman Hall. The international ceremonies in Singapore delivered a record 724 graduating students, two PhD graduates and one Honorary Degree recipient, Dr Jomo Kwame Sundaram.

### Marketing campaign

Murdoch University was founded as a research-led university. For more than 35 years it has contributed to the development of new knowledge.

To help create awareness of our reputation for world-class research, the new marketing campaign shone a spotlight on some of the University's globally-connected researchers. The campaign prompted people to reappraise their view of Murdoch by revealing the outstanding research taking place on and off campus.

### Valuing sustainability

Increased funding and resourcing for sustainability initiatives was provided in 2012, and various strategic projects were implemented, including the employment of a full-time Sustainability Officer and the establishment of an Environmental Sustainability Advisory Committee.

Murdoch continued to protect the endangered Carnaby's and Forest Red-tailed Black Cockatoo. A Forest Red-tailed Black Cockatoo chick hatched in one of the tubes located on the South Street campus. This female, along with a male chick hatched on campus in 2011, are the only two known cases of this species breeding in nest tubes in the Perth metropolitan area. Extra cockatoo tubes and nest boxes for bats were erected. Extensive conservation planting at the South Street campus replaced native vegetation, creating future roosting sites, food and a flight path between reserves.

Three walk trails through the Banksia Woodland Reserve were officially launched in the spring. New interpretive signage highlights the flora, fauna and Aboriginal use of the area throughout the six Nyungar seasons. The project was jointly run by the University and the Murdoch Environmental Restoration Group. This student club was a finalist in the Biodiversity category of the 2012 WA Environment Awards for their conservation efforts in conjunction with the University.



The TravelSmart Plan saw initiatives implemented to increase the quality and availability of secure end-of-trip facilities for cyclists. Extra bike lockers were installed and solar-powered lighting fitted in the secure bike compounds at the South Street campus, increasing safety and usability.

Other sustainability work focused on stakeholder engagement, sustainability policy development, feasibility studies and planning to ensure that a robust, cost-effective and coordinated strategy is developed.

A water efficiency and re-use feasibility study identified ways to save water on campus. The results will form the basis of a water management plan and staged implementation of water efficiency and re-use initiatives.

A feasibility study to introduce sustainable packaging at campus food outlets was conducted, along with waste audits. The resulting plan to reduce waste and increase recycling will roll out from 2013. The successful reusable takeaway coffee cup exchange and the introduction of duplex printing across the University reduced resource use and waste going to landfill.

## Extending government and industry relationships

The University enhanced its reputation and contributed to public debate and cultural enrichment through partnerships with business organisations which operate two major series on the business calendar.

Murdoch was the major partner of *The West Australian* newspaper's Leadership Matters series. During the events, thousands of representatives from Perth's business community heard presentations from prominent business and government leaders.

The University partnered with the Committee for Economic Development of Australia (CEDA) in the Inventing the Future initiative that included a series of forums for business leaders, government, academics and community organisations.

The University also hosted the annual Curriculum Council Exhibition and Awards Ceremony on campus in February. Close to 2800 people attended the event at which the Minister for Education, the Hon Dr Elizabeth Constable MLA, presented various awards to high school students who had graduated in 2011.



Distinguished Alumni Award winners with Professor Richard Higgott. L-R: Dr Stephen Van Mil, Timothy Marney, Dr Sunil Jayasekera, who accepted the award on behalf of Professor Amitav Acharya, Professor Higgott and Brad Norman.

## Enhancing alumni programs

In 2012, Alumni Relations stayed in contact with over 50,000 graduates. It hosted a wide range of functions, including new events in Dubai and Indonesia and a hugely successful Family Fun Day at Perth Zoo.

The second annual Murdoch University Distinguished Alumni Awards took place in July with four winners. Mr Timothy Marney, Professor Amitav Acharya, Dr Stephen Van Mil and Mr Brad Norman were acknowledged for skills, knowledge and innovation that are changing the world for the better.

During the year, the Murdoch University Alumni Annual Appeal Scholarship was established with the support of the alumni community. This ongoing \$2000 scholarship will support a student who is in the final stages of their degree, is achieving good academic results and needs financial assistance. Alumni also donated their expertise to current students and contributed to fundraising.

## Promoting public debate and culture

The rise of China as a global political powerhouse, and how this may affect the future of the Asia Pacific region, came under the microscope at the University's annual Sir Walter Murdoch Lecture in October and at the inaugural lecture in Singapore in November. Distinguished Canadian political analyst Professor Kim Nossal from Ontario's Queen's University delivered the presentation.

As part of the Australian Conference of Economists Distinguished Visitor Series, the University hosted a public lecture in July. Columbia University Professor and Senior Fellow for International Economics at the Council on Foreign Relations (CFR) Jagdish Bhagwati discussed the future of global trade policy in the wake of the failed Doha round of negotiations.

## Relationships

As part of Murdoch's goal to contribute to public debate and cultural enrichment, many academic and professional staff provided informed comment in the media and offered their services to the community.

University staff developed strong and beneficial relationships with organisations and colleagues in Australia and across the world. The Development office assisted in tracking and coordinating these relationships to ensure a professional approach with positive outcomes.

During the year, the corporate communications, public relations and development functions were merged so as to better leverage opportunities for institutional and reputational development.

## Developing a strong institutional profile in applied public policy

In 2012, as part of its internationalisation strategy and commitment to make substantial contributions to the development of applied public policy, the University planned the inaugural Murdoch Commission. This international commission will inquire into the evolving region of South East Asia and Western Australia.

With WA closely entwined with the dynamic economies of the Asia Pacific, the Murdoch Commission will guide business, academia and government on WA's future role in the region.

The 12 Commissioners are a distinguished group of leaders appointed from government, business and academia in their countries of origin. They will examine economic engagement and integration beyond local and national preconceptions, identify and analyse some of the major challenges facing the region over the coming decades and recommend how they may be addressed.

The first meeting of the Murdoch Commission took place in February 2013. The final report of its findings and recommendations is due to be released at the end of the year.

## Diversifying income streams

Like all Australian universities, Murdoch must confront the challenge of constrained government funding. This requires a concerted effort to develop new and innovative ways to fund ongoing operations.

### The Murdoch Activity Centre/ Eastern Precinct

The area between the South Street campus and the Kwinana Freeway is intended to become the largest centre of activity outside the Perth CBD with the opening of the Fiona Stanley Hospital, expansion of the St John of God Hospital and development of the government-owned site between the hospitals and the Murdoch train station. The University will develop its Eastern Precinct to complement this new growth, providing new facilities for collaborative teaching and research and amenity for staff, students, visitors, residents and workers within the Murdoch Activity Centre.

The growth of the Eastern Precinct will create an exciting energy both within the University and the surrounding area. Over time, it is expected that a number of organisations and research facilities will link to the University's research strengths in biomedical sciences, microbiology, immunology and related teaching areas. Strong integration between the University and its surrounds will provide students access to work integrated learning, research opportunities and new amenities.

In 2012, the University prepared an Urban Design Framework for the Eastern Precinct, following consultation with staff, students and the wider community. The Urban Design Framework was approved by Senate



Sketch view looking South-East over the proposed Eastern Precinct development.

and will now form the basis of more detailed site investigation and planning.

The University also worked alongside the State and other strategic partners to develop a Draft Structure Plan for the Murdoch Activity Centre. All stakeholders were invited to comment before February 2013. These comments will be reviewed by the State and the plan updated before it is presented to the Western Australian Planning Commission for approval and release in mid 2013.

### Murdoch University Foundation

The Murdoch University Foundation accepts and manages funds generously donated by many private and corporate supporters and partners through bequests, capital campaigns, gifts and general donations. These funds are distributed as scholarships and prizes or can be targeted to specific areas of teaching, learning or research or to fund specific capital developments.

In 2012, more than \$2.6 million was received to support the work of the University, including a bequest of more than \$800,000 from the estate of a generous donor. Since its establishment, the Foundation has received more than \$22.5 million in donations and sponsorships.

### Donors and partners

The University works closely with a range of private donors and corporate supporters to enhance teaching, learning and research activities. In 2012, strong relationships were maintained with key partners, including the McCusker Charitable Foundation, the City of Rockingham, Rio Tinto, Alcoa of Australia, Energy Resourcing and Fremantle Ports to help support the University. These donations are not only an expression of generosity, but also a clear and beneficial investment in students, research and the wider community.

### Murdoch University Veterinary Trust

Since 1996, the Murdoch University Veterinary Trust has contributed \$3.6 million to fund the significant and increasing work of the School of Veterinary and Biomedical Sciences. This funding has come from generous donations and corporate sponsorships.

In 2012, the Trust continued major sponsorship partnerships with Wellard Rural Exports, Hill's Pet Nutrition Australia, Boehringer Ingelheim and Perth Zoo that provided funding for academic positions and student programs.



## Murdoch University Foundation Donors and Sponsors

Many other donors and sponsors have supported the University, its students and the community but have chosen to remain anonymous and we thank them for their support. In addition, some donors provided funds to the Foundation in past years to be held in perpetuity with the income to be used each year for student prizes, scholarships, research and community projects and we thank them also for their support.

### Student Prizes

Actimed Australia  
Amanda Young Foundation  
AMGEN Australia Pty Ltd  
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Australia-Japan Society of WA Inc  
Australian Taxation Office  
Prof Bonnie Barber  
Sir Noel Bayliss Trust  
David Berinson  
BHP Billiton  
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Michael Booth Trust  
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CPA Australia  
Department of Education Employment & Workplace Relations  
Dept of Treasury  
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Environmental Protection Authority  
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Institute of Chartered Accountants in Australia  
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Japan Chamber of Commerce and Industry in Perth Inc  
Kulbardi Aboriginal Centre  
Main Roads WA  
David Muir Trust  
Murdoch University Environmental Science Association  
Nexus Wealth Management  
Rachael O'Byrne  
Robyn O'Byrne  
Oceanica Consulting P/L  
Robert K. O'Connor QC  
Office of the Auditor General  
Orbit Health and Fitness Solutions  
Osborn Family  
Paypac Payroll Services  
Police & Nurses Credit Society  
Rockingham Kwinana Chamber of Commerce  
Royal Australian Chemical Institute  
Prof CS Sanders Trust  
Jennifer Searcy  
SGS Lakefield Orestest P/L  
Julie Shuttleworth  
Simulus Pty Ltd  
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SKM Global  
Peter Smith  
St John of God Health Care  
Statewide Oil  
Dr Jacqueline Taylor  
Tenix Australia Pty Ltd  
The Australian Sociological  
Rosslyn Tilbury Prize Trust  
Vo Family  
WA Mining Club  
WA Primary Principals' Association  
WA Secondary School Executives Association  
Water Corporation  
Women's Electoral Lobby

### Student Scholarships

Access WA Pty Ltd  
Allbro Australia  
BHP Billiton Nickel West  
Bruce & Judith Cairns  
Cedar Woods Properties  
City of Mandurah  
City of Rockingham  
Coogee Chemicals  
Eurotop Pty Ltd  
Fremantle Ports  
Graduate Women (WA) Inc  
The Hon Gary Gray AO MP  
Robert K. Hammond  
IGA Rockingham  
International Power GDF-SUEZ  
Mandurah Retirement Village Inc  
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The George Alexander Foundation  
The Holland Family  
The Ragdoll Foundation Pty Ltd  
Town of Kwinana  
University of the Third Age (UWA) Inc  
Waste Stream Management  
Wesfarmers Chemicals, Energy & Fertilisers Ltd

### Research Support

Nicholas Apostolidis  
Cockburn Sound Management Council  
Dr Roberta Cowan  
Emerson Stewart Ltd  
Dr Phillip Fince  
Jan Gootjes  
McCusker Charitable Foundation  
Medtronic Australasia P/L  
Pamela Moore  
Charles Morgan  
Helen Newnham  
Mr Neil Palmer  
The Garry White Foundation



### Institute for Immunology and Infectious Diseases

Jeremy Buxton  
Michael Gregg  
SDC Pty Ltd

### School of Chiropractic Projects

Dana Augustin  
Autumn Retreat  
Greg Ball  
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Dr Debra Behi  
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Chiropractors Association of Australia (WA)  
Cleveland Chiropractic  
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Raelene & Ian Walton  
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### Sponsorship of Academic Positions

City of Rockingham

### Project Sponsorships

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Peter Maye  
Rachael McGlenn  
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Cheryl McIntosh  
Robyn McLean  
Agnes McLeod  
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Gloria Mellor  
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Irene Miller  
Mike Morgan  
Antoinette Morris  
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Intervet Australia Pty Ltd  
Aldo Muia  
Margaret Mundy  
S Nash  
Eileen Newby  
Betty Newman  
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Carolyn Ngan  
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Cristina O'Brien  
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Catherine Parry  
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Sylvia Schaber  
Lewis Schinckel  
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Jennifer Wade  
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Richard Walton  
A G Warner  
Elaine Waters  
Gillian Weaver  
Jane Webbware  
Margaret West  
Celia Weston  
Belinda Wilkin  
Christine Wilson  
Anne Winterton  
Mollie Wombwell  
Brigid Woss  
Ken Wright  
Barbara Zupanovich

#### Veterinary and Biomedical Sciences Prizes

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Australian and NZ College of Veterinary  
Scientists (Epidemiology Chapter)  
Australian Veterinary Association Ltd  
Fay Bahemia  
Simon Bell  
Bioniche Animal Health Australasia  
Christopher Bucktin  
Elaine Carpenter  
Denis Carragher  
CenVet  
Coolup Country Women's Association  
Anna Cox  
Len Cullen  
Belinda Cussons  
Dept of Agriculture & Food (South Perth)  
Dept of Environment & Conservation  
Fay Dilley  
Marie Dilley  
Mavis Dilley  
Drs P & P Wallace Pty Ltd  
Equine Veterinarians Australia  
GeneWorks  
Lou Giglia  
Colleen Haley  
Hill's Pet Nutrition Pty Ltd (AUSTRALIA)  
Wendy Hobley  
Yuyan Huang  
Kym Jones  
Peter Kendall  
John Kopriwa  
Carl Luscombe  
Damian Luscombe  
Peter McKean  
Merial Australia  
Sandra Moore  
Alexander Murdoch  
Graham Murdoch  
Murray Horse & Pony Club  
Dario Nandapi  
Ozgene Pty Ltd  
Pfizer Australia Pty Ltd  
Sandra Pianta  
Pinjarra Rotary Club  
Qiagen Pty Ltd  
Royal Canin Australia P/L  
Dee-Ann Schroder  
Sharyn Sinclair  
Cecelia Taylor  
Jennifer Taylor  
Simone Thaw  
Benjamin Trotter  
Phillip Tucak

Veterinary Practice Managers Association  
Teresa Walsh

#### Caring for Pets Participating Clinics

All Pets Veterinary Hospital  
Bullsbrook Veterinary Clinic  
Bunbury Veterinary Clinic  
Busselton Veterinary Hospital  
Coral Coast Veterinary Hospital  
Cottesloe Animal Hospital  
Grantham St Vet Clinic  
Greenfields Veterinary Hospital  
Harradine & Associates Veterinary Hospital  
Kenwick Veterinary Hospital  
Midland & Bullsbrook Veterinary Hospital  
Midland Veterinary Hospital  
Mira Mar Veterinary Hospital  
Ranford Veterinary Hospital  
St Francis Veterinary Hospital  
Valley Equine Veterinary Centre  
Valley Veterinary Centre  
Vogue Vets

# Disclosures and Legal Compliance

## Certification of Financial Statements

The accompanying financial statements of Murdoch University and the accompanying consolidated financial statements have been prepared in accordance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 31 December 2012 and the financial position as at 31 December 2012.

At the date of signing we are not aware of any circumstance which would render the particulars included in the financial statements misleading or inaccurate.



E D R Skira  
Pro Chancellor\*



R A Higgott  
Vice Chancellor



M P Conry  
Chief Finance Officer

13 March 2013

## Certification of Financial Statements required by the Department of Industry, Innovation, Science, Research and Tertiary Education

We declare that the amount of Australian Government financial assistance expended during the reporting period was for the purpose for which it was intended and Murdoch University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.

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



E D R Skira  
Pro Chancellor\*



R A Higgott  
Vice Chancellor

13 March 2013

## Certification of Key Performance Indicators

We hereby certify that the 2012 Key Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess Murdoch University's performance, and fairly represent the performance of Murdoch University for the year ending 31 December 2012.



E D R Skira  
Pro Chancellor\*



R A Higgott  
Vice Chancellor

13 March 2013

\* In accordance with Section 11(3) of the Murdoch University Act 1973.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### MURDOCH UNIVERSITY

#### Report on the Financial Statements

I have audited the accounts and financial statements of the Murdoch University and the consolidated entity.

The financial statements comprise the Statement of Financial Position as at 31 December 2012, the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the University and the consolidated entity for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

#### *University Senate's Responsibility for the Financial Statements*

The University Senate is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the University Senate determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the University Senate, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Murdoch University and the consolidated entity at 31 December 2012 and their financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

## **Report on Controls**

I have audited the controls exercised by the Murdoch University during the year ended 31 December 2012.

Controls exercised by the Murdoch University are those policies and procedures established by the University Senate to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

### *University Senate's Responsibility for Controls*

The University Senate is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Murdoch University based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the University complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

## **Opinion**

In my opinion, the controls exercised by the Murdoch University are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 31 December 2012.

## **Report on the Key Performance Indicators**

I have audited the key performance indicators of the Murdoch University for the year ended 31 December 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

### *University Senate's Responsibility for the Key Performance Indicators*

The University Senate is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the University Senate determines necessary to ensure that the key performance indicators fairly represent indicated performance.

### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the University Senate's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

### **Opinion**

In my opinion, the key performance indicators of the Murdoch University are relevant and appropriate to assist users to assess the University's performance and fairly represent indicated performance for the year ended 31 December 2012.

### **Independence**

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

### **Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators**

This auditor's report relates to the financial statements and key performance indicators of the Murdoch University for the year ended 31 December 2012 included on the University's website. The University's management is responsible for the integrity of the University's website. This audit does not provide assurance on the integrity of the University's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



COLIN MURPHY  
AUDITOR GENERAL  
FOR WESTERN AUSTRALIA  
Perth, Western Australia  
15 March 2013



# Financial Statements

## Income Statement

For the Year Ended 31 December 2012

|   | Note | Consolidated    |                 | University      |                 |
|---|------|-----------------|-----------------|-----------------|-----------------|
|   |      | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
| <b>Revenue from continuing operations</b>   |      |                 |                 |                 |                 |
| Australian Government financial assistance  |      |                 |                 |                 |                 |
| Australian government grants  | 2    | 127,213         | 112,281         | 127,213         | 112,281         |
| HELP - Australian government payments   | 2    | 51,173          | 46,421          | 51,173          | 46,421          |
| State and local government financial assistance   | 3    | 3,462           | 6,992           | 3,462           | 6,992           |
| HECS-HELP - student payments  |      | 7,788           | 6,965           | 7,788           | 6,965           |
| Fees and charges  | 4    | 75,629          | 61,707          | 82,022          | 67,661          |
| Investment revenue  | 5    | 9,828           | 8,609           | 8,532           | 6,257           |
| Consultancy and contract research   | 6    | 18,881          | 21,955          | 18,881          | 21,884          |
| Other revenue   | 7    | 31,723          | 36,848          | 72,018          | 35,776          |
| <b>Total revenue from continuing operations</b>   |      | <b>325,697</b>  | <b>301,778</b>  | <b>371,089</b>  | <b>304,237</b>  |
| <b>Income from continuing operations</b>  |      |                 |                 |                 |                 |
| Gains on disposal of assets   |      | 71              | -               | 71              | -               |
| Investments accounted for using the equity method   | 36   | 250             | 216             | -               | -               |
| Other investment income   | 5    | 2,223           | 264             | 1,395           | -               |
| Other income  | 7    | 680             | 6,603           | 680             | 6,602           |
| <b>Total income from continuing operations</b>  |      | <b>3,224</b>    | <b>7,083</b>    | <b>2,146</b>    | <b>6,602</b>    |
| <b>Total revenue and income from continuing operations</b>  |      | <b>328,921</b>  | <b>308,861</b>  | <b>373,235</b>  | <b>310,839</b>  |
| <b>Expenses from continuing operations</b>  |      |                 |                 |                 |                 |
| Employee related expenses   | 8    | 170,227         | 160,272         | 168,838         | 158,883         |
| Depreciation and amortisation   | 9    | 13,969          | 12,666          | 13,967          | 12,664          |
| Repairs and maintenance   | 10   | 9,580           | 7,762           | 8,500           | 6,963           |
| Borrowing costs   | 11   | 608             | 690             | 1,289           | 1,602           |
| Impairment of assets  | 12   | 823             | 392             | 823             | 392             |
| Investment losses   | 5    | 870             | 2,389           | 292             | 1,540           |
| Losses on disposal of assets  |      | -               | 441             | -               | 441             |
| Other expenses  | 13   | 99,370          | 98,159          | 93,836          | 88,418          |
| <b>Total expenses from continuing operations</b>  |      | <b>295,447</b>  | <b>282,771</b>  | <b>287,545</b>  | <b>270,903</b>  |
| <b>Operating result before income tax</b>   |      | <b>33,474</b>   | <b>26,090</b>   | <b>85,690</b>   | <b>39,936</b>   |
| Income tax expense  | 14   | (479)           | (23,073)        | (482)           | (222)           |
| <b>Net operating result after income tax for the period attributable to members of Murdoch University</b> |      | <b>32,995</b>   | <b>3,017</b>    | <b>85,208</b>   | <b>39,714</b>   |

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

## Statement of Comprehensive Income

For the Year Ended 31 December 2012

### Net operating result after income tax for the period

Gain on revaluation of land, buildings and artworks, net of tax

### Total comprehensive income attributable to members of Murdoch University

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

| Note | Consolidated    |                 | University      |                 |
|------|-----------------|-----------------|-----------------|-----------------|
|      | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
|      | 32,995          | 3,017           | 85,208          | 39,714          |
| 21   | 66,319          | -               | 66,319          | -               |
|      | <b>99,314</b>   | <b>3,017</b>    | <b>151,527</b>  | <b>39,714</b>   |

# Statement of Financial Position

As at 31 December 2012

|   | Note | Consolidated     |                 | University      |                 |
|---|------|------------------|-----------------|-----------------|-----------------|
|   |      | 2012<br>\$000's  | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
| <b>Assets</b>                                     |      |                  |                 |                 |                 |
| <b>Current assets</b>                             |      |                  |                 |                 |                 |
| Cash and cash equivalents                         | 15   | 121,019          | 104,601         | 98,470          | 46,269          |
| Receivables                                       | 16   | 11,656           | 14,838          | 12,362          | 15,273          |
| Inventories                                       | 17   | 2,163            | 2,092           | 2,158           | 2,087           |
| Other financial assets                            | 18   | 2,263            | 1,615           | -               | -               |
| Other non-financial assets                        | 19   | 4,945            | 5,342           | 4,880           | 5,298           |
| <b>Total current assets</b>                       |      | <b>142,046</b>   | <b>128,488</b>  | <b>117,870</b>  | <b>68,927</b>   |
| <b>Non-current assets</b>                         |      |                  |                 |                 |                 |
| Receivables                                       | 16   | 540              | 810             | 540             | 810             |
| Other financial assets                            | 18   | 46,536           | 32,439          | 46,447          | 32,364          |
| Other non-financial assets                        | 19   | 162              | 86              | 162             | 86              |
| Investments accounted for using the equity method | 36   | 962              | 712             | -               | -               |
| Investment properties                             | 20   | 201,933          | 201,930         | 201,933         | 201,930         |
| Property, plant and equipment                     | 21   | 621,626          | 540,652         | 621,624         | 540,648         |
| Intangible assets                                 | 22   | 8,767            | 7,485           | 8,767           | 7,485           |
| Deferred tax assets                               | 14   | 16               | 13              | -               | -               |
| <b>Total non-current assets</b>                   |      | <b>880,542</b>   | <b>784,127</b>  | <b>879,473</b>  | <b>783,323</b>  |
| <b>Total assets</b>                               |      | <b>1,022,588</b> | <b>912,615</b>  | <b>997,343</b>  | <b>852,250</b>  |
| <b>Liabilities</b>                                |      |                  |                 |                 |                 |
| <b>Current liabilities</b>                        |      |                  |                 |                 |                 |
| Trade and other payables                          | 23   | 18,030           | 13,911          | 16,831          | 14,169          |
| Borrowings  | 24   | 943              | 901             | 943             | 901             |
| Provisions  | 25   | 40,836           | 36,439          | 30,249          | 26,959          |
| Other liabilities                                 | 26   | 172,079          | 169,347         | 9,415           | 6,212           |
| <b>Total current liabilities</b>                  |      | <b>231,888</b>   | <b>220,598</b>  | <b>57,438</b>   | <b>48,241</b>   |
| <b>Non-current liabilities</b>                    |      |                  |                 |                 |                 |
| Other payables                                    | 23   | -                | 80              | -               | 80              |
| Borrowings  | 24   | 8,924            | 9,867           | 8,924           | 24,867          |
| Provisions  | 25   | 4,132            | 3,740           | 4,132           | 3,740           |
| <b>Total non-current liabilities</b>              |      | <b>13,056</b>    | <b>13,687</b>   | <b>13,056</b>   | <b>28,687</b>   |
| <b>Total liabilities</b>                          |      | <b>244,944</b>   | <b>234,285</b>  | <b>70,494</b>   | <b>76,928</b>   |
| <b>Net assets</b>                                 |      | <b>777,644</b>   | <b>678,330</b>  | <b>926,849</b>  | <b>775,322</b>  |
| <b>Equity</b>                                     |      |                  |                 |                 |                 |
| Reserves  | 27   | 380,911          | 314,592         | 380,911         | 314,592         |
| Retained surplus                                  | 27   | 396,733          | 363,738         | 545,938         | 460,730         |
| <b>Total equity</b>                               |      | <b>777,644</b>   | <b>678,330</b>  | <b>926,849</b>  | <b>775,322</b>  |

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

## Statement of Changes in Equity

For the Year Ended 31 December 2012

### Consolidated

#### Balance at 1 January 2011

Profit or loss

Transfer (to)/from Reserves

#### Balance at 31 December 2011

#### Balance at 1 January 2012

Profit or loss

Revaluation of land, buildings and artworks

#### Balance at 31 December 2012

### University

#### Balance at 1 January 2011

Profit or loss

Transfer (to)/from Reserves

#### Balance at 31 December 2011

#### Balance at 1 January 2012

Profit or loss

Revaluation of land, buildings and artworks

#### Balance at 31 December 2012

|   | Reserves       | Retained Surplus | Total          |
|---|----------------|------------------|----------------|
|   | \$000's        | \$000's          | \$000's        |
| Balance at 1 January 2011                   | 314,653        | 360,660          | 675,313        |
| Profit or loss                              | -              | 3,017            | 3,017          |
| Transfer (to)/from Reserves                 | (61)           | 61               | -              |
| <b>Balance at 31 December 2011</b>          | <b>314,592</b> | <b>363,738</b>   | <b>678,330</b> |
| Balance at 1 January 2012                   | 314,592        | 363,738          | 678,330        |
| Profit or loss                              | -              | 32,995           | 32,995         |
| Revaluation of land, buildings and artworks | 66,319         | -                | 66,319         |
| <b>Balance at 31 December 2012</b>          | <b>380,911</b> | <b>396,733</b>   | <b>777,644</b> |
| University                                  |                |                  |                |
| Balance at 1 January 2011                   | 314,653        | 420,955          | 735,608        |
| Profit or loss                              | -              | 39,714           | 39,714         |
| Transfer (to)/from Reserves                 | (61)           | 61               | -              |
| <b>Balance at 31 December 2011</b>          | <b>314,592</b> | <b>460,730</b>   | <b>775,322</b> |
| Balance at 1 January 2012                   | 314,592        | 460,730          | 775,322        |
| Profit or loss                              | -              | 85,208           | 85,208         |
| Revaluation of land, buildings and artworks | 66,319         | -                | 66,319         |
| <b>Balance at 31 December 2012</b>          | <b>380,911</b> | <b>545,938</b>   | <b>926,849</b> |

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



# Statement of Cash Flows

For the Year Ended 31 December 2012

|   | Note | Consolidated    |                 | University      |                 |
|---|------|-----------------|-----------------|-----------------|-----------------|
|   |      | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
| <b>Cash flows from operating activities</b>                                     |      |                 |                 |                 |                 |
| Australian government grants  | 2    | 180,858         | 159,749         | 180,858         | 159,749         |
| State and local government grants   |      | 3,462           | 6,992           | 3,462           | 6,992           |
| HECS-HELP - student payments  |      | 7,788           | 6,965           | 7,788           | 6,965           |
| OS-HELP (net)   | 2    | (46)            | (139)           | (46)            | (139)           |
| Receipts from student fees and other customers                                  |      | 125,644         | 107,835         | 161,301         | 118,263         |
| Dividends and franking credits received   |      | 530             | 408             | 456             | 1,370           |
| Interest received   |      | 6,481           | 5,859           | 4,849           | 2,468           |
| Payments to suppliers and employees   |      | (267,475)       | (257,971)       | (266,055)       | (253,994)       |
| Interest and other costs of finance paid  |      | (579)           | (616)           | (579)           | (1,528)         |
| Income taxes (paid)/refund  |      | -               | 7,264           | -               | -               |
| <b>Net cash provided by operating activities</b>                                |      | <b>56,663</b>   | <b>36,346</b>   | <b>92,034</b>   | <b>40,146</b>   |
| <b>Cash flows from investing activities</b>                                     |      |                 |                 |                 |                 |
| Proceeds from sale of property, plant and equipment                             |      | 232             | 287             | 232             | 287             |
| Payments for property, plant and equipment, intangibles and investment property |      | (29,461)        | (29,060)        | (29,461)        | (29,060)        |
| Proceeds from sale of financial assets  |      | -               | 21              | -               | -               |
| Repayment of loans by related entities  |      | 270             | 90              | 270             | 90              |
| Payments for investments  |      | (10,385)        | -               | (9,973)         | -               |
| <b>Net cash used by investing activities</b>                                    |      | <b>(39,344)</b> | <b>(28,662)</b> | <b>(38,932)</b> | <b>(28,683)</b> |
| <b>Cash flows from financing activities</b>                                     |      |                 |                 |                 |                 |
| Repayment of borrowings   |      | (611)           | (579)           | (611)           | (579)           |
| Repayment of finance lease liabilities  |      | (290)           | (382)           | (290)           | (382)           |
| Initial resident loans received   |      | -               | 10,651          | -               | -               |
| <b>Net cash provided by/(used in) financing activities</b>                      |      | <b>(901)</b>    | <b>9,690</b>    | <b>(901)</b>    | <b>(961)</b>    |
| <b>Net increase in cash and cash equivalents held</b>                           |      | <b>16,418</b>   | <b>17,374</b>   | <b>52,201</b>   | <b>10,502</b>   |
| <b>Cash and cash equivalents at beginning of year</b>                           |      | <b>104,601</b>  | <b>87,227</b>   | <b>46,269</b>   | <b>35,767</b>   |
| <b>Cash and cash equivalents at end of financial year</b>                       | 15   | <b>121,019</b>  | <b>104,601</b>  | <b>98,470</b>   | <b>46,269</b>   |
| Financing arrangement   | 24   |                 |                 |                 |                 |
| Non-cash financing and investing activities                                     | 28   |                 |                 |                 |                 |

The above Statement of Cash flows should be read in conjunction with the accompanying notes.

# Index of Notes to the Financial Statements

- 1 Summary of significant accounting policies
- 2 Australian government financial assistance including Australian Government loan programs (HELP)
- 3 State and local government financial assistance
- 4 Fees and charges
- 5 Investment income and losses
- 6 Consultancy and contract research
- 7 Other revenue and income
- 8 Employee related expenses
- 9 Depreciation and amortisation
- 10 Repairs and maintenance
- 11 Borrowing costs
- 12 Impairment of assets
- 13 Other expenses
- 14 Income tax
- 15 Cash and cash equivalents
- 16 Receivables
- 17 Inventories
- 18 Other financial assets
- 19 Other non-financial assets
- 20 Investment properties
- 21 Property, plant and equipment
- 22 Intangible assets
- 23 Trade and other payables
- 24 Borrowings
- 25 Provisions
- 26 Other liabilities
- 27 Equity
- 28 Reconciliation of profit from ordinary activities to net cash flows provided by operating activities
- 29 Remuneration of auditors
- 30 Contingent assets and contingent liabilities
- 31 Events subsequent to reporting date
- 32 Commitments for expenditure
- 33 Remuneration of senior officers and Senate members
- 34 Financial instruments
- 35 Subsidiaries
- 36 Investments accounted for using the equity method
- 37 Related parties
- 38 Supplementary financial information
- 39 Superannuation – UniSuper defined benefit division
- 40 Acquittal of Australian government financial assistance (University only)

# 1 Summary of significant accounting policies

## General Statement

The financial statements constitute general purpose financial statements which have been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

### (a) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land, buildings, infrastructure and artworks which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

Note 1 (x) 'Critical accounting estimates and judgements' discloses estimates and judgements made in the process of applying the Group's accounting policies resulting in the most significant effect on the amounts recognised in the financial statements.

Note 1 (x) 'Critical accounting estimates and judgements' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The University is a not-for-profit entity and the financial statements have been prepared on that basis. Some of the Australian Accounting Standards requirements for not-for-profit entities are inconsistent with the IFRS requirements.

### (b) Basis of consolidation

#### Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December 2012 and the results of all subsidiaries for the year then ended. The University and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the University has the ability to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

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 Group. They are de-consolidated from the date control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group entities 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 Group.

#### Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the University financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, 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 statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

### (c) Revenue and income recognition

#### Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

#### **Grants (including research grants), donations, gifts and other non-reciprocal contributions**

Revenue is recognised at fair value when the Group obtains control over the assets comprising the contributions, usually when cash is received.

Research grants are recognised at their fair value as the Group obtains control of the right to receive the grant, it is probable that economic benefits will flow to the Group and it can be measured reliably.

Other non-reciprocal contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

## Student fees and charges

Fees and charges are recognised as income in the year of receipt, except to the extent that fees and charges relate to courses to be held in future periods. Such income is treated as income in advance. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

## Interest revenue

Interest revenue is recognised as it accrues. The effective interest method, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset is used where applicable.

## Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

## Dividends

Dividend revenue is recognised net of any franking credits.

Revenue from distributions from subsidiaries is recognised by the University when the distributions are declared by the subsidiaries. As the University is a tax exempt entity, the University is entitled to claim the franking credits associated with the distributions from the taxation authority.

## Lease income

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

## Deferred management fees

Deferred management fees (DMF), relating to the retirement village, are earned whilst the resident occupies the independent living unit or serviced apartment. The DMF revenue on the original loan from the resident is recognised as income on a straight line basis over the resident's expected tenure. Expected tenure is calculated by reference to information issued by the Australian Bureau of Statistics for life expectancy and industry trends regarding rollovers.

The DMF revenue on increases in the market value is recognised on an emerging basis.

Where a rollover occurs prior to estimated tenure duration, the difference between the cash received and the accrued DMF is brought to account as revenue immediately.

## Income recognition

### Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

### (d) Property, plant and equipment

Items of property, plant and equipment with a purchase price of \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment with a purchase price less than \$5,000 are immediately expensed direct to the income statement (other than where the cost forms part of a group of similar items which are significant in total). Land, buildings, infrastructure, library books, motor vehicles and artwork have no minimum capitalisation limit.

### Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost. For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

### Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land, buildings, infrastructure and artworks and the cost model for all other property, plant and equipment. Land and artworks are carried at fair value less accumulated impairment losses. Buildings and infrastructure are carried at fair value less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

### Fair value

Classes of non-current assets including land, buildings, infrastructure and artworks, measured at fair value, are revalued with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from fair value at reporting date.

Land has been determined on the basis of current use land value for the Murdoch University campus and market land value for all other land.

Buildings and infrastructure are valued at estimated current replacement costs less accumulated depreciation (depreciated replacement cost).

Artworks are valued at market value.

Revaluation increments, on a class of assets basis, are recognised in the asset revaluation reserve except that amounts reversing a decrement previously recognised as an expense are recognised as revenue. Revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense.

Upon disposal or derecognition of an item of land, buildings, infrastructure or artworks, any revaluation surplus relating to that asset is transferred directly to retained earnings.

### Cost

The net book value of library books is based on the cost of acquisitions for three years to the end of the current financial year. The University has adopted a 'rolling depreciation' methodology for library books, whereby acquisitions in the fourth year preceding the reporting year are charged to depreciation.

All other plant and equipment assets are presented at cost less accumulated depreciation and accumulated impairment losses where appropriate.

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense.

### Gain/loss on disposal

The gain or loss on disposal of non-current asset sales is recognised as revenue/expense at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

### Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. Land is not depreciated.

The depreciation rates used are as follows:

|                              |        |
|------------------------------|--------|
| Computer equipment           | 25%    |
| Other equipment              | 12.5%  |
| Buildings and infrastructure | 2%     |
| Plant                        | 5%     |
| Motor vehicles               | 16.67% |
| Leased plant & equipment     | 12.5%  |

Artworks are considered as heritage assets and are anticipated to have very long and indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. As such, no amount for depreciation has been recognised in respect of works of art.

The basis for depreciation and the depreciation rates are reviewed annually.

### (e) Intangible assets

#### Capitalisation/expensing of assets

The Group's intangible assets, electronic library materials, have no minimum capitalisation limit. The cost of utilising the assets is expensed (amortised) over their useful life. Electronic library materials have an expected useful life of 10 years.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Group have a finite useful life and zero residual value.

### (f) Impairment of assets

Property, plant and equipment, intangibles, investment properties and financial assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the University is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

### (g) Investment property

Initially, investment property is measured at cost including transaction costs. Costs of enhancement to an existing investment property are capitalised. Costs of day-to-day servicing of an investment property are expensed.

Subsequent to initial recognition, investment property is stated at fair value. Fair value is determined by reference to market-based evidence, which is the amount for which the asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Gains or losses arising from changes in the fair value of investment property are included as income in the income statement in the period in which they arise.

Investment property is de-recognised when it has either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on de-recognition of an investment property are recognised in the income statement in the period of de-recognition.

Land held for development purposes is also classified as investment property.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording.

### (h) Investments and other financial assets

#### Classification

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

#### Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term or the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the year end date.

#### Loans and receivables

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



## Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

### Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

## Subsidiaries

Investments in subsidiaries are carried in the University's financial statements at cost less any impairment in value.

## Other

In the Group's financial statements, investments in unlisted shares with no active market are carried at cost less any impairment in value.

### (i) Inventories

Inventories are measured at the lower of cost and net realisable value with provisions being made for obsolescence where considered necessary. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being measured on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### (j) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

### (k) Employee benefits

#### Annual Leave and Long Service Leave

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Annual leave and unconditional long service leave provisions are classified as current liabilities as the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Group has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

#### Retirement benefit obligations

The employees of the Group are entitled to benefits on retirement from superannuation plans elected by the employees. These plans incorporate defined contribution sections only as per AASB 119 'Employee benefits'.

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

#### Employee on-costs

Employee on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred.

### (l) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 32). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

### (m) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement no more than 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Cash flows relating to short-term receivable are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

## (n) Borrowings

Borrowings are recognised initially at the fair value of the proceeds received. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the liabilities on an effective interest basis.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the year end date.

## (o) Borrowing costs

Borrowing costs are expensed as incurred unless they relate to the acquisition, construction or production of qualifying assets.

Qualifying assets are assets that take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets.

Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to those borrowings, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using an effective interest rate method.

## (p) Trade and other payables

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

## (q) 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 statement of financial position.

Cash flows are included in the statement of cash flows 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 classified as operating cash flows.

## (r) Taxation

### University

The University is an income tax exempt body in Australia. It is subject to foreign income tax for overseas operations.

### Consolidation

Certain subsidiaries of the University are tax exempt bodies while other subsidiaries are taxable entities.

For the taxable entities within the group, income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the year end date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## (s) Resident loans

Resident loans, relating to the retirement village, are measured at the principal amount, plus the residents' share of any increase in the market value of the underlying property at year end date less the value of the deferred management fee receivable.

Resident loans are non-interest bearing and are payable at the end of the resident contract. In most cases this is greater than 12 months, however, they are classified as current liabilities because the company does not have an unconditional right to defer settlement.

In practice, the rate at which the company's retirement residents vacate their units, and hence the rate at which the resident loans will fall due for repayment can be estimated on the basis of statistical tables.

### Deferred management fee (DMF) receivable

DMF receivable represents the contractual amount receivable with reference to the underlying resident contract. The company has a contractual right of offset of the DMF receivable against the relevant resident loan.

## (t) Cash and cash equivalents

For statement 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 statement of financial position.

## (u) Financial instruments

In addition to cash and bank overdraft, the Group has the following categories of financial instruments:

- Receivables and payables;
- Investments; and
- Interest bearing liabilities.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
  - (i) Cash and cash equivalents
  - (ii) Receivables
  - (iii) Listed securities
  - (iv) Managed funds
- Financial Liabilities
  - (i) Payables
  - (ii) Western Australian Treasury Corporation borrowings
  - (iii) Lease liabilities

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

#### (v) Foreign currency translation

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 are recognised in the income statement.

#### (w) Comparative figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures represented in the current financial year.

#### (x) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a higher risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

#### a) Critical accounting estimates and assumptions

##### (i) Impairment of assets

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

##### (ii) Artworks, land, buildings and infrastructure

Artworks, land, buildings and infrastructure are measured on a fair value basis and the valuation is determined based on market value for artworks, current use land value for the Murdoch University campus, market land value for all other land and estimated current replacement costs less accumulated depreciation for buildings and infrastructure.

##### (iii) Discount rates used in estimating non-current provisions

The Group estimates its non-current provisions by using discount rates based on market yields on government bonds.

##### (iv) Long service leave provision

The assessment of the Group's long service leave provision is based on the appropriate inflation rates, discounting rates, probability and rates for employees leaving service and taking leave while in service.

#### b) Critical judgements in applying the Group's accounting policies

##### (i) Useful life of assets

The Group determines the useful life of property, plant and equipment (with the exception of land and artworks) and intangible assets to ensure the assets are depreciated in a manner that reflects the consumption of their future economic benefits.

##### (ii) Resident loans

Residents are entitled to a portion of the revaluation gain on their unit in accordance with their resident contract. The revaluation of the unit is based on expected entry values for each unit as at year end.

##### (iii) Deferred management fees (DMF)

The DMF is calculated using variables including the average length of stay for units and serviced apartments and an estimate of the average period for a new tenancy.

#### (y) Initial application of an Australian Accounting Standard

The Group has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 January 2012 that impacted on the Group.

|             |  |
|-------------|--|
| AASB 1048   | Interpretation of Standards<br>This Standard identifies the Australian Interpretations and classifies them into two groups: those that correspond to an IASB Interpretation and those that do not. There is no financial impact.   |
| AASB 1054   | Australian Additional Disclosures<br>This Standard, in conjunction with AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.   |
| AASB 2010-6 | Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & 7]<br>This Standard introduces additional disclosures relating to transfers of financial assets in AASB 7. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.   |
| AASB 2011-1 | Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Int 2, 112 & 113]<br>This Standard, in conjunction with AASB 1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.  |
| AASB 2011-5 | Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, 128 & 131]<br>This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity are not-for-profit entities that comply with Australian Accounting Standards. There is no financial impact. |

## (z) Future impact of Australian Accounting Standards not yet operative

The Group has not applied the following Australian Accounting Standards that have been issued that may impact the Group. Where applicable, the Group plans to apply these Australian Accounting Standards from their application date.

|              |  | <b>Operative<br/>reporting periods<br/>beginning on/after</b> |
|--------------|--|---|
| AASB 9       | Financial Instruments<br>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.<br>The mandatory application date of this Standard was amended to 1 January 2015.   | 1 Jan 2015  |
| AASB 10      | Consolidated Financial Statements<br>This Standard supersedes AASB 127 Consolidated and Separate Financial Statements and Int 112 Consolidation – Special Purpose Entities, introducing a number of changes to accounting treatments.<br>The Standard was issued in August 2011.   | 1 Jan 2013  |
| AASB 11      | Joint Arrangements<br>This Standard supersedes AASB 131 Interests in Joint Ventures, introducing a number of changes to accounting treatments. The Standard was issued in August 2011.   | 1 Jan 2013  |
| AASB 12      | Disclosure of Interests in Other Entities<br>This Standard supersedes disclosure requirements under AASB 127 Consolidated and Separate Financial Statements and AASB 131 Interests in Joint Ventures. The Standard was issued in August 2011.  | 1 Jan 2013  |
| AASB 13      | Fair Value Measurement<br>This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.  | 1 Jan 2013  |
| AASB 119     | Employee Benefits<br>This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements.<br>The Group will assess employee leave patterns to determine whether annual leave is short-term or other long-term employee benefit.  | 1 Jan 2013  |
| AASB 127     | Separate Financial Statements<br>This Standard supersedes AASB 127 Consolidated and Separate Financial Statements, introducing a number of changes to accounting treatments.<br>The Standard was issued in August 2011.  | 1 Jan 2013  |
| AASB 128     | Investments In Associates and Joint Ventures<br>This Standard supersedes AASB 128 Investments in Associates, introducing a number of changes to accounting treatments.<br>The Standard was issued in August 2011.  | 1 Jan 2013  |
| AASB 1053    | Application of Tiers of Australian Accounting Standards<br>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.  | 1 Jul 2013  |
| AASB 2009-11 | Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Int 10 & 12] [modified by AASB 2010-7]  | 1 Jan 2013  |
| AASB 2010-2  | Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052]<br>This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact. | 1 Jul 2013  |
| AASB 2010-7  | Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]<br>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.  | 1 Jan 2013  |

|              |   | <b>Operative<br/>reporting periods<br/>beginning on/after</b> |
|--------------|---|---|
| AASB 2011-2  | <p>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 &amp; 1054]</p> <p>This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.</p>  | 1 Jul 2013  |
| AASB 2011-6  | <p>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 &amp; 131]</p> <p>This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.</p> | 1 Jul 2013  |
| AASB 2011-7  | <p>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 &amp; 1038 and Int 5, 9, 16 &amp; 17]</p> <p>This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures.</p>   | 1 Jan 2013  |
| AASB 2011-8  | <p>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 &amp; 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 &amp; 132]</p> <p>This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.</p>   | 1 Jan 2013  |
| AASB 2011-9  | <p>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 &amp; 1049]</p> <p>This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).</p>   | 1 Jul 2012  |
| AASB 2011-10 | <p>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 &amp; 2011-8 and Int 14]</p> <p>This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is limited financial impact.</p>   | 1 Jan 2013  |
| AASB 2011-11 | <p>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</p> <p>This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</p>   | 1 Jul 2013  |
| AASB 2012-1  | <p>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 &amp; 141]</p> <p>This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.</p>  | 1 Jul 2013  |
| AASB 2012-2  | <p>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 &amp; 132]</p> <p>This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.</p> <p>The Standard was issued in June 2012.</p>  | 1 Jan 2013  |
| AASB 2012-3  | <p>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</p> <p>This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.</p> <p>The Standard was issued in June 2012.</p>  | 1 Jan 2014  |



|             |   | <b>Operative reporting periods beginning on/after</b> |
|-------------|---|---|
| AASB 2012-5 | Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]<br>This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process.<br>The Standard was issued in June 2012.   | 1 Jan 2013  |
| AASB 2012-6 | Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]<br>This Standard amends the mandatory effective date of AASB 9 Financial Instruments to 1 January 2015 (instead of 1 January 2013). Further amendments are also made to numerous consequential amendments arising from AASB 9 that will now apply from 1 January 2015.<br>The Standard was issued in September 2012. | 1 Jan 2013  |
| AASB 2012-7 | Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 & 127]<br>This Standard adds or amends the Australian Accounting Standards – Reduced Disclosure Requirements for AASB 7 Financial Instruments: Disclosures, AASB 12 Disclosure of Interests in Other Entities, AASB 101 Presentation of Financial Statements and AASB 127 Separate Financial Statements.<br>The Standard was issued in September 2012.            | 1 Jul 2013  |

The following Australian Accounting standards and Interpretations are not applicable to the Group as they will have no impact:

|              |  | <b>Operative for reporting periods beginning on/after</b> |
|--------------|--|---|
| Int 20       | Stripping Costs in the Production Phase of a Surface Mine  | 1 Jan 2013  |
| AASB 2010-10 | Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & 2010-7]       | 1 Jan 2013  |
| AASB 2011-3  | Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049] | 1 Jul 2012  |
| AASB 2011-4  | Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]       | 1 Jul 2013  |
| AASB 2011-12 | Amendments to Australian Accounting Standards arising from Interpretation 20   | 1 Jan 2013  |
| AASB 2011-13 | Amendments to Australian Accounting Standard – Improvements to AASB 1049   | 1 Jul 2012  |
| AASB 2012-4  | Amendments to Australian Accounting Standards – Government Loans [AASB 1]  | 1 Jan 2013  |

## 2. Australian government financial assistance including Australian Government loan programs (HELP)

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

|   |  |
|---|--|
| Commonwealth Grants Scheme (CGS) <sup>#1</sup>      |  |
| Disability Support Program                          |  |
| Indigenous Support Program                          |  |
| Partnership and Participation Program <sup>#2</sup> |  |
| Transitional Cost Program                           |  |
| Promotion of excellence in learning and teaching    |  |
| Reward funding - CGS income                         |  |
| Total Commonwealth Grants Scheme and Other Grants   |  |

### (b) Higher Education Loan Programmes

|  |  |
|--|--|
| HECS - HELP                            |  |
| FEE - HELP                             |  |
| SA - HELP                              |  |
| Total Higher Education Loan Programmes |  |

### (c) Scholarships

|  |  |
|--|--|
| Australian Postgraduate Awards                         |  |
| Commonwealth Accommodation Scholarships <sup>#4</sup>  |  |
| Commonwealth Education Costs Scholarship <sup>#4</sup> |  |
| International Postgraduate Research Scholarships       |  |
| Indigenous Access scholarships                         |  |
| Total Scholarships                                     |  |

### (d) DIISR Research

|   |  |
|---|--|
| Commercialisation Training Scheme               |  |
| Joint Research Engagement Program <sup>#5</sup> |  |
| Research Infrastructure Block Grants            |  |
| Research Training Scheme                        |  |
| Sustainable Research Excellence in Universities |  |
| Total DIISR Research                            |  |

### (e) Australian Research Council (ARC)

|                 |  |
|-----------------|--|
| (i) Discovery   |  |
| Fellowships     |  |
| Project         |  |
| Total Discovery |  |
| (ii) Linkages   |  |
| Infrastructure  |  |
| Project         |  |
| Total Linkages  |  |
| Total ARC       |  |

### (f) Other Australian Government financial assistance

|  |  |
|--|--|
| Non research funding                                   |  |
| Research funding                                       |  |
| Total Other Australian Government financial assistance |  |

### Total Australian Government financial assistance

|  | Consolidated    |                 | University      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
|  | 84,900          | 80,141          | 84,900          | 80,141          |
|  | 596             | 679             | 596             | 679             |
|  | 579             | 579             | 579             | 579             |
|  | 2,609           | 1,896           | 2,609           | 1,896           |
|  | 24              | 32              | 24              | 32              |
|  | 565             | -               | 565             | -               |
|  | 206             | -               | 206             | -               |
|  | <b>89,479</b>   | <b>83,327</b>   | <b>89,479</b>   | <b>83,327</b>   |
|  | 44,006          | 40,804          | 44,006          | 40,804          |
|  | 6,551           | 5,617           | 6,551           | 5,617           |
|  | 616             | -               | 616             | -               |
|  | <b>51,173</b>   | <b>46,421</b>   | <b>51,173</b>   | <b>46,421</b>   |
|  | 3,004           | 2,503           | 3,004           | 2,503           |
|  | 150             | 436             | 150             | 436             |
|  | 204             | 399             | 204             | 399             |
|  | 269             | 273             | 269             | 273             |
|  | 105             | 134             | 105             | 134             |
|  | <b>3,732</b>    | <b>3,745</b>    | <b>3,732</b>    | <b>3,745</b>    |
|  | -               | (63)            | -               | (63)            |
|  | 5,703           | 5,421           | 5,703           | 5,421           |
|  | 1,628           | 1,685           | 1,628           | 1,685           |
|  | 8,588           | 8,537           | 8,588           | 8,537           |
|  | 1,301           | 1,069           | 1,301           | 1,069           |
|  | <b>17,220</b>   | <b>16,649</b>   | <b>17,220</b>   | <b>16,649</b>   |
|  | 413             | 398             | 413             | 398             |
|  | 1,518           | 1,070           | 1,518           | 1,070           |
|  | <b>1,931</b>    | <b>1,468</b>    | <b>1,931</b>    | <b>1,468</b>    |
|  | -               | 480             | -               | 480             |
|  | 818             | 948             | 818             | 948             |
|  | <b>818</b>      | <b>1,428</b>    | <b>818</b>      | <b>1,428</b>    |
|  | <b>2,749</b>    | <b>2,896</b>    | <b>2,749</b>    | <b>2,896</b>    |
|  | 8,514           | 1,469           | 8,514           | 1,469           |
|  | 5,519           | 4,195           | 5,519           | 4,195           |
|  | <b>14,033</b>   | <b>5,664</b>    | <b>14,033</b>   | <b>5,664</b>    |
|  | <b>178,386</b>  | <b>158,702</b>  | <b>178,386</b>  | <b>158,702</b>  |

<sup>#1</sup> Includes the basic CGS grant amount, CGS - Regional Loading, CGS - Enabling Loading, Maths and Science Transition Loading and Full Fee Places Transition Loading.

<sup>#2</sup> Includes Equity Support Program.

<sup>#3</sup> Program is in respect of FEE-HELP for Higher Education only.

<sup>#4</sup> Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively.

<sup>#5</sup> Includes Institutional Grants Scheme.

## 2. Australian government financial assistance including Australian Government loan programs (HELP) (continued)

### Reconciliation

|                              |  |
|------------------------------|--|
| Australian Government grants |  |
| HECS - HELP                  |  |
| FEE - HELP                   |  |
| SA - HELP                    |  |

### Total Australian Government financial assistance

### (g) Australian Government Grants received - Cash Basis

|  |  |
|--|--|
| CGS and other DEEWR grants                       |  |
| Higher Education Loan Programs                   |  |
| Scholarships                                     |  |
| DIISR Research                                   |  |
| ARC grants - Discovery                           |  |
| ARC grants - Linkages                            |  |
| Other Australian Government financial assistance |  |

### Total Australian Government grants received - cash basis

OS-Help (net)

### Total Australian Government funding received - cash basis

|  | Consolidated    |                 | University      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
|  | 127,213         | 112,281         | 127,213         | 112,281         |
|  | 44,006          | 40,804          | 44,006          | 40,804          |
|  | 6,551           | 5,617           | 6,551           | 5,617           |
|  | 616             | -               | 616             | -               |
| <b>Total Australian Government financial assistance</b>          | <b>178,386</b>  | <b>158,702</b>  | <b>178,386</b>  | <b>158,702</b>  |
|  | 89,201          | 83,219          | 89,201          | 83,219          |
|  | 52,046          | 46,060          | 52,046          | 46,060          |
|  | 5,609           | 5,197           | 5,609           | 5,197           |
|  | 17,220          | 16,712          | 17,220          | 16,712          |
|  | 1,931           | 1,468           | 1,931           | 1,468           |
|  | 818             | 1,428           | 818             | 1,428           |
|  | 14,033          | 5,665           | 14,033          | 5,665           |
| <b>Total Australian Government grants received - cash basis</b>  | <b>180,858</b>  | <b>159,749</b>  | <b>180,858</b>  | <b>159,749</b>  |
|  | (46)            | (139)           | (46)            | (139)           |
| <b>Total Australian Government funding received - cash basis</b> | <b>180,812</b>  | <b>159,610</b>  | <b>180,812</b>  | <b>159,610</b>  |
|  | 2,908           | 6,415           | 2,908           | 6,415           |
|  | 554             | 577             | 554             | 577             |
| <b>Total state and local government financial assistance</b>     | <b>3,462</b>    | <b>6,992</b>    | <b>3,462</b>    | <b>6,992</b>    |
|  | 178             | 105             | 178             | 105             |
|  | 2,878           | 2,411           | 2,878           | 2,411           |
|  | 6               | 47              | 6               | 47              |
|  | 49,299          | 42,630          | 49,299          | 42,630          |
|  | 9,213           | 4,899           | 9,213           | 4,899           |
| <b>Total course fees and charges</b>                             | <b>61,574</b>   | <b>50,092</b>   | <b>61,574</b>   | <b>50,092</b>   |
|  | 1,898           | 181             | 1,898           | 181             |
|  | 734             | 1,004           | 734             | 1,004           |
|  | 6,772           | 6,186           | 7,473           | 6,930           |
|  | 835             | 717             | 835             | 717             |
|  | 3,816           | 3,527           | 9,508           | 8,737           |
| <b>Total other fees and charges</b>                              | <b>14,055</b>   | <b>11,615</b>   | <b>20,448</b>   | <b>17,569</b>   |
| <b>Total fees and charges</b>                                    | <b>75,629</b>   | <b>61,707</b>   | <b>82,022</b>   | <b>67,661</b>   |

## 3. State and local government financial assistance

### Non-Capital

|                  |  |
|------------------|--|
| State government |  |
| Local government |  |

### Total state and local government financial assistance

## 4. Fees and charges

### Course fees and charges

|  |  |
|--|--|
| Continuing education                       |  |
| Fee-paying domestic postgraduate students  |  |
| Fee-paying domestic undergraduate students |  |
| Fee-paying overseas students               |  |
| Other domestic course fees and charges     |  |

### Other non-course fees and charges

|                                     |  |
|-------------------------------------|--|
| Student services fees from students |  |
| Facilities fees                     |  |
| Other fees and charges              |  |
| Parking fees                        |  |
| Rental and lease charges            |  |

### Total fees and charges

## 5. Investment income and losses

### (i) Investment revenue and income

#### Investment revenue

|   |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
| Interest from bank bills and deposits   | 6,585        | 5,814        | 5,347        | 2,475        |
| Dividends                               | 58           | 240          | -            | 1,227        |
| Income distributions from managed funds | 3,185        | 2,555        | 3,185        | 2,555        |
| <b>Total investment revenue</b>         | <b>9,828</b> | <b>8,609</b> | <b>8,532</b> | <b>6,257</b> |

#### Other investment income

|  |              |            |              |          |
|--|--------------|------------|--------------|----------|
| Change in fair value of financial assets designated as at fair value through profit & loss | 2,223        | 264        | 1,395        | -        |
| <b>Total other investment income</b>   | <b>2,223</b> | <b>264</b> | <b>1,395</b> | <b>-</b> |

### Total investment revenue and income

|               |              |              |              |
|---------------|--------------|--------------|--------------|
| <b>12,051</b> | <b>8,873</b> | <b>9,927</b> | <b>6,257</b> |
|---------------|--------------|--------------|--------------|

### (ii) Investment losses

#### Other investment losses

|  |            |              |            |              |
|--|------------|--------------|------------|--------------|
| Change in fair value of financial assets designated as at fair value through profit & loss | 870        | 2,389        | 292        | 1,540        |
| <b>Total other investment losses</b>   | <b>870</b> | <b>2,389</b> | <b>292</b> | <b>1,540</b> |

### Total investment losses

|            |              |            |              |
|------------|--------------|------------|--------------|
| <b>870</b> | <b>2,389</b> | <b>292</b> | <b>1,540</b> |
|------------|--------------|------------|--------------|

### Net investment revenue and income

|               |              |              |              |
|---------------|--------------|--------------|--------------|
| <b>11,181</b> | <b>6,484</b> | <b>9,635</b> | <b>4,717</b> |
|---------------|--------------|--------------|--------------|

## 6. Consultancy and contract research

#### Research

|           |        |        |        |        |
|-----------|--------|--------|--------|--------|
| Contracts | 17,867 | 18,551 | 17,867 | 18,551 |
|-----------|--------|--------|--------|--------|

#### Other

|             |       |       |       |       |
|-------------|-------|-------|-------|-------|
| Consultancy | 1,014 | 3,404 | 1,014 | 3,333 |
|-------------|-------|-------|-------|-------|

### Total consultancy and contract research

|               |               |               |               |
|---------------|---------------|---------------|---------------|
| <b>18,881</b> | <b>21,955</b> | <b>18,881</b> | <b>21,884</b> |
|---------------|---------------|---------------|---------------|

## 7. Other revenue and income

#### Other revenue

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Deferred management fee                      | 4,757         | 5,627         | -             | -             |
| Donations and bequests                       | 2,374         | 6,942         | 50,465        | 15,653        |
| Franking credits refund on dividend received | 472           | 168           | 456           | 143           |
| Non-government grants                        | 477           | 447           | 477           | 447           |
| Other revenue                                | 5,799         | 6,761         | 3,563         | 3,486         |
| Scholarships and prizes                      | 261           | 203           | 261           | 203           |
| Sponsorships income                          | 1,213         | 645           | 804           | 239           |
| Trading income                               | 16,370        | 16,055        | 15,992        | 15,605        |
| <b>Total other revenue</b>                   | <b>31,723</b> | <b>36,848</b> | <b>72,018</b> | <b>35,776</b> |

#### Other income

|  |            |              |            |              |
|--|------------|--------------|------------|--------------|
| Fair value adjustment on investment property | 547        | 5,527        | 547        | 5,527        |
| Insurance recovery                           | 133        | 1,076        | 133        | 1,075        |
| <b>Total other income</b>                    | <b>680</b> | <b>6,603</b> | <b>680</b> | <b>6,602</b> |

### Total other revenue and income

|               |               |               |               |
|---------------|---------------|---------------|---------------|
| <b>32,403</b> | <b>43,451</b> | <b>72,698</b> | <b>42,378</b> |
|---------------|---------------|---------------|---------------|

## 8. Employee related expenses

### Academic

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Salaries   | 66,333        | 62,930        | 66,333        | 62,930        |
| Contribution to superannuation and pension schemes | 9,864         | 9,250         | 9,864         | 9,250         |
| Payroll tax  | 4,222         | 3,949         | 4,222         | 3,949         |
| Workers compensation                               | 557           | 542           | 557           | 542           |
| Annual leave                                       | 1,754         | 1,732         | 1,754         | 1,732         |
| Long service leave                                 | 2,150         | 1,033         | 2,150         | 1,033         |
| Other  | 75            | 86            | 75            | 86            |
| <b>Total academic</b>                              | <b>84,955</b> | <b>79,522</b> | <b>84,955</b> | <b>79,522</b> |

### Non-academic

|  |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| Salaries   | 68,195        | 65,092        | 66,981        | 63,888        |
| Contribution to superannuation and pension schemes | 9,147         | 8,519         | 9,038         | 8,404         |
| Payroll tax  | 4,271         | 4,055         | 4,204         | 3,986         |
| Workers compensation                               | 569           | 554           | 564           | 549           |
| Annual leave                                       | 951           | 957           | 959           | 961           |
| Long service leave                                 | 2,107         | 1,528         | 2,105         | 1,528         |
| Other  | 32            | 45            | 32            | 45            |
| <b>Total non-academic</b>                          | <b>85,272</b> | <b>80,750</b> | <b>83,883</b> | <b>79,361</b> |

### Total employee related expenses

|                |                |                |                |
|----------------|----------------|----------------|----------------|
| <b>170,227</b> | <b>160,272</b> | <b>168,838</b> | <b>158,883</b> |
|----------------|----------------|----------------|----------------|

## 9. Depreciation and amortisation

### Depreciation

|                           |               |               |               |               |
|---------------------------|---------------|---------------|---------------|---------------|
| Buildings                 | 6,340         | 5,900         | 6,340         | 5,900         |
| Computer equipment        | 1,639         | 975           | 1,639         | 975           |
| General equipment         | 3,279         | 3,076         | 3,277         | 3,074         |
| Library books             | 660           | 803           | 660           | 803           |
| Motor vehicles            | 251           | 283           | 251           | 283           |
| Plant and equipment       | 254           | 208           | 254           | 208           |
| <b>Total depreciation</b> | <b>12,423</b> | <b>11,245</b> | <b>12,421</b> | <b>11,243</b> |

### Amortisation

|                              |              |              |              |              |
|------------------------------|--------------|--------------|--------------|--------------|
| Leased plant and equipment   | 183          | 257          | 183          | 257          |
| Electronic library materials | 1,363        | 1,164        | 1,363        | 1,164        |
| <b>Total amortisation</b>    | <b>1,546</b> | <b>1,421</b> | <b>1,546</b> | <b>1,421</b> |

### Total depreciation and amortisation

|               |               |               |               |
|---------------|---------------|---------------|---------------|
| <b>13,969</b> | <b>12,666</b> | <b>13,967</b> | <b>12,664</b> |
|---------------|---------------|---------------|---------------|

## 10. Repairs and maintenance

|                                      |              |              |              |              |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Buildings and grounds                | 7,883        | 6,580        | 7,110        | 6,070        |
| Other                                | 1,697        | 1,182        | 1,390        | 893          |
| <b>Total repairs and maintenance</b> | <b>9,580</b> | <b>7,762</b> | <b>8,500</b> | <b>6,963</b> |

## 11. Borrowing costs

|                              |            |            |              |              |
|------------------------------|------------|------------|--------------|--------------|
| Finance lease charges        | 46         | 68         | 46           | 68           |
| Interest paid                | 562        | 622        | 1,243        | 1,534        |
| <b>Total borrowing costs</b> | <b>608</b> | <b>690</b> | <b>1,289</b> | <b>1,602</b> |

## 12. Impairment of assets

|                                   |            |            |            |            |
|-----------------------------------|------------|------------|------------|------------|
| Bad debts                         | 38         | 2          | 38         | 2          |
| Doubtful debts                    | 785        | 380        | 785        | 380        |
| Impairment losses                 | -          | 10         | -          | 10         |
| <b>Total impairment of assets</b> | <b>823</b> | <b>392</b> | <b>823</b> | <b>392</b> |



### 13. Other expenses

|  | Consolidated    |                 | University      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
| Administration expenses                                    | 7,242           | 6,689           | 7,092           | 6,223           |
| Advertising, marketing and promotions                      | 3,818           | 4,013           | 3,687           | 3,862           |
| Amenities and service fees                                 | 18              | 189             | 18              | 189             |
| Audit fees, bank charges, legal costs, insurance and taxes | 4,334           | 4,590           | 2,803           | 2,660           |
| Consulting fees - other                                    | 16,828          | 14,667          | 17,352          | 14,981          |
| Consulting fees - research                                 | 7,392           | 7,019           | 7,392           | 6,923           |
| Cost of sales  | 4,697           | 4,465           | 4,691           | 4,456           |
| Donations and sponsorships                                 | 981             | 1,000           | 1,067           | 2,414           |
| Fair value movement in resident loans                      | 3,358           | 7,776           | -               | -               |
| General consumables  | 3,954           | 3,475           | 3,807           | 3,350           |
| Licence and royalty fees                                   | 2,646           | 2,592           | 2,646           | 2,592           |
| Non-capitalised equipment                                  | 3,135           | 3,734           | 3,127           | 3,733           |
| Occupancy costs  | 7,350           | 6,721           | 7,101           | 6,494           |
| Operating lease payments                                   | 3,095           | 3,066           | 2,551           | 2,392           |
| Other expenses   | 3,508           | 3,483           | 3,502           | 3,483           |
| Productivity improvement program costs                     | 34              | 39              | 34              | 39              |
| Scholarships, grants and prizes                            | 16,424          | 14,603          | 16,424          | 14,603          |
| Telecommunications   | 968             | 1,134           | 967             | 1,133           |
| Travel and related staff development and training          | 9,588           | 8,904           | 9,575           | 8,891           |
| <b>Total other expenses</b>                                | <b>99,370</b>   | <b>98,159</b>   | <b>93,836</b>   | <b>88,418</b>   |

### 14. Income tax

Two subsidiaries of the University (Murdoch Retirement Services Pty Ltd and Murdoch Investments Company Pty Ltd) were successful in an application to the Australian Taxation Office to be recognised as charitable institutions and were given tax exempt status in 2011. The endorsements were received from the Australian Taxation Office on 24 June 2011 and provided for taxation exemption for the subsidiaries from 1 July 2005.

As a result of the above, the subsidiary companies applied for and received tax refunds of \$7,319,181 relating to the period from 1 July 2005 to 31 December 2010.

Further, as tax exempt bodies, those subsidiary companies have no ability to recognise deferred tax balances on the statement of financial position. Therefore, the balance of the deferred tax asset recognised relating to those subsidiaries at 31 December 2010 of \$30,168,091 was written back via the statement of comprehensive income in 2011.

#### (a) Income tax expense

|                           | Consolidated    |                 | University      |                 |
|---------------------------|-----------------|-----------------|-----------------|-----------------|
|                           | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
| Current tax               | (482)           | 7,097           | (482)           | (222)           |
| Deferred                  | 3               | (30,170)        | -               | -               |
| <b>Income tax expense</b> | <b>(479)</b>    | <b>(23,073)</b> | <b>(482)</b>    | <b>(222)</b>    |

#### (b) Numerical reconciliation of income tax expense to prima facie tax payable

|   | Consolidated |                 | University   |              |
|---|--------------|-----------------|--------------|--------------|
|   | 2012         | 2011            | 2012         | 2011         |
| Operating result from continuing operations before income tax expense                                   | 2,843        | 1,257           | 2,830        | 1,218        |
| Tax expense at the Australian tax rate of 30% (2011: 30%)   | (853)        | (377)           | (849)        | (365)        |
| Difference in overseas tax rates  | 367          | 143             | 367          | 143          |
| Tax losses brought to account   | 7            | 10              | -            | -            |
| Adjustment in respect of current income tax of previous years relating to granting of tax exempt status | -            | 7,319           | -            | -            |
| Reversal of previously recognised deferred tax balances   | -            | (30,168)        | -            | -            |
| <b>Income tax expense</b>   | <b>(479)</b> | <b>(23,073)</b> | <b>(482)</b> | <b>(222)</b> |

#### (c) Deferred tax assets and liabilities

##### Recognised deferred tax assets

The balance comprises temporary differences attributable to:

##### Deferred tax assets

|  | Consolidated |           | University |          |
|--|--------------|-----------|------------|----------|
|  | 2012         | 2011      | 2012       | 2011     |
| Property, plant and equipment                                      | 2            | 1         | -          | -        |
| Accruals   | 4            | 4         | -          | -        |
| Provisions   | 10           | 8         | -          | -        |
| <b>Net tax assets/(liabilities) pursuant to set-off provisions</b> | <b>16</b>    | <b>13</b> | <b>-</b>   | <b>-</b> |

##### Movements:

|  | Consolidated |           | University |          |
|--|--------------|-----------|------------|----------|
|  | 2012         | 2011      | 2012       | 2011     |
| Opening balance at 1 January                 | 13           | 30,183    | -          | -        |
| Credited to the income statement             | 3            | (2)       | -          | -        |
| Reversals due to obtaining tax exempt status | -            | (30,168)  | -          | -        |
| <b>Closing balance at 31 December</b>        | <b>16</b>    | <b>13</b> | <b>-</b>   | <b>-</b> |

## 14. Income tax (continued)

### (d) Tax losses

Unused tax losses for which no deferred tax asset has been recognised

Potential tax benefit @ 30%

All unused tax losses were incurred by Australian entities

### (e) Deferred tax asset

The balance comprises temporary differences attributable to:

Amounts recognised in operating result

Net deferred tax assets

Deferred tax assets to be recovered within 12 months

Deferred tax assets to be recovered after more than 12 months

| Consolidated      |                 | University |                 |
|-------------------|-----------------|------------|-----------------|
| 2012              | 2011            | 2012       | 2011            |
| \$000's           | \$000's         | \$000's    | \$000's         |
| 110               | 132             | -          | -               |
| <b>33</b>         | <b>40</b>       | -          | -               |
| 16                | 13              | -          | -               |
| <b>16</b>         | <b>13</b>       | -          | -               |
| 14                | 12              | -          | -               |
| 2                 | 1               | -          | -               |
| <b>16</b>         | <b>13</b>       | -          | -               |
| PP&E              | Accruals        | Provisions | Resident Loans  |
| \$000's           | \$000's         | \$000's    | \$000's         |
| 3                 | 14              | 23         | 25,107          |
| (2)               | (10)            | (15)       | (25,107)        |
| 1                 | 4               | 8          | -               |
| 1                 | -               | 2          | -               |
| <b>2</b>          | <b>4</b>        | <b>10</b>  | -               |
| Mgt Fee Provision | Unearned Income | Tax losses | Total           |
| \$000's           | \$000's         | \$000's    | \$000's         |
| 2,405             | 2,758           | -          | <b>30,310</b>   |
| (2,405)           | (2,758)         | -          | <b>(30,297)</b> |
| -                 | -               | -          | <b>13</b>       |
| -                 | -               | -          | <b>3</b>        |
| -                 | -               | -          | <b>16</b>       |

### Movements – Consolidated

#### At 1 January 2011

Charged/(credited) to the income statement

#### At 31 December 2011

Charged/(credited) to the income statement

#### At 31 December 2012

### Movements – Consolidated

#### At 1 January 2011

Credited to the income statement

#### At 31 December 2011

Charged to the income statement

#### At 31 December 2012

### (f) Deferred tax liability

#### Movements - Consolidated

#### At 1 January 2011

Charged/(credited) to the income statement

#### At 31 December 2011

Charged/(credited) to the income statement

#### At 31 December 2012

Accrued  
Income  
\$000's

(127)

127

-

-

-

Tax losses  
\$000's

### (g) Movement in unrecognised deferred tax assets and liabilities during the year

#### Movements - Consolidated

#### At 1 January 2011

Recognition

Reversal relating to income tax exempt status

#### At 31 December 2011

Recognition

#### At 31 December 2012

4,914

(9)

(4,865)

40

(7)

33

## 15. Cash and cash equivalents

### Current

Cash at bank and on hand

Bank bills and deposits

### Total cash and cash equivalents

#### (a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the year as shown in the statement of cash flows as follows:

Balances as above

Balance as per statement of cash flows

#### (b) Cash at bank and on hand

These are interest bearing at an average floating interest rate of 2.23% as at 31 December 2012 (2011:3.57%).

#### (c) Bank bills and deposits

The bank bills and deposits are bearing average fixed interest rates of 4.57% as at 31 December 2012 (2011: 5.68%). These deposits have an average maturity of 84 days.

## 16. Receivables

### Current

Trade receivables

Less: Provision for impaired receivables

Other

Total current receivables

### Non-current

Loans receivable

Total non-current receivables

### Total receivables

#### (a) Impaired receivables

Impaired:

Movements in the provision for impaired receivables are as follows:

At 1 January

Provision for impairment recognised during the year

Receivables written off during the year as uncollectible

At 31 December

The creation and release of the provision for impaired receivables has been included in 'Impairment of assets' in the income statement.

Amounts charged to the provision account are generally written off when there is no prospect of further recovery.

Past due date:

As at 31 December 2012 trade receivables of \$1,607K (2011: \$2,467K) were 90 or more days past due but not impaired. These relate mainly to student debt and to a number of customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

Not past due

Past due 30 days

Past due 60 days

Past due 90 days or more

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.

|  | Consolidated   |                | University    |               |
|--|----------------|----------------|---------------|---------------|
|  | 2012           | 2011           | 2012          | 2011          |
|  | \$000's        | \$000's        | \$000's       | \$000's       |
| Cash at bank and on hand                                 | 23,248         | 20,094         | 18,992        | 12,769        |
| Bank bills and deposits                                  | 97,771         | 84,507         | 79,478        | 33,500        |
| <b>Total cash and cash equivalents</b>                   | <b>121,019</b> | <b>104,601</b> | <b>98,470</b> | <b>46,269</b> |
|  |                |                |               |               |
| Balances as above  | 121,019        | 104,601        | 98,470        | 46,269        |
| Balance as per statement of cash flows                   | <b>121,019</b> | <b>104,601</b> | <b>98,470</b> | <b>46,269</b> |
|  |                |                |               |               |
| Trade receivables  | 11,031         | 14,271         | 11,773        | 14,742        |
| Less: Provision for impaired receivables                 | (2,003)        | (1,754)        | (2,039)       | (1,790)       |
|  | 9,028          | 12,517         | 9,734         | 12,952        |
| Other  | 2,628          | 2,321          | 2,628         | 2,321         |
| Total current receivables                                | <b>11,656</b>  | <b>14,838</b>  | <b>12,362</b> | <b>15,273</b> |
|  |                |                |               |               |
| Loans receivable   | 540            | 810            | 540           | 810           |
| Total non-current receivables                            | 540            | 810            | 540           | 810           |
| <b>Total receivables</b>                                 | <b>12,196</b>  | <b>15,648</b>  | <b>12,902</b> | <b>16,083</b> |
|  |                |                |               |               |
| At 1 January   | 1,754          | 1,777          |               |               |
| Provision for impairment recognised during the year      | 785            | 380            |               |               |
| Receivables written off during the year as uncollectible | (536)          | (403)          |               |               |
| At 31 December   | <b>2,003</b>   | <b>1,754</b>   |               |               |
|  |                |                |               |               |
| Not past due   | 4,987          | 7,194          |               |               |
| Past due 30 days   | 2,168          | 836            |               |               |
| Past due 60 days   | 266            | 2,020          |               |               |
| Past due 90 days or more                                 | 3,610          | 4,221          |               |               |
|  | <b>11,031</b>  | <b>14,271</b>  |               |               |

## 16. Receivables (continued)

### (b) Foreign exchange risk

The carrying amount of the Group's and University's current and non-current receivables are denominated in the following currencies:

Euro  
US Dollars  
New Zealand Dollars

Current receivables

A summarised analysis of the sensitivity of receivables to foreign exchange risk can be found in note 34.

### (c) Fair value and credit risk

*Current receivables*

Due to the short term nature of current receivables, the carrying value is assumed to approximate fair value.

*Non-current receivables*

Loans receivable

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.

| Consolidated |            | University |            |
|--------------|------------|------------|------------|
| 2012         | 2011       | 2012       | 2011       |
| \$000's      | \$000's    | \$000's    | \$000's    |
| 18           | 16         | 18         | 16         |
| 189          | 224        | 189        | 224        |
| 5            | 14         | 5          | 14         |
| <b>212</b>   | <b>254</b> | <b>212</b> | <b>254</b> |
| 212          | 254        | 212        | 254        |
| <b>212</b>   | <b>254</b> | <b>212</b> | <b>254</b> |

| Carrying amount | Fair value | Carrying amount | Fair value |
|-----------------|------------|-----------------|------------|
| \$000's         | \$000's    | \$000's         | \$000's    |
| 540             | 810        | 540             | 810        |
| <b>540</b>      | <b>810</b> | <b>540</b>      | <b>810</b> |

## 17. Inventories

### Current

Bookshop - at cost  
Veterinary Hospital - at cost  
Other - at cost

**Total current inventories**

## 18. Other financial assets

### Current

Financial assets at fair value through profit & loss - Listed securities  
Total current other financial assets

### Non-current

Shares in subsidiaries - cost  
Shares in other unlisted entities - cost  
Financial assets at fair value through profit & loss - Managed funds  
Total non-current other financial assets

**Total other financial assets**

| Consolidated  |               | University    |               |
|---------------|---------------|---------------|---------------|
| 2012          | 2011          | 2012          | 2011          |
| \$000's       | \$000's       | \$000's       | \$000's       |
| 1,061         | 1,046         | 1,061         | 1,046         |
| 1,097         | 1,041         | 1,097         | 1,041         |
| 5             | 5             | -             | -             |
| <b>2,163</b>  | <b>2,092</b>  | <b>2,158</b>  | <b>2,087</b>  |
| 2,263         | 1,615         | -             | -             |
| <b>2,263</b>  | <b>1,615</b>  | <b>-</b>      | <b>-</b>      |
| -             | -             | 100           | 100           |
| 110           | 110           | 10            | 10            |
| 46,426        | 32,329        | 46,337        | 32,254        |
| <b>46,536</b> | <b>32,439</b> | <b>46,447</b> | <b>32,364</b> |
| <b>48,799</b> | <b>34,054</b> | <b>46,447</b> | <b>32,364</b> |

Changes in fair values of other financial assets at fair value through profit or loss are recorded in investment income and investment losses in the income statement (note 5 – Investment income and losses).

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets.

## 19. Other non-financial assets

### Current

Prepayments

### Non-current

Other non-financial assets

### Total other non-financial assets

| Consolidated    |                 | University      |                 |
|-----------------|-----------------|-----------------|-----------------|
| 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
| 4,945           | 5,342           | 4,880           | 5,298           |
| 162             | 86              | 162             | 86              |
| <b>5,107</b>    | <b>5,428</b>    | <b>5,042</b>    | <b>5,384</b>    |

## 20. Investment properties

### Non-current

Opening balance at 1 January

Fair value adjustment on investment property

Transfer (from)/to investment property

Closing balance at 31 December

|                |                |                |                |
|----------------|----------------|----------------|----------------|
| 201,930        | 196,331        | 201,930        | 196,331        |
| 547            | 5,527          | 547            | 5,527          |
| (544)          | 72             | (544)          | 72             |
| <b>201,933</b> | <b>201,930</b> | <b>201,933</b> | <b>201,930</b> |

Investment property includes a commercial building that is leased to a third party under an operating lease and the St Ives Retirement Village Murdoch.

### (a) Amounts recognised in the income statement for the commercial building

Rental income

Direct operating expenses

Fair value adjustment on investment property

Total recognised in income statement

|              |              |              |              |
|--------------|--------------|--------------|--------------|
| 1,263        | 1,219        | 1,263        | 1,219        |
| (95)         | (93)         | (95)         | (93)         |
| 500          | -            | 500          | -            |
| <b>1,668</b> | <b>1,126</b> | <b>1,668</b> | <b>1,126</b> |

### (b) Amounts recognised in the income statement for St Ives Retirement Village Murdoch

Fair value adjustment on investment property

Total recognised in income statement

|           |              |           |              |
|-----------|--------------|-----------|--------------|
| 47        | 5,527        | 47        | 5,527        |
| <b>47</b> | <b>5,527</b> | <b>47</b> | <b>5,527</b> |

### (c) Valuations

Investment properties are measured on a fair value basis. The 2012 valuation of the commercial building was determined by independent valuer, McGees Property, utilising market based evidence. The 2012 valuation of the St Ives Retirement Village Murdoch was determined by utilising an industry specific valuation model (developed by Ernst and Young), after updating key assumptions in the model. These assumptions were obtained from advice received from Ernst and Young.

### (d) Operating lease (as lessor) - Commercial building

The future minimum lease payments under non-cancellable leases are as follows:

Within one year

Later than one year but not later than five years

|              |              |              |              |
|--------------|--------------|--------------|--------------|
| 1,313        | 1,263        | 1,313        | 1,263        |
| 2,787        | 4,100        | 2,787        | 4,100        |
| <b>4,100</b> | <b>5,363</b> | <b>4,100</b> | <b>5,363</b> |



## 21. Property, plant and equipment

|   | Land           | Building       | Infrastructure | Construction in progress | Plant        | Computing Equipment | Other Equipment | Motor Vehicles | Artworks     | Library Books | Leased Plant and Equipment | Total          |
|---|----------------|----------------|----------------|--------------------------|--------------|---------------------|-----------------|----------------|--------------|---------------|----------------------------|----------------|
|   | \$000's        | \$000's        | \$000's        | \$000's                  | \$000's      | \$000's             | \$000's         | \$000's        | \$000's      | \$000's       | \$000's                    | \$000's        |
| <b>Consolidated</b>                     |                |                |                |                          |              |                     |                 |                |              |               |                            |                |
| <b>At 1 January 2011</b>                |                |                |                |                          |              |                     |                 |                |              |               |                            |                |
| - Cost                                  | -              | -              | -              | 9,779                    | 4,169        | 9,505               | 41,749          | 1,863          | -            | 3,887         | 2,084                      | 73,036         |
| - Murdoch Valuation                     | 194,700        | 283,706        | 9,829          | -                        | -            | -                   | -               | -              | 4,020        | -             | -                          | 492,255        |
| Accumulated depreciation                | -              | (5,398)        | (197)          | -                        | (1,050)      | (7,694)             | (26,182)        | (906)          | -            | (1,444)       | (574)                      | (43,445)       |
| Net book amount                         | <b>194,700</b> | <b>278,308</b> | <b>9,632</b>   | <b>9,779</b>             | <b>3,119</b> | <b>1,811</b>        | <b>15,567</b>   | <b>957</b>     | <b>4,020</b> | <b>2,443</b>  | <b>1,510</b>               | <b>521,846</b> |
| <b>Year ended 31 December 2011</b>      |                |                |                |                          |              |                     |                 |                |              |               |                            |                |
| Opening net book amount                 | 194,700        | 278,308        | 9,632          | 9,779                    | 3,119        | 1,811               | 15,567          | 957            | 4,020        | 2,443         | 1,510                      | 521,846        |
| Additions                               | -              | 289            | -              | 22,032                   | 6            | 4,058               | 2,865           | 615            | 259          | 667           | 61                         | 30,852         |
| Disposals                               | -              | (87)           | -              | -                        | -            | -                   | (152)           | (206)          | -            | -             | (27)                       | (472)          |
| Transfers (to)/from investment property | -              | (257)          | -              | 185                      | -            | -                   | -               | -              | -            | -             | -                          | (72)           |
| Transfers to buildings & infrastructure | -              | 13,743         | 590            | (14,333)                 | -            | -                   | -               | -              | -            | -             | -                          | -              |
| Depreciation charge                     | -              | (5,680)        | (220)          | -                        | (208)        | (975)               | (3,076)         | (283)          | -            | (803)         | (257)                      | (11,502)       |
| Closing net book amount                 | <b>194,700</b> | <b>286,316</b> | <b>10,002</b>  | <b>17,663</b>            | <b>2,917</b> | <b>4,894</b>        | <b>15,204</b>   | <b>1,083</b>   | <b>4,279</b> | <b>2,307</b>  | <b>1,287</b>               | <b>540,652</b> |
| <b>At 31 December 2011</b>              |                |                |                |                          |              |                     |                 |                |              |               |                            |                |
| - Cost                                  | -              | -              | -              | 17,663                   | 4,176        | 12,757              | 43,447          | 2,121          | -            | 3,110         | 2,106                      | 85,380         |
| - Murdoch Valuation                     | 194,700        | 297,374        | 10,419         | -                        | -            | -                   | -               | -              | 4,279        | -             | -                          | 506,772        |
| Accumulated depreciation                | -              | (11,058)       | (417)          | -                        | (1,259)      | (7,863)             | (28,243)        | (1,038)        | -            | (803)         | (819)                      | (51,500)       |
| Net book amount                         | <b>194,700</b> | <b>286,316</b> | <b>10,002</b>  | <b>17,663</b>            | <b>2,917</b> | <b>4,894</b>        | <b>15,204</b>   | <b>1,083</b>   | <b>4,279</b> | <b>2,307</b>  | <b>1,287</b>               | <b>540,652</b> |
| <b>Year ended 31 December 2012</b>      |                |                |                |                          |              |                     |                 |                |              |               |                            |                |
| Opening net book amount                 | 194,700        | 286,316        | 10,002         | 17,663                   | 2,917        | 4,894               | 15,204          | 1,083          | 4,279        | 2,307         | 1,287                      | 540,652        |
| Revaluation increment/(decrement)       | 24,305         | 41,811         | (406)          | -                        | -            | -                   | -               | -              | 609          | -             | -                          | 66,319         |
| Additions                               | -              | 94             | 35             | 18,906                   | 506          | 1,693               | 4,897           | 370            | 99           | 645           | -                          | 27,245         |
| Disposals                               | -              | -              | -              | -                        | -            | -                   | (408)           | (126)          | -            | -             | -                          | (534)          |
| Transfers from investment property      | -              | 550            | -              | -                        | -            | -                   | -               | -              | -            | -             | -                          | 550            |
| Transfers to buildings & infrastructure | -              | 10,728         | 7,199          | (17,927)                 | -            | -                   | -               | -              | -            | -             | -                          | -              |
| Transfers to other equipment            | -              | (20)           | -              | (19)                     | -            | (7)                 | 483             | -              | -            | -             | (437)                      | -              |
| Transfers to plant                      | -              | (649)          | -              | (1,631)                  | 2,280        | -                   | -               | -              | -            | -             | -                          | -              |
| Depreciation charge                     | -              | (6,004)        | (336)          | -                        | (254)        | (1,639)             | (3,279)         | (251)          | -            | (660)         | (183)                      | (12,606)       |
| Closing net book amount                 | <b>219,005</b> | <b>332,826</b> | <b>16,494</b>  | <b>16,992</b>            | <b>5,449</b> | <b>4,941</b>        | <b>16,897</b>   | <b>1,076</b>   | <b>4,987</b> | <b>2,292</b>  | <b>667</b>                 | <b>621,626</b> |
| <b>At 31 December 2012</b>              |                |                |                |                          |              |                     |                 |                |              |               |                            |                |
| - Cost                                  | -              | -              | -              | 16,992                   | 6,962        | 14,274              | 48,323          | 2,135          | -            | 3,755         | 1,296                      | 93,737         |
| - Independent Valuation                 | 219,005        | 332,772        | 15,898         | -                        | -            | -                   | -               | -              | 4,956        | -             | -                          | 572,631        |
| - Murdoch Valuation                     | -              | 54             | 596            | -                        | -            | -                   | -               | -              | 31           | -             | -                          | 681            |
| Accumulated depreciation                | -              | -              | -              | -                        | (1,513)      | (9,333)             | (31,426)        | (1,059)        | -            | (1,463)       | (629)                      | (45,423)       |
| Net book amount                         | <b>219,005</b> | <b>332,826</b> | <b>16,494</b>  | <b>16,992</b>            | <b>5,449</b> | <b>4,941</b>        | <b>16,897</b>   | <b>1,076</b>   | <b>4,987</b> | <b>2,292</b>  | <b>667</b>                 | <b>621,626</b> |

## 21. Property, plant and equipment (continued)

|   | Land           | Buildings      | Infrastructure | Construction in progress | Plant        | Computing Equipment | Other Equipment | Motor Vehicles | Artworks     | Library Books | Leased Plant and Equipment | Total          |
|---|----------------|----------------|----------------|--------------------------|--------------|---------------------|-----------------|----------------|--------------|---------------|----------------------------|----------------|
|   | \$000's        | \$000's        | \$000's        | \$000's                  | \$000's      | \$000's             | \$000's         | \$000's        | \$000's      | \$000's       | \$000's                    | \$000's        |
| <b>University</b>                       |                |                |                |                          |              |                     |                 |                |              |               |                            |                |
| <b>At 1 January 2011</b>                |                |                |                |                          |              |                     |                 |                |              |               |                            |                |
| - Cost                                  | -              | -              | -              | 9,779                    | 4,169        | 9,505               | 41,710          | 1,863          | -            | 3,887         | 2,084                      | 72,997         |
| - Murdoch Valuation                     | 194,700        | 283,706        | 9,829          | -                        | -            | -                   | -               | -              | 4,020        | -             | -                          | 492,255        |
| Accumulated depreciation                | -              | (5,398)        | (197)          | -                        | (1,050)      | (7,694)             | (26,149)        | (906)          | -            | (1,444)       | (574)                      | (43,412)       |
| Net book amount                         | <b>194,700</b> | <b>278,308</b> | <b>9,632</b>   | <b>9,779</b>             | <b>3,119</b> | <b>1,811</b>        | <b>15,561</b>   | <b>957</b>     | <b>4,020</b> | <b>2,443</b>  | <b>1,510</b>               | <b>521,840</b> |
| <b>Year ended 31 December 2011</b>      |                |                |                |                          |              |                     |                 |                |              |               |                            |                |
| Opening net book amount                 | 194,700        | 278,308        | 9,632          | 9,779                    | 3,119        | 1,811               | 15,561          | 957            | 4,020        | 2,443         | 1,510                      | 521,840        |
| Additions                               | -              | 289            | -              | 22,032                   | 6            | 4,058               | 2,865           | 615            | 259          | 667           | 61                         | 30,852         |
| Disposals                               | -              | (87)           | -              | -                        | -            | -                   | (152)           | (206)          | -            | -             | (27)                       | (472)          |
| Transfers (to)/from investment property | -              | (257)          | -              | 185                      | -            | -                   | -               | -              | -            | -             | -                          | (72)           |
| Transfers to buildings & infrastructure | -              | 13,743         | 590            | (14,333)                 | -            | -                   | -               | -              | -            | -             | -                          | -              |
| Depreciation charge                     | -              | (5,680)        | (220)          | -                        | (208)        | (975)               | (3,074)         | (283)          | -            | (803)         | (257)                      | (11,500)       |
| Closing net book amount                 | <b>194,700</b> | <b>286,316</b> | <b>10,002</b>  | <b>17,663</b>            | <b>2,917</b> | <b>4,894</b>        | <b>15,200</b>   | <b>1,083</b>   | <b>4,279</b> | <b>2,307</b>  | <b>1,287</b>               | <b>540,648</b> |
| <b>At 31 December 2011</b>              |                |                |                |                          |              |                     |                 |                |              |               |                            |                |
| - Cost                                  | -              | -              | -              | 17,663                   | 4,176        | 12,757              | 43,408          | 2,121          | -            | 3,110         | 2,106                      | 85,341         |
| - Murdoch Valuation                     | 194,700        | 297,374        | 10,419         | -                        | -            | -                   | -               | -              | 4,279        | -             | -                          | 506,772        |
| Accumulated depreciation                | -              | (11,058)       | (417)          | -                        | (1,259)      | (7,863)             | (28,208)        | (1,038)        | -            | (803)         | (819)                      | (51,465)       |
| Net book amount                         | <b>194,700</b> | <b>286,316</b> | <b>10,002</b>  | <b>17,663</b>            | <b>2,917</b> | <b>4,894</b>        | <b>15,200</b>   | <b>1,083</b>   | <b>4,279</b> | <b>2,307</b>  | <b>1,287</b>               | <b>540,648</b> |
| <b>Year ended 31 December 2012</b>      |                |                |                |                          |              |                     |                 |                |              |               |                            |                |
| Opening net book amount                 | 194,700        | 286,316        | 10,002         | 17,663                   | 2,917        | 4,894               | 15,200          | 1,083          | 4,279        | 2,307         | 1,287                      | 540,648        |
| Revaluation increment/(decrement)       | 24,305         | 41,811         | (406)          | -                        | -            | -                   | -               | -              | 609          | -             | -                          | 66,319         |
| Additions                               | -              | 94             | 35             | 18,906                   | 506          | 1,693               | 4,897           | 370            | 99           | 645           | -                          | 27,245         |
| Disposals                               | -              | -              | -              | -                        | -            | -                   | (408)           | (126)          | -            | -             | -                          | (534)          |
| Transfers from investment property      | -              | 550            | -              | -                        | -            | -                   | -               | -              | -            | -             | -                          | 550            |
| Transfers to buildings & infrastructure | -              | 10,728         | 7,199          | (17,927)                 | -            | -                   | -               | -              | -            | -             | -                          | -              |
| Transfers other equipment               | -              | (20)           | -              | (19)                     | -            | (7)                 | 483             | -              | -            | -             | (437)                      | -              |
| Transfers to plant                      | -              | (649)          | -              | (1,631)                  | 2,280        | -                   | -               | -              | -            | -             | -                          | -              |
| Depreciation charge                     | -              | (6,004)        | (336)          | -                        | (254)        | (1,639)             | (3,277)         | (251)          | -            | (660)         | (183)                      | (12,604)       |
| Closing net book amount                 | <b>219,005</b> | <b>332,826</b> | <b>16,494</b>  | <b>16,992</b>            | <b>5,449</b> | <b>4,941</b>        | <b>16,895</b>   | <b>1,076</b>   | <b>4,987</b> | <b>2,292</b>  | <b>667</b>                 | <b>621,624</b> |
| <b>At 31 December 2012</b>              |                |                |                |                          |              |                     |                 |                |              |               |                            |                |
| - Cost                                  | -              | -              | -              | 16,992                   | 6,962        | 14,274              | 48,284          | 2,135          | -            | 3,755         | 1,296                      | 93,698         |
| - Independent Valuation                 | 219,005        | 332,772        | 15,898         | -                        | -            | -                   | -               | -              | 4,956        | -             | -                          | 572,631        |
| - Murdoch Valuation                     | -              | 54             | 596            | -                        | -            | -                   | -               | -              | 31           | -             | -                          | 681            |
| Accumulated depreciation                | -              | -              | -              | -                        | (1,513)      | (9,333)             | (31,389)        | (1,059)        | -            | (1,463)       | (629)                      | (45,386)       |
| Net book amount                         | <b>219,005</b> | <b>332,826</b> | <b>16,494</b>  | <b>16,992</b>            | <b>5,449</b> | <b>4,941</b>        | <b>16,895</b>   | <b>1,076</b>   | <b>4,987</b> | <b>2,292</b>  | <b>667</b>                 | <b>621,624</b> |

### Valuations of land and buildings

Land, buildings, infrastructure and artworks are measured on a fair value basis, being the amount for which the assets could be exchanged between knowledgeable and willing parties in an arm's length transaction, having regard to the highest and best use of the asset for which other parties would be willing to pay. The valuations as at 31 December 2012 determined by independent valuers, McGees Property (land, buildings and infrastructure), Perth Galleries (artworks) and Seva Frangos Art (artworks), are on the basis of current use land value for the Murdoch University campus and market land value for all other land, estimated current replacement costs less accumulated depreciation for buildings and infrastructure and market value for artworks.

## 22. Intangible assets

### Electronic Library Materials

#### At 1 January 2011

|   |  |
|---|--|
| - Cost                                    |  |
| - Accumulated amortisation and impairment |  |
| Net book amount                           |  |

#### Year ended 31 December 2011

|                         |  |
|-------------------------|--|
| Opening net book amount |  |
| Additions               |  |
| Amortisation charge     |  |
| Closing net book amount |  |

#### At 31 December 2011

|   |  |
|---|--|
| - Cost                                    |  |
| - Accumulated amortisation and impairment |  |
| Net book amount                           |  |

#### Year ended 31 December 2012

|                         |  |
|-------------------------|--|
| Opening net book amount |  |
| Additions               |  |
| Amortisation charge     |  |
| Closing net book amount |  |

#### At 31 December 2012

|   |  |
|---|--|
| - Cost                                    |  |
| - Accumulated amortisation and impairment |  |
| Net book amount                           |  |

|   | Consolidated<br>\$000's | University<br>\$000's |
|---|-------------------------|-----------------------|
| - Cost                                    | 10,040                  | 10,040                |
| - Accumulated amortisation and impairment | (3,269)                 | (3,269)               |
| Net book amount                           | <b>6,771</b>            | <b>6,771</b>          |
| Opening net book amount                   | 6,771                   | 6,771                 |
| Additions                                 | 1,878                   | 1,878                 |
| Amortisation charge                       | (1,164)                 | (1,164)               |
| Closing net book amount                   | <b>7,485</b>            | <b>7,485</b>          |
| - Cost                                    | 11,918                  | 11,918                |
| - Accumulated amortisation and impairment | (4,433)                 | (4,433)               |
| Net book amount                           | <b>7,485</b>            | <b>7,485</b>          |
| Opening net book amount                   | 7,485                   | 7,485                 |
| Additions                                 | 2,645                   | 2,645                 |
| Amortisation charge                       | (1,363)                 | (1,363)               |
| Closing net book amount                   | <b>8,767</b>            | <b>8,767</b>          |
| - Cost                                    | 14,563                  | 14,563                |
| - Accumulated amortisation and impairment | (5,796)                 | (5,796)               |
| Net book amount                           | <b>8,767</b>            | <b>8,767</b>          |

## 23. Trade and other payables

### Current

|  |  |
|--|--|
| Trade payables                         |  |
| Current tax liability                  |  |
| Accruals and other payables            |  |
| Total current trade and other payables |  |

### Non-current

|  |  |
|--|--|
| Other payables                             |  |
| Total non-current trade and other payables |  |

### Total trade and other payables

|  | Consolidated    |                 | University      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
| Trade payables                             | 3,840           | 4,886           | 3,067           | 5,766           |
| Current tax liability                      | 940             | 459             | 940             | 459             |
| Accruals and other payables                | 13,250          | 8,566           | 12,824          | 7,944           |
| Total current trade and other payables     | <b>18,030</b>   | <b>13,911</b>   | <b>16,831</b>   | <b>14,169</b>   |
| Other payables                             | -               | 80              | -               | 80              |
| Total non-current trade and other payables | -               | 80              | -               | 80              |
| <b>Total trade and other payables</b>      | <b>18,030</b>   | <b>13,991</b>   | <b>16,831</b>   | <b>14,249</b>   |

#### (a) Foreign exchange risk

The carrying amounts of the Group's and University's current payables are denominated in Australian currency only.

#### (b) Fair value

##### Current payables

Due to the short term nature of the current payables, their carrying value is assumed to approximate their fair value.

## 24. Borrowings

### Current

#### Secured

|   |  |  |  |  |
|---|--|--|--|--|
| Lease liabilities                         |  |  |  |  |
| Western Australian Treasury Corporation * |  |  |  |  |
| <b>Total current secured borrowings</b>   |  |  |  |  |

#### Unsecured

|   |  |  |  |  |
|---|--|--|--|--|
| Western Australian Treasury Corporation * |  |  |  |  |
| <b>Total current unsecured borrowings</b> |  |  |  |  |

### Total current borrowings

### Non-current

#### Secured

|   |  |  |  |  |
|---|--|--|--|--|
| Lease liabilities                           |  |  |  |  |
| Western Australian Treasury Corporation *   |  |  |  |  |
| <b>Total non-current secured borrowings</b> |  |  |  |  |

#### Unsecured

|   |  |  |  |  |
|---|--|--|--|--|
| Loan from wholly owned subsidiary             |  |  |  |  |
| Western Australian Treasury Corporation *     |  |  |  |  |
| <b>Total non-current unsecured borrowings</b> |  |  |  |  |

### Total non-current borrowings

### Total borrowings

|  | Consolidated    |                 | University      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
| <b>Total current secured borrowings</b>          | 658             | 626             | 658             | 626             |
| <b>Total current unsecured borrowings</b>        | 285             | 275             | 285             | 275             |
| <b>Total current borrowings</b>                  | <b>943</b>      | <b>901</b>      | <b>943</b>      | <b>901</b>      |
| <b>Total non-current secured borrowings</b>      | 8,237           | 8,895           | 8,237           | 8,895           |
| <b>Total non-current unsecured borrowings</b>    | 687             | 972             | 687             | 15,972          |
| <b>Total non-current borrowings</b>              | <b>8,924</b>    | <b>9,867</b>    | <b>8,924</b>    | <b>24,867</b>   |
| <b>Total borrowings</b>                          | <b>9,867</b>    | <b>10,768</b>   | <b>9,867</b>    | <b>25,768</b>   |
| <b>Total assets pledged as security</b>          | <b>667</b>      | <b>1,287</b>    | <b>667</b>      | <b>1,287</b>    |
| <b>Total facilities available</b>                | <b>2,000</b>    | <b>2,000</b>    | <b>2,000</b>    | <b>2,000</b>    |
| <b>Facilities utilised at reporting date</b>     | <b>487</b>      | <b>777</b>      | <b>487</b>      | <b>777</b>      |
| <b>Facilities not utilised at reporting date</b> | <b>1,513</b>    | <b>1,223</b>    | <b>1,513</b>    | <b>1,223</b>    |

\* The loans from Western Australian Treasury Corporation are as follows:

(i) Law building loan of \$253,693 which is unsecured, interest bearing at a fixed rate of 5.93% and repayable in quarterly instalments by October 2018.

(ii) Student Village loan of \$718,450 which is unsecured, interest bearing at a weighted average rate of 5.29% and repayable in quarterly instalments by October 2017.

(iii) Peel Campus loan 1 of \$5,891,970 which is secured by a Guarantee of the Treasurer of the State, interest bearing at a fixed rate of 6.69% and repayable in quarterly instalments by April 2027.

(iv) Peel Campus loan 2 of \$2,516,254 which is secured by a Guarantee of the Treasurer of the State, interest bearing at a weighted average interest rate of 4.79% and repayable in quarterly instalments by July 2017.

### (a) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

#### Non-current

##### Finance leases

Plant and equipment

### Total assets pledged as security

### (b) Financing arrangements

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

#### Bank facilities

##### Total facilities available

Asset finance (Finance leases)

##### Facilities utilised at reporting date

Asset finance (Finance leases)

##### Facilities not utilised at reporting date

Asset finance (Finance Leases)

### (c) Fair value

The fair value of the current and non-current borrowings equals their carrying value, as the impact of discounting is not significant.

## 25. Provisions

### Current

#### Employee benefits:

|                    |        |        |        |        |
|--------------------|--------|--------|--------|--------|
| Annual leave       | 12,575 | 10,718 | 12,555 | 10,704 |
| Long service leave | 15,035 | 13,636 | 15,021 | 13,624 |
| Other              | 245    | 343    | 245    | 343    |

Other provisions

Total current provisions

### Non-current

#### Employee benefits:

|                    |       |       |       |       |
|--------------------|-------|-------|-------|-------|
| Long service leave | 3,950 | 3,438 | 3,950 | 3,438 |
| Other              | -     | 136   | -     | 136   |

Other provisions

Total non-current provisions

### Total provisions

The provisions above that have been classified as current are done so as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. However, assessments indicate that actual settlement of the liabilities will occur as follows:

Current provisions expected to be settled within 12 months

#### Employee benefits:

|                    |       |       |       |       |
|--------------------|-------|-------|-------|-------|
| Annual leave       | 7,811 | 7,212 | 7,799 | 7,203 |
| Long service leave | 1,210 | 1,133 | 1,209 | 1,132 |
| Other              | 245   | 343   | 245   | 343   |

Other provisions

Current provisions expected to be settled after more than 12 months

#### Employee benefits:

|                    |        |        |        |        |
|--------------------|--------|--------|--------|--------|
| Annual leave       | 4,764  | 3,506  | 4,756  | 3,501  |
| Long service leave | 13,825 | 12,503 | 13,812 | 12,493 |

Other provisions

### Total current provisions

### Other provisions

Included in other provisions are amounts for employee on-costs, self insurance, Commonwealth support, management fees and productivity improvement program costs. The provisions are based on estimates made from historical information.

### Movements in provisions

Other provisions

#### Current

|                              |               |               |              |              |
|------------------------------|---------------|---------------|--------------|--------------|
| Balance at beginning of year | 11,742        | 11,354        | 2,288        | 3,337        |
| Additional provisions        | 2,162         | 2,933         | 809          | 1,184        |
| Amounts used                 | (923)         | (1,657)       | (669)        | (1,345)      |
| Unused amounts released      | -             | (888)         | -            | (888)        |
| Balance at end of year       | <b>12,981</b> | <b>11,742</b> | <b>2,428</b> | <b>2,288</b> |

#### Non-current

|                              |            |            |            |            |
|------------------------------|------------|------------|------------|------------|
| Balance at beginning of year | 166        | 384        | 166        | 384        |
| Additional provisions        | 16         | 314        | 16         | 314        |
| Amounts used                 | -          | (154)      | -          | (154)      |
| Unused amounts released      | -          | (378)      | -          | (378)      |
| Balance at end of year       | <b>182</b> | <b>166</b> | <b>182</b> | <b>166</b> |

|   | Consolidated    |                 | University      |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
| <b>Current</b>  |                 |                 |                 |                 |
| Employee benefits:  |                 |                 |                 |                 |
| Annual leave  | 12,575          | 10,718          | 12,555          | 10,704          |
| Long service leave  | 15,035          | 13,636          | 15,021          | 13,624          |
| Other   | 245             | 343             | 245             | 343             |
| Other provisions  | 12,981          | 11,742          | 2,428           | 2,288           |
| <b>Total current provisions</b>   | <b>40,836</b>   | <b>36,439</b>   | <b>30,249</b>   | <b>26,959</b>   |
| <b>Non-current</b>  |                 |                 |                 |                 |
| Employee benefits:  |                 |                 |                 |                 |
| Long service leave  | 3,950           | 3,438           | 3,950           | 3,438           |
| Other   | -               | 136             | -               | 136             |
| Other provisions  | 182             | 166             | 182             | 166             |
| <b>Total non-current provisions</b>   | <b>4,132</b>    | <b>3,740</b>    | <b>4,132</b>    | <b>3,740</b>    |
| <b>Total provisions</b>   | <b>44,968</b>   | <b>40,179</b>   | <b>34,381</b>   | <b>30,699</b>   |
| <b>Current provisions expected to be settled within 12 months</b>   |                 |                 |                 |                 |
| Employee benefits:  |                 |                 |                 |                 |
| Annual leave  | 7,811           | 7,212           | 7,799           | 7,203           |
| Long service leave  | 1,210           | 1,133           | 1,209           | 1,132           |
| Other   | 245             | 343             | 245             | 343             |
| Other provisions  | 11,688          | 10,597          | 1,135           | 1,142           |
|   | 20,954          | 19,285          | 10,388          | 9,820           |
| <b>Current provisions expected to be settled after more than 12 months</b>  |                 |                 |                 |                 |
| Employee benefits:  |                 |                 |                 |                 |
| Annual leave  | 4,764           | 3,506           | 4,756           | 3,501           |
| Long service leave  | 13,825          | 12,503          | 13,812          | 12,493          |
| Other provisions  | 1,293           | 1,145           | 1,293           | 1,145           |
|   | 19,882          | 17,154          | 19,861          | 17,139          |
| <b>Total current provisions</b>   | <b>40,836</b>   | <b>36,439</b>   | <b>30,249</b>   | <b>26,959</b>   |
| <b>Other provisions</b>   |                 |                 |                 |                 |
| Included in other provisions are amounts for employee on-costs, self insurance, Commonwealth support, management fees and productivity improvement program costs. The provisions are based on estimates made from historical information. |                 |                 |                 |                 |
| <b>Movements in provisions</b>  |                 |                 |                 |                 |
| Other provisions  |                 |                 |                 |                 |
| <b>Current</b>  |                 |                 |                 |                 |
| Balance at beginning of year  | 11,742          | 11,354          | 2,288           | 3,337           |
| Additional provisions   | 2,162           | 2,933           | 809             | 1,184           |
| Amounts used  | (923)           | (1,657)         | (669)           | (1,345)         |
| Unused amounts released   | -               | (888)           | -               | (888)           |
| Balance at end of year  | <b>12,981</b>   | <b>11,742</b>   | <b>2,428</b>    | <b>2,288</b>    |
| <b>Non-current</b>  |                 |                 |                 |                 |
| Balance at beginning of year  | 166             | 384             | 166             | 384             |
| Additional provisions   | 16              | 314             | 16              | 314             |
| Amounts used  | -               | (154)           | -               | (154)           |
| Unused amounts released   | -               | (378)           | -               | (378)           |
| Balance at end of year  | <b>182</b>      | <b>166</b>      | <b>182</b>      | <b>166</b>      |

## 26. Other liabilities

### Current

Income in advance

Other liabilities

Resident loans

### Total current other liabilities

\* Resident loan obligation

Less: Deferred Management Fees (DMF) receivable

Resident loan obligation and DMF receivable are recognised on a net basis due to the right of offset in accordance with AASB117.

## 27. Equity

Equity represents the residual interest in the net assets of the Group. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

### Reserves

Asset revaluation reserve

Total reserves

### Movement during the year:

#### Asset revaluation reserve

Balance at beginning of year

Land, buildings, infrastructure and artworks

Transfer (from) reserve to retained earnings

Balance at end of year

#### Retained surplus

Balance at start of period

Result for the period

Transfer to retained earnings from reserve

Balance at end of period

### Total Equity at end of period

|   | Consolidated   |                | University     |                |
|---|----------------|----------------|----------------|----------------|
|   | 2012           | 2011           | 2012           | 2011           |
|   | \$000's        | \$000's        | \$000's        | \$000's        |
| Income in advance                               | 16,570         | 15,142         | 5,725          | 4,799          |
| Other liabilities                               | 3,690          | 1,413          | 3,690          | 1,413          |
| Resident loans                                  | 151,819        | 152,792        | -              | -              |
| <b>Total current other liabilities</b>          | <b>172,079</b> | <b>169,347</b> | <b>9,415</b>   | <b>6,212</b>   |
| * Resident loan obligation                      | 191,525        | 188,167        | -              | -              |
| Less: Deferred Management Fees (DMF) receivable | (39,706)       | (35,375)       | -              | -              |
|   | 151,819        | 152,792        | -              | -              |
|   |                |                |                |                |
|   |                |                |                |                |
| Asset revaluation reserve                       | 380,911        | 314,592        | 380,911        | 314,592        |
| Total reserves                                  | <b>380,911</b> | <b>314,592</b> | <b>380,911</b> | <b>314,592</b> |
|   |                |                |                |                |
|   |                |                |                |                |
| Balance at beginning of year                    | 314,592        | 314,653        | 314,592        | 314,653        |
| Land, buildings, infrastructure and artworks    | 66,319         | -              | 66,319         | -              |
| Transfer (from) reserve to retained earnings    | -              | (61)           | -              | (61)           |
| Balance at end of year                          | <b>380,911</b> | <b>314,592</b> | <b>380,911</b> | <b>314,592</b> |
|   |                |                |                |                |
| Balance at start of period                      | 363,738        | 360,660        | 460,730        | 420,955        |
| Result for the period                           | 32,995         | 3,017          | 85,208         | 39,714         |
| Transfer to retained earnings from reserve      | -              | 61             | -              | 61             |
| Balance at end of period                        | <b>396,733</b> | <b>363,738</b> | <b>545,938</b> | <b>460,730</b> |
|   |                |                |                |                |
| <b>Total Equity at end of period</b>            | <b>777,644</b> | <b>678,330</b> | <b>926,849</b> | <b>775,322</b> |



## 28. Reconciliation of profit from ordinary activities to net cash provided by operating activities

|  | Consolidated    |                 | University      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
| Profit from ordinary activities after income tax                         | 32,995          | 3,017           | 85,208          | 39,714          |
| <i>Adjustments for:</i>  |                 |                 |                 |                 |
| Depreciation and amortisation  | 13,969          | 12,666          | 13,967          | 12,664          |
| (Gain)/loss on disposal of property, plant and equipment                 | (71)            | 441             | (71)            | 441             |
| Fair value (gain)/loss on other financial assets                         | (1,353)         | 2,125           | (1,103)         | 1,540           |
| Fair value (gain)/loss on investment property                            | (547)           | (5,527)         | (547)           | (5,527)         |
| Fair value movement in resident loans                                    | 3,358           | 7,776           | -               | -               |
| Share of net results of associates accounted for using the equity method | (250)           | (216)           | -               | -               |
| Impairment losses  | -               | 10              | -               | 10              |
| Management fees  | 175             | 114             | 175             | 114             |
| Donations  | (62)            | (5,242)         | (15,062)        | (3,906)         |
| Income from managed funds reinvested                                     | (3,185)         | (2,555)         | (3,185)         | (2,555)         |
| <i>Changes in assets and liabilities:</i>                                |                 |                 |                 |                 |
| (Increase)/decrease in receivables                                       | 3,183           | (2,497)         | 2,912           | (3,006)         |
| (Increase)/decrease inventories  | (71)            | (311)           | (71)            | (309)           |
| (Increase)/decrease in other assets                                      | 321             | (1,132)         | 342             | (1,105)         |
| (Increase)/decrease in deferred tax assets                               | (3)             | 30,170          | -               | -               |
| (Decrease)/increase in payables  | 4,120           | 1,238           | 2,664           | 2,520           |
| Increase/(decrease) in provisions  | 4,789           | 1,123           | 3,682           | (313)           |
| Increase/(decrease) in resident loans                                    | (4,331)         | (5,606)         | -               | -               |
| Increase/(decrease) in other liabilities                                 | 3,626           | 752             | 3,123           | (136)           |
| <b>Net cash provided by operating activities</b>                         | <b>56,663</b>   | <b>36,346</b>   | <b>92,034</b>   | <b>40,146</b>   |
| <b>Non-cash investing and financing activities</b>                       |                 |                 |                 |                 |
| Acquisition of plant and equipment by means of finance leases            | -               | 61              | -               | 61              |

## 29. Remuneration of Auditors

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity:

### Audit and review of Financial Statements

Fees paid or payable to Office of the Auditor General

|  | 2012           | 2011           | 2012           | 2011           |
|--|----------------|----------------|----------------|----------------|
|  | <b>284,820</b> | <b>277,750</b> | <b>231,000</b> | <b>217,000</b> |

## 30. Contingent assets and contingent liabilities

There were no contingent assets at reporting date.

The University is subject to three litigation claims, liability has been denied and any legal claim will be defended. The potential financial impact should these claims be successful cannot be reliably measured at this time and the University is of the belief that there will be no material impact on the University's financial position.

## 31. Events subsequent to reporting date

There has not arisen in the period between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect significantly the operations or results of the Group.

## 32. Commitments for expenditure

The following commitments are GST exclusive.

### (a) Capital commitments

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

Within one year

Total capital commitments

### (b) Lease commitments

#### (i) Operating leases

Commitments relating to non-cancellable operating leases are as follows:

Within one year

Later than one year but not later than five years

Total operating lease commitments

#### (ii) Finance leases

Commitments relating to finance leases are as follows:

Within one year

Later than one year but not later than five years

Less: Future lease finance charges

Lease liabilities provided for in the financial statements:

Current

Non-current

Total lease liability

### (c) Other expenditure commitments

Commitments relating to other expenditure are as follows:

Within one year

Later than one year but not later than five years

Later than five years

Total other expenditure commitments

|   | Consolidated    |                 | University      |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
| Within one year   | 15,740          | 648             | 15,740          | 648             |
| <b>Total capital commitments</b>                            | <b>15,740</b>   | <b>648</b>      | <b>15,740</b>   | <b>648</b>      |
| <b>(b) Lease commitments</b>                                |                 |                 |                 |                 |
| <b>(i) Operating leases</b>                                 |                 |                 |                 |                 |
| Within one year   | 1,186           | 857             | 1,186           | 857             |
| Later than one year but not later than five years           | 1,125           | 771             | 1,125           | 771             |
| <b>Total operating lease commitments</b>                    | <b>2,311</b>    | <b>1,628</b>    | <b>2,311</b>    | <b>1,628</b>    |
| <b>(ii) Finance leases</b>                                  |                 |                 |                 |                 |
| Within one year   | 326             | 335             | 326             | 335             |
| Later than one year but not later than five years           | 199             | 525             | 199             | 525             |
|   | 525             | 860             | 525             | 860             |
|   | (38)            | (83)            | (38)            | (83)            |
|   | <b>487</b>      | <b>777</b>      | <b>487</b>      | <b>777</b>      |
| Lease liabilities provided for in the financial statements: |                 |                 |                 |                 |
| Current   | 299             | 290             | 299             | 290             |
| Non-current   | 188             | 487             | 1,888           | 487             |
| <b>Total lease liability</b>                                | <b>487</b>      | <b>777</b>      | <b>2,187</b>    | <b>777</b>      |
| <b>(c) Other expenditure commitments</b>                    |                 |                 |                 |                 |
| Within one year   | 2,255           | 2,140           | 2,255           | 2,140           |
| Later than one year but not later than five years           | 2,194           | 1,666           | 2,194           | 1,666           |
| Later than five years                                       | 385             | 732             | 385             | 732             |
| <b>Total other expenditure commitments</b>                  | <b>4,834</b>    | <b>4,538</b>    | <b>4,834</b>    | <b>4,538</b>    |

### 33. Remuneration of senior officers and Senate members

#### Remuneration of senior officers

The total of fees, salaries, allowances, superannuation and other benefits received or due and receivable for the financial year by senior officers of the University:

|  | Consolidated    |                 | University      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
| Cash remuneration received                   | 2,512           | 2,836           | 2,512           | 2,836           |
| Annual leave and long service leave accruals | 74              | 45              | 74              | 45              |
| Other benefits                               | 532             | 530             | 532             | 530             |
| <b>Total remuneration of senior officers</b> | <b>3,118</b>    | <b>3,411</b>    | <b>3,118</b>    | <b>3,411</b>    |

The number of senior officers other than senior officers reported as members of the Senate, whose total of fees, salaries, allowances, superannuation and other benefits for the financial year, fall within the following bands are:

|                       |      |      |      |      |
|-----------------------|------|------|------|------|
| Nil - \$10,000        | -    | 1    | -    | 1    |
| \$10,001 - \$20,000   | -    | 1    | -    | 1    |
| \$50,001 - \$60,000   | -    | 1(*) | -    | 1(*) |
| \$70,001 - \$80,000   | 1(*) | -    | 1(*) | -    |
| \$100,001 - \$110,000 | -    | 1    | -    | 1    |
| \$110,001 - \$120,000 | 1(*) | 1(*) | 1(*) | 1(*) |
| \$130,001 - \$140,000 | -    | 1    | -    | 1    |
| \$190,001 - \$200,000 | 1    | -    | 1    | -    |
| \$210,001 - \$220,000 | -    | 1    | -    | 1    |
| \$220,001 - \$230,000 | -    | 1    | -    | 1    |
| \$230,001 - \$240,000 | 1    | 4    | 1    | 4    |
| \$250,001 - \$260,000 | 1    | -    | 1    | -    |
| \$260,001 - \$270,000 | -    | 1    | -    | 1    |
| \$270,001 - \$280,000 | 1    | 1    | 1    | 1    |
| \$290,001 - \$300,000 | 1    | -    | 1    | -    |
| \$300,001 - \$310,000 | -    | 1    | -    | 1    |
| \$350,001 - \$360,000 | -    | 1(*) | -    | 1(*) |
| \$360,001 - \$370,000 | 1    | 1(*) | 1    | 1(*) |
| \$370,001 - \$380,000 | 1    | -    | 1    | -    |
| \$430,001 - \$440,000 | 1(*) | -    | 1(*) | -    |
| \$480,001 - \$490,000 | 1    | -    | 1    | -    |

(\*) - Amount includes leave and/or one-off entitlements paid to senior officer who has ceased employment with the University.

#### Note:

The decrease in remuneration entitlements of senior officers in 2012 compared to 2011 is largely related to the leave and one-off entitlements paid to senior officers who left the University in 2011.

#### Remuneration of members of Senate

Names of Persons who were members of Senate during the year are:

|   |                                    |
|---|------------------------------------|
| Terence Budge (Chancellor)                  | Dr Lyndy Scott                     |
| Eva Skira (Pro Chancellor)                  | Fiona Feist                        |
| Professor Richard Higgott (Vice Chancellor) | Russell Barnett                    |
| Brian Aitken                                | Paul Sadleir                       |
| Associate Professor Pia Broderick           | Associate Professor David Holloway |
| Liz Harris                                  | Alex Bellotti                      |
| Garry Hunt                                  | Bec Thompson                       |
| Tony Iannello                               | Anna George                        |
| Dr Marian Kemp                              | Dr Janice Dudley                   |
| Maxine Murray                               | Patryk Lazarz                      |
| Paul Niardone                               |                                    |

### 33. Remuneration of senior officers and Senate members (continued)

The total of fees, salaries, allowances, superannuation and other benefits received or due and receivable for the financial year by members of Senate:

Cash remuneration received

Annual leave and long service leave accruals

Other benefits

**Total remuneration of members of Senate**

The number of members of Senate whose total of fees, salaries, allowances, superannuation and other benefits for the financial year, fall within the following bands are:

\$310,001 - \$320,000

\$390,001 - \$400,000

\$690,001 - \$700,000

\$890,001 - \$900,000

|  | Consolidated    |                 | University      |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2012<br>\$000's | 2011<br>\$000's | 2012<br>\$000's | 2011<br>\$000's |
| Cash remuneration received                     | 589             | 1,461           | 589             | 1,461           |
| Annual leave and long service leave accruals   | 58              | 49              | 58              | 49              |
| Other benefits                                 | 49              | 96              | 49              | 96              |
| <b>Total remuneration of members of Senate</b> | <b>696</b>      | <b>1,606</b>    | <b>696</b>      | <b>1,606</b>    |
|  |                 |                 |                 |                 |
| \$310,001 - \$320,000                          | -               | 1               | -               | 1               |
| \$390,001 - \$400,000                          | -               | 1               | -               | 1               |
| \$690,001 - \$700,000                          | 1               | -               | 1               | -               |
| \$890,001 - \$900,000                          | -               | 1(*)            | -               | 1(*)            |

(\*) - Amount includes leave and/or one-off entitlements paid to senate member who has ceased employment with the University.

The Vice Chancellor is the only member of Senate that is a senior officer of the University and receives remuneration in that capacity. All other members of Senate serve in an honorary capacity.

### 34. Financial instruments

#### Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Group'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 Group.

#### (a) Market risk

##### Interest rate risk

The Group is exposed to cash flow interest rate risk as it borrows and invests funds at floating interest rates. The risk is managed through maintaining an appropriate mix of borrowings and investments at fixed and floating rates, maintaining an appropriate mix of financial institutions to invest with and setting limits in terms of borrowings and investments.

##### Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group does have exposure to the international market and therefore is exposed to foreign exchange risk. The Group's current policy is to enter into forward currency contracts to minimise its foreign exchange risk where there is an underlying actual currency exposure.

The Group entered into a forward currency contract in February 2012 to hedge against the exchange rate risk arising from the anticipated payment of USD in the second half of the year. The contract was settled in December 2012. There is no outstanding forward currency contract as at the reporting date.

##### Price risk

A portion of the Group's investments are exposed to fluctuations in the prices of equity securities. The Group's investment policy provides strategies for the minimisation of price risk with the diversification of that risk through various investment managers and on-going monitoring by the Resources Committee to ensure there is no concentration of risk exposure in any one area.

##### Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate.

|   | Interest rate risk         |                   |                   |                   |                   |
|---|----------------------------|-------------------|-------------------|-------------------|-------------------|
|   | Carrying amount<br>\$000's | -1%               |                   | +1%               |                   |
|   |                            | Result<br>\$000's | Equity<br>\$000's | Result<br>\$000's | Equity<br>\$000's |
| <b>2012</b>   |                            |                   |                   |                   |                   |
| <b>Financial assets</b>                             |                            |                   |                   |                   |                   |
| Cash and cash equivalents (Refer note 15)           | 121,019                    | (1,210)           | (1,210)           | 1,210             | 1,210             |
| <b>Financial liabilities</b>                        |                            |                   |                   |                   |                   |
| Borrowings - floating interest rate (Refer note 24) | 3,235                      | 32                | 32                | (32)              | (32)              |
| <b>Total increase/(decrease)</b>                    |                            | <b>(1,178)</b>    | <b>(1,178)</b>    | <b>1,178</b>      | <b>1,178</b>      |
| <b>2011</b>   |                            |                   |                   |                   |                   |
| <b>Financial assets</b>                             |                            |                   |                   |                   |                   |
| Cash and cash equivalents (Refer note 15)           | 104,601                    | (1,046)           | (1,046)           | 1,046             | 1,046             |
| <b>Financial liabilities</b>                        |                            |                   |                   |                   |                   |
| Borrowings - floating interest rate (Refer note 24) | 3,578                      | 36                | 36                | (36)              | (36)              |
| <b>Total increase/(decrease)</b>                    |                            | <b>(1,010)</b>    | <b>(1,010)</b>    | <b>1,010</b>      | <b>1,010</b>      |

## 34. Financial instruments (continued)

The following table summarises the sensitivity of the Group's financial assets to foreign exchange risk. The Group's financial liabilities are denominated in Australian currency and not subject to foreign exchange risk.

### 2012

#### Financial Assets

Amounts receivable in foreign currency (Refer note 16(b))

#### Total increase/(decrease)

### 2011

#### Financial Assets

Amounts receivable in foreign currency (Refer note 16(b))

#### Total increase/(decrease)

| Carrying Amount | Foreign exchange risk |         |         |         |
|-----------------|-----------------------|---------|---------|---------|
|                 | -5%                   |         | +5%     |         |
|                 | Result                | Equity  | Result  | Equity  |
| \$000's         | \$000's               | \$000's | \$000's | \$000's |
| 212             | (11)                  | (11)    | 11      | 11      |
|                 | (11)                  | (11)    | 11      | 11      |
| 254             | (13)                  | (13)    | 13      | 13      |
|                 | (13)                  | (13)    | 13      | 13      |

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to price risk.

### 2012

#### Financial assets

Listed securities (refer note 18)

Managed funds (refer note 18)

#### Total increase/(decrease)

### 2011

#### Financial assets

Listed securities (refer note 18)

Managed funds (refer note 18)

#### Total increase/(decrease)

| Carrying amount | Other price risk |         |         |         |
|-----------------|------------------|---------|---------|---------|
|                 | -10%             |         | +10%    |         |
|                 | Result           | Equity  | Result  | Equity  |
| \$000's         | \$000's          | \$000's | \$000's | \$000's |
| 2,263           | (226)            | (226)   | 226     | 226     |
| 46,426          | (4,643)          | (4,643) | 4,643   | 4,643   |
|                 | (4,869)          | (4,869) | 4,869   | 4,869   |
| 1,615           | (162)            | (162)   | 162     | 162     |
| 32,329          | (3,233)          | (3,233) | 3,233   | 3,233   |
|                 | (3,395)          | (3,395) | 3,395   | 3,395   |

#### (b) Credit risk

The Group's maximum exposure to credit risk at year end date in relation to each class of recognised financial asset is the carrying amount of those assets indicated in the statement of financial position. The Group's credit risk is spread over a significant number of parties and is concentrated primarily in Australia. Notes 16(c) and 18 provide further details.

#### (c) Liquidity risk

Liquidity risk is managed through maintaining adequate cash reserves and borrowing facilities by continuously monitoring forecast and actual cash flows.

The following table provides a summary of the financial liabilities maturity on the undiscounted contractual cash flow basis for the Group for 2012 and 2011.

### 2012

#### Financial liabilities

Interest bearing liabilities (Refer note 24)

Payables (Refer note 23)

### 2011

#### Financial liabilities

Interest bearing liabilities (Refer note 24)

Payables (Refer note 23)

| Carrying Amount | Contractual cash flows | Maturity       |              |              |
|-----------------|------------------------|----------------|--------------|--------------|
|                 |                        | 1 year or less | 1 to 5 years | Over 5 years |
| \$000's         | \$000's                | \$000's        | \$000's      | \$000's      |
| 9,867           | 14,298                 | 1,381          | 4,322        | 8,595        |
| 18,030          | 18,030                 | 18,030         | -            | -            |
| 10,768          | 15,962                 | 1,410          | 5,050        | 9,502        |
| 13,991          | 13,991                 | 13,991         | -            | -            |

## 34. Financial instruments (continued)

### (d) Fair value estimation

The fair values of financial assets and liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- The fair value of "other financial assets" and "other financial liabilities" are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.
- Financial assets which include unlisted shares are measured at cost less impairment if no active market exists for those shares to be traded in and no fair value can be determined; and
- The carrying value less impairment provision of trade receivables is a reasonable approximation of their fair values due to the short term nature of trade receivables.
- All other financial assets and financial liabilities are recorded at amortised cost in the financial statements and their carrying value approximates their fair value.

Due to the short term nature of current receivables and current payables, their carrying value is assumed to approximate their fair value.

The carrying amounts and aggregate net fair values of non-current financial assets and liabilities at balance date are:

| Carrying Amount |         | Fair Value |         |
|-----------------|---------|------------|---------|
| 2012            | 2011    | 2012       | 2011    |
| \$000's         | \$000's | \$000's    | \$000's |
| 540             | 810     | 540        | 810     |
| 46,536          | 32,439  | 46,536     | 32,439  |
| 8,924           | 9,867   | 8,924      | 9,867   |

#### Non-current financial assets

Trade and other receivables (Refer note 16(c))

Other financial assets (Refer note 18)

#### Non-current financial liabilities

Borrowings (Refer note 24)

Fair value measurements recognised in the statement of financial position are categorised into the following levels:

| 2012          | Level 1 <sup>#1</sup> | Level 2 <sup>#2</sup> | Level 3 <sup>#3</sup> |
|---------------|-----------------------|-----------------------|-----------------------|
| \$000's       | \$000's               | \$000's               | \$000's               |
| 540           | 540                   | -                     | -                     |
| 46,536        | 46,536                | -                     | -                     |
| <b>47,076</b> | <b>47,076</b>         | -                     | -                     |
| 8,924         | 8,924                 | -                     | -                     |
| <b>8,924</b>  | <b>8,924</b>          | -                     | -                     |

#### Non-current financial assets

Trade and other receivables (Refer note 16(c))

Other financial assets (Refer note 18)

#### Non-current financial liabilities

Borrowings (Refer note 24)

| 2011          | Level 1 <sup>#1</sup> | Level 2 <sup>#2</sup> | Level 3 <sup>#3</sup> |
|---------------|-----------------------|-----------------------|-----------------------|
| \$000's       | \$000's               | \$000's               | \$000's               |
| 810           | 810                   | -                     | -                     |
| 32,439        | 32,439                | -                     | -                     |
| <b>33,249</b> | <b>33,249</b>         | -                     | -                     |
| 9,867         | 9,867                 | -                     | -                     |
| <b>9,867</b>  | <b>9,867</b>          | -                     | -                     |

<sup>#1</sup> Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

<sup>#2</sup> Level 2 - Quoted prices in active markets for similar items or valuation techniques where significant inputs are based on observable market data.

<sup>#3</sup> Level 3 - Valuation technique where a significant input is not based on observable market data.



## 35. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

| Name of entity                           | Principal activities | Country of incorporation | Class of Shares | Ownership interest |           | Operating result |                 |
|--|----------------------|--------------------------|-----------------|--------------------|-----------|------------------|-----------------|
|  |                      |                          |                 | 2012<br>%          | 2011<br>% | 2012<br>\$000's  | 2011<br>\$000's |
| <b>Parent entity</b>                     |                      |                          |                 |                    |           |                  |                 |
| Murdoch University                       |                      | Australia                |                 |                    |           |                  |                 |
| <b>Controlled entities</b>               |                      |                          |                 |                    |           |                  |                 |
| Murdoch Investments Company Pty Ltd      | Investment           | Australia                | Ordinary        | 100                | 100       | -                | -               |
| Murdoch Retirement Services Pty Ltd (*)  | Retirement Village   | Australia                | Ordinary        | 100                | 100       | (54,553)         | (38,872)        |
| Murdoch Link Pty Ltd <sup>(#)</sup>      | Consulting           | Australia                | Ordinary        | -                  | 100       | -                | 4               |
| Innovative Chiropractic Learning Pty Ltd | Chiropractic Clinic  | Australia                | Ordinary        | 100                | 100       | 16               | 33              |
| Murdoch Ventures Pty Ltd                 | Investment           | Australia                | Ordinary        | 100                | 100       | -                | -               |
| Murdoch University Foundation            | Trust                | Australia                |                 | 100                | 100       | 1,793            | 2,905           |
| Murdoch University Veterinary Trust      | Trust                | Australia                |                 | 100                | 100       | 281              | 154             |

(\*) Murdoch Retirement Services Pty Ltd (MRS) has been provided with a letter of support by Murdoch University due to the net current asset deficiency position. This position is distorted by the resident loans relating to the St Ives Retirement Village of \$151.8 million which are classified as current liabilities. Under Australian Accounting Standards and our policy as per note 1 (s) of the financial statements, the resident loans are required to be recognised as current liabilities as residents have control over when they exit the village, not MRS. Thereby, MRS does not have an unconditional right to defer settlement. The classification of the resident loans as current liabilities operates under the assumption that MRS could be required to repay the entire liability at once. In practice however, this is unlikely to occur. Additionally, it is estimated that all payments required would be funded by the cash received from incoming new residents. This has been the situation since the retirement village commenced operations. Based on the above, the University does not expect that it will need to provide any support under this agreement.

<sup>(#)</sup> Murdoch Link Pty Ltd was deregistered in 2012.

## 36. Investments accounted for using the equity method

### Investments in associates

Information relating to associates is set out below.

#### Name and Principal Activities

Murdoch College Properties Pty Ltd: 45% ownership and voting rights.

The entity leases the land designated for Murdoch College from the University. It carries the loan to build the College and leases this building and the land to Murdoch College Inc

#### Carrying value

Murdoch College Properties Pty Ltd

#### Movement in carrying value

Carrying value at beginning of year

Share of net results of associate

Carrying value at end of year

#### Results attributable to associate

Share of profit/(loss) from ordinary activities before related income tax

Share of income tax (expense)/benefit

Share of profit/(loss) from ordinary activities after related income tax

Share of retained profit/(loss) at beginning of year

Share of retained profit/(loss) at end of year

#### Summary of the performance and financial position of the associate

The aggregate profit/(loss), assets and liabilities of the associate is:

Profit/(loss) from ordinary activities after related income tax expense

Total Assets

Total Liabilities

| Consolidated    |                 |
|-----------------|-----------------|
| 2012<br>\$000's | 2011<br>\$000's |
| 962             | 712             |
| 712             | 496             |
| 250             | 216             |
| 962             | 712             |
| 357             | 309             |
| (107)           | (93)            |
| 250             | 216             |
| 712             | 496             |
| 962             | 712             |
| 556             | 480             |
| 5,347           | 5,408           |
| (3,176)         | (3,793)         |

## 37. Related Parties

### (a) Senate members and senior officers

Disclosures relating to Senate members and senior officers are set out in note 33.

### (b) Controlled entities

Ownership Interests in controlled entities are set out in note 35.

### (c) Transactions with related parties

Aggregate amounts included in the determination of operating result from ordinary activities that resulted from transactions with related parties:

#### Wholly owned entity

|                                       |        |        |
|---------------------------------------|--------|--------|
| Consulting                            | -      | 185    |
| Donations*, sponsorships and bequests | 50,532 | 13,222 |
| Interest paid                         | 681    | 912    |
| Other fees and charges                | 701    | 744    |
| Rental and lease charges              | 5,692  | 5,210  |
| Sponsorship income                    | 6      | 236    |
| Dividend received                     | -      | 1,037  |
| Other income                          | 612    | 381    |

\* In 2012, the University received a \$15m non-cash donation from its subsidiary Murdoch Retirement Services Pty Ltd, and this was offset against a loan provided by the subsidiary to the University in 2009.

#### (d) Outstanding balances

Aggregate amounts receivable from, and payable to, each class of related parties at balance date:

#### Wholly owned entity

|                              |       |     |
|------------------------------|-------|-----|
| Current receivables          | 1,561 | -   |
| Inter entity loan receivable | 265   | 454 |
| Inter entity loan payable    | 29    | 2   |

| University |         |
|------------|---------|
| 2012       | 2011    |
| \$000's    | \$000's |
| -          | 185     |
| 50,532     | 13,222  |
| 681        | 912     |
| 701        | 744     |
| 5,692      | 5,210   |
| 6          | 236     |
| -          | 1,037   |
| 612        | 381     |
| 1,561      | -       |
| 265        | 454     |
| 29         | 2       |

## 38. Supplementary financial information

### Write-offs

|   |            |            |
|---|------------|------------|
| Bad debts written off during the year                     | 536        | 403        |
| Property, plant and equipment written off during the year | 27         | 33         |
| Total write-offs  | <b>563</b> | <b>436</b> |

### Theft and default

#### Losses through theft and default

Where appropriate, reports were made to the police and insurance claims submitted where the value exceeded the excess on the University's insurance policy.

| Consolidated |            | University |            |
|--------------|------------|------------|------------|
| 2012         | 2011       | 2012       | 2011       |
| \$000's      | \$000's    | \$000's    | \$000's    |
| 536          | 403        | 536        | 403        |
| 27           | 33         | 27         | 33         |
| <b>563</b>   | <b>436</b> | <b>563</b> | <b>436</b> |
| -            | 1          | -          | 1          |

## 39. Superannuation - UniSuper defined benefit division

The Group currently contributes to the UniSuper defined benefit division (DBD) on behalf of certain employees. The DBD is a defined benefit plan under Superannuation Law but, as a result of amendments in 2006 to Clause 34 of the UniSuper Trust Deed, it is considered to be a defined contribution plan under AASB119 "Employee benefits".

### Current Clause 34:

- a) If, after an actuarial investigation and valuation of UniSuper, the Trustee considers that UniSuper is or may be insufficient to provide benefits payable under the Deed, the Trustee must notify each Employer.
- (b) If, after the next two succeeding actuarial investigations and valuations of UniSuper (made in a period of not less than 4 years) the Trustee still considers that UniSuper is or may be insufficient to provide the benefits payable under the Deed, the Trustee must reduce the benefits (including benefits in the course of payment) payable under Division A and Division B on a fair and equitable basis.
- (c) Notwithstanding anything in this Clause 34, if the Trustee believes that UniSuper is or may be technically insolvent, the Trustee must comply with Superannuation Law.

### Previous Clause 34:

The previous Clause 34 of the UniSuper Trust Deed outlined the process UniSuper must undertake (including employer notifications and notice periods) in order to request additional contributions from employers if the UniSuper assets are considered by the Trustee to be insufficient to provide benefits payable under the Deed. At least four years notice that such a request may be made was required. If such a request was agreed to by employers then members must also contribute additional contributions equal to one-half of the rate at which their employer is prepared to contribute. If the employers do not agree to increase contributions the Trustee must reduce benefits on a fair and equitable basis. The Trustee notified employers during 2003 that such a request may be made in the future but it considered this was unlikely at that time.

### Financial position of the UniSuper defined benefit division

For comparative information purposes only, the financial position below is applicable to the whole UniSuper DBD incorporating all participating employers, not only Murdoch University.

As at 30 June 2012 the assets of the DBD in aggregate were estimated to be \$2010.8 million in deficiency of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the DBD.

As at 30 June 2012 the assets of the DBD in aggregate were estimated to be \$906.8 million in deficiency of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary, Russell Employee Benefits, using the actuarial demographic assumptions outlined in their report dated 15 November 2012 on the actuarial investigation of the DBD as at 30 June 2012. The financial assumptions used were:

|   | Vested benefits | Accrued benefits |
|---|-----------------|------------------|
| Gross of tax investment return - DBD pensions                     | 5.85% p.a.      | 7.50% p.a.       |
| Gross of tax investment return – commercial rate indexed pensions | 3.40% p.a.      | 3.40% p.a.       |
| Net of tax investment return - non pensioner members              | 5.25% p.a.      | 6.70% p.a.       |
| Consumer Price Index  | 2.75% p.a.      | 2.75% p.a.       |
| Inflationary salary increases short term (1 year)                 | 5.00% p.a.      | 5.00% p.a.       |
| Inflationary salary increases long term                           | 3.75% p.a.      | 3.75% p.a.       |

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

The Defined Benefit Division as at 30 June 2012 is therefore in an "unsatisfactory financial position" as defined by SIS Regulation 9.04. An "unsatisfactory financial position" for a defined benefit fund is defined as when 'the value of the assets of the Fund is inadequate to cover the value of the liabilities of the Fund in respect of benefits vested in the members of the Fund'. The Actuary and the Trustee have followed the procedure required by Section 130 of the SIS Act when funds are found to be in an unsatisfactory financial position.

Clause 34 was initiated following both the 31 December 2008 and 30 June 2011 actuarial investigation and it has again been initiated following the 30 June 2012 actuarial investigation.

The actuary currently believes, in respect of the long-term financial condition of the Fund, that assets as at 30 June 2012, together with current contribution rates, are not expected to be sufficient to provide for the current benefit levels for both existing members and anticipated new members if experience follows either the "best estimate" assumptions or the more conservative "funding" assumptions.

## 40. Acquittal of Australian Government Financial Assistance

|   | Commonwealth Grants Scheme <sup>#1</sup> |              | Partnership & Participation Program <sup>#2</sup> |              | Disability Support Program |              | Indigenous Support Program |              | Transitional Cost Program |              | Diversity and Structural Adjustment Fund <sup>#3</sup> |              | Reward Funding Targets |              | Promotion of Excellence in Learning and Teaching |              | Total |              |          |
|---|--|--------------|---|--------------|----------------------------|--------------|----------------------------|--------------|---------------------------|--------------|--|--------------|------------------------|--------------|--|--------------|-------|--------------|----------|
|   | 2012 \$000's                             | 2011 \$000's | 2012 \$000's                                      | 2011 \$000's | 2012 \$000's               | 2011 \$000's | 2012 \$000's               | 2011 \$000's | 2012 \$000's              | 2011 \$000's | 2012 \$000's   | 2011 \$000's | 2012 \$000's           | 2011 \$000's | 2012 \$000's                                     | 2011 \$000's |       | 2012 \$000's |          |
| Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the Programs) | 84,617                                   | 80,059       | 2,609   | 1,896        | 596                        | 679          | 579                        | 579          | 29                        | 6            | -  | -            | -                      | -            | -  | 565          | -     | 89,201       | 83,219   |
| Net accrual adjustments   | 283                                      | 82           | -   | -            | -                          | -            | -                          | -            | (5)                       | 26           | -  | -            | -                      | -            | -  | -            | -     | 278          | 108      |
| Revenue for the period  | 84,900                                   | 80,141       | 2,609   | 1,896        | 596                        | 679          | 579                        | 579          | 24                        | 32           | -  | -            | -                      | -            | -  | 565          | -     | 89,479       | 83,327   |
| Surplus/(deficit) from previous year  | -  | -            | -   | (26)         | -                          | -            | 6                          | -            | -                         | -            | -  | 13           | 13                     | -            | -  | -            | -     | 19           | (13)     |
| Total revenue including accrued revenue   | 84,900                                   | 80,141       | 2,609   | 1,870        | 596                        | 679          | 585                        | 579          | 24                        | 32           | 13   | 13           | 206                    | -            | -  | 565          | -     | 89,498       | 83,314   |
| Less expenses including accrued expenses  | (84,900)                                 | (80,141)     | (2,424)   | (1,870)      | (319)                      | (679)        | (554)                      | (573)        | (24)                      | (32)         | -  | -            | (206)                  | -            | -  | (21)         | -     | (88,448)     | (83,295) |
| Surplus/(deficit) for reporting period  | -  | -            | 185   | -            | 277                        | -            | 31                         | 6            | -                         | -            | 13   | 13           | -                      | -            | -  | 544          | -     | 1,050        | 19       |

<sup>#1</sup> Includes the basic CGS grant amount, CGS-Enabling Loading and Maths and Science Transition Loading and Full Fee Places Transition Loading.

<sup>#2</sup> Includes Equity Support Program.

<sup>#3</sup> Includes Collaboration and Structural Adjustments Program.

### (a) DEEWR - CGS and other DEEWR Grants

Financial assistance received in Cash Payable/(Receivable) at beginning of year

Financial assistance received in Cash during the reporting period

Cash available for period

Revenue earned

Cash Payable/(Receivable) at end of year

|  | HECS-HELP (Aust. Government payments only) |              | FEE-HELP <sup>#3</sup> |              | SA-HELP      |              | Total  |
|--|--|--------------|------------------------|--------------|--------------|--------------|--------|
|  | 2012 \$000's                               | 2011 \$000's | 2012 \$000's           | 2011 \$000's | 2012 \$000's | 2011 \$000's |        |
|  | (530)                                      | 37           | 14                     | (192)        | -            | -            | (155)  |
|  | 44,725                                     | 40,237       | 6,890                  | 5,823        | 431          | -            | 52,046 |
|  | 44,195                                     | 40,274       | 6,904                  | 5,631        | 431          | -            | 51,530 |
|  | 44,006                                     | 40,804       | 6,551                  | 5,617        | 616          | -            | 51,173 |
|  | 189  | (530)        | 353                    | 14           | (185)        | -            | 357    |
|  | -  | -            | -                      | -            | -            | -            | (516)  |
|  | -  | -            | -                      | -            | -            | -            | 46,060 |
|  | -  | -            | -                      | -            | -            | -            | 45,905 |
|  | -  | -            | -                      | -            | -            | -            | 46,421 |
|  | -  | -            | -                      | -            | -            | -            | (516)  |
|  | -  | -            | -                      | -            | -            | -            | 357    |
|  | -  | -            | -                      | -            | -            | -            | (516)  |

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

## 40. Acquittal of Australian Government Financial Assistance (continued)

### (c) Scholarships

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

Net accrual adjustments

Revenue for the period

Surplus/(deficit) from previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for reporting period

|  | Australian Postgraduate Awards |              | International Postgraduate Research Scholarships |              | Commonwealth Education Cost Scholarships <sup>#4</sup> |              | Commonwealth Accommodation Scholarships <sup>#4</sup> |              | Indigenous Access Scholarship |              | Total   |
|--|--------------------------------|--------------|--|--------------|--|--------------|---|--------------|-------------------------------|--------------|---------|
|  | 2011 \$000's                   | 2012 \$000's | 2011 \$000's                                     | 2012 \$000's | 2011 \$000's   | 2012 \$000's | 2011 \$000's  | 2012 \$000's | 2011 \$000's                  | 2012 \$000's |         |
|  | 3,004                          | 2,503        | 269  | 273          | 1,194  | 1,041        | 831   | 1,246        | 311                           | 134          | 5,609   |
|  | -                              | -            | -  | -            | (990)  | (642)        | (681)   | (810)        | (206)                         | -            | (1,877) |
|  | 3,004                          | 2,503        | 269  | 273          | 204  | 399          | 150   | 436          | 105                           | 134          | 3,732   |
|  | (620)                          | (927)        | (99)   | -            | -  | -            | -   | -            | -                             | -            | (719)   |
|  | 2,384                          | 1,576        | 170  | 273          | 204  | 399          | 150   | 436          | 105                           | 134          | 3,013   |
|  | (2,293)                        | (2,196)      | (325)  | (372)        | (204)  | (399)        | (150)   | (436)        | (105)                         | (134)        | (3,077) |
|  | 91                             | (620)        | (155)  | (99)         | -  | -            | -   | -            | -                             | -            | (64)    |

<sup>#4</sup> Includes National Priority and National Accommodation Priority Scholarships respectively.

### (d) DIISR Research

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

Net accrual adjustments

Revenue for the period

Surplus/(Deficit) from previous year

Total revenue including accrued income

Less expenses including accrued expenses

Surplus/(deficit) for the reporting period

|  | Joint Research Engagement <sup>#6</sup> |              | Research Training Scheme |              | Research Infrastructure Grants |              | Sustainable Research Excellence in Universities |              | Commercialisation Training Scheme |              | Total    |
|--|---|--------------|--------------------------|--------------|--------------------------------|--------------|---|--------------|-----------------------------------|--------------|----------|
|  | 2011 \$000's                            | 2012 \$000's | 2011 \$000's             | 2012 \$000's | 2011 \$000's                   | 2012 \$000's | 2011 \$000's                                    | 2012 \$000's | 2011 \$000's                      | 2012 \$000's |          |
|  | 5,703                                   | 5,421        | 8,588                    | 8,537        | 1,628                          | 1,685        | 1,301   | 1,069        | -                                 | -            | 16,712   |
|  | -                                       | -            | -                        | -            | -                              | -            | -   | -            | -                                 | (63)         | (63)     |
|  | 5,703                                   | 5,421        | 8,588                    | 8,537        | 1,628                          | 1,685        | 1,301   | 1,069        | (63)                              | -            | 16,649   |
|  | -                                       | -            | -                        | -            | -                              | -            | -   | -            | -                                 | 142          | 142      |
|  | 5,703                                   | 5,421        | 8,588                    | 8,537        | 1,628                          | 1,685        | 1,301   | 1,069        | 79                                | 17,220       | 16,791   |
|  | (6,223)                                 | (5,421)      | (8,588)                  | (8,537)      | (1,628)                        | (1,685)      | (1,301)   | (1,069)      | (79)                              | (17,740)     | (16,791) |
|  | (520)                                   | -            | -                        | -            | -                              | -            | -   | -            | -                                 | (520)        | -        |

## 40. Acquittal of Australian Government Financial Assistance (continued)

|  | Projects     |              | Fellowships  |              | Indigenous Researchers Development |              | Total        |              |
|--|--------------|--------------|--------------|--------------|------------------------------------|--------------|--------------|--------------|
|  | 2012 \$000's | 2011 \$000's | 2012 \$000's | 2011 \$000's | 2012 \$000's                       | 2011 \$000's | 2012 \$000's | 2011 \$000's |
|  | 1,518        | 1,070        | 413          | 398          | -                                  | -            | 1,931        | 1,468        |
|  | -            | -            | -            | -            | -                                  | -            | -            | -            |
|  | 1,518        | 1,070        | 413          | 398          | -                                  | -            | 1,931        | 1,468        |
|  | 1,734        | 1,551        | 275          | 294          | 61                                 | 138          | 2,070        | 1,983        |
|  | 3,252        | 2,621        | 688          | 692          | 61                                 | 138          | 4,001        | 3,451        |
|  | (1420)       | (887)        | (417)        | (417)        | (56)                               | (77)         | (1,893)      | (1,381)      |
|  | 1,832        | 1,734        | 271          | 275          | 5                                  | 61           | 2,108        | 2,070        |

|  | Projects     |              | Infrastructure |              | Total        |              |
|--|--------------|--------------|----------------|--------------|--------------|--------------|
|  | 2012 \$000's | 2011 \$000's | 2012 \$000's   | 2011 \$000's | 2012 \$000's | 2011 \$000's |
|  | 818          | 948          | -              | -            | 818          | 1,428        |
|  | -            | -            | -              | -            | -            | -            |
|  | 818          | 948          | -              | 480          | 818          | 1,428        |
|  | 2,023        | 1,501        | 165            | -            | 2,188        | 1,501        |
|  | 2,841        | 2,449        | 165            | 480          | 3,006        | 2,929        |
|  | (913)        | (426)        | (353)          | (315)        | (1,266)      | (741)        |
|  | 1,928        | 2,023        | (188)          | 165          | 1,740        | 2,188        |

|  | 2012    | 2011    |
|--|---------|---------|
|  | \$000's | \$000's |
| (f) OS-HELP                                      |         |         |
| Cash received during the reporting period        | 530     | 306     |
| Cash spent during the reporting period           | (576)   | (445)   |
| Net Cash received                                | (46)    | (139)   |
| Cash surplus/(Deficit) from the previous period  | (41)    | 98      |
| Cash surplus/(deficit) for the reporting period  | (87)    | (41)    |
| (g) Student Services and Amenities Fee           |         |         |
| Unspent/(overspent) revenue from previous period | -       | -       |
| SA-HELP Revenue Earned                           | 616     | -       |
| Student Services Fees direct from Students       | 1,882   | -       |
| Total revenue expendable in period               | 2,498   | -       |
| Student Services expenses during period          | (2,498) | -       |
| Unspent/(overspent) Student Services Revenue     | -       | -       |

### (e) Australian Research Council Grants

#### (i) Discovery

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

Net accrual adjustments

Revenue for the period

Surplus/(Deficit) from previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for the reporting period

#### (ii) Linkages

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

Net accrual adjustments

Revenue for the period

Surplus/(Deficit) from previous year

Total revenue including accrued income

Less expenses including accrued expenses

Surplus/(deficit) for the reporting period

#### (f) OS-HELP

Cash received during the reporting period

Cash spent during the reporting period

Net Cash received

Cash surplus/(Deficit) from the previous period

Cash surplus/(deficit) for the reporting period

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

Unspent/(overspent) revenue from previous period

SA-HELP Revenue Earned

Student Services Fees direct from Students

Total revenue expendable in period

Student Services expenses during period

Unspent/(overspent) Student Services Revenue



# Key Performance Indicators 2012

On 3rd October 2012, the University launched its new Strategic Plan 2012-2017 to help achieve its goal of enhancing and advancing the quality and reputation of the University.

Strategic goals imply particular outcomes: the extent to which these have been achieved is assessed using appropriate key performance indicators (KPIs). KPIs to support the goals for the new strategic plan are under development and will be reported against in the 2013 annual report

In light of the data lag and that the University was operating under the Strategic Plan 2010-2015 for most of the reporting year, the KPIs reported below are those aligned with the previous Strategic Plan.

The Key Performance Indicators (KPIs) assess the key outcomes for Murdoch University in the areas of Teaching and Learning, Research, and Strategic Investment Capacity. The targets set for each indicator are mostly end-of-plan targets, set in line with the previous Strategic Plan 2010-2015. Where 2015 targets are not used, an annual target is set as the basis for performance measurement.

## Teaching and Learning

Murdoch is recognised for its student-centred, high quality teaching, its interdisciplinary approach to course offerings and the link between teaching and its strength in applied or 'translational' research. These characteristics were acknowledged by the Murdoch University Curriculum Commission (MUCC) and incorporated into its recommendations for renewal of Murdoch's academic offerings.

Increased participation and equitable access have been strategic priorities for the University. Strategies to help the transition to university study, be it from school or later in life, have been introduced and will be further enhanced by the introduction of a transition unit providing the skills necessary for success at university. This will also strengthen the success and retention of students, especially those from educationally disadvantaged backgrounds.

Clear pathways from our undergraduate degrees to employment or further study are in place and will be strengthened by initiatives arising from the MUCC. In

particular the embedding of research skills in courses will 'future proof' qualifications and provide students with highly marketable skills, as well as opening options for postgraduate study.

Noting that they were developed to test the effectiveness of the previous Strategic Plan, the key effectiveness indicators relating to Teaching and Learning are:

- Student satisfaction as measured by the quality of teaching
- New student retention rate
- Participation rate for low socio-economic status students
- Student success rate

A key efficiency indicator relating to Teaching and Learning is:

- Total costs relative to total student load

## Research

Murdoch University is, and always has been, a research-led university with a reputation for world class research in select areas of knowledge. It is recognised as one of Australia's leading research institutions with over 85% of its research effort being assessed as at world standard or better by independent assessors in the 2012 Australian Research Council Excellence in Research for Australia (ERA) assessment.

Murdoch has an acknowledged strength in research that is translational in nature and has impact in the communities and industries that we serve. It has implemented strategies that will be further enhanced as the new Strategic Plan is implemented, to identify and focus on key areas of research and ensure that future investment, activity and outcomes are directed to these research areas as a priority.

A key effectiveness indicator for Research, as determined for the previous Strategic Plan, is:

- Increase research income

The key efficiency indicator for Research is:

- Total research income per academic FTE (full-time equivalent)

## Strategic Investment Capacity

The Base Funding Review conducted by the Department of Industry, Innovation, Science, Research and Tertiary Education showed that the low indexation of Commonwealth Government funding means that it fails to meet real program costs. Combined with escalating costs, competition from private providers and other factors, universities continue to be under pressure in the new student-centred higher education environment. Proactive diversification of income is a key mechanism to maintain quality and standards.

The outcome of this objective from the Strategic Plan 2010-2015 is that Murdoch will build its strategic investment capacity through an appropriate balance of income sources, and further development of commercial revenue streams through the consolidated group and philanthropic activities to facilitate strategic re-investment into core University activities.

A key effectiveness indicator for Strategic Investment Capacity is:

- Proportion of non Commonwealth Government income

A key efficiency indicator for Strategic Investment Capacity is:

- Non Commonwealth Government income relative to total assets

These indicators are measured at the consolidated level.

## Effectiveness Indicators

### Student satisfaction and quality of teaching

The effort of teaching staff and content of courses encourage a dynamic learning environment. These embedded elements of the student experience connect with directed initiatives in affecting overall teaching quality.

The University participates in the annual national Course Evaluation Questionnaire (CEQ) conducted by Graduate Careers Australia. In this evaluation, graduates who completed their course in the previous year are asked to express their agreement and disagreement to statements which are grouped into the broad areas shown below.

This indicator monitors impressions of teaching quality and helps identify areas where additional focus may be required.

| CEQ Scale: Percentage Broad Agreement Scores |               |                |                      |
|--|---------------|----------------|----------------------|
| Year of Survey                               | Good Teaching | Generic Skills | Overall Satisfaction |
| <b>2015 Target</b>                           | <b>90.0</b>   | <b>92.0</b>    | <b>95.0</b>          |
| 2009   | 88.3          | 89.5           | 91.6                 |
| 2010   | 87.9          | 89.9           | 91.7                 |
| 2011   | 89.8          | 92.5           | 93.7                 |
| 2012   | 89.5          | 91.8           | 93.9                 |

Comments:

Graduate Careers Australia administers the CEQ survey. The results from the 2012 survey are Murdoch's unpublished figures. In 2012, the number of graduates surveyed was 2466 with 1289 responding. The 2010 survey saw a break in the time series with changes to the format of the survey. The results show that Murdoch is maintaining its Good Teaching, Overall Satisfaction and Generic Skills scores close to target.

#### New student retention rate

Studies have shown that commencing students are more susceptible to withdrawal as there may be a realisation their studies do not meet their desires or other factors emerge, such as financial difficulties. Strategies have been introduced to provide a more supportive learning environment intent on improving the quality of the student experience. Commencing students would aspire to continue with their studies at the University.

This indicator measures the effectiveness of retaining commencing students at Murdoch University. The retention rate indicates the percentage of students who continue in their studies on completion of their first year of studies at Murdoch University.

| New student retention rate |              |
|----------------------------|--------------|
| <b>2015 Target</b>         | <b>90.0%</b> |
| 2008                       | 81.2%        |
| 2009                       | 77.4%        |
| 2010                       | 78.1%        |
| 2011                       | 81.5%        |

Comments:

The commencing student retention rate has been around 80% for the last four years, with small fluctuations. However, following a number of initiatives implemented during 2011, the 2011 commencing students who continued their studies at the University in 2012 has improved to its highest level in the last four years. The initiatives continue to be improved to support the aim of retaining 90% of commencing students.

#### Participation rate for low socio-economic status students

Low socio-economic status (SES) is determined by the position of a student's permanent address postcode in a ranking compiled by the Australian Bureau of Statistics using demographic and social data collected in the census, with the lowest quartile being classified as low SES. Students from the low SES community face more challenges in their University aspirations; financial commitment and non-conducive home learning environment being two examples.

Murdoch has built upon its existing suite of linked strategies that raise aspirations and facilitate inclusive entry for school leavers and non-traditional students to support national targets for the participation of low SES students in higher education.

This indicator measures the effectiveness of the facilities and services put in place to assist students from the low SES community. The participation rate of low SES student enrolments is measured by the percentage of low SES students to the total domestic student enrolments.

| Participation rate for low socio-economic status students |              |
|---|--------------|
| <b>2015 Target</b>  | <b>19.9%</b> |
| 2009  | 16.8%        |
| 2010  | 16.9%        |
| 2011  | 17.1%        |
| 2012  | 18.1%        |

Comments:

Murdoch's low SES participation has been relatively stable in past years with one percentage point growth towards the target in the latest data. Murdoch is continuing to work towards the Government's policy direction for increased participation in line with the national growth target. Performance is calculated using the released Australian Bureau of Statistics census data (2006) applied to MCEETYA tables which relate SES to residential postcodes. The latest Australian census data is not due for release until later in 2013.

#### Student success rate

The ability for students to progress and complete their chosen course of study within the standard timeframes is an important indicator of the success of the University's teaching and learning environment.

This indicator measures the percentage of successfully attempted units against the total number of assessed units. The units are calculated in terms of load (Equivalent Full-Time Student Load or EFTSL) against the assessed load for students enrolled onshore in a non-research course.

| Student success rate |              |
|----------------------|--------------|
| <b>2015 Target</b>   | <b>90.0%</b> |
| 2008                 | 87.8%        |
| 2009                 | 87.9%        |
| 2010                 | 87.4%        |
| 2011                 | 87.6%        |

Comments:

The percentage of students successfully completing their units against the units attempted has stabilised at a high level of 88%. The University's aim is to achieve an even better 90% success rate through improved student support.

#### Increase research income

As a research focused University, it is important that Murdoch continues to grow research income, particularly in areas considered as Murdoch's strengths. Research income is one indicator of research performance measuring the growth in research income across all category types.

| Increase research income |                                |  |
|--------------------------|--------------------------------|--|
|                          | Total research income (\$'000) | Percentage increase in total research income |
| <b>Annual Target</b>     |                                | <b>3.0% p.a.</b>                             |
| 2009                     | 43,050                         | 2.8%   |
| 2010                     | 38,689                         | -10.1%                                       |
| 2011                     | 31,757                         | -17.9%                                       |
| 2012                     | 30,184                         | -5.0%  |

Comments:

Research income is crucial to the development of basic and applied research. Australian competitive grant amounts have improved but not enough to offset a decline in other public sector and industry contributions, coupled with the closure of three Co-operative Research Centres. An improvement to Murdoch's research performance continues to be an immediate priority and a number of key initiatives have been and will be implemented to increase competitive and other research funding.

Note: historic income has been restated to match a change in accounting approach

### Proportion of non Commonwealth Government income to total income

The University must diversify its income sources, as Commonwealth funding alone is insufficient to sustain the activities the University is engaged in and the outcomes to be achieved. The dependency on Commonwealth funding should be decreasing over time.

This indicator measures the diversity of our sources of income.

| Proportion of non Commonwealth Government income to total income |              |
|--|--------------|
| <b>2015 Target</b>   | <b>50.0%</b> |
| 2009   | 48.3%        |
| 2010   | 47.3%        |
| 2011   | 48.6%        |
| 2012   | 45.8%        |

#### Comments:

The data shows Murdoch has maintained its performance in the proportion of non Commonwealth Government income relative to total university income in recent years, with a small decline in this year's data. The sector in recent years has seen effective government funding per EFTSL shrink relative to the sector's inflation rate, this issue is being actively managed by Murdoch.

## Efficiency Indicators

### Total costs relative to total student load

This indicator measures the total costs per student, as a key input to the overall cost of teaching and learning and research.

The average expenditure per unit of Equivalent Full-Time Student Load (EFTSL) is dependent on and will vary according to the discipline mix taught by a university. Clinical and laboratory based sciences are more expensive to teach than classroom based disciplines.

This indicator measures the total costs per student load within the University entity.

| Total costs per total EFTSL (\$'000) |             |
|--------------------------------------|-------------|
| <b>Annual Target</b>                 | <b>28.2</b> |
| 2009                                 | 25.5        |
| 2010                                 | 26.1        |
| 2011                                 | 25.8        |
| 2012                                 | 26.5        |

#### Comments:

The trend for the total costs relative to total student load is rising given the plan of improving the student experience and increasing need to include technology and pedagogic methods at the cutting edge. Innovation from the staff and management is aiding in increased efficiency to offset these rising costs.

### Total research income per academic FTE

This indicator measures the level of intensity of research activity for the University.

| Total research income per academic FTE (\$'000) |             |
|---|-------------|
| <b>2015 Target</b>                              | <b>66.0</b> |
| 2009  | 61.4        |
| 2010  | 56.0        |
| 2011  | 47.3        |
| 2012  | 43.3        |

#### Comments:

Research income has generally fallen in recent years with fluctuations year-on-year due to varying success rates in winning grants and the report timing relative to the beginning and end dates of multi-year large grants. The "academic FTE" component has remained stable. The 2012 figure was affected by the impacts from CRC income drops due to closure, government freeze on expenditure and a decline in industry research income driven by a slowing Australian economy.

\* Historic numbers have been restated to match a change in accounting approach

### Non Commonwealth Government income relative to total assets

Whilst diversification of income is an important objective for the University, the rate at which this income is earned, relative to the asset base of the University, reflects the ability to generate alternate sources of revenue by leveraging the University's assets, and managing these assets more strategically.

This indicator measures the Non Commonwealth Government income relative to total assets for the consolidated group

| Proportion of non Commonwealth Government income relative to total assets |              |
|---|--------------|
| <b>2015 Target</b>  | <b>18.8%</b> |
| 2009  | 16.5%        |
| 2010  | 16.2%        |
| 2011  | 16.5%        |
| 2012  | 14.7%        |

#### Comments:

The underlying trend has been flat for non Commonwealth Government income to total assets. The target has been set at 18.8%. Efforts within the University continue to encourage growth in non Commonwealth Government income to meet the target.

# Characteristics of the student population

## Summary Statistics

### Students

| Level                    | 2008          | 2009          | 2010          | 2011          | 2012          |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| Higher Degree Research   | 903           | 874           | 897           | 864           | 809           |
| Higher Degree Coursework | 875           | 1,004         | 1,096         | 1,361         | 1,697         |
| Other Postgraduate       | 1,196         | 1,325         | 1,358         | 1,411         | 1,483         |
| Undergraduate            | 13,278        | 14,248        | 14,549        | 15,907        | 18,460        |
| Non-Award                | 395           | 250           | 203           | 190           | 153           |
| <b>Total</b>             | <b>16,647</b> | <b>17,701</b> | <b>18,103</b> | <b>19,733</b> | <b>22,602</b> |

### Broad Field of Study

|  |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|
| Agriculture, Environmental and Related Studies | 525           | 541           | 559           | 568           | 601           |
| Architecture and Building                      | 26            | 18            | 15            | 10            | 7             |
| Creative Arts                                  | 1,204         | 1,309         | 1,310         | 1,437         | 1,628         |
| Education                                      | 2,062         | 2,256         | 2,239         | 2,293         | 2,439         |
| Engineering and Related Technologies           | 431           | 573           | 614           | 629           | 668           |
| Health   | 1,800         | 1,873         | 1,757         | 1,738         | 1,762         |
| Information Technology                         | 791           | 801           | 808           | 923           | 1,196         |
| Management and Commerce                        | 3,377         | 3,625         | 3,797         | 4,772         | 6,640         |
| Natural and Physical Sciences                  | 1,771         | 1,751         | 1,839         | 1,895         | 1,901         |
| Society and Culture                            | 4,265         | 4,704         | 4,962         | 5,278         | 5,607         |
| Non-Award                                      | 395           | 250           | 203           | 190           | 153           |
| <b>Total</b>                                   | <b>16,647</b> | <b>17,701</b> | <b>18,103</b> | <b>19,733</b> | <b>22,602</b> |

### Student Load (EFTSL)

| Level                    | 2008          | 2009          | 2010          | 2011          | 2012          |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| Higher Degree Research   | 654           | 629           | 645           | 611           | 551           |
| Higher Degree Coursework | 555           | 619           | 665           | 779           | 1,084         |
| Other Postgraduate       | 598           | 630           | 610           | 629           | 635           |
| Undergraduate            | 9,860         | 10,560        | 10,660        | 11,509        | 13,226        |
| Non-Award                | 165           | 104           | 90            | 83            | 61            |
| <b>Total</b>             | <b>11,831</b> | <b>12,543</b> | <b>12,671</b> | <b>13,611</b> | <b>15,744</b> |

### Broad Field of Study

|  |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|
| Agriculture, Environmental and Related Studies | 329           | 343           | 348           | 347           | 367           |
| Architecture and Building                      | 15            | 9             | 8             | 6             | 4             |
| Creative Arts                                  | 950           | 1,022         | 983           | 1,043         | 1,223         |
| Education                                      | 1,364         | 1,451         | 1,429         | 1,415         | 1,505         |
| Engineering and Related Technologies           | 317           | 370           | 409           | 427           | 448           |
| Health   | 1,510         | 1,568         | 1,449         | 1,408         | 1,405         |
| Information Technology                         | 520           | 541           | 551           | 638           | 795           |
| Management and Commerce                        | 2,494         | 2,694         | 2,721         | 3,314         | 4,744         |
| Natural and Physical Sciences                  | 1,246         | 1,241         | 1,338         | 1,384         | 1,368         |
| Society and Culture                            | 2,921         | 3,199         | 3,346         | 3,547         | 3,826         |
| Non-Award                                      | 165           | 104           | 90            | 83            | 61            |
| <b>Total</b>                                   | <b>11,831</b> | <b>12,543</b> | <b>12,671</b> | <b>13,611</b> | <b>15,744</b> |

## Completions

### Level

|                          | 2007         | 2008         | 2009         | 2010         | 2011         |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Higher Degree Research   | 88           | 84           | 96           | 106          | 103          |
| Higher Degree Coursework | 172          | 214          | 217          | 305          | 347          |
| Other Postgraduate       | 647          | 654          | 584          | 852          | 1,077        |
| Undergraduate            | 2,083        | 2,459        | 2,170        | 3,447        | 3,394        |
| <b>Total</b>             | <b>2,990</b> | <b>3,411</b> | <b>3,067</b> | <b>4,710</b> | <b>4,921</b> |

### Broad Field of Study

|  |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|
| Agriculture, Environmental and Related Studies | 89           | 103          | 72           | 122          | 186          |
| Architecture and Building                      | 1            | 4            | 2            | 0            | 1            |
| Creative Arts                                  | 208          | 368          | 366          | 512          | 519          |
| Education                                      | 431          | 381          | 337          | 455          | 388          |
| Engineering and Related Technologies           | 66           | 85           | 93           | 96           | 147          |
| Health   | 290          | 366          | 395          | 448          | 369          |
| Information Technology                         | 119          | 117          | 90           | 207          | 166          |
| Management and Commerce                        | 641          | 838          | 899          | 1,330        | 1,551        |
| Natural and Physical Sciences                  | 346          | 377          | 256          | 395          | 452          |
| Society and Culture                            | 799          | 772          | 557          | 1,145        | 1,142        |
| <b>Total</b>                                   | <b>2,990</b> | <b>3,411</b> | <b>3,067</b> | <b>4,710</b> | <b>4,921</b> |

## Staff – Full Time Equivalence (FTE)

### Staff Function

|                       | 2008         | 2009         | 2010         | 2011         | 2012         |
|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Teaching Only         | 172          | 185          | 180          | 164          | 190          |
| Research Only         | 85           | 75           | 63           | 58           | 54           |
| Teaching and Research | 394          | 415          | 428          | 422          | 428          |
| Other                 | 22           | 26           | 20           | 26           | 26           |
| Non-Academic          | 898          | 894          | 870          | 886          | 914          |
| <b>Total</b>          | <b>1,570</b> | <b>1,595</b> | <b>1,561</b> | <b>1,556</b> | <b>1,612</b> |

## Student Load (EFTSL) per Teaching Staff FTE

|   |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|
| Load/FTE Ratio*                             | 17.7  | 17.3  | 17.2  | 18.0  | 17.6  |
| *Excludes student load in offshore courses: | 1,816 | 2,135 | 2,214 | 3,028 | 4,856 |

Note: 2012 student data prior to HEIMS submission; staff data at year end

## Equity Student Statistics (Enrolment)

### Broad Field of Study

#### Aboriginal and Torres Strait Islanders

|  | 2008       | 2009       | 2010       | 2011       | 2012       |
|--|------------|------------|------------|------------|------------|
| Agriculture, Environmental and Related Studies | 4          | 4          | 6          | 0          | 6          |
| Creative Arts                                  | 12         | 8          | 9          | 15         | 15         |
| Education                                      | 33         | 36         | 35         | 30         | 40         |
| Engineering and Related Technologies           |            |            | 1          | 1          | 0          |
| Health   | 18         | 14         | 9          | 10         | 12         |
| Information Technology                         | 3          | 1          |            | 2          | 6          |
| Management and Commerce                        | 10         | 10         | 13         | 9          | 8          |
| Natural and Physical Sciences                  | 17         | 13         | 12         | 16         | 12         |
| Society and Culture                            | 79         | 134        | 126        | 95         | 69         |
| Non-Award                                      | 2          | 0          | 0          | 1          | 0          |
| <b>Total</b>                                   | <b>178</b> | <b>220</b> | <b>211</b> | <b>185</b> | <b>168</b> |

#### Female

|  |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|
| Agriculture, Environmental and Related Studies | 295          | 303          | 319          | 340          | 367          |
| Architecture and Building                      | 10           | 9            | 8            | 6            | 5            |
| Creative Arts                                  | 744          | 806          | 788          | 874          | 956          |
| Education                                      | 1698         | 1883         | 1843         | 1860         | 1984         |
| Engineering and Related Technologies           | 78           | 106          | 122          | 111          | 130          |
| Health   | 1213         | 1227         | 1172         | 1188         | 1215         |
| Information Technology                         | 132          | 125          | 128          | 142          | 192          |
| Management and Commerce                        | 1919         | 2131         | 2191         | 2721         | 3866         |
| Natural and Physical Sciences                  | 979          | 1002         | 1102         | 1161         | 1187         |
| Society and Culture                            | 2769         | 2995         | 3232         | 3388         | 3586         |
| Non-Award                                      | 245          | 134          | 125          | 122          | 93           |
| <b>Total</b>                                   | <b>10082</b> | <b>10721</b> | <b>11030</b> | <b>11913</b> | <b>13581</b> |

#### Regional\*

|  |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|
| Agriculture, Environmental and Related Studies | 60          | 65          | 75          | 88          | 93          |
| Architecture and Building                      | 5           | 3           | 3           | 1           | 1           |
| Creative Arts                                  | 50          | 46          | 53          | 70          | 70          |
| Education                                      | 281         | 308         | 343         | 338         | 343         |
| Engineering and Related Technologies           | 26          | 32          | 31          | 38          | 41          |
| Health   | 157         | 138         | 145         | 170         | 179         |
| Information Technology                         | 47          | 38          | 35          | 37          | 41          |
| Management and Commerce                        | 78          | 81          | 73          | 97          | 110         |
| Natural and Physical Sciences                  | 164         | 166         | 177         | 193         | 212         |
| Society and Culture                            | 268         | 290         | 303         | 329         | 406         |
| Non-Award                                      | 20          | 2           | 2           | 2           | 4           |
| <b>Total</b>                                   | <b>1157</b> | <b>1169</b> | <b>1240</b> | <b>1363</b> | <b>1500</b> |

#### Remote\*

|  |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| Agriculture, Environmental and Related Studies | 28         | 23         | 23         | 21         | 18         |
| Architecture and Building                      | 0          | 0          | 0          | 0          | 0          |
| Creative Arts                                  | 8          | 10         | 7          | 7          | 5          |
| Education                                      | 82         | 101        | 92         | 94         | 99         |
| Engineering and Related Technologies           | 8          | 4          | 9          | 10         | 12         |
| Health   | 27         | 25         | 27         | 25         | 13         |
| Information Technology                         | 6          | 3          | 5          | 4          | 4          |
| Management and Commerce                        | 19         | 9          | 12         | 16         | 24         |
| Natural and Physical Sciences                  | 36         | 40         | 41         | 42         | 37         |
| Society and Culture                            | 53         | 55         | 55         | 60         | 60         |
| Non-Award                                      | 4          | 0          | 0          | 1          | 4          |
| <b>Total</b>                                   | <b>272</b> | <b>271</b> | <b>272</b> | <b>279</b> | <b>276</b> |



## Broad Field of Study

### Low Socio-Economic Status\*

|  | 2008        | 2009        | 2010        | 2011        | 2012        |
|--|-------------|-------------|-------------|-------------|-------------|
| Agriculture, Environmental and Related Studies | 61          | 62          | 68          | 64          | 71          |
| Architecture & Building                        | 61          | 62          | 68          | 64          | 0           |
| Creative Arts                                  | 74          | 70          | 76          | 80          | 96          |
| Education                                      | 460         | 483         | 473         | 468         | 506         |
| Engineering and Related Technologies           | 63          | 61          | 62          | 73          | 93          |
| Health   | 271         | 262         | 285         | 300         | 320         |
| Information Technology                         | 74          | 80          | 87          | 88          | 81          |
| Management and Commerce                        | 180         | 166         | 164         | 183         | 220         |
| Natural and Physical Sciences                  | 181         | 201         | 223         | 259         | 261         |
| Society and Culture                            | 528         | 570         | 601         | 635         | 692         |
| Non-Award                                      | 19          | 4           | 3           | 1           | 2           |
| <b>Total</b>                                   | <b>1972</b> | <b>2021</b> | <b>2110</b> | <b>2215</b> | <b>2342</b> |

### Non-English Speaking background

|  |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| Agriculture, Environmental and Related Studies | 5          | 6          | 7          | 8          | 14         |
| Architecture & Building                        | 1          | 0          | 0          | 0          | 0          |
| Creative Arts                                  | 11         | 10         | 9          | 16         | 19         |
| Education                                      | 40         | 35         | 29         | 26         | 36         |
| Engineering and Related Technologies           | 20         | 19         | 36         | 45         | 53         |
| Health   | 42         | 43         | 50         | 46         | 53         |
| Information Technology                         | 23         | 19         | 14         | 17         | 23         |
| Management and Commerce                        | 70         | 58         | 80         | 87         | 108        |
| Natural and Physical Sciences                  | 59         | 39         | 55         | 64         | 69         |
| Society and Culture                            | 132        | 106        | 133        | 158        | 201        |
| Non-Award                                      | 4          | 8          | 5          | 2          | 10         |
| <b>Total</b>                                   | <b>407</b> | <b>343</b> | <b>418</b> | <b>469</b> | <b>586</b> |

### People with a disability

|  |            |            |            |             |             |
|--|------------|------------|------------|-------------|-------------|
| Agriculture, Environmental and Related Studies | 32         | 28         | 38         | 34          | 35          |
| Architecture & Building                        | 1          | 2          | 1          | 0           | 0           |
| Creative Arts                                  | 40         | 42         | 50         | 62          | 72          |
| Education                                      | 105        | 104        | 114        | 129         | 133         |
| Engineering and Related Technologies           | 14         | 26         | 25         | 30          | 35          |
| Health   | 49         | 73         | 75         | 72          | 100         |
| Information Technology                         | 36         | 34         | 34         | 32          | 47          |
| Management and Commerce                        | 74         | 64         | 66         | 74          | 90          |
| Natural and Physical Sciences                  | 104        | 121        | 136        | 153         | 162         |
| Society and Culture                            | 351        | 401        | 405        | 429         | 482         |
| Non-Award                                      | 2          | 5          | 4          | 1           | 4           |
| <b>Total</b>                                   | <b>808</b> | <b>900</b> | <b>948</b> | <b>1016</b> | <b>1160</b> |

### Summary (percent of population)

|                                      |        |        |        |        |        |
|--------------------------------------|--------|--------|--------|--------|--------|
| Total Students Enrolled              | 16,647 | 17,701 | 18,103 | 19,733 | 22,602 |
| Aboriginal & Torres Strait Islanders | 1.1%   | 1.2%   | 1.2%   | 0.9%   | 0.7%   |
| Female                               | 60.6%  | 60.6%  | 60.9%  | 60.4%  | 60.1%  |
| Regional                             | 7.0%   | 6.6%   | 6.9%   | 6.9%   | 6.6%   |
| Remote                               | 1.6%   | 1.5%   | 1.5%   | 1.4%   | 1.2%   |
| Low Socio-Economic Status            | 11.8%  | 11.4%  | 11.7%  | 11.2%  | 10.4%  |
| Non-English Speaking Background      | 2.4%   | 1.9%   | 2.3%   | 2.4%   | 2.6%   |
| People with a Disability             | 4.9%   | 5.1%   | 5.2%   | 5.1%   | 5.1%   |

\*Calculated using student's permanent residential postcode to associate status in most recent MCEETYA Concord (2006)

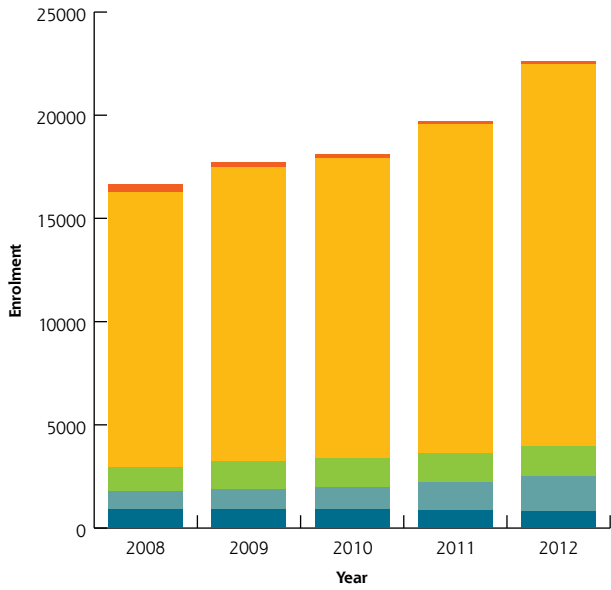
# Report of Operations

## Commonwealth Grant Scheme and Load

|   | 2008    | 2009    | 2010    | 2011    | 2012    |
|---|---------|---------|---------|---------|---------|
| <b>Funding Agreement Load (EFTSL)</b>                     |         |         |         |         |         |
| Target  | 7,645   | 7,587   | 7,773   | 7,781   | 8,092   |
| Actual  | 7,201   | 7,592   | 7,740   | 7,933   | 8,231   |
| Variance (EFTSL)  | -444    | 5       | -33     | 152     | 139     |
| Variance (%)  | -5.80%  | 0.07%   | -0.42%  | 1.95%   | 1.72%   |
| <b>Undergraduate Target Load (EFTSL)</b>                  |         |         |         |         |         |
| Target  | 7,430   | 7,227   | 7,429   | 7,510   | 7,820   |
| Actual  | 6,914   | 7,244   | 7,440   | 7,507   | 7,998   |
| Variance (EFTSL)  | -516    | 18      | 11      | -3      | 178     |
| Variance (%)  | -6.95%  | 0.24%   | 0.15%   | -0.04%  | 2.28%   |
| <b>Funding Sources</b>                                    |         |         |         |         |         |
| Commonwealth Grants (\$000's)                             | 152,444 | 148,112 | 161,367 | 158,702 | 178,386 |
| Commonwealth Grants (at 2012 prices) (\$000's)            | 163,943 | 155,985 | 166,572 | 161,241 | 178,386 |
| Outside Research Grants & Donations (\$000)               | 34,495  | 31,750  | 31,591  | 34,436  | 23,903  |
| Commonwealth Grants per EFTSL (at 2012 prices)            | 22,766  | 20,546  | 21,521  | 20,326  | 21,672  |
| Total Commonwealth Grants as a Percentage of Total Income | 55%     | 52%     | 53%     | 52%     | 54%     |
| <b>External Research Funding (at 2012 prices)*</b>        |         |         |         |         |         |
| Number of Competitive Research Grants                     | 135     | 113     | 107     | 91      | 88      |
| Value of Competitive Research Grants (\$000's)            | 10,367  | 9,088   | 8,713   | 5,965   | 7,592   |
| Value of Non-Competitive Grants (\$000's)                 | 32,208  | 32,598  | 29,996  | 25,221  | 21,149  |
| Total Research Grants (\$000's)                           | 42,575  | 41,686  | 38,710  | 31,187  | 28,741  |
| Index   | 1.0754  | 1.0538  | 1.0323  | 1.0160  | 1.0000  |
| Higher Education Indexation Number                        | 1.0824  | 1.1046  | 1.1277  | 1.1458  | 1.1641  |

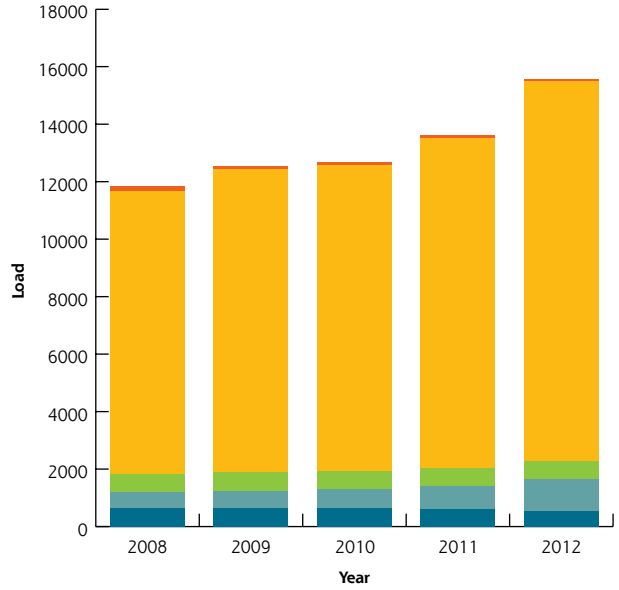
\*Research data aligns with Higher Education Research Data Collection (HERDC).

**Enrolment by Year and Level**



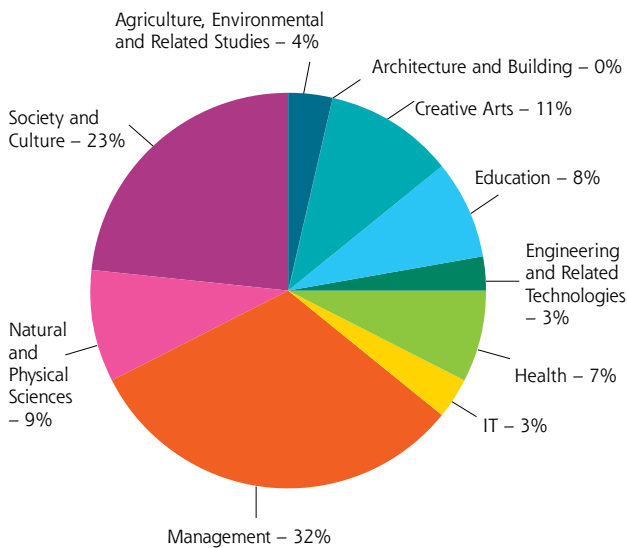
- Non-Award
- Undergraduate
- Other Postgraduate
- Higher Degree Coursework
- Higher Degree Research

**Load (EFTSL) by Year and Level**

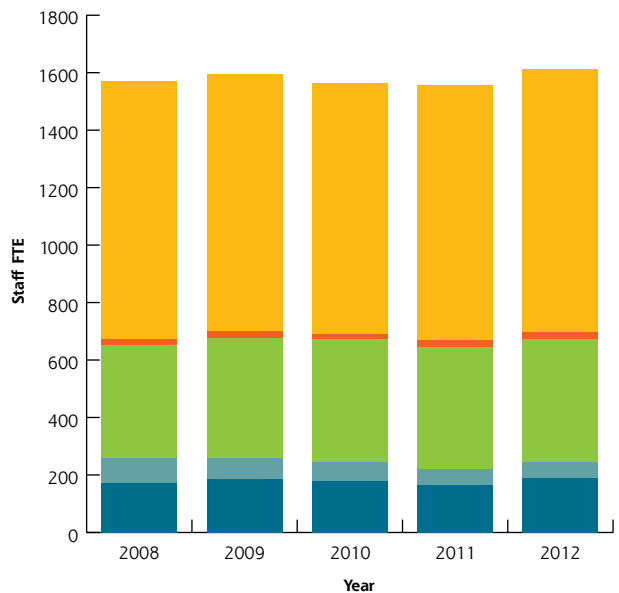


- Non-Award
- Undergraduate
- Other Postgraduate
- Higher Degree Coursework
- Higher Degree Research

**Completions by Broad Field of Education – 2011**

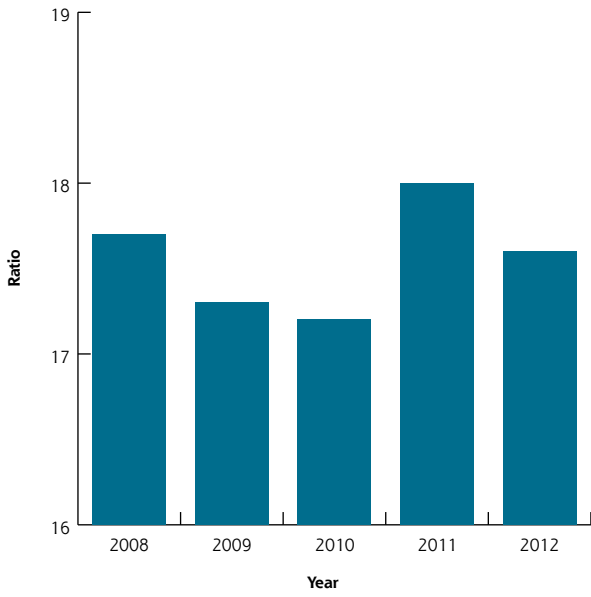


**Staff FTE by Function and Year**

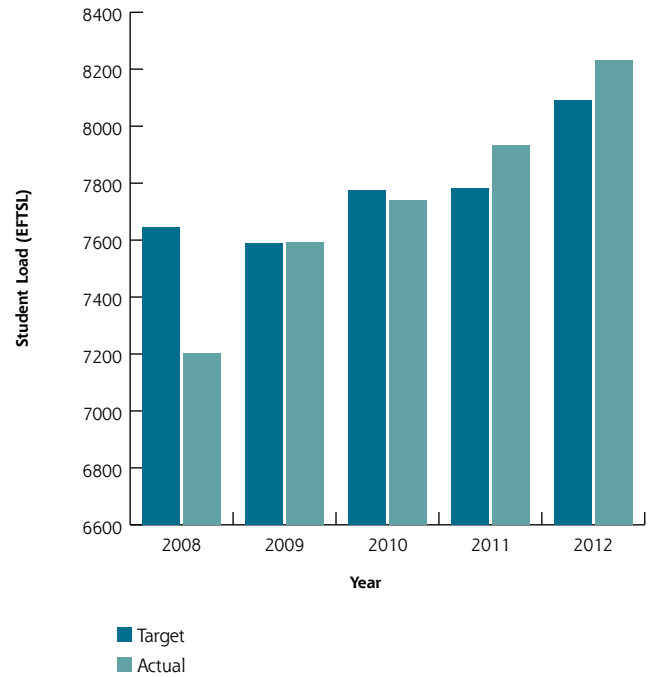


- Non-Academic
- Other
- Teaching and Research
- Research Only
- Teaching Only and Mainly

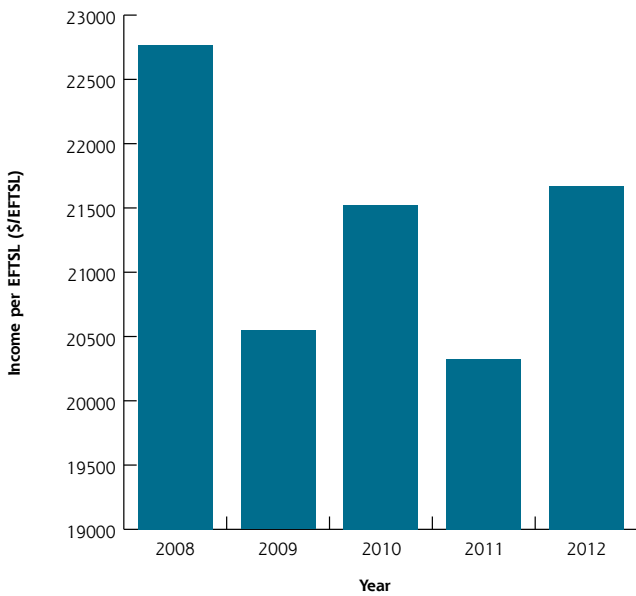
**Student Load (EFTSL) per Teaching Staff FTE**



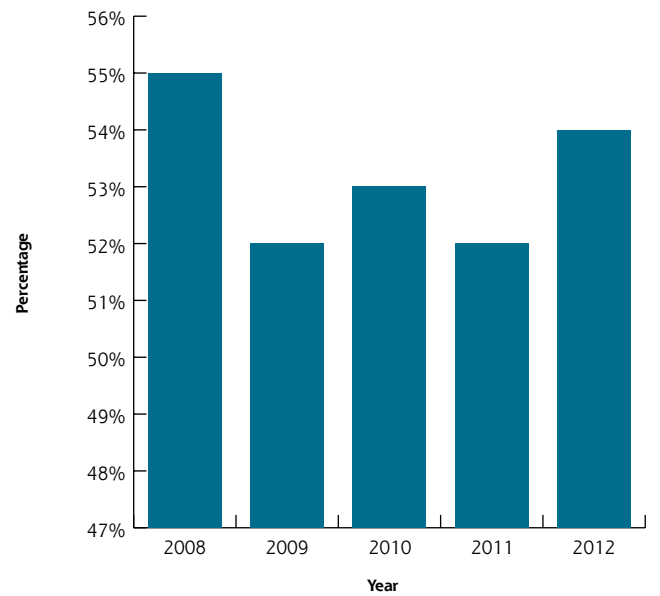
**Target and Actual Funding Agreement Load**



**Commonwealth Grant Scheme<sup>1</sup> Income per unit of Funded Load**



**Commonwealth Grant Scheme as Percentage of Total Income**



<sup>1</sup> Commonwealth Grant Scheme includes Commonwealth Contribution (Funding Agreement) plus Student Contribution (HECS)

# Other Disclosures

## Significant Issues Impacting the University

The Commonwealth Government's policy framework set out in Transforming Australia's Higher Education System was substantially implemented in 2012. There was a significant expansion in university enrolments across the Australian higher education sector as a result of the introduction of the full demand-driven system for bachelor-level places. The Commonwealth has introduced new indexation rates which are expected to reduce the teaching funding shortfall faced by universities each year.

Western Australia saw lower growth in enrolments than all other states, principally as a result of changes to secondary graduation requirements that reduced the proportion of students qualifying for university entry. This will be further exacerbated by the half-cohort of school leaver entrants in 2015. The University has been working to manage the impact of this reduced entry cohort.

Regulation and oversight of the sector was substantially increased with the Tertiary Education Quality and Standards Agency (TEQSA) taking up its regulatory functions. Murdoch was one of 10 institutions required to apply to TEQSA for re-registration under the new standards-based framework.

The application, submitted at the beginning of October, provided evidence of how Murdoch met the 102 Threshold Standards required for a self-accrediting Australian University. A decision from TEQSA is expected in mid 2013, and in the meantime the University is using its very valuable experience of the re-registration process to provide feedback to TEQSA and the Higher Education Standards Panel about the process and the standards themselves.

There was also increased visibility and access to comparative data on universities in the Australian higher education sector through the Commonwealth's launch of its MyUniversity website.

Late in 2012, contraction of the Commonwealth budget led to delays in the implementation of future funding commitments as well as increased financial scrutiny across the sector. Most significantly, changes to the rate of funding for the Sustainable Research Excellence initiative took \$500 million out of research support over four years.

Rapid technological and social change continues to affect the sector, with potentially the most significant in 2012 being the growth of the MOOCs (Massive Open Online Courses). This generated much debate over the potential impact of such courses and on the role of the University in the face of potentially 'disruptive' change.

The globalisation of higher education has heightened the effects of competition in the sector, for the best and brightest among both students and academic staff. The University performed strongly in the Excellence in Research for Australia (ERA) initiative as well as entering the THE World University Rankings in the 301-350 band.

The Higher Education Legislation Amendment Act 2011 (Student Services and Amenities) was introduced, which allowed universities to charge an annual Student Services and Amenities Fee from January 1, 2012. The monies raised from students attending Murdoch University fund non academic services and amenities like sporting and recreational activities, employment and career advice, childcare, financial advice and food services.

The University has worked with the Murdoch Guild and other representative groups, including the Murdoch International Student Association and the Murdoch University Postgraduate Student Association, to determine how the money will be spent. Priorities for expenditure in 2013 include expanding the print run of Student Diaries, more events and activities at the South Street, Rockingham and Peel campuses and expanding the availability of Health and Counselling services.

## Major Capital Projects

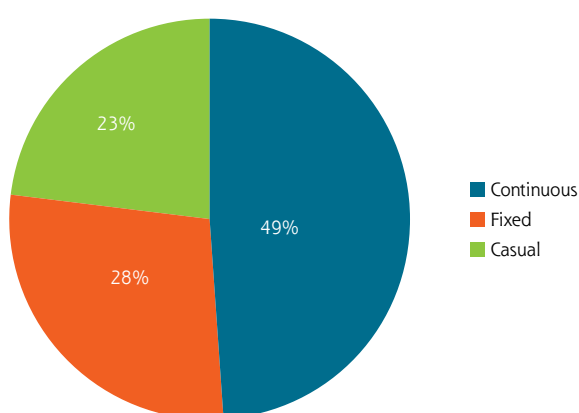
Major capital projects in progress at 31 December 2012

| Project   | Estimated total cost (\$m) | Estimated cost to complete (\$m) | Expected year of completion |
|---|----------------------------|----------------------------------|-----------------------------|
| Construction of 64 units for St Ives Retirement Village final stage   | 22.94                      | 13.67                            | 2013/2014                   |
| South Street campus infrastructure upgrades                           | 6.20                       | 4.60                             | 2013/2014                   |
| Sports change room and lighting                                       | 2.35                       | 1.00                             | 2013                        |
| Economics, Commerce and Law Building lecture theatres (refurbishment) | 1.80                       | 0.80                             | 2013                        |
| Campus signage  | 1.40                       | 1.40                             | 2013                        |

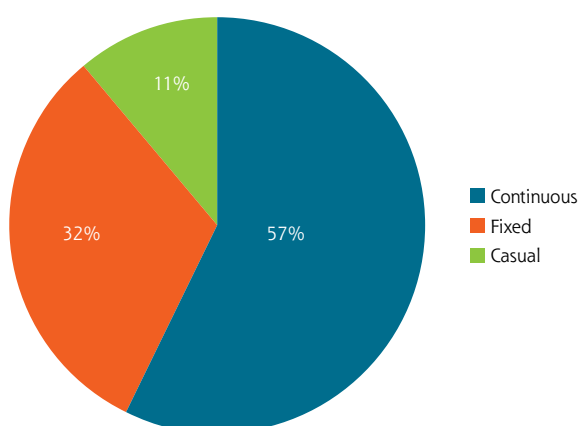
## Staffing Matters

### Staff Profile

#### Academic Staff (FTE)



#### General Staff (FTE)



| FTE      | Continuous | Fixed Term | Casual | Total |
|----------|------------|------------|--------|-------|
| Academic | 336        | 191        | 157    | 684   |
| General  | 501        | 276        | 95     | 872   |
| Total    | 837        | 467        | 252    | 1556  |

NOTE:

- Continuous and fixed term FTE as at 31 March, 2012.
- Casual headcount from January to December 2012 converted to FTE

## Restructure

The major activity undertaken during 2012 in relation to staffing was the restructure of both the academy and the professional services. The new School structure was implemented from January 1, 2013. The restructure of the Professional Services took shape in September 2012 and will require minor development and finalisation during 2013. Consultation throughout this process has allowed all staff to make comment and suggestion and has created a University-wide understanding of the primary focus of these activities. We are now appropriately structured to meet future challenges.

## Policy Changes

In 2012, the University began work on the preliminary development of an overarching workload policy. This work will continue through 2013.

## Industrial Relations

During 2012 the current Enterprise Agreements reached their nominal expiry date and negotiations have been underway towards updated Agreements.

## Staff Development

In order to meet the University's strategy to recruit, develop and retain high performing academic and professional staff, the Organisational Capability Unit (OCU) significantly increased the number of staff development activities in 2012. The unit ran 106 courses over the year for academic and professional staff. Some of the highlights and new initiatives were:

### A structured three-level Leadership Program:

This comprised Murdoch, Leadership and Me for level 4-7 professional staff; Stepping Up to the T for level 7/8-10 professional staff and academic level B&C; and Transitions: A Leadership Program for Senior Executives for senior managers, directors, Deans and senior academics. These programs aimed to build networks among colleagues and reinforce the connected nature of the academy and the supporting services. Senior staff members were involved in engaging attendees on topics such as the tertiary landscape, leadership and the University business model. In all a total of 72 staff attended these programs.

### Project Management Development

This was a new initiative to help staff better manage projects to be on schedule and within budget. The OCU ran 10 programs including an intensive four-day PRINCE 2 course.



### A revamped orientation program

This year saw an increase in attendance at the half-day orientation/induction program. The OCU also increased the frequency from eight sessions a year to 12. While not yet mandatory, some 300 staff went through the orientation program.

### A revamped Scholarly Practice for Academics program (SPA)

The OCU revamped and repositioned the previous Ready, SETT, Go program for probationary academics and the Enhancing Post Graduate Supervision program under the umbrella of SPA to reinforce the holistic nature of academic practice. In addition, new units covering research were introduced in line with the University's renewed focus on research activity.

The OCU has worked closely with Human Resources Systems to link the training database to ALESCO. This will be implemented in 2013, thus providing HR with better and more timely information on staff capability. The OCU has also worked on introducing an on-line compliance learning/assessment package to ensure the University is up-to-date on its compliance requirements. This will also be implemented in 2013.

Overall, the OCU has spent 90 per cent of its allocated budget from the Staff Initiative Fund for 2012 on different capacity building activities. The OCU will consolidate its key activities from 2012 and build on new ones to further enhance the University's capability and productivity to meet the new challenges faced by the tertiary sector.

### Occupational Safety and Health (OSH)

The University's Senior Leadership Group recognises its legal and moral occupational safety and health obligations and demonstrates a commitment to ensure that, as far as is reasonably practicable, persons are not exposed to hazards. Funding for occupational safety and health is included as part of the University's overall business planning and structure.

This includes the management of occupational safety and health of its employees, students, contractors and visitors. The University has well developed processes and procedures for ensuring formal consultation with employees.

This is achieved by:

- Ensuring adequate financial, human and infrastructure resources are provided;
- Ensuring staff, supervisors and managers participate in safety training;

- Providing additional funding for staff training and in particular OSH training for supervisors and managers. These courses cover specific aspects of OSH and safety leadership. This has resulted in an improvement in the management of OSH by increasing the numbers of staff trained;
- Funding for a further three per cent increase in the numbers of elected and trained OSH representatives. This has resulted in improved communication and consultation, hazard identification and risk reduction in all areas of operations;
- Planning and implementing a dedicated induction training programme for new staff and students in the field of Safety in Science;
- Employing a dedicated Safety in Science Coordinator to manage safety in relation to students and staff within the scientific research and teaching areas.

The University has in place a documented and communicated Occupational Safety and Health Management System (OSHMS) which contains plans, actions, policies and procedures. The OSHMS is also designed to clearly identify to employees their roles and responsibilities.

THE OSHMS has been audited internally and externally against Australian Standard – AS 4801-2000. An external audit was conducted in 2010 by an accredited Worksafe WA auditor. The audit provided information relating to progress and assisted in the future planning of OSHMS.

### Workers Compensation – Injury Management

Murdoch University is in compliance with its duties as prescribed by the Workers Compensation and Injury Management Act 1981. The University is committed to the prevention of injury and illness of its staff through the provision of a safe and healthy working environment. However, in the event of an injury occurring, Murdoch recognises its role in the management of the employee's injury in a manner that is directed at enabling injured employees to return to work. During the return to work process, Murdoch University complies with the Western Australian Workers' Compensation and Injury Management Act of 1981 and the Work Cover WA: Guidelines for Injury Management at the Workplace 2004.

### Staff Diversity and Social Inclusion

Murdoch University is committed to building a dynamic workforce in which the University's objectives and individuals' goals are closely aligned. Murdoch has continued to operate within its equity and social justice values in line with the University's Strategic Plan to enhance the pursuit of staff diversity and social inclusion.

Representation of women at the School Dean/Manager level has improved, standing at 48 per cent female and 52 per cent male during the reporting period. Paid Parental Leave of 26 weeks and a further 26 weeks unpaid continues to be offered to staff.

*Indicators comply with AS 1885.1- 1990 Workplace injury and disease recording standard Guidelines for Injury Management at the Workplace 2004.*

*Indicators comply with AS 1885.1- 1990 Workplace injury and disease recording standard*

| Indicator   | Target | Actual |
|---|--------|--------|
| Number of fatalities  | 0      | 0      |
| Lost time injury/disease (LTI/D) incidence rate   | 0.25   | 0.28   |
| Lost time injury severity rate  | 0.16   | 0.14   |
| Percentage of injured workers returned to work within 28 weeks  | 100%   | 100%   |
| Percentage of managers training in occupational safety, health and injury management responsibilities | >70%   | >78%   |

An institutional commitment to building an inclusive work environment has been given priority in order to attract, retain and support staff from diverse backgrounds to thrive within the organisation and reach their highest potential.

To ensure that staff are aware of their rights and responsibilities to create a work environment that is free from any kind of harassment, an Introduction to Equal Opportunity Law and Intercultural Competence Training are offered systematically across the University. In 2011, the University's Complaints Policy and Procedures were reviewed, new Equity Information and Contact Officers were recruited and the Equal Opportunity Commission of WA provided them with appropriate training.

Mandatory Aboriginal Cross Cultural Awareness Training was offered to staff with special focus on managers, supervisors and members of recruitment panels. All staff in the Office of Human Resources, the Organisational Capability Unit, Occupational Safety and Health attended training on the Introduction to Equal Opportunity Law, Awareness of Cultural Diversity, as well as the Aboriginal Cross Cultural Awareness Training.

### Equity in Recruitment

To ensure advertised job positions reach targeted groups, the University developed and implemented the Targeted Recruitment Search Plan for Aboriginal People as well as for people with disabilities.

The University has committed to providing traineeship opportunities to Aboriginal people with a view to long-term employment. The Public Sector Commission has awarded the University a 12-month Indigenous traineeship position at Murdoch University's Rockingham Library.

### Substantive Equality Measures

The University's social justice initiatives for students and staff, equal opportunity policies and access and equity programs meet the key drivers for the implementation of the policy framework for substantive equality as outlined by the Substantive Equality Unit of the Equal Opportunity Commission of Western Australia.

The University is confident that the implementation of the various strategies that are in place will continue to yield positive results in fostering equal employment opportunity at Murdoch.

## Media and Advertising Expenditure Statement

Section 175ZE of the Electoral Act 1907 requires the University to include a statement in the Annual Report setting out details of expenditure incurred by the University during the financial year in relation to advertising agencies, direct mail organisations, media advertising organisations and market research organisations.

The total expenditure incurred by the University during the 2012 financial year on those organisations was \$2,660,588.

The classes of organisation, the names of the organisations within the class and the total expenditure for the class were as follows:

|  |                    |
|--|--------------------|
| a) <b>Advertising Agencies</b>   | <b>\$873,488</b>   |
| Market United<br>Meerkats  |                    |
| b) <b>Direct Mail Organisations</b>  | <b>\$30,600</b>    |
| Lasermail  |                    |
| c) <b>Media Advertising Organisations</b>                                    | <b>\$1,708,650</b> |
| Community Newspapers<br>Adcorp HR Advertising<br>Mindshare<br>Hatchd Digital |                    |
| d) <b>Market Research Organisations</b>                                      | <b>\$47,850</b>    |
| Painted Dog  |                    |

## Pricing Policy Statement

The University's pricing policy for its educational programs is consistent with the Commonwealth Government's policies on Australian domestic undergraduate and postgraduate coursework students and international fee-paying students. Details of the University's prices are available on both the University's website: [http://print.handbook.murdoch.edu.au/study/index.php?section=2f\\_fees](http://print.handbook.murdoch.edu.au/study/index.php?section=2f_fees) and the Commonwealth website: [www.studyassist.gov.au/sites/StudyAssist](http://www.studyassist.gov.au/sites/StudyAssist).

## Statement of compliance with the Record Keeping Plan

In compliance with section 28 of the State Records Act 2000, the University undertook a review of its recordkeeping program in 2012. The University's recordkeeping systems, processes and practices were evaluated for their effectiveness and efficiency, and a review report and updated Recordkeeping Plan were submitted to the State Records Commission (SRC) on March 9, 2012. The amended Recordkeeping Plan was subsequently approved by the SRC on August 30, 2012.

The Western Australian University Sector Disposal Authority covering the functional records of WA universities was approved by the State Records Commission on March 7, 2012. The disposal authority provides the University with comprehensive coverage of records unique to its core functions and provides consistency in the description of record classes and disposal actions across the WA university sector. The universities were awarded the 2012 J Eddis Linton Award for Excellence in RIM (most outstanding group) for the development of the disposal authority.

The University's records management training program serves two principal aims. These are:

- Raise staff awareness of their responsibilities under the State Records Act 2000 and other applicable legislation; and
- Raise the overall standard of recordkeeping at the University.

An online training course is the University's primary recordkeeping induction tool. A measure of the success and effectiveness of the training course is reflected in official statistics. For example, a survey indicates that 93 per cent of approximately 800 staff who completed the training between 2008 and 2012 assessed it as having improved their understanding of their recordkeeping responsibilities.

New staff are enrolled in the online training course and have access to materials at monthly induction sessions. The University's Recordkeeping Plan, recordkeeping policies, procedures and guidelines, records disposal procedures, counter disaster and recovery plan, and other information is available at the Records Management and Archives website.



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UNIVERSITY

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