

2018 Annual Report







Letter to the Minister for Training and Skills and the Minister for Higher Education

On behalf of the Council of Federation University Australia, I am pleased to present the 2018 Annual Report.

The report was approved by the University Council on 6 March 2019 and has been prepared in accordance with the provisions of the *Financial Management Act 1994*.

Federation University has had a year with many successes in which significant steps were taken to ensure the University's long-term stability and growth. We have seen a steady increase in student numbers and the expansion of our research, industry and government partnerships.

The Vice-Chancellor has restructured the academic portfolio and appointed new members to the senior leadership team. They are working effectively together, and with Council, to deliver the University's *Transforming Lives and Enhancing Communities Strategic Plan 2018 – 2022*.

Developed through extensive collaboration and consultation with all parts of the University community, the strategic plan is supported by the Council and will inform the measures the University must take to build an efficient organisation, make a positive impact, deliver a high-quality student experience and become a destination of choice for students and staff.

Working with Council, the University has focused on improving efficiency and was successful in having the funding freeze for Commonwealth supported places lifted at the Berwick campus, securing \$40.7 million in funding and supporting future growth over the next four years.

This increase in funding, combined with a program of efficiency measures, has allowed the University to return a significantly improved financial position in this Annual Report. There is still work to do to however, the difficult first steps have been taken and the Council is confident in the Vice-Chancellor and senior leadership team's plan for future growth.

It was a great honour to officiate at my first graduation ceremony in December 2018. I look forward to meeting many more of our inspiring students and being part of their graduation ceremonies for years to come, for it is then that we are reminded of the University's purpose - to transform lives and enhance communities. It is my honour to play a role in this as Chancellor.

I would like to thank our outgoing Chancellor, Dr Paul Hemming AO. He served the University well for many years and I thank him for all he has done for the University. I also thank outgoing Council Members Associate Professor Kim Dowling and Mr Cameron Beyer for their outstanding work and dedication.

The University continues to reform itself as we address the challenges and opportunities of the new tertiary education environment.

A handwritten signature in black ink, appearing to read 'Terry Moran', written in a cursive style.

Mr Terry Moran AC
Chancellor

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Vice-Chancellor's Report

2018 was a transformational year for Federation University. Our focus has been on implementing a new strategic plan while introducing a program of significant reform across the University's operations.

Core to this program was the restructure of the academic portfolio. This involved moving from four faculties and eight schools to a flat structure of six schools. Six new Deans of School and a General Manager (Academic) were appointed to take the new structure forward. Combined with the introduction of business efficiency measures, this allowed us to improve service delivery and meet significant savings targets across a number of areas.

Growth in student numbers

On-campus student enrolments in higher education were up by 9 per cent. This is largely accounted for by the success of the first full operating year at the Berwick campus, where we exceeded expectations to reach 1,585 enrolments. The University has been well received in the Berwick community with demand strong for all our initial programs, particularly nursing.

Representations to the Commonwealth Government were successful in lifting the funding freeze and securing support for future growth at Berwick through Commonwealth supported places over the next four years.

We saw significant growth in international student numbers in 2018, with on-campus numbers increasing by 53 per cent at Ballarat and Berwick. The new campus in the Brisbane CBD also experienced steady growth in international numbers during its first full year of operation. On-shore international partner providers continued to provide Federation University degrees in Melbourne, Sydney and Adelaide, with a 104 per cent increase in enrolments from 2017.

Strong rankings performance

The University again performed well in the national rankings for teaching quality and employability. At 93 per cent employer satisfaction for employability skills, Federation University was ranked highest in the nation according to the *2017 Employer Satisfaction Survey*, released in January 2018.* The University was ranked first in Victoria for undergraduate student support, skill development, teaching quality, overall employment and median salary in the national Quality Indicators for Learning and Teaching (QILT) *Graduate Outcomes Survey**, released in May 2018, as well as above the national average for 10 out of the 13 quality indicators.

The *Good Universities Guide* reported that we enrolled the highest proportion of students in Australia who were the first in their family to attend university.†

We have continued our focus on increasing participation rates in higher education across the State. This led to us securing Commonwealth funding to establish a Study Hub from 2019 at Bairnsdale in eastern Victoria, in partnership with Gippsland East Local Learning and Employment Network (LLEN) and Federation Training.

Our relationship with industry

Our Technology Parks at Mt Helen and in the Ballarat CBD continue to strengthen our interface with industry and provide further opportunities for staff and students to connect with the business community. Currently employing approximately 1,450 people, these facilities are set to grow as additional contemporary business spaces have been created with the refurbishment of the Flecknoe Building. We have secured new tenants including business incubator Runway, and confirmed Serco as another key tenant with an estimated 600 jobs to be filled.

* www.qilt.edu.au

† <https://goodeducation.com.au/first-generation-rating-a-first-for-the-good-universities-guide/>

Modelled on the Ballarat Tech Parks, Federation University is a partner in the Gippsland Hi-Tech Precinct. This initiative was funded by the Victorian Government to focus upon industry partnerships including 3D printing, ICT and Precision Agriculture. Building has commenced and it will be completed in 2019.

In 2018, we made important strides in building research and innovation that makes a real impact on the lives and economies of the communities in which we are located. Already partnering with the Soils Cooperative Research Centre (CRC) and the Food Agility CRC, the University became part of a new Digital Health CRC funded in 2018. This will increase understanding about how the digital world is shaping our lives, with applications in hospitals, health services and the community.

Federation University's Internet Commerce Security Laboratory (ICSL) celebrated its 10th anniversary in 2018 and has become a national leader in its field, partnering with the Victorian Government, Westpac and IBM. The funding agreement with Westpac was renewed in 2018 for another five years.

During 2018, we collaborated with Victorian Government to develop a transformation plan for FedUni TAFE. The Grampians Regional Health Work Readiness Project received an initial \$2 million in funding to deliver an integrated workforce development strategy in partnership with Ballarat Health Services and Wimmera Health Care. Support was also received to plan for the establishment of the Asia Pacific Renewable Energy Training Centre. Preparations commenced to offer 30 of the new *Free TAFE for Priority Courses* in 2019.

New leadership

After six years of distinguished service we farewelled our fifth Chancellor, Dr Paul Hemming AO, in October. Our new Chancellor, Mr Terry Moran AC, brings to the University an outstanding career of public service leadership, along with expert knowledge of the TAFE and higher education sectors.

A strong year of change

In conclusion, 2018 has been a turning point for the University, both strategically and financially. The University is in a stronger financial position with no debt and total assets of \$805 million. Revenue totalled \$330 million with an operating result of \$6.6 million and strong liquidity with a current ratio of 1.82 per cent. The University secured permission to take on debt for its future growth strategy.

Momentum to implement the University's five year strategic plan will continue in 2019, further strengthening the position of Federation University in its mission of transforming lives and enhancing communities.

The efforts of the senior team, the Council and the whole university community have been critical during this period of significant change. I thank everyone for their hard work and commitment throughout 2018.



Professor Helen Bartlett
Vice-Chancellor and President

Our Purpose

Our purpose is to transform lives and enhance communities.

We serve the Victorian, Australian and international communities by enriching cultural and community life, elevating public awareness of educational, scientific and artistic developments, promoting critical and free enquiry, as well as informed intellectual discourse and public debate within the University and in the wider society.

We provide and maintain a teaching and learning environment of excellent quality, offering world-class higher education and vocational training as well as senior secondary education.

We undertake scholarship, pure and applied research, invention, innovation, education and consultancy of international standing and apply these for the benefit and well-being of our Victorian, Australian and international communities.

We use our expertise and resources to involve Aboriginal and Torres Strait Islander people of Australia in the University's teaching, learning, research and advancement of knowledge activities. This enables the University to contribute to realising Aboriginal and Torres Strait Islander aspirations and the safeguarding of the ancient and rich Aboriginal and Torres Strait Islander cultural heritage.

We provide educational programs and services in a way that reflects principles of equity and social justice, and we equip our graduates to excel in their careers and contribute to the community.

About the University

Federation University Australia Act 2010 (the Act)

Federation University Australia was established on 1 January 2014. Formerly known as the University of Ballarat, we legally amended our name under the *University of Ballarat Amendment (Federation University Australia) Act 2013*.

We chose the name Federation University Australia to convey the scope and capacity of an expanded regional university with a federated network of campuses.

Our History

The University of Ballarat was formally created in 1994, though its lineage dates back to 1870 when the School of Mines Ballarat was established. This was the third institution of higher learning to be created in Australia, and the first in regional Australia.

In 1998, the University merged with three TAFE institutions to become a dual sector institution with multiple campuses.

On 1 January 2014, the University of Ballarat was amalgamated with the Monash University Gippsland campus to form who we are today: Federation University Australia.

In 2016, we announced plans to take possession of Monash University's Berwick campus and commenced teaching at the campus in 2017.

Our Present

Driven by a strong heritage, today we are known for our focus on educational and social equity, teaching excellence, research distinction, environmental sustainability and, most significantly, regional capacity building.

With our headquarters in Ballarat, we offer programs in higher education and vocational education and training to students in regional Victoria and beyond. While our regional character informs our priorities, it doesn't hold us back from serving the wider community as well – both here in Australia, and around the world.

2018 in Review

Our Future

Our priority is to provide high-quality lifelong learning opportunities for students from all backgrounds. We are focussed on furnishing our students with the necessary knowledge, skills and aptitude for further study, to participate in workplaces and to be the best global citizens they can be.

Our extensive network of campuses and partnerships are a strength that we will continue to grow and develop as we work to ensure our long-term financial sustainability. We will also continue to conduct research that has an impact on the communities in which we are located, as well as the wider community.

Focusing on these key priorities will see Federation University become a popular student destination offering a high-quality student experience. It will ensure we can make a positive impact, become a university workplace of choice and build an efficient organisation.

Teaching and Learning

Federation University is recognised as one of Australia's leading universities for producing job-ready graduates – a position the University cemented in 2018.

At 93 per cent employer satisfaction for employability skills, Federation University was ranked highest in the nation according to the *2017 Employer Satisfaction Survey*, released in January 2018.* This reflects our quality teaching and learning and focus on equipping our students with the skills and knowledge they need to excel in their chosen career.

The University was ranked first in Victoria for five quality indicators in the national *QILT 2018 Graduate Outcomes Survey*.* This includes students support, skill development, teaching scale, overall employment and median salary. The University was also ranked above the national average in 10 out of the 13 indicators.

Significant work also commenced in 2018 to develop a strategy to secure a QS World Ranking for Federation University and to optimise this ranking in the future.

Staff Awards

The quality of our teaching is reflected in the quality and expertise of our academic staff, many of whom are world-leading experts in their field. This includes Professor Syed Islam, Dean of the School of Science, Engineering and IT, who we were proud to see elevated to the rank of Fellow to the Institute of Electrical and Electronics Engineers (IEEE) in 2018.

Our staff were also recognised with Australia Day Honours, including an Officer of the Order of Australia (AO) to outgoing Chancellor, Dr Paul Hemming, for distinguished service to higher education administration and contributions to medicine. Professor Caroline Finch, the University's former Executive Dean of Graduate Studies and Research Director of the Australian Centre for Research into Injury in Sport and its Prevention, was also recognised with an AO for distinguished service to sports medicine.

The quality of our learning and teaching was acknowledged through the 2018 Vice-Chancellor's Awards, with two of our academic staff receiving the Award for Student Learning for their numeracy support programs and mathematics education courses, and a program to reduce student anxiety through effective practice.

* www.qilt.edu.au

The University's increased focus on quality research with a real-world impact was highlighted by the establishment of the annual FedUni Awards for Excellence in HDR Supervision in 2018, with awards for promoting industry engagement in graduate research and excellence in graduate research leadership.

The Federation University Sport and Recreation Spatial Research Team was acknowledged as a leader in health promotion at the prestigious VicHealth Awards in 2018 for their efforts to improve the health and wellbeing of the community.

Their work involves analysing and reporting annually on sport participation for 12 major sports in Victoria, to support government decision making on sport investment. This is the largest national repository of sports participation data.*

Student Awards

A number of our TAFE students were recognised as the best in Australia, winning three medals at the national WorldSkills competition, including gold medals in fitting and retail baking bread, and a bronze medal in bricklaying.

One of our hospitality graduates was also named national runner up in the Australian Apprentice of the Year Awards, while one of our students training as a vocational education teacher received a prestigious scholarship for VET teaching.

The University's continued recognition in these competition and award programs is testimony to our dedicated teaching staff and the hard work and talent of our students.

Real-World Learning

Our partnerships with industry and government provide valuable teaching and learning opportunities for both our TAFE and higher education students and staff. With placements across education, social services and technology sectors, these programs give successful applicants the chance to gain real-world industry experience as part of their studies.

We also collaborated with the Victorian Government to develop a transformation plan for FedUni TAFE to expand participation in VET in western Victoria.

This includes an initial \$2 million in funding for The Grampians Regional Health Work Readiness Project to deliver an integrated workforce development strategy in partnership with Ballarat Health Services and Wimmera Health Care. The University will also provide education and training for staff of the new GovHub currently under construction in central Ballarat.

* https://federation.edu.au/news?announcement_id=24420&action=view_announcement&category_id=

In addition to this, we received funding from the Victorian Department of Environment, Land, Water and Planning (DELWP) to develop a business case for the establishment of the Asia Pacific Renewable Energy Training Centre in Ballarat. From training maintenance workers and installers to world-leading research and innovation, the development of the proposed training centre would see Federation University become a national and international leader in renewable energy technology and capitalise on our unique position as a multi-sector provider.

Learning Spaces

Extensive work was carried out in 2018 to assess and improve our learning, teaching and research spaces. This included the development of master plans for the Mt Helen and Ballarat CBD campuses and a review of teaching and learning spaces.

This work will ensure the University is effectively using the space we have to both increase our community engagement and ensure our students enjoy the state of the art facilities they need.

Improvements carried out in 2018 include upgrading the area known as the Airport Lounge on the Mt Helen campus with a more contemporary design and better student amenities. A new informal learning space was also opened on the campus, called Gnarrwurring Karung.

Meaning 'Learning Place' in the local Wadawurrung language, it was named to recognise both the cultural heritage of the local area as well as the University's rich and diverse culture. The vibrant study space provides 24-hour access to group and private study areas, printing and open collaborative spaces, allowing us to meet the different needs of our students.

Work on improving teaching and learning spaces and delivering the campus masterplans will continue in 2019.

Research and Innovation

In 2018, we made important strides in building research and innovation that makes a real impact on the lives and economies of the communities in which we are located.

From research investigating the genetic changes that contribute to the development of high blood pressure and reduce early death in children born with heart defects, to leading the implementation of the Australian Agriculture Research Data Cloud, our research is increasingly focused on making a real-world difference.

Our improving research performance was supported by work beginning on a new *Strategic Research Plan* in line with the overall the University's overall five year strategic plan, as well as the introduction of minimum research performance standards for our academic staff.

Research Training

We offered 10 research scholarships for PhD students in 2018 and recorded the largest number of Research Higher Degree (HDR) completions in the University's history. A total of 44 students completed an HDR, including 35 Doctor of Philosophy (PhD) students and 9 Master Degree students.

As well as a record number of HDR completions, 2018 also saw the University produce a record number of academic journal publications, with a 19 per cent increase from 326 in 2017 to 400 in 2018, according to Scopus.

The number of successful research funding submissions also grew by 7 per cent in 2018 compared to the previous year, with 61 projects approved, while the funding amount per grant also increased.

Our research seeks to make a real impact on the lives of the people and the economies of the communities in which we are located and beyond, which is evidenced in our students' HDR projects. In 2018, this included health research exploring why breath-testing shows promise as an early diagnostic that will improve patient outcomes. This study used a new way to grow cancer cells that not only replicated the cancer breath profile but identified 10 new chemicals to use for early diagnosis.

Research into injury and illness protection in Olympic combat sports shows that barriers to high quality injury and illness data collection in combat sport must be addressed at the sports organisational level in order to develop effective, evidence-based injury and illness prevention strategies.

Ballarat's own history and community fed into research exploring First World War Avenues of Honour that examined links between Ballarat's avenues and other avenues throughout the Commonwealth and the United States.

Students were given the opportunity to present their work at the 2018 Higher Degree by Research Conference at the Mt Helen campus.

New Graduate Research School

Our focus on quality research with a real-world impact was supported in 2018 with the establishment of the Graduate Research School.

This unit provides university-wide oversight, management and governance of HDR programs, including the Graduate Centre Program and HDR supervisor registration and training, bringing the University's operations in line with that of other Australian Higher Education institutions.

Our Partnerships

The University has expanded its involvement in Cooperative Research Centres (CRCs), Australia's leading platform for research and development. Joining forces with a host of University, industry and community partners, Federation University has partnered with four CRCs over the next 10 years, including High Performance Soils (Agriculture), Digital Health, Food Agility and Capital Markets.

This will see our researchers involved in and leading world-class research and development projects, including data interoperability, environmental chemistry and soil science, agricultural value chain solutions, agribusiness, digital health technology and applications, and informatics and applied optimisation.

Federation University's Internet Commerce Security Laboratory (ICSL) celebrated its tenth anniversary and has become a national leader in its field, partnering with the Victorian Government, Westpac and IBM. The funding agreement with Westpac was renewed in 2018 for another five years.

Building strong research partnerships across Gippsland, Ballarat and the Wimmera was another key focus area in 2018. Specifically, our work with Brown Coal Innovation Australia, Australian Paper Mills, Regional Development Victoria and the Latrobe Valley Authority is having a real impact in shaping the future of the Gippsland region.

International

Our international students bring valuable cultural experiences and insights to the University community, as well as the broader communities in which our campuses are located.

Federation University is focused on increasing international student numbers across our campuses and onshore partner providers, which both saw significant growth in 2018.

On-campus international student numbers increased by 53 per cent at Ballarat and Berwick. The new campus in Brisbane also experienced steady growth during its first full year of operation. Our long-standing partnerships with four international on-shore partner providers in Melbourne, Sydney and Adelaide continued to flourish, with a 104 per cent increase in enrolments compared to the previous year.

Relationships with our four partner institutions in China were strengthened in 2018 with a successful visit to China by the Vice-Chancellor. Professor Bartlett toured Hebei University of Science and Technology, Zhejiang University of Technology, Shenzhen Polytechnic and Shaoguan University, with whom Federation University has established joint programs in IT, Civil Engineering and Business.

All four universities committed to increasing joint programs and student numbers, as well as mobility schemes and research collaboration. This commitment was further strengthened when Federation University hosted a high-level delegation from Shenzhen Polytechnic at the Mt Helen and Ballarat campuses later in the year.

The University's partnerships with Chinese educational institutions have also extended to FedUni TAFE for the first time, with 11 Chinese automotive students undertaking a year-long accredited automotive qualification at the SMB campus in Ballarat during 2018.

The new partnership with Wuyi College, a vocational college specialising in automotive studies, and the Changan Automotive Company, the fourth largest car manufacturer in China, signals the growing internationalisation of vocational training, which Federation University is well-placed to capitalise on as a multi-sector provider.

Campus Highlights

Brisbane

Brisbane became Federation University's eighth campus in 2018, enrolling its inaugural class of 14 students in semester one.

The campus offers business, IT, commerce and engineering degrees at a small, state-of-the-art, cosmopolitan campus within the Brisbane CBD. Industry partnerships with Downer, Concentrix and Digital Brisbane provide students with work-integrated learning opportunities, along with a student internship program at Downer.

Establishing the campus has allowed the University to diversify its delivery of higher education programs to onshore international students in the Brisbane market, which is the third largest Australian state for onshore international student enrolments.

The Brisbane campus has experienced steady growth in international students during its first full year of operation and we expect this growth to continue in 2019.

Berwick

2018 was the first full operating year at the Berwick campus, which exceeded expectations to reach 1,217 enrolments. The University has been well received in the Berwick community with demand strong for all 19 programs.

Representations to government were successful in lifting the federal funding freeze and securing support for future growth at Berwick, with \$40.7 million in Commonwealth Supported Places committed by the Minister over the next four years.

The University has embarked on a major redevelopment of the campus to provide the best possible learning and teaching environment with new laboratories and teaching spaces. This includes:

- a third Nursing Clinical Learning Environment (CLE) to support increased nursing student enrolments and an additional science laboratory to expand science teaching capabilities;
- additional academic, technical and professional staff work areas to accommodate projected increase in staffing;
- expanded library and learning support areas to incorporate additional learning spaces for an increasing number of students and provide a research student work area; and
- an upgraded foyer entrance to improve customer service and relocate student support services.

Mount Helen

Federation University has built a strong reputation for excellence in sports science education and research. In 2018, the University embarked on a major investment to ensure our facilities match the quality of teaching and learning in this area.

This involved a \$13 million upgrade of the P Building on the Mt Helen campus, which houses the University's sports, exercise and health science programs. Construction started in 2018 and will be completed in 2019.

Ballarat Tech School

The new Ballarat Tech School was officially opened by Premier of Victoria Daniel Andrews and Minister for Education James Merlino in February, 2018. Federation University partnered with the Victorian Government to build the Tech School.

Located on the SMB campus, the Tech School is a centre for science, technology, engineering and mathematics (STEM) excellence that engages students from 15 local schools in a high-tech learning environment and provides the opportunity to enhance their STEM curriculum.

Many of our staff were involved in the development of this first-class facility, which provides another opportunity for local students to increase their pathway opportunities into tertiary studies.

Tech Parks

Our Technology Parks at Mt Helen and the Ballarat CBD foster collaborations, employment placements for students, as well as partnerships and research opportunities.

Around 1,450 people were employed across 58 companies within our Tech Parks in 2018, including partnerships with organisations such as IBM, the State Revenue Office, Ballarat Health and Concentrix/Amazon.

Our Tech Park capacity increased in 2018 with the refurbishment of the Flecknoe Building in Ballarat CBD, creating additional contemporary business spaces. The business incubator, Runway, was secured as a new tenant and global services firm, Serco, was confirmed as another key tenant.

Modelled on the Ballarat Tech Parks, Federation University is also the lead partner in the Gippsland Hi-Tech Precinct. Based in Morwell, this initiative was funded by the Victorian Government to support the transition of the Latrobe Valley economy with a focus on industry partnerships including 3D printing, ICT and Precision Agriculture.

Our Community

The strength of our university is in our people. This includes our staff, our students and the broader communities in which we are located. Improving equity, diversity and the ways in which we engage with our communities is vital to this.

Equity and Diversity

The University has taken significant steps towards improving gender equity in science, technology, engineering, maths and medicine (STEMM) both within the University and the community.

A four-year action plan to improve gender equity and diversity in STEMM has been developed as part of a national accreditation scheme by Science in Australia Gender Equity (SAGE). Known as the Athena SWAN (Scientific Women's Academic Network) program, the accreditation scheme is designed to overcome barriers to gender equity in STEMM and higher education. The University finalised its application for a bronze award in 2018, with the submission to be made early in 2019.

We also received funding for a new program designed to encourage young Indigenous females in Years 7 and 8 to study maths and science, and challenge the belief that STEMM is 'not for girls'. Around 60 students took part in the 'Inspire Me' workshops at our Ballarat, Gippsland and Wimmera campuses. Female leaders from the Indigenous community, Cathy Freeman and Ros Moriarty, took part in the workshops, sharing their stories and encouraging students to reflect on their subject choices and the opportunities they can pursue in the future.

2018 also saw the University develop an action plan to tackle sexual harassment and assault on campus, which was submitted to the Human Rights Commission and Universities Australia for the first anniversary of the *Respect. Now. Always.* campaign.

The University remains committed to providing a respectful, safe and supportive learning and working environment.

Engagement and Events

Engagement with local schools and the communities in which we are located is vital for encouraging young people to pursue higher education opportunities and pathways.

Federation University's *Visioning our Engagement Project* was established in 2018 to identify and develop the vision, focus, and strategic direction of engagement activities across all of the communities the University serves.

The aim is to create an "all of university" engagement strategy that can provide a focused direction for general engagement activities, while allowing for adaptation and customised implementation at each campus location, with the strategy to be rolled out in 2019.

High profile events also help raise the University's profile and engagement within our local communities and more broadly.

In 2018, this included a visit to the University's Mt Helen campus by His Royal Highness Prince Edward, Earl of Wessex. The visit was the first by a member of the Royal Family since Prince Charles visited in 1974. It provided the opportunity to highlight Federation University's excellence in sports research and science, which aligned with Prince Edward's promotion of The Duke of Edinburgh Awards.

Our strengths in sports science education and research were also emphasised at the annual FedUni Road National Cycling Championships, held in Ballarat and the surrounding areas. As the event's naming sponsor, the University welcomed some of the Australia's elite road cyclists, while staff promoted our sport science courses to prospective students, cycling enthusiasts and the wider community.

Ensuring our community events and engagement are strategic and effective will continue to be a key focus for the University going forward.

New Appointments

FedUni Next, a project to take stock of the University's progress and chart its future, was launched in 2017 and gained significant momentum in 2018 with the restructure of the academic portfolio.

This involved moving from four faculties and eight schools to a flat structure of six schools. Six new Deans of School and a General Manager (Academic) were appointed to take the new structure forward. They include:

- Professor Dara Twomey was appointed as the Dean, School of Health and Life Sciences;
- Professor Wendy Cross was appointed as the Dean, School of Nursing and Healthcare Professions;
- Professor Claire McLachlan was appointed as the Dean, School of Education;
- Professor Andrew Hope was appointed as the Dean, School of Arts;
- Professor Syed Islam was appointed as the Dean, School of Science, Engineering and Information Technology;
- Professor Christina Lee was appointed as the Dean, Federation Business School; and
- Mr Andrew Evans was appointed as the General Manager (Academic).

Other new appointments in 2018 included Professor Talal Yusaf as the Pro Vice-Chancellor (International and Partnerships) and Ms Sue Owen as the Director, Library and Learning Spaces. The University farewelled Professor Leigh Sullivan, Deputy Vice-Chancellor Deputy Vice-Chancellor (Research and Innovation) who was instrumental in establishing the University's Graduate School and expanding engagement with industry, government and community organisations.

With these new appointments, we have put in place a senior leadership team with the experience, passion and ability to deliver our strategic plan to transform Federation University.

Our Strategic Plan: A Snap Shot for 2018-2022

Our Purpose

Our purpose is to transform lives and enhance communities.

Our Priorities

Lifelong Learning – Provide future-focused, high-quality lifelong learning opportunities for students from all backgrounds.

Global Citizens – Empower our students with the necessary knowledge, skills and aptitude for further study, to participate in workplaces, and to be the best global citizens they can be.

Partnerships – Use our network of campuses and partnerships to deliver our courses and programs.

Research and Impact – Conduct research and measure its impact on the communities we're part of, as well as wider society.

Sustainability – Ensure long-term financial sustainability.

Our Strategic Objectives

By 2022, we will:

1. Become a popular student destination
2. Offer a high-quality student experience
3. Make a positive impact
4. Become a university workplace of choice
5. Build an efficient organisation

Alumni, Donors and Sponsors

Our Alumni, donors and sponsors are valued members of our university community, contributing both financially and through mentoring and sharing their valuable expertise with our students and staff.

Alumni

Over 103,000 students have graduated from the University since its foundation in the 1870s, of whom nearly a quarter are international alumni from 87 countries.

Seven outstanding alumni members were honoured at the University's 2018 Alumni Awards for their contribution to the communities in which they live and work.

The 2018 award recipients include:

- Alumna/Alumnus of the Year, Rachel Flynn and Tim Diamond
- International Alumna of the Year, Ying (Emily) Situ
- Distinguished Alumna of the Year, Dr Margaret Heffernan OAM
- Posthumous Distinguished Alumna/Alumnus, Heather Pitman, Dr Louis William Gordon Malcolm and Henry Sutton

Scholarships

Up to 150 scholarships were awarded to higher education and TAFE students in 2018.

This included 69 Foundation scholarships, supported by our donors and sponsors, for higher education students and TAFE who have a strong commitment to study and have some form of economic disadvantage.

It also included the introduction of the University's high-achievers scholarships and industry supported scholarships, such as the Bachelor of Business/IBM scholarship program.

**We thank all of our donors and sponsors
for their contributions.**

CHANCELLOR'S CIRCLE

Mr Shesh Ghale
Dr Paul J H Hemming AO &
Mrs Linda Hemming
Mr Michael Ryan & Mrs Margaret Ryan

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Mrs Lisanne Doyle
Prof Erik Eklund
Mr Peter Eltringham
Mrs Angela Jenkins
Mr Joshua Lloyd
Mr Colin Marshall
Mr Jamie McDonald
Prof John McDonald
Ms Le-anne O'Brien
Assoc Prof Bob O'Shea
Ms Sue Owen
Prof Penny Paliadelis
Dr Caroline Perkins
Mrs Sarah Prime
Mrs Raylene Reese
Mr Alan Saunders
Ms Mary-Ann Seebeck
Mrs Claire Shaw
Ms Marion Slawson
Prof Leigh Sullivan
Ms Pam Sutcliffe
Mr Adrian Tinetti
Mrs Kate Toner
Mr Jeremie van Delft
Dr Carole Wilson

ALUMNI DONATIONS

Mr Stephen Densley
Mr Anh Tuan Nguyen
Mrs Noeleen Simpson
Mr Andrew Wilson

STUDENT SCHOLARSHIPS

Buninyong Community Bank
Ms Pauline Buckland
Mr Steven Davies
Diane Gibney & James Nugent
Dunkeld Refugee & Asylum Seeker Group
Ms Heather Dyne
ETHOS Consulting Pty Ltd
Mr Shesh Ghale
Golden Key International Honours Society
Hamilton & District Rural Australians for Refugees
Dr Janet Holmes a Court AO AC
Mr Robert Hook
Isobella Foundation
Mr William H McGregor AM
Dr Lynne MLennan
Mr Ian Nethercote AM
Powercor
Mr Colin Prowse AM
Mrs Shirley Prowse
Rotary District 9780
Mr Anthony Stone
Tohmae Pa P/L

Our services

While we mostly serve people, groups and organisations from the Central Highlands, Gippsland, Berwick and Wimmera region, we reach other parts of Victoria, Brisbane and overseas.

FIELDS OF STUDY - Schools and Programs Portfolio

VOCATIONAL EDUCATION AND TRAINING (VET)

Certificate, Diploma and Advanced Diploma programs

- Food Sciences
- Commercial Cookery
- Primary Industries
- Nursing
- Occupational, Health and Safety
- Children's Services
- Language, Literacy and Numeracy
- Foundation Studies
- Further Education
- Prisons Education
- General Manufacturing
- Automotive
- Metals and Engineering
- Building and Construction
- Building Design
- Primary Industry and Forestry
- Horticulture and Conservation and Land Management
- Business and Management
- Information Technology
- Hair and Beauty
- Community Services and Health
- Cultural and Recreational
- Live Production
- Transport and Storage
- Electro Technology and Communications
- Wholesale, Retail and Personal Services
- Victorian Certificate of Applied Learning (VCAL)
- Training and Education

HIGHER EDUCATION

Undergraduate, postgraduate and other programs at Higher Education level

- Biomedical Science
- Food and Nutritional Sciences
- Exercise and Sport Science
- Health and Physical Education
- Visual and Performing Arts
- Education
- Arts and Humanities
- Social Science
- Human and Community Services
- Business Management
- Accounting
- Marketing
- Psychology
- Information Technology
- Mathematics
- General Science
- Geoscience
- Environmental and Conservation Sciences
- Veterinary and Wildlife Science
- Nursing and Midwifery
- Paramedicine
- Engineering – civil, mechanical and mining
- Mechatronics

OTHER SERVICES

- Library, Learning Support and Study Skills
- Facilities Management
- Information Technology Services
- Catering and Conferencing Services
- Wellbeing, Counselling and Sporting and Social Services
- Careers and Employment services
- Residential Living, Residential Community and Settlement Services
- Project Management Services
- Equity and Equal Opportunity Support and Outreach Services
- Aboriginal Education Centre
- Centre for Learning Innovation and Professional Practice (CLIPP)
- Public Relations and Alumni
- Human Resources
- Legal
- Finance

Second row, left to right:
George Fong, Pauline Buckland,
Ian Nethercote AM, Anthony Stone,
Rhonda Whitfield and Kim Dowling.

Front row, left to right:
Stacey Grose,
Steven Davies (Deputy Chancellor),
Helen Bartlett (Vice-Chancellor),
Terry Moran AC (Chancellor),
Michael Ryan and Adrian Tinetti
(Secretary to Council).

Absent:
Mashelle Parrett, Jane Smith AM,
Erin Morgan and Cameron Beyer



Our Council

Under the provisions of the Act, the Council of the University is the governing authority of the University and has the direction and superintendence of the University. The Council is chaired by the Chancellor and has 15 members. Set out below are the members of the Council during 2018 including the terms of office, qualifications and experience.

THE CHANCELLOR

Dr Paul John Harry Hemming AO

MB ChB, University of Birmingham; Fellow Royal Australian College of GPs; Fellow of Royal College of GPs (UK); Fellow AMA; Officer of the Order of Australia.

Term of Office

01 July 2015 to 12 October 2018 (as Chancellor)

01 July 2012 to 30 June 2015

Years on Council

Chancellor 5+

Council Member 6

Dr Hemming has been a General Practitioner in Ballarat for over 40 years. He has previously served as President of AMA (VIC), President of RACGP, Director of Beyondblue, Executive Director Ballarat Division of GP, Member of Medicare Services Advisory Committee, Consultant to Health Insurance Commission Chair of Medical Advisory Committee and Chair of St. John God Hospital (Ballarat).

Mr Terence Francis Moran AC

BA (Honours), Latrobe University.

Term of Office

13 October 2018 to 12 October 2021 (as Chancellor)

Years on Council

Chancellor <1

Council Member <1

Terry has carved out a distinguished leadership and policy-building career in the Victorian and Commonwealth Governments, including Secretary of the Department of Prime Minister and Cabinet. He brings extensive knowledge of and experience in the education sector.

Terry was the CEO of the Office of the State Training Board in Victoria, and the first CEO of the Australian National Training Authority in Brisbane. In 1998, he was appointed Queensland's Director-General of Education, and in 2018 conducted a review of the Southern Australian TAFE system on behalf of the South Australian government.

THE VICE-CHANCELLOR AND PRESIDENT

Professor Helen Bartlett

BA (Nursing), Northumbria University; MSc (Public Policy), University of Bath, PhD (Social Policy), University of Bath.

Years on Council 1+

Helen has worked in universities all over the world, holding senior leadership roles in the UK, Hong Kong, Malaysia and Australia. She was previously Pro Vice-Chancellor, President and Chief Executive of Monash University Malaysia, and Pro Vice-Chancellor and President of Monash's Gippsland Campus.

She brings a wealth of experience in strategic leadership, business management and partnership management to her current role.

CHAIR, ACADEMIC BOARD

Associate Professor Kim Dowling

BSc (Honours) Geology, University of NSW; PhD, James Cook University; GradDip (Environmental Management), Deakin University; GradCertEd (Tertiary Teaching), Federation University Australia.

Council Member 6

Kim has 30 years of active tertiary education experience. She is a member of the Council Executive Committee, and has previously worked as the Dean and Head of School, Executive on Deans' Boards, various governance and leadership roles at other institutions, and has been part of every Academic Board Standing Committee and the Council Executive Committee.

MINISTERIAL APPOINTMENT

Ms Pauline Buckland

BBus (Acc), University of Ballarat; MBA, RMIT; Fellow of the Institute of Chartered Accountants of Australia and New Zealand; Graduate of the Australian Institute of Company Directors.

Years on Council 3

Pauline is the Commercial Manager at AusNet Services. She has 20 years of experience working in senior roles across the utilities, postal and manufacturing sectors in Australia, Canada, UK and New Zealand. She is a board member of Brisbane Education Services Pty Ltd, and a member of the Finance Committee, Audit & Risk Committee, and the Senior Appointments and Remuneration Committee.

MEMBERS APPOINTED BY THE GOVERNOR- IN-COUNCIL

Mr Michael Walter Ryan

BBus (Acc), RMIT; Fellow of the Institute of Chartered Accountants of Australia and New Zealand; Graduate of the Australian Institute of Company Directors; Registered Company Auditor.

Years on Council 6+

Michael is self-employed, providing audit and assurance services to small corporate and not-for-profit organisations. He is the Chair of the Finance Committee and a member of the Council Executive Committee, Audit & Risk Committee and the Senior Appointments and Remuneration Committee.

Michael has previously worked in Public Accountancy Practice and business management in regional Australia. He has been an elected local government member for several years (including Mayor) and is a former member of the Regional Accountants Advisory Committee of the Institute of Chartered Accountants in Australia.

Ms Mashelle Parrett

BFin (Admin), University of New England; Member of the Institute of Chartered Accountants in Australia; Registered Company Auditor.

Years on Council 6

Mashelle currently works at the Australian Securities and Investment Commission. She is the Chair of the Audit & Risk Committee and a member of the Council Executive Committee. She brings over 20 years of experience in external audit, internal audit and financial reporting, having held roles in the Victorian Auditor-Generals' office, Lachlan Partners Chartered Accountants, the Commonwealth Auditor-General's Office, and Ernst and Young.

Mr Ian Nethercote AM

DipEng, Gippsland Institute for Advanced Education; Fellow of Institute of Engineers Australia (FIEAust); Fellow Institute of Managers and Leaders (FIML); Fellow Australian Institute of Company Directors (FAICD).

Years on Council 5

Ian has nearly 40 years of experience in the power industry – including open cut coal mining management, operations and heavy plant maintenance. Over the years, he has held a vast number of leadership roles in businesses, committees and councils. Currently, he is a member of the Infrastructure Committee and the Audit & Risk Committee.

In June 2018, Ian was awarded the Order of Australia, Member in the General Division (AM) for significant service to electricity supply in Victoria, industry reform and restructuring, education and the community of Gippsland.

Ms Rhonda Whitfield

GDipBA, Swinburne Institute of Technology; National Mediator Accreditation Standards (NMAS); Registered Nurse (RN).

Years on Council 1

Rhonda works as a Non-Executive Director, Mediator, and Executive Mentor, and has more the 15 years of governance experience with for-profit and not-for-profit boards across technology, health, government, disability, art, sport and parks. She is currently a member of the Finance Committee and the Infrastructure Committee, and Board Chair of a Victorian not-for-profit that supports people with intellectual disability, a group of community pharmacies, and an Australasian network of elder mediators.

MEMBERS APPOINTED BY COUNCIL

Mr George Joseph Fong

BA (Honours) Law, Anglia Ruskin University; Utter Barrister Law, Lincoln's Inn (UK).

Years on Council 6+

George works as Director of Lateral Plains Pty Ltd. He is a member of various committees, boards, councils and foundations, and is currently our Chair of the Infrastructure Committee, and a member of the Council Executive and the Nominations Committee.

He has previously been Barrister at Law and Advocate and Solicitor in Singapore, lecturer at the Ballarat College of Advanced Education (1987–1996) in Tax and Business Law, co-founder of the first Regional Internet Service Provider in Australia (NetConnect Communications), Chair of Internet Australia, and Chair of Central Highlands Regional Partnership Committee.

Mr Steven Davies (Deputy Chancellor)

BSc (Honours) Computer Systems Engineering, University of Kent; Institution of Engineering and Technology (UK); Project Management Institute (USA).

Years on Council 5+

Steven is IBM Australia's leader, responsible for operations at the GBS Client Innovation Centre in Ballarat, Victoria. He has an extensive background in the IT industry, having worked in a variety of technical, management and leadership roles. He is a member of our Council Executive Committee, Infrastructure Committee, Finance Committee, Nominations Committee and Federation College P-TECH Steering Committee.

Mr Anthony Stone

MBA (International Management), RMIT; GradDipBus (Marketing), Swinburne Institute of Technology.

Years on Council 5+

Tony has a wealth of experience in the franchising, manufacturing, automotive and building materials sectors, having held senior management positions in the US, Asia and Australia. He is a member of the Finance Committee and the Infrastructure Committee, and currently serves as the Community Representative for the Victorian Police Western Region Leadership Team, and in an advisory role for a number of private companies.

Ms Jane Smith AM

PostGradDipCrim, University of Melbourne; BA (Psychology and History), Flinders University.

Years on Council 3

Currently a Director of the Shiny Shiny World, Jane was the inaugural director of the Museum of Australian Democracy (M.A.D.E) now known as the Eureka Centre.

Jane has over 25 years of experience in the broadcast media industry, having held senior roles in organisations such as the ABC, Seed Australia, and the NSW Film & TV Office. She is the Director of Shiny Shiny World, and has held a number of board positions, currently serving as Co-Vice-President of the JOY 9 board. Here, she is a member of the Audit & Risk Committee and the Nominations Committee.

In June 2018, Jane was awarded the Order of Australia, Member in the General Division (AM) for her services to the industry.

Ms Stacey Grose

LLB, Latrobe University; BA (Linguistics), Latrobe University.

Years on Council 2+

Stacey is currently a Director and Accredited Business Law Specialist at BJT Legal, Director of the Art Gallery of Ballarat and Board Member of Ballarat Regional Tourism. She has held a number of leadership roles in various foundations and committees in Australia, and is a member of our Audit & Risk Committee.

ELECTED MEMBERS OF COUNCIL

Mr Cameron Beyer (staff)

BSocSc (Honours) Psychology, Charles Sturt University; GradDipPsych, University of Southern Queensland; BAppSc, Deakin University; DipProjMgt, University of Ballarat; Dip Mgt, University of Ballarat; CIV TA, University of Ballarat.

Years on Council 2+

Cameron has been working at Federation University since 2004. During this time, he has built up significant experience working as a Business Development Consultant in the Commercial Services Unit, Manager of Business Development and Marketing, Manager DSP and now, Manager of Commercial Services.

Cameron has worked with Westpac as a financial planner, a consultant with one of Australia's largest agricultural consultancy firms, and spent two years working in research and development at Cargill in the US.

Ms Erin Morgan (student)

Currently studying BJus majoring in Behavioural Studies, Federation University Australia.

Years on Council 1

Erin has previously served as a Student Senate Representative for the Faculty of Education and Arts, and as School Captain and Student Leader at Distance Education Victoria.

COUNCIL & COMMITTEE MEMBERSHIP & ATTENDANCE AT MEETINGS

COUNCIL MEMBER	COUNCIL		EXECUTIVE		AUDIT & RISK		INFRASTRUCTURE		FINANCE		SENIOR APPOINTMENTS & REMUNERATION	
	M	A	M	A	M	A	M	A	M	A	M	A
No. of Meetings held per Year	7		5		7		6		7		2	
Dr Paul J H Hemming AO ⁽³⁾	•	6	•	4							•	2
Mr Terry Moran AC ⁽⁴⁾	•	1	•	1								
Professor Helen Bartlett ⁽¹⁾	•	7	•	5					•	7		
Associate Professor Kim Dowling	•	7	•	3								
Mr Cameron Beyer ⁽²⁾	•	0							•	0		
Ms Pauline Buckland	•	7			•	7			•	7	•	2
Mr Steve Davies	•	7	•	5			•	5	•	6		
Mr George Fong	•	7	•	5			•	6			•	2
Ms Stacey Grose	•	7			•	7						
Ms Erin Morgan	•	4										
Mr Ian Nethercote AM	•	7			•	7	•	6				
Ms Mashelle Parrett	•	5	•	3	•	7						
Mr Michael Ryan	•	7	•	4	•	6			•	7	•	2
Ms Jane Smith AM ⁽²⁾	•	5			•	5						
Mr Tony Stone	•	7					•	4	•	6		
Ms Rhonda Whitfield	•	7					•	6	•	7		

M = Member A = No. of meetings attended

¹⁾ The Vice-Chancellor is the Chief Executive Officer of the University and has such powers, authorities, duties and functions as prescribed under the Act or as delegated by Council.

²⁾ Special leave was granted by Council during the year for meetings not in attendance.

³⁾ Previous Chancellor retired on 12 October 2018.

⁴⁾ Current Chancellor appointed on 13 October 2018.

GOVERNANCE STRUCTURE



Council Committees

The Council, by resolution, may create and appoint such committees as it thinks fit. A committee appointed by the Council must report to the Council on its activities at such times, and in such manner as the council directs.

For the following committees, we have listed what their responsibilities are to Council, and any other roles they carry out.

GOVERNANCE & RISK MANAGEMENT COMMITTEES

Council Executive Committee

Responsible for:

- Conducting business between meetings of the Council (generally deemed to be urgent) or seeing to specific business and with such authority as is delegated to it by the Council;
- Acting as a legislation, naming, honorary degree and nominations committee; and
- Advising on matters relating to the terms and memberships of Council committees and University ceremonies.

Audit and Risk Committee

Responsible for:

- The scope of work, performance and independence of internal audit, and of the external auditor;
- Reviewing the annual financial statements and making a recommendation to Council whether to approve the statements;
- The operation and implementation of the risk management framework;
- Matters of accountability and internal control affecting the running of the University; and
- The University's process for monitoring compliance with laws, regulations and codes of financial practice.

Legislation Committee

Responsible for:

- Reviewing university statutes and regulations to ensure they are comprehensive, relevant and effective.

FINANCIAL MANAGEMENT COMMITTEES

Infrastructure Committee

Responsible for:

- Making recommendations for developing the physical infrastructure of the University – taking into consideration risk assessment and the cultural and community appropriateness of a proposed project.

Finance Committee

Responsible for:

- Advising on finance, investments, asset management, insurance, compliance with laws and regulations, and its own *Code of Finance Practice*;
- Monitoring our continual financial viability using key indicators; and
- Oversight of our companies, trusts, profile and performance agreements, and other major commercial activities.

Senior Appointments & Remuneration Committee

Responsible for:

- Setting performance goals;
- Reviewing the performance of the Vice-Chancellor; and
- Setting the salary and remuneration of the Vice-Chancellor and Senior Executive Officers.

ACADEMIC BOARD & ITS COMMITTEES

This is the principal academic body of the University. In 2018, the Board comprised 31 members, 20 of whom were ex-officio members who represented senior academic and teaching staff, members of the senior management team, and 11 elected members from teaching and general staff and students, including the Chair and two Deputy Chairs.

Responsible for:

- Academic oversight of all academic programs and courses of study, and related legislation and policy; and
- Quality assurance framework for learning, teaching and research.

The Board, by resolution, may create and appoint such committees as it thinks fit. A committee appointed by the Board must report to the Board on its activities at such times, and in such manner as the Board directs.

Academic Governance Committees

Responsible for:

- Assisting the Academic Board on matters relating to academic governance;
- Making decisions on the Board's behalf (as delegated); and
- Managing the Board's agenda and schedule of business, initiatives and commissions papers on major issues of educational importance.

STANDING COMMITTEES

The following committees assist the Academic Board on matters of quality assurance and academic integrity across our learning, teaching and research activities.

Higher Education Curriculum Committee

Responsible for:

- The broad domain of new coursework;
- Reviewing and accrediting our programs;
- Integrity of academic offerings in Higher Education; and
- Reporting to the Board on our programs' accordance with the Australian Qualifications Framework and current Commonwealth regulations.

Learning and Teaching Committee

Responsible for:

- The enhancement and quality assurance of learning and teaching – across the Higher Education, and VET sectors of the University; and
- Developing and monitoring our *Learning, Teaching & Student Success Plan 2018 – 2020*, including reports to the Board on its implementation.

Research Higher Degrees Committee

Responsible for:

- The quality and compliance of research higher degree engagement; and
- Developing strategies to enhance the culture, training and experience of researchers.

Research Committee

Responsible for:

- The enhancement and quality assurance of research;
- Developing and monitoring our *Strategic Research Plan*; and
- Overseeing compliance with national codes of conduct in research.

VET Curriculum and Quality Committee

Responsible for:

- The broad domain of new courses;
- Reviewing and accrediting our programs;
- Integrity of education offerings in VET; and
- Reporting to the Board on our programs' accordance with all aspects of VET regulations, including relevant Commonwealth and State regulations.

Appeals Committee

Responsible for:

- Hearings to determine appeals from students relating to their study experience, including exclusion or disputes about academic results; and
- Reporting regularly to the Academic Board on the origins, numbers and outcomes of appeals.

MANAGEMENT STRUCTURE

The Vice-Chancellor's Senior Team

The Vice-Chancellor is the University's Chief Executive Officer, and is responsible for overall management and policy implementation. This includes financial, property and academic development, in accordance with University legislation. The Vice-Chancellor advises, receives recommendations from, and is accountable to the Council.

The Deputy Vice-Chancellor (Academic), Deputy Vice-Chancellor (Student Support Services), Deputy Vice-Chancellor (Research and Innovation) and Chief Operating Officer form the Vice-Chancellor's senior team. Each of these roles provides specialised support, has the authority to create and fill other positions across the University, and is accountable to the Vice-Chancellor.

REVIEWING & REPORTING

Our Review System

- Each year, Council members are required to assess the performance of the Council and its committees;
- An external review is conducted every five years. The Council and Academic Board were both reviewed externally in 2015, and an action plan was approved to guide their development;
- The Senior Appointments and Remuneration Committee sets annual performance goals for the Vice-Chancellor, reviews progress against these goals, and appoints salaries and remuneration for the University's senior executive officers;
- The Vice-Chancellor is responsible for setting and reviewing performance goals for the Deputy Vice-Chancellors and Chief Operating Officer/Financial Officer; and
- Key performance indicators for those in management roles are determined annually.

REPORTING

At Council meetings in 2018:

- Senior members from across the University reported comprehensively on priorities outlined in the 2018-2022 Strategic Plan – allowing the Council to generate new strategic initiatives for the future;
- The Vice-Chancellor presented written reports about developments, overall operations and the achievements of the University; and
- In compliance with the Voluntary Code of Best Practice, The Federation University Council received regular reports on:
 - > The financial position of the University;
 - > The operations of the Academic Board and various committees;
 - > The operations and achievements of the controlled entities of the University; and
 - > Other matters at their request. For example, the implementation of budget, policies, plans or similar.

The University's monitoring and reporting framework is subject to independent external audits, with all findings reported to the Council. Our Annual Report also includes externally audited financial statements, a governance report and relevant achievements and is presented to the Victorian Government each year.

ROLE OF COUNCIL & DUTIES OF COUNCIL MEMBERS

The Council

The Council is the University's governing body, responsible for guiding operations in accordance with the *Federation University Australia Act 2010* (the Act).

The Council's duties are to:

- Provide clear strategic direction, vision and mission statements for the University and monitor progress against set goals;
- Evaluate its own performance;
- Appoint and assess the Vice-Chancellor as Chief Executive;
- Monitor compliance with statutory and regulatory obligations;
- Establish and implement key policies that are consistent with legal requirements and community spirit;
- Ensure responsibilities and authorities are clearly defined for the University's Vice-Chancellor, managing bodies, Academic Board and other committees;
- Establish and maintain effective risk-management procedures;
- Approve and monitor commercial ventures, including training, research and consultancy;
- Assess the University's performance against key financial indicators – this includes approving and monitoring budgets, ensuring resources are properly managed, and monitoring controlled entities; and
- Manage its own operations – this includes appointing a Chancellor, selecting new members, and ensuring members are fulfilling their duties.

Council members

As part of the Council, members have a responsibility to:

- Always act in the best interest of the University – and to prioritise this above any other appointed duties;
- Act in good faith, honestly and with proper purpose;
- Exercise proper care and diligence in their role – not using their position to unfairly benefit themselves or others; and
- Disclose and avoid conflicts of interest.

CONFLICTS OF INTEREST

Under the Act, Council members must take reasonable steps to avoid all conflicts of interest and are required to declare any possible conflicts of interest as they arise. In these cases, the following procedure applies:

1. A member who has a conflict of interest in a matter being considered (or about to be considered) by the Council must, as soon as is practical after becoming aware of the conflict, declare the nature of their interest – either at a meeting, or in writing to the Chair of the Council.
2. If the Chair receives a written declaration, they must report it at the next meeting.
3. The person presiding over a meeting where a declaration is made must record the declaration in the minutes of the meeting.
4. After a member makes a declaration:
 - a. They must not be present for deliberations relating to the matter (unless otherwise directed by the body);
 - b. They can't vote on the matter; and
 - c. If the member does vote on the matter, it must be rejected.
5. The Council may remove a member from office if they fail to disclose financial or other conflicts of interest, as outlined here.

In addition:

- Council members are required to disclose private interests and related party interests on an annual basis. Related parties include immediate family members, and any other relations that are likely impact on the member's ability to be impartial – for example matrimonial, de-facto, sexual, financial or business partners;
- Under the *Financial Management Act 1994* and the *Australian Accounting Standards*, Council members are required to disclose the transactions that they (or their related parties) had with the University or its controlled entities at the end of each financial reporting period. This information is reported in the University's Annual Report; and
- If a Council member recognises a potential conflict of interest in another member, the member should raise the matter with the Chancellor (or if not the Chancellor then the Deputy Chancellor), the Council will address the matter at the next meeting.

RISK MANAGEMENT

The University is committed to managing risks efficiently and with integrity – and to maintaining the highest standards of contemporary governance, including accountable and sustainable financial management.

Our risk management framework, along with our internal compliance policies, were strategically reviewed in 2018.

Where applicable, the University follows the *Victorian Government Risk Management Framework*, and applies the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*.

Our Workforce

COUNCIL				CHAIR, ACADEMIC BOARD
VICE-CHANCELLOR AND PRESIDENT				ASSOCIATE PROFESSOR KIM DOWLING
PROFESSOR HELEN BARTLETT				
HEADS OF CAMPUS ABORIGINAL EDUCATION CENTRE EXECUTIVE DIRECTOR, BRISBANE CAMPUS				
STUDENT SUPPORT & SERVICES	ACADEMIC	RESEARCH & INNOVATION	CHIEF OPERATING OFFICE	INTERNATIONAL
Deputy Vice-Chancellor (Student Support & Services)	Deputy Vice-Chancellor (Academic)	Deputy Vice-Chancellor (Research & Innovation)	Chief Operating Officer/ Chief Financial Officer	Pro Vice-Chancellor, International
Mr Darren Holland Equity and Diversity Student Connect Campus Life Facilities Services Information Technology Services	Professor Andrew Smith School of Arts School of Education School of Health & Life Sciences School of Nursing & Healthcare Professions School of Science, Engineering and Information Technology Federation Business School FedUni TAFE Library Services Centre for Learning Innovation and Professional Practice (CLIPP) Berwick Campus	Professor Fadi Charchar (Acting) Graduate Studies Research Services Research Centres Technology Parks Nanya Station	Mr John Blair Finance Human Resources University Registrar's Directorate Corporate Governance Marketing & Public Relations Academic Services and Support	Professor Talal Yusaf Onshore Partnerships Offshore Partnerships Mobility Regulatory Compliance International Admissions International Marketing

WORKFORCE DATA

DECEMBER 2017							
	ALL EMPLOYEES		ONGOING		FIXED-TERM AND CASUAL		
	Number (headcount)	FTE*	Full-Time (headcount)	Part-Time (headcount)	FTE	Number (headcount)	FTE*
Gender							
Women Executives	9	9.00	9	0	9.00	0	0
Women (Total Staff)	996	709.06	431	237	580.50	328	128.56
Men Executives	17	17	17	0	17.00	0	0
Men (Total Staff)	577	451.05	331	41	357.15	205	93.90
Self Described	0	0	0	0	0	0	0
Age							
15-24	57	18.00	11	1	11.40	45	6.60
25-34	266	172.80	97	35	116.67	134	56.13
35-44	390	283.46	168	90	224.29	132	59.17
45-54	425	349.80	252	65	296.65	108	53.15
55-64	359	289.16	202	73	249.50	84	39.66
Over 64	76	46.89	32	14	39.14	30	7.75
Total Employees	1,573	1,160.11	762	278	937.65	533	222.46

DECEMBER 2018							
	ALL EMPLOYEES		ONGOING		FIXED-TERM AND CASUAL		
	Number (headcount)	FTE*	Full-Time (headcount)	Part-Time (headcount)	FTE	Number (headcount)	FTE*
Gender							
Women Executives	12	12.00	12	0	12.00	0	0
Women (Total Staff)	953	689.45	411	253	573.18	289	116.27
Men Executives	14	14.00	14	0	14.00	0	0
Men (Total Staff)	567	434.00	323	51	354.10	193	79.90
Self Described	0	0	0	0	0	0	0
Age							
15-24	67	22.10	10	7	14.10	50	8.00
25-34	240	161.53	98	44	123.46	98	38.08
35-44	379	278.91	167	95	227.28	117	51.63
45-54	397	331.33	235	65	279.32	97	52.00
55-64	350	270.66	187	74	235.90	89	34.76
Over 64	87	58.92	37	19	47.22	31	11.70
Total Employees	1,520	1,123.45	734	304	927.28	482	196.17

* FTE does not include casuals/sessionals.

Census date is 31 December each year.

Does not include staff employed by third party providers.

All employees have been correctly classified in the workforce data collections.

Note: The 2017 figures reported in the 2017 annual report differ due to casual employee data not previously being reported.

STAFF CODE OF CONDUCT

The University's principles underpin the Code of Conduct.

Federation University's values guide how we behave towards our students, and the wider community. These principles are what we stand for and we will bring these principles to life in everything we do.

This Code of Conduct confirms that commitment and outlines the expectations of all staff members of the University and is designed to promote a culture of fair, respectful and ethical behaviour and to ensure the University meets its obligations under state and commonwealth legislation.

The Code will assist the University to safeguard public trust and confidence in the integrity and professionalism of its staff by ensuring that all staff:

- maintain appropriate standards of conduct;
- exhibit fairness, impartiality, honesty and equity in decision making; and
- foster and protect the reputation of the University.

Staff can expect that members of the University Council and senior management will lead by example in actively promoting and complying with the Code.

All staff are expected to act with integrity, which includes being aware of and acting within the laws that apply to their conduct.

Essentially the Code is a public statement about how the University expects to be perceived and, ultimately, judged. All staff are required to comply with the Code.

THE UNIVERSITY'S PRINCIPLES	
Value	Description
Excellence	Pursuit of excellence in education and research through the development of critical thinking, logic and reasoning.
Responsibility	Intellectual responsibility through ethical practice and effective stewardship of our resources and the environment.
Access	Creating equitable educational opportunities based on inclusiveness and diversity.
Respect	Respect for each other, our students and for the communities we serve.
Engagement	Build collaborative relationships of mutual benefit at the local, national and international level.

Health and Safety

The University is committed to supporting employees after an injury or illness. This involves rehabilitation programs that enable ill or injured employees to successfully and sustainably return to work.

While a spike in claims for mental stress in 2015/16 had a negative affect on premiums, we have seen a significant reduction in the number and cost of claims since then. This reflects our commitment to create workplaces that promote mental and physical wellbeing, through initiatives that focus on:

- Professional development;
- Effective staff management;
- Mental health awareness;
- Personal resilience;
- Health and wellbeing promotions; and
- Early intervention.

By taking an early intervention approach, we continue to reduce both the severity of injuries and the time lost from work as a result. Time lost from work is the largest WorkCover cost, so we are glad to report that we have achieved a successful return to work outcome in every instance of workplace injury this year.

The estimated cost of claims made in 2018 (as at December 2018) is \$376,075.

There were no fatalities recorded in 2016, 2017 or 2018 at the University.

Our Environmental Performance

STATEMENT OF OCCUPATIONAL HEALTH & SAFETY (OHS)

OHS PERFORMANCE INDICATORS	2016	2017	2018
Number of hazards/incidents reported by staff (per 100 full-time equivalent staff members)	11.32	8.44	8.19
Number of 'lost-time' standard claims per 100 full-time equivalent staff members	1.42	0.95	0.53
Average cost per claim (including payments to date and estimated outstanding claim costs)	\$104,560	\$10,717	\$61,636

Federation University is reducing its environmental impact through a range of measures including energy reduction, waste minimisation and vehicle fuel savings. Our 2017-18 Sustainability Strategy sets environmental targets against a 2013 baseline year.

Another way the University continually strives to improve its environment performance is through vendor engagement. By identifying and assessing specific tender questions, the University ensures a vendor is fully aware of their environmental responsibilities when partnering with Federation University.

Tender documents now have a section devoted to environmental and social responsibilities included in the specification. The successful tenderer is contractually bound to their environmental obligations.

Examples of tender questions include:

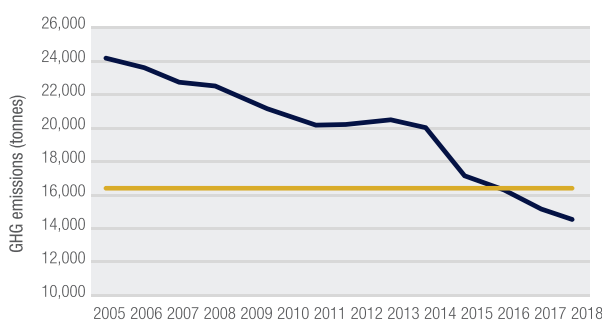
- Please advise what green initiatives your company has undertaken for your customers that are available to help meet sustainability targets?
- Has your organisation identified the specific environmental impacts associated with the products, services or works it provides and has it taken steps to minimise them?
- Does your organisation observe legislation and industry best practice standards with regard to environmental issues?
- Does your organisation check the environmental policy and performance of its supply chain?

Highlights for 2018 include:

- Reducing greenhouse gas emissions by 26 per cent
- Reducing electricity consumption by 17 per cent
- Reducing natural gas consumption by 14 per cent
- Reducing water consumption by 6 per cent
- Reducing waste to landfill reduced by 82 tonnes
- Reducing paper consumption by 65 per cent (4,689 reams)

GREENHOUSE GAS EMISSIONS

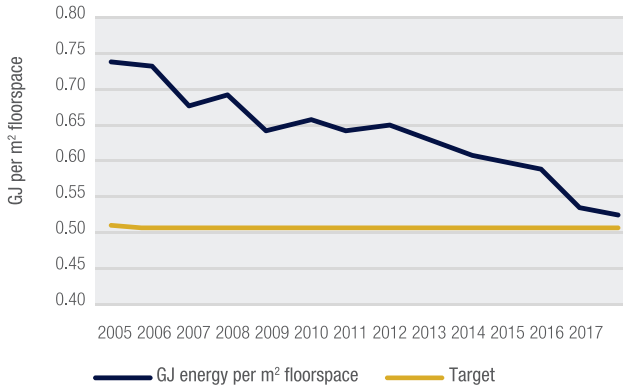
Greenhouse gas emissions have reduced by 26 per cent in the past five years, a saving of 6,115 tonnes.



ENERGY CONSUMPTION

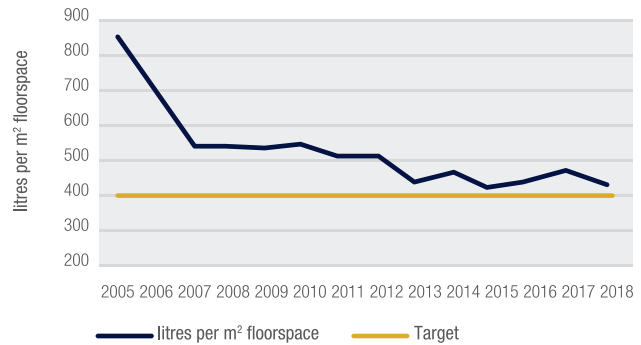
Energy consumption continues to decline with a 17 per cent reduction in electricity and a 14 per cent reduction in natural gas in the past five years.

The reductions are predominately due to energy efficiency initiatives such as upgrading plant and lighting and installing new solar panels. Average consumption per staff member (FTE) was 30,357mj per annum.



POTABLE WATER CONSUMPTION

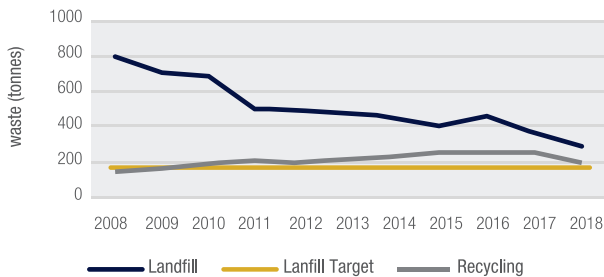
Water meters on every campus have 3G sensors to track leak detection and improve consumption reporting. This has seen potable water consumption decrease by 6 per cent. Average water consumption per staff member (FTE) was 63,040 litres per annum.



WASTE AND RECYCLING

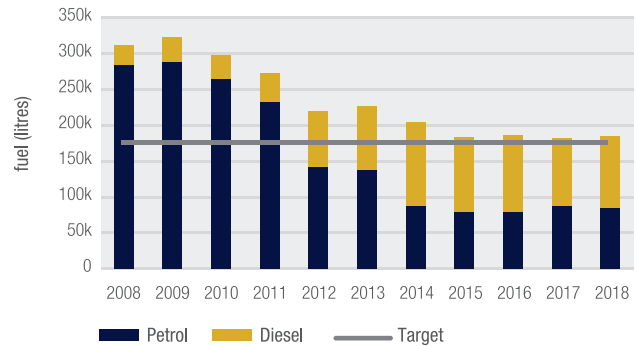
Landfill waste continues to decrease, a reduction of 82 tonnes on the previous year.

Total average waste disposed per staff member (FTE) was 365kg per annum.



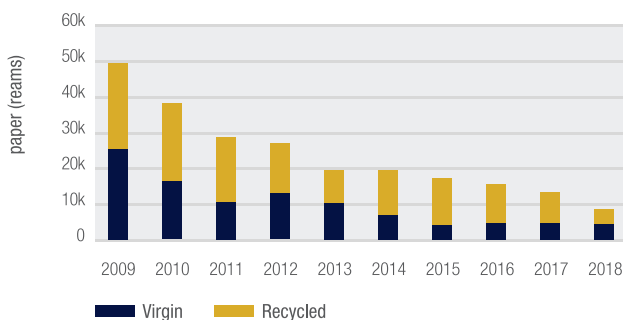
FLEET VEHICLE FUEL

The University's fuel consumption continues to decline over a five year period. Diesel usage increased due to the replacement of petrol vehicles with diesel and hybrid.

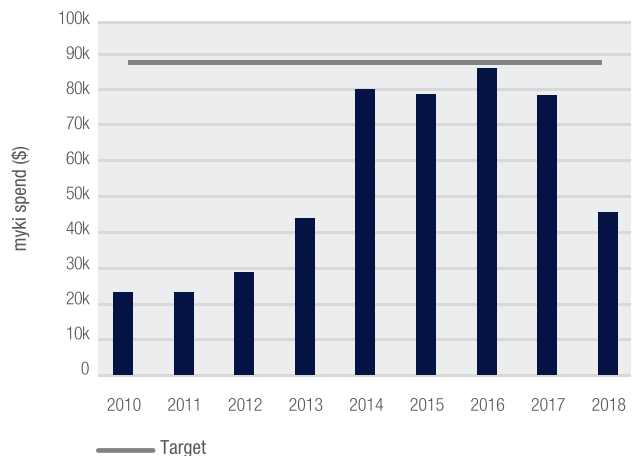


PAPER CONSUMPTION

Paper consumption has fallen by 50 per cent over the past five years and 41 per cent of paper purchased has a recycled component. In 2018, the University purchased 9,050 reams of paper – a 65 per cent reduction compared to the previous year. The average paper consumption (ream) per staff member (FTE) was 6.64.



V/LINE TRAVEL



STUDENT ENROLMENTS

The University had an overall total increase of 12.1 per cent in student enrolments to 23,444 students across both HE and TAFE courses at all locations. Domestic student enrolments reduced by 7.9 per cent. This was primarily due to some TAFE courses not being offered in 2018 as a result of a contract to deliver training to Vic Roads staff ending in 2017. International student enrolments increased by 72.5 per cent, predominantly driven through increases at both external education partners and on campus.

TOTAL STUDENT ENROLMENTS – HEADCOUNT			
	2017	2018	% Variance
Total Students (Distinct Number)	20,905	23,444	12.1%
By Type			
Domestic	15,701	14,466	-7.9%
International	5,204	8,978	72.5%
By Gender			
Female	8,697	10,552	21.3%
Male	12,194	12,862	5.5%
Unknown	14	30	114.3%
By Enrolment Type			
Commencing	11,359	13,693	20.5%
Continuing	9,546	9,751	2.1%
By Education Portfolio			
Higher Education	13,753	17,639	28.3%
TAFE	7,152	5,805	-18.8%

HIGHER EDUCATION DELIVERY

In 2018, the Equivalent Student Full-time Student Load (EFTSL) increased by 27.5 per cent to 11,963 EFTSL, compared to 2017. Commonwealth Supported Place (CSP) students increased due to new program offerings and the second year of operations at the Berwick campus. On-campus international experienced strong growth on 2017, however the largest increases were with our external onshore education partners.

SUMMARY OF HIGHER EDUCATION STUDENT LOAD (EFTSL)			
Student Type	2017	2018	% Difference
CSP Student	5,692	5,981	5.1%
Domestic Fee-Paying	159	144	-9.6%
International On-Campus	489	780	59.6%
International Partners - Onshore	2,060	4,159	101.9%
International Partners - Offshore	787	724	-8.0%
RTS	198	175	-11.7%
Total	9,385	11,963	27.5%

TAFE DELIVERY

The University delivered TAFE programs to over 5,700 students in 2018, equating to approximately 1.28 million Student Contact Hours (SCH) of training, with 1.07 million SCH related to funding from the Victorian Government and 0.21 million SCH in non-government funded training.

SUMMARY OF TAFE TRAINING DELIVERY		
	Actual Sch Million	
Student Type	2017	2018
Government Funded	82%	84%
Non-Government Funded	18%	16%
	100%	100%

AUSTRALIAN QUALIFICATION FRAMEWORK CLASSIFICATION

There was significant growth in Master Degree by coursework enrolments in 2018, with a 92 per cent increase. This was largely driven by increased international student enrolments through the University's onshore partner providers. TAFE enrolments in Certificate IV courses also experienced strong growth, with a 50 per cent increase compared to the previous year.

SUMMARY OF HIGHER EDUCATION STUDENT LOAD (EFTSL)			
Course Of Study Classification	2017	2018	% Difference
Higher Education Sector Accreditation			
Research Degree	330	315	-4.5%
Master Degree by coursework	2748	5282	92.2%
Graduate Diploma	285	260	-8.8%
Graduate Certificate	65	85	30.8%
Bachelor Degree	9723	11065	13.8%
Associate degree & Advanced Diploma	291	268	-7.9%
Other/Non-award	375	459	22.4%
Vocational Education and Training Sector Accreditation			
Vocational Graduate Diploma			
Vocational Graduate Certificate			
Advanced Diploma	111	87	-21.6%
Diploma	560	503	-10.2%
Certificate IV	377	569	50.9%
Certificate III	1912	1972	3.1%
Certificate II	1762	1628	-7.6%
Certificate I	257	221	-14.0%
Schools Sector Accreditation			
Senior Secondary Certificate of Education VCAL	267	266	-0.4%
Other/Non-award	2379	835	-64.9%

Note: Students may have multiple course enrolments therefore will not directly match distinct student counts.

Compliance

Freedom of Information

The *Freedom of Information Act 1982* gives members of the public the right to access documents held by the University. The purpose of the Act is to grant the community access to information held by government departments, local councils, ministers and other bodies.

Under the Act, applicants can ask for access to documents created by, or supplied to the University from external sources. This can include maps, films, microfiche, photographs, computer printouts and electronic records. For more information about the type of material included under the Act, visit the Freedom of Information section of the University website.

The Act also allows the University to refuse partial or full access to certain material – this could include internal working documents, law enforcement documents, documents covered by legal professional privilege, personal information about other people or information provided to the University in confidence.

If the applicant isn't satisfied with the University's decision to withhold information, they can request a review from the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving the decision letter.

Additional information available on request

In compliance with the requirements of the Standing Directions of the Assistant Treasurer, details in respect of the items listed below have been retained by the University and are available upon request, subject to the provisions of the Freedom of Information Act 1982:

- a. statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- b. details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- c. details of publications produced by the University about the University and how these can be obtained;
- d. details of changes in prices, fees, charges, rates and levies charged by the University;
- e. details of any major external reviews carried out on the University;
- f. details of major research and development activities undertaken by the University;
- g. details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- h. details of major promotional, public relations and marketing activities undertaken by the University to develop community awareness of the University and the services it provides;
- i. details of assessments and measures undertaken to improve the occupational health and safety of employees;
- j. a general statement on industrial relations within the University and details of time lost through industrial accidents and disputes;
- k. a list of major committees sponsored by the University, the purposes of each committee and the extent to which the purposes have been achieved; and
- l. details of all consultants/contractors engaged, the services provided and the expenditure committed for each engagement.

Requests should include a clear description of the desired document and must be made in writing to:

Freedom of Information Officer
Federation University Australia
PO Box 663
Ballarat VIC 3353

There is an application fee of \$28.90, which may be waived in some cases. Additional access charges may also apply to cover photocopying or search charges. Applications made in accordance with the Act must be processed within 30 days.

In 2018

The University received two applications under the Act, from a former employee. The University provided full access to the documents requested in the first application, but could not locate the documents (or they didn't exist) requested in the second application.

On a number of occasions, the University also provided informal access to information for applications that fell outside the Act.

The average processing time for requests was 41 days (within the time limit allowed for consulting third parties).

During the 2018 reporting period, there were no decisions subject to review or complaint.

Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters to be disclosed and rectifying action taken.

The University does not tolerate improper conduct by its employees, officers or members, or the taking of reprisals against those who come forward to disclose such conduct. The University is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The University will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. The University will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Reporting improper conduct

Improper conduct disclosures must be made to:

The Independent Broad-Based Anti-Corruption Commission (IBAC)

Level 1, North Tower, 459 Collins Street,
Melbourne VIC 3000

GPO Box 24234, Melbourne VIC 3001

Phone: 1300 735 135

Website: www.ibac.vic.gov.au

While the University can not receive protected disclosure reports, our Protected Disclosure Coordinator is available to discuss issues that do not warrant an official report. You can find the University's procedure for dealing with disclosures on our website.

National Competition Policy

The University complies with the Victorian Competitive Neutrality Policy (where applicable). Our Competition and Consumer Law Compliance Manual (available on the University website) is based on the Competition and Consumer Act 2010, and included in the induction pack for all new staff members.

When providing commercial services, the University uses a costing model that adopts competitive neutrality.

Carers Recognition Act 2012

The University complies with the Carers Recognition Act 2012 (where applicable).

Education for Overseas Students Act 2000

The University endeavours to offer the same experiences for both international and domestic students. Our international student policies are compliant with the Educational Services for Overseas Students (ESOS) Act 2000 (as amended), and the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students 2018.

Building Act 1993

To the best of our knowledge and having undertaken all reasonable enquiries and due diligence, we confirm the University has met compliance with the building and maintenance provisions of the Building Act 1993. Our maintenance, capital works and annual compliance systems and processes ensure signed statements of compliance are obtained where required.

The University holds all building plans and documents that have been lodged for approval by the appropriate building surveyors. Once construction is complete, we obtain Certificates of Occupancy along with practical completion certificates from the relevant architects and surveyors.

Our Building Assurance Programs

- Certification of Building Compliance.

We conducted Essential Safety Measure inspections at all our campuses in 2018. The University is currently working to rectify issues identified during those inspections.

- Building Maintenance.

The University has an ongoing maintenance program that calls on staff and specialised external contractors to manage the upkeep of existing buildings.

Diversity & Inclusion

While the University does not have an official workforce inclusion policy, goals for diversity and inclusion are captured in our *Diversity and Inclusion Plan*, and supported by our *Equal Opportunity and Valuing Diversity Policy*.

The Plan outlines initiatives to strengthen diversity in recruitment, equitable participation and progression. It also includes the following strategies:

- *Reconciliation Action Plan (RAP)*;
- *Aboriginal and Torres Strait Islander Workforce Strategy*;
- *FedPride Strategy*;
- *Disability Action Plan*; and
- Recorded WGEA (Workplace Gender Equality Agency) actions and targets.

Key Management Figures (Responsible Persons)

MINISTER

The relevant Minister is The Hon. Gayle Tierney MP, Minister for Training and Skills and the Minister for Higher Education. The Minister's remuneration is disclosed in the financial report of the Department of Premier and Cabinet. Other relevant information is declared in the Register of Member's interests, which is completed by each Member of Parliament.

RESPONSIBLE PERSONS & EXECUTIVE OFFICERS

The Hon. Gayle Tierney MP,
Minister for Training and Skills
and the Minister for Higher Education.
1/1/ 2018 – 31/12/2018

2018 Council members for Federation University Australia:

Dr Paul John Harry Hemming
(Chancellor)
1/1 – 12/10/2018

Mr Terrence Francis Moran AC
(Chancellor)
13/10 – 31/12/2018

Professor Helen Bartlett
(Vice-Chancellor)
1/1 – 31/12/2018

Mr Steve Davies
(Deputy Chancellor)
1/1 – 31/12/2018

Mr Cameron Beyer
1/1 – 31/12/2018

Ms Pauline Buckland
(Ministerial Appointee)
1/1 – 31/12/2018

Associate Professor Kim Dowling
1/1 – 31/12/2018

Mr George Fong
1/1 – 31/12/2018

Ms Stacey Grose
1/1 – 31/12/2018

Ms Erin Morgan
1/1 – 31/12/2018

Mr Ian Nethercote AM
1/1 – 31/12/2018

Ms Mashelle Parrett
1/1 – 31/12/2018

Mr Michael Walter Ryan
1/1 – 31/12/2018

Ms Jane Smith AM
1/1 – 31/12/2018

Mr Anthony Stone
1/1 – 31/12/2018

Ms Rhonda Whitfield
1/1 – 31/12/2018

OTHER KEY MANAGEMENT FIGURES

These people also had authority and responsibility for planning, directing and controlling the activities of Federation University Australia during the 2018 financial year.

Professor Andy Smith
(Deputy Vice Chancellor, Academic)
1/1 – 31/12/2018

Professor Leigh Sullivan
(Deputy Vice Chancellor, Research
and Innovation)
1/1 – 16/11/2018

Mr Darren Holland
(Deputy Vice Chancellor,
Student Support and Services)
1/1 – 31/12/2018

Mr John Blair
(Chief Operating Officer/Chief Financial Officer)
1/1 – 31/12/2018

For details about executives of controlled entities, refer to the respective financial statements of those entities.

Financial Summary - Consolidated Results

Federation University Australia and its controlled entities recorded an operating surplus of \$6.62 million for the year ended 2018 (\$6.85 million loss for 2017). This was the result of increased revenue from international students in 2018.

Significant movements in our Statement of Financial Position were the increase in property plant and equipment as a result of our increased capital program and the scheduled revaluation of our land and buildings, as well as an increase in our other liabilities due to upfront receipt of student payments for the 2019 year.

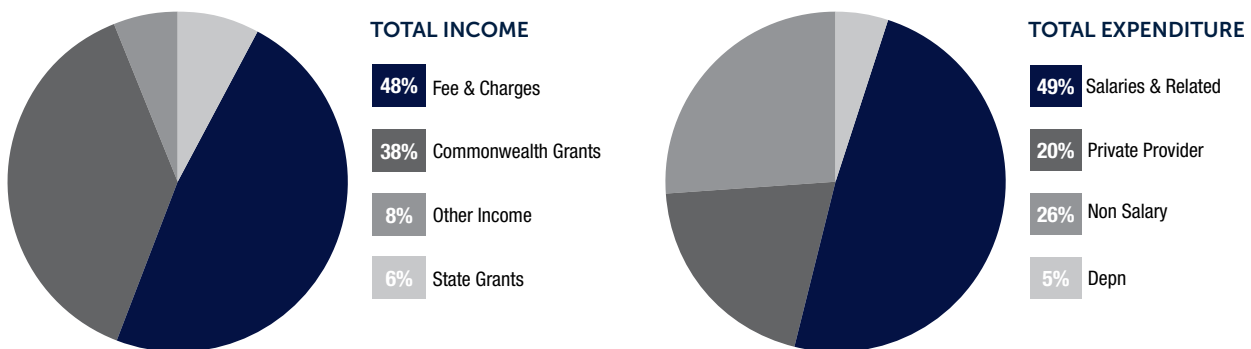
Future Outlook

Federation University financial operations remain a challenge in regional markets. The University did grow its operations during 2018, with a broader program delivered at the Berwick campus, offering a quality education in a growing population corridor. Federation University's Brisbane campus was also delivering its first programs in 2018, with strong growth forecast for 2019. The strong growth of international income in 2018 led to a record turnover of \$330 million.

The University has been assessing the impact of federal and state funding changes for 2018, 2019 and 2020 on our strategic plans. The federal funding announcement in 2017 to cap the level of government support at 2017 levels came at a particularly unfortunate time due to the establishment of the Berwick campus, an area of growing student-age population and significant unmet demand for Higher Education. Federation University has made a significant investment in establishing this campus and the funding freeze seriously impacts the business plan that informed our decision to take on this campus from Monash University. The announcement by the Federal Government late in 2018 for additional funding at Berwick is welcomed and will enable the growth to continue in 2019 and 2020.

Federation University has a history of increasing higher education participation in the Gippsland region, which is suffering significant economic challenges. The University's continuing presence in Gippsland's Latrobe Valley is widely acknowledged as critical to the future economic and social regeneration of the region.

Given the challenging funding environment, the University will focus on aligning expenditure to its reduced income levels, and will continue to examine ways of increasing income domestically and internationally through 2019. Structural change to reflect the new environment will be required.



Victorian Industry Participation Policy (VIPP)

The University considers the application of VIPP as part of its procurement process for relevant tenders as defined in the policy. In 2018, the application of VIPP was not considered applicable to tenders.

ICT Expenditure

The University incurred a total of \$16.1million on ICT Business As Usual (BAU) expenditure and nil expenditure on ICT Non-Business as Usual expenditure during the 2018 financial year.

Five Year Financial Summary

STATEMENT OF INCOME

	2018	2017	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
Income					
Commonwealth Government Grants	125,155	120,327	119,403	70,436	61,346
Victorian State Government Grants	20,489	30,870	15,610	12,354	18,094
Other income	185,262	118,972	128,078	148,620	161,065
Total income	330,906	270,169	263,091	272,869	278,740
Expenses	324,291	277,019	262,577	266,515	275,904
Net result for the year	6,615	(6,850)	514	6,354	2,836
Statement of Financial Position					
Current Assets					
Cash and cash equivalents	55,637	52,878	62,103	79,466	123,575
Receivables	17,491	15,812	14,375	15,588	29,209
Other financial assets	67,505	65,000	81,498	130,511	80,292
Other assets	6,654	4,741	3,633	3,645	2,698
Total Current Assets	147,287	138,431	161,609	229,210	235,774
Non-Current Assets					
Receivables	59,173	58,550	59,785	63,111	63,270
Property, plant and equipment	408,366	307,342	304,600	311,768	300,423
Investment property	72,630	68,040	66,165	66,570	59,275
Other assets	118,266	91,078	73,387	9,757	1,929
Total Non-Current Assets	658,435	525,010	503,937	451,206	424,897
TOTAL ASSETS	805,722	663,441	665,546	680,416	660,671
Current Liabilities					
Payables	9,626	9,884	10,219	22,794	40,737
Borrowings	-	-	-	164	632
Provisions	43,046	37,611	39,182	36,153	34,644
Other liabilities	30,888	11,203	8,668	13,013	13,151
Total Current Liabilities	83,560	58,698	58,069	72,124	89,164
Non-Current Liabilities					
Borrowings	-	-	-	-	164
Provisions	61,433	61,661	62,718	65,876	66,532
Other liabilities	2,970	-	-	-	-
Total Non-Current Liabilities	64,403	61,661	62,718	65,876	66,696
TOTAL LIABILITIES	147,963	120,359	120,787	138,000	155,860
NET ASSETS	657,759	543,082	544,759	542,416	504,811
TOTAL EQUITY	657,759	543,082	544,759	542,416	504,811

STATEMENT ON COMPULSORY NON-ACADEMIC FEES FOR THE YEAR ENDING 31 DECEMBER 2018

In compliance with the *Education and Training Reform Act 2006*, Federation University Australia levied an amenities and student services fee in accordance with the *Higher Education Support (Student Services and Amenities) Act 2010 (Cth)*.

The fee per Study Load was as follows:

	2018	2017		2018	2017
	\$	\$		\$	\$
Less than 0.125	-	-	Carry Forward from prior year	229,259	281,130
0.125 to less than 0.250	149	147	2018 Student Amenities Fee	2,002,613	1,849,780
0.250 to less than 0.750	221	219	Total SSAF funds Available	2,231,872	2,130,910
0.750 and above	298	294	Total Expenditure	1,751,542	1,901,651
			Total unspent SSAF funds 31 December	480,330	229,259

During the year the above funds were spent on the following activities:

- Student Events and Activities
- Student Clubs and Societies
- Sports and Recreation
- FedPress student magazine
- Student Diary Production
- Student Orientation and Retention Activities
- Improvement to Student Amenities
- Careers and Employment Service
- Student Leadership and Volunteer Program
- Student Senate
- Advisory Service
- FedUNITED Awards
- Student Health and Wellbeing Initiatives

CONSULTANCIES

In 2018 there were 3 consultancies in excess of \$10,000, totaling \$425,624.58.

CONSULTANCY	AMOUNT
KPMG – communications strategy	\$55,306.54
Strategic Project Partners – analysis of market position and growth strategy	\$169,290.00
Nous Group – RUN 02 economic impact analysis	\$201,028.04
	\$425,624.58

The above consultancies were all finalised within the reporting period.

There was one consultancy of less than \$10,000 during 2018. The total value of this was \$3,100.

Further details regarding the consultancies in excess of \$10,000 can be found on the University's website:
<https://federation.edu.au/staff/governance/plans-publications-policies/organisational-data>

COMMUNITY SERVICE FUNDING

In 2018, Community Service Funding (CSf) supported both current and prospective students through increased access to services such as careers and training advice, pathway support and linkages with pathway services across the region. For current students, CSf allowed increased support in LLN, study skills and social welfare services. A total of 231 students actively engaged in additional study support outside their enrolled classes in 2018 and a further 267 student accessed counselling and social support services. In our high attrition areas, CSf provided the opportunity to engage a Youth Support Officer to work closely with our most at risk students in Foundation VCAL Programs. CSf related activities in 2018 had an impact on improving module completions rates with a 4.5 per cent increase, compared to 2017.

In 2019, CSf activities will be improved with the addition of TAFE Student Support Officers, who will work across all TAFE programs, with a particular focus on *Free TAFE for Priority Courses* to ensure student retention is improved and support services are readily assessable in high growth program areas. LLN support and study skill support activities are also being reviewed and expanded to provide greater access to students at risk of attrition.

Disclosures and Legal Compliance

Certification of financial statements

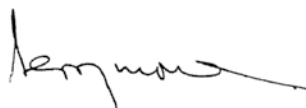
We certify that the attached financial report for Federation University Australia has been prepared in accordance with Standing Direction 5.2 of the Financial Management Act 1994, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2018 and financial position of the University as at 31 December 2018.

At the date of signing this financial report, we are not aware of any circumstance that would render any particulars included in the financial report to be misleading or inaccurate. There are reasonable grounds to believe that the University will be able to pay its debts as and when they became due and payable.

Commonwealth Financial assistance expended during the reporting period was expended in accordance with the purposes for which it was provided.

The Chancellor, Vice-Chancellor and Chief Financial Officer sign this declaration as delegates of, and in accordance with a resolution of, the Council of Federation University Australia.



Mr Terry Moran AC
Chancellor



Professor Helen Bartlett
Vice-Chancellor and President



John Blair
Chief Operating Officer / Chief Financial Officer

6 March, 2019

Auditor-General's Independence Declaration

To the Council, Federation University Australia

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

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

Independence Declaration

As auditor for Federation University Australia for the year ended, I declare that, to the best of my knowledge and belief, there have been:

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



Charlotte Jeffries

as delegate for the Auditor-General of Victoria

MELBOURNE
11 March, 2019

Independent Auditor's Report

To the Council of Federation University Australia

OPINION

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

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

In my opinion the financial report is in accordance with the financial reporting requirements of Standing Direction 5.2 of the Financial Management Act 1994 and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including:

- presenting fairly, in all material respects, the financial position of the university and the consolidated entity as at 31 December 2018 and their financial performance and cash flows for the year then ended
- complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013*.

BASIS FOR OPINION

I have conducted my audit in accordance with the Audit Act 1994 which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

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

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

COUNCIL'S RESPONSIBILITIES FOR THE FINANCIAL REPORT

The Council of the university is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Financial Management Act 1994* and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Council determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council is responsible for assessing the university and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

As required by the Audit Act 1994, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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



Charlotte Jeffries

as delegate for the Auditor-General of Victoria

MELBOURNE
11 March 2019

Financial Statements

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STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	CONSOLIDATED		UNIVERSITY	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Income					
Australian Government financial assistance	3	125,155	120,327	125,155	120,327
State and local government financial assistance	4	20,489	30,870	20,489	30,870
HECS-HELP - Student payments		2,443	2,126	2,443	2,126
Fees and charges	5	153,206	91,266	153,206	91,266
Consultancy and contracts	6	5,285	6,635	5,285	6,635
Net investment income	7	21,387	15,523	21,387	15,523
Other income	8	2,941	3,422	2,941	3,420
Total income		330,906	270,169	330,906	270,167
Expenses					
Employee related expenses	9	158,927	162,063	158,927	161,852
Depreciation	16	16,069	15,383	15,169	15,381
Repairs and maintenance		7,091	7,709	7,091	7,708
Other expenses	10	141,897	91,036	142,797	88,748
Losses on disposal of assets		307	828	307	828
Total expenses		324,291	277,019	324,291	274,517
Net result for the year		6,615	(6,850)	6,615	(4,350)

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

Net result for the year		6,615	(6,850)	6,615	(4,350)
Items that may be reclassified to profit or loss					
Gain on value of available for sale financial assets		-	5,173	-	5,173
Items that will not be reclassified to profit or loss					
Gain on revaluation of land and buildings	16	98,631	-	98,631	-
Superannuation:					
Increase in deferred government contribution		374	(1,874)	374	(1,874)
Increase in deferred government employee benefits		(374)	1,874	(374)	1,874
Total other comprehensive income		99,523	5,173	99,523	5,173
Total comprehensive income		106,138	(1,677)	106,138	823

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	NOTES	CONSOLIDATED		UNIVERSITY	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Assets					
Current assets					
Cash and cash equivalents	11	55,637	52,878	55,637	52,846
Receivables	12	17,491	15,812	21,007	19,364
Other financial assets	13	67,505	65,000	67,505	65,000
Other non-financial assets	14	6,654	4,741	6,519	4,726
Total current assets		147,287	138,431	150,668	141,936
Non-current assets					
Receivables	12	59,173	58,550	59,173	58,550
Other financial assets	13	118,266	91,078	118,266	91,056
Investment properties	15	72,630	68,040	72,630	68,040
Property, plant and equipment	16	408,366	307,342	403,872	301,948
Total non-current assets		658,435	525,010	653,941	519,594
Total assets		805,722	663,441	804,609	661,530
Liabilities					
Current liabilities					
Trade and other payables	17	9,626	9,884	9,626	9,880
Provisions	19	43,046	37,611	43,046	37,611
Other liabilities	20	30,888	11,203	30,146	6,749
Total current liabilities		83,560	58,698	82,818	54,240
Non-current liabilities					
Provisions	19	61,433	61,661	61,433	61,661
Other liabilities	20	2,970	-	-	-
Total non-current liabilities		64,403	61,661	61,433	61,661
Total liabilities		147,963	120,359	144,251	115,901
Net assets		657,759	543,082	660,358	545,629
Equity					
Accumulated surplus	21	386,068	363,315	388,667	365,862
Reserves	21	271,691	179,767	271,691	179,767
Total equity		657,759	543,082	660,358	545,629

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	CONSOLIDATED		UNIVERSITY	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Australian Government grants		125,068	120,756	125,068	120,756
HECS-HELP – Student payments		2,443	2,126	2,443	2,126
OS-HELP (net)	31(e)	(8)	(43)	(8)	(43)
Superannuation supplementation		737	(1,205)	737	(1,205)
Investment income received		13,653	12,506	13,653	12,506
User fees and charges received		193,549	109,802	197,272	109,621
State Government grants		17,948	18,706	17,948	18,706
State Government contributions - specific projects		2,453	11,996	2,453	11,996
Payments to suppliers and employees (inclusive of GST)		(315,285)	(269,754)	(318,999)	(271,698)
Finance costs		(1)	(15)	(1)	(15)
Net cash provided by operating activities	22	40,557	4,875	40,566	2,750
Cash flows from investing activities					
Payments for property, plant and equipment	16	(24,427)	(19,418)	(24,427)	(14,022)
Proceeds from sale of financial assets		85,592	106,500	85,592	106,500
Payments for financial assets		(98,963)	(101,182)	(98,963)	(101,182)
Loans to related parties		-	-	23	(3,272)
Net cash used in investing activities		(37,798)	(14,100)	(37,775)	(11,976)
Net increase / (decrease) in cash and cash equivalents					
		2,759	(9,225)	2,791	(9,226)
Cash and cash equivalents at the beginning of the financial year		52,878	62,103	52,846	62,072
Cash and cash equivalents at the end of the financial year	11	55,637	52,878	55,637	52,846

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	2018			2017		
		Reserves	Accumulated surplus	Total	Reserves	Accumulated surplus	Total
		\$000	\$000	\$000	\$000	\$000	\$000
CONSOLIDATED							
Total equity at the beginning of the financial year		179,767	363,315	543,082	174,594	370,165	544,759
Adoption of AASB9 Investments - transfer of fair value reserve of equity instruments designated at fair value through profit and loss to retained earnings	1(f)	(16,190)	16,190	-	-	-	-
Adoption of AASB9 Investments - gain on equity instruments designated at fair value through OCI	1(f)	8,591	-	8,591	-	-	-
Total equity at the beginning of the financial year (Restated)		172,168	379,505	551,673	174,594	370,165	544,759
Derecognition of immaterial subsidiaries Jan 1 2018		-	(52)	(52)	-	-	-
Net result for the year		-	6,615	6,615	-	(6,850)	(6,850)
Gain on revaluation of land and buildings		98,631	-	98,631	-	-	-
Gain on equity instruments designated at fair value through other comprehensive income		892	-	892	-	-	-
Gain on revaluation of unlisted shares		-	-	-	5,173	-	5,173
Total equity at the end of the financial year	21	271,691	386,068	657,759	179,767	363,315	543,082
UNIVERSITY							
Total equity at the beginning of the financial year		179,767	365,862	545,629	174,594	370,212	544,806
Adoption of AASB9 Investments - transfer of fair value reserve of equity instruments designated at fair value through profit and loss to retained earnings		(16,190)	16,190	-	-	-	-
Adoption of AASB9 Investments - gain on equity instruments designated at fair value through OCI		8,591	-	8,591	-	-	-
Total equity at the beginning of the financial year (Restated)		172,168	382,052	554,220	174,594	370,212	544,806
Net result for the year		-	6,615	6,615	-	(4,350)	(4,350)
Gain on revaluation of land and buildings		98,631	-	98,631	-	-	-
Gain on equity instruments designated at fair value through other comprehensive income		892	-	892	-	-	-
Gain on revaluation of unlisted shares		-	-	-	5,173	-	5,173
Total equity at the end of the financial year	21	271,691	388,667	660,358	179,767	365,862	545,629

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

Notes to and forming part of the Financial Statements

Note 1 Summary of Significant Accounting Policies

The financial report includes separate financial statements for Federation University Australia and the consolidated entity consisting of the University and its subsidiaries, referred to as the Group.

The Group's financial statements are presented in a simplified layout providing information that is more streamlined and relevant to users. Financial statement notes are grouped together where they are similar in nature, with related principal accounting policies, key estimates and judgements included directly below.

The principal accounting policies adopted by the Group for the year ended 31 December 2018 are set out within these financial statements. These policies have been consistently applied to each year presented unless otherwise stated.

The principal address of Federation University Australia is University Drive, Mt Helen, Victoria, 3350.

(a) Basis of preparation

The Group's general purpose financial statements are prepared as follows:

- Prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through the income statement and certain classes of property, plant and equipment;
- Prepared in accordance with Australian Accounting Standards, the *Higher Education Support Act 2003*, *Financial Management Act 1994* and *Australian Charities and Not-for-profits Commission Act 2012*;
- Some of the requirements for not-for-profit entities are inconsistent with IFRS requirements to comply with the not-for-profit requirements of Australian Accounting Standards;
- Prepared on a going-concern basis, which assumes the continuity of normal operations;
- Presented in Australian dollars, which is the Group's functional and presentation currency;
- Rounded to the nearest thousand dollars unless otherwise specified; and
- Comparative amounts have been restated, where applicable, to conform with the current period presentation.

DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Council members of Federation University Australia on March 6 2019.

(b) Taxation

The Group is exempt from income tax pursuant to Division 50.1 of the *Income Tax Assessment Act 1997*.

Income and expenses are recognised net of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised 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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

(c) Critical accounting estimates and judgements

Preparation of financial statements in conformity with Australian Accounting Standards requires use of critical accounting estimates. Estimates and judgements are continually evaluated by management and based on historical experience and other factors, including expectations of future events that may have financial impact on the Group and believed to be reasonable under the circumstances. Estimates and assumptions that have a risk of causing a material adjustment to carrying amounts of assets and liabilities are found in the following notes:

Estimates

- Impairment (Note 12)
- Receivables (Note 12)
- Valuation of investments (Note 13)
- Property plant and equipment (Note 16)
- Provisions (Note 19)
- Other liabilities (Note 20)
- Fair value of other financial instruments (Note 29 & 30)

Judgments

- Government Income (Note 3)
- Impairment (Note 12)
- Receivables (Note 12)
- Valuation of investments (Note 13)
- Property plant and equipment (Note 16)
- Other liabilities (Note 20)
- Subsidiaries (Note 28)

CHANGE IN ACCOUNTING ESTIMATES

During the 2018 revaluation, our external valuers were instructed in accordance with our five year rolling revaluation strategy, to conduct a review of the land and buildings. In accordance with the above, there has been a recommended change in the valuation technique used for determination of fair value of the below mentioned property.

During 2014, the University acquired the Gippsland Churchill campus from Monash University. Due to the trading position of the campus, it was revalued using the market approach technique, reflecting a number of similar sized properties being sold in the Gippsland region. However, since 2014 there have been a number of structural changes that have positively impacted the trading position. It is therefore been chosen to move to a Depreciated Replacement Cost (DRC) approach as the basis of the valuation. This has resulted in \$74.7million (76 per cent of the total revaluation) movement in the Statement of Comprehensive Income. The increase in revaluation surplus has been prospectively accounted as a change in accounting estimate.

(d) Correction of prior period errors

(i) Note 30 Fair value measurements

In 2017 the total of non financial assets disclosed under this note included several categories of assets held at cost.

These have been excluded in the 2018 accounts and the 2017 figures have been restated. The total amount of these assets was \$17.7 million.

(e) New accounting standards and interpretations

At the date of this report new accounting standards and interpretations have been published that are not mandatory for the financial year ending 31 December 2018. They are available for early adoption, but have not been applied in preparing this financial report. These standards which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

Australian Accounting Standard AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* are mandatory from 1 January 2019. These standards replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and AASB 1004 *Contributions*.

AASB 15 establishes a single and comprehensive framework which sets out how and when revenue is recognised. The core principle of AASB 15 is that revenue is recognised when transfers of goods or services to customers occur in exchange for consideration which the vendor expects to be entitled to in exchange for the provision of those goods or services (i.e. fulfilment of performance obligations). Revenue will only be recognised

when control over the goods or services is transferred to the customer, which is either over time or at a point in time.

Furthermore, AASB 1058 amends the income recognition requirements that apply to not-for-profit entities and establishes principles for not-for-profit entities that apply to:

- (a) transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit entity to further its objectives;
- (b) the receipt of volunteer services; and
- (c) transfers made to enable an entity to acquire or construct a non-financial asset for its own use.

The Group has assessed the changes and is estimated that the impact would have been a \$5.8 million decrease in income and an increase of \$5.8 million in income in advance.

Under AASB 16 *Leases*, mandatory from 1 January 2019, the classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the consolidated statement of financial position by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

The Group has two larger property leases and a number of smaller immaterial leases. The group has deemed the effect on the 2019 result to be immaterial.

(f) First time adoption of AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* replaces AASB139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

The Group has applied AASB 9 retrospectively with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in retained earnings and other components of equity.

The nature and effect of the changes as a result of adoption of AASB 9 are described as follows:

In summary, upon the adoption of AASB 9, the Group had the following required or elected reclassifications as at 1 January 2018.

CONSOLIDATED

Financial assets as at 31 December 2017	Note	Classification as per AASB 139	Revised classification as per AASB 9	Carrying amount as per AASB 139 on 31 December 2017 ('\$000)	Revised carrying amount as per AASB 9 on 1 January 2018 (i.e. date of initial application of AASB 9) ('\$000)
Trade receivables	12	Amortised cost	Amortised cost	8,521	8,521
Hybrid securities and Corporate bonds	13	Held to maturity	Amortised cost	74,347	74,347
Term deposits	13	Held to Maturity	Amortised cost	65,000	65,000
Unlisted shares - Education Australia Ltd	13	Available for sale	Fair value through profit and loss	16,200	16,200
Unlisted shares - AARNet & VERNet	13	Available for sale	Fair value through other comprehensive income	509	9,100

Financial liabilities as at 31 December 2017	Note	Classification as per AASB 139	Revised classification as per AASB 9	Carrying amount as per AASB 139 on 31 December 2017 ('\$000)	Revised carrying amount as per AASB 9 on 1 January 2018 (i.e. date of initial application of AASB 9) ('\$000)
Trade creditors	17	Amortised cost	Amortised cost	1,130	1,130

IMPAIRMENT

Upon adoption of AASB 9 the Group found that fundamentally there was no change in accounting for impairment losses for the financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss approach.

UNLISTED SHARES IN AARNet AND VERNet

The Group has made an irrevocable election on initial recognition of both AARNet and VERNet shares to present subsequent changes in fair value in other comprehensive income.

The following table represents the classification and measurement of financial assets under AASB 9 and AASB 139 at the date of initial application (1 January 2018).

Financial assets	Carrying amount under AASB 139	Reclassification	Remeasurements	Carrying amount under AASB 9	Retained earnings adjustment
	31 December 2017		1 January 2018	1 January 2018	
	\$'000	\$'000	\$'000	\$'000	\$'000
FVTOCI Reclassified from: (equity instruments)					
Available for sale (AASB 139)	16,709	(16,709)	-	-	-
Allocated to (equity):					
Available for sale (AASB 139) to fair value through profit and loss (AASB 9):	-	16,190	-	16,190	16,190
Available for sale (AASB 139) to fair value through other comprehensive income (equity)	-	509	-	8,591	-
Total	16,709	(10)	-	24,781	16,190
Amortised costs					
Reclassified from:					
Held to maturity (AASB 139)	65,000	(65,000)	-	-	-
Loans and receivables (AASB 139)	9,763	(9,763)	-	-	-
Hybrid securities and corporate bonds	74,347	(74,347)	-	-	-
Allocated to:					
Reclassification per classification criteria: financial assets at amortised cost (AASB 9)	-	149,110	-	149,110	-
Total	149,110	-	-	149,110	-

Note 2 Disaggregated Information

(a) Geographical information

	REVENUE		RESULTS		ASSETS	
	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	327,695	267,258	6,294	(4,597)	804,609	661,530
Africa	-	15	-	1	-	-
Americas	58	235	6	131	-	-
Asia	2,992	2,496	299	161	-	-
Europe	151	163	15	(46)	-	-
Other	10	-	1	-	-	-
Total	330,906	270,167	6,615	(4,350)	804,609	661,530

(b) Industry - Parent Entity

OPERATING RESULTS: HIGHER EDUCATION AND VET OPERATIONS

Operating revenues and operating expenses for Higher Education and VET operations of the University are shown in the following tables. The figures refer only to the University - consolidated totals are not included. Discrete sets of accounts are maintained for the two divisions for the recording of their separate revenues and expenses. Some central administrative expenses are proportioned between them on bases agreed at the time of establishing budgets. Depreciation is distributed in accordance with relative asset values.

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	HIGHER EDUCATION	VET	TOTAL PARENT	HIGHER EDUCATION	VET	TOTAL PARENT
	2018	2018	2018	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Australian Government financial assistance	123,295	1,860	125,155	118,718	1,609	120,327
State and local government financial assistance	1,371	19,118	20,489	850	30,020	30,870
HECS-HELP - Student payments	2,443	-	2,443	2,126	-	2,126
Fees and charges	144,256	8,950	153,206	81,143	10,123	91,266
Consultancy and contracts	5,285	-	5,285	6,626	9	6,635
Other income	2,746	195	2,941	3,113	307	3,420
Net investment income	20,332	1,055	21,387	15,537	(14)	15,523
Total income	299,728	31,178	330,906	228,113	42,054	270,167
Expenses						
Employee related expenses	137,309	21,618	158,927	139,545	22,307	161,852
Depreciation	10,895	4,274	15,169	11,320	4,061	15,381
Repairs and maintenance	5,892	1,199	7,091	6,491	1,217	7,708
Other expenses	134,236	8,561	142,797	80,162	8,586	88,748
Losses on disposal of assets	190	117	307	828	-	828
Total expenses	288,522	35,769	324,291	238,346	36,171	274,517
Net result for the year	11,206	(4,591)	6,615	(10,233)	5,883	(4,350)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	HIGHER EDUCATION	VET	TOTAL PARENT	HIGHER EDUCATION	VET	TOTAL PARENT
	2018	2018	2018	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net result for the year	11,206	(4,591)	6,615	(10,233)	5,883	(4,350)
Items that may be reclassified to profit or loss						
Gain on value of available for sale financial assets	-	-	-	5,173	-	5,173
Items that will not be reclassified to profit or loss						
Gain on revaluation of land and buildings	92,067	6,564	98,631	-	-	-
Gain on value of equity instruments designated at fair value through other comprehensive income	892	-	892	-	-	-
Superannuation						
Decrease in deferred government contribution	374	-	374	(1,874)	-	(1,874)
Decrease in deferred government employee benefits	(374)	-	(374)	1,874	-	1,874
Total other comprehensive income	92,959	6,564	99,523	5,173	-	5,173
Total comprehensive income	104,165	1,973	106,138	(5,060)	5,883	823

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	HIGHER EDUCATION	VET	TOTAL PARENT	HIGHER EDUCATION	VET	TOTAL PARENT
	2018	2018	2018	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	79,297	(23,660)	55,637	69,833	(16,987)	52,846
Receivables	19,669	1,338	21,007	15,072	4,292	19,364
Other financial assets	67,505	-	67,505	65,000	-	65,000
Other non-financial assets	5,264	1,255	6,519	4,698	28	4,726
Total current assets	171,735	(21,067)	150,668	154,603	(12,667)	141,936
Non-current assets						
Receivables	59,173	-	59,173	58,550	-	58,550
Other financial assets	118,266	-	118,266	91,056	-	91,056
Property, plant and equipment	286,055	117,817	403,872	195,246	106,702	301,948
Investment properties	65,110	7,520	72,630	63,030	5,010	68,040
Total non-current assets	528,604	125,337	653,941	407,882	111,712	519,594
Total assets	700,339	104,270	804,609	562,485	99,045	661,530
Current liabilities						
Trade and other payables	9,003	623	9,626	9,358	522	9,880
Provisions	39,967	3,079	43,046	34,366	3,245	37,611
Other liabilities	26,640	3,506	30,146	6,492	257	6,749
Total current liabilities	75,610	7,208	82,818	50,216	4,024	54,240
Non-current liabilities						
Provisions	60,945	488	61,433	61,241	420	61,661
Total non-current liabilities	60,945	488	61,433	61,241	420	61,661
Total liabilities	136,555	7,696	144,251	111,457	4,444	115,901
Net assets	563,784	96,574	660,358	451,028	94,601	545,629
Equity						
Accumulated surplus	328,775	59,892	388,667	301,379	64,483	365,862
Reserves	235,009	36,682	271,691	149,649	30,118	179,767
Total equity	563,784	96,574	660,358	451,028	94,601	545,629

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	HIGHER EDUCATION	VET	TOTAL PARENT	HIGHER EDUCATION	VET	TOTAL PARENT
	2018	2018	2018	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities						
User fees and charges received	185,990	12,282	197,272	100,616	9,005	109,621
Investment Income received	12,598	1,055	13,653	12,100	406	12,506
State Government Grants	–	17,948	17,948	550	18,156	18,706
State Government contributions - specific projects	1,370	1,083	2,453	300	11,696	11,996
Australian Government Grants	123,208	1,860	125,068	119,293	1,463	120,756
HECS-HELP – Student payments	2,443	-	2,443	2,126	-	2,126
OS – HELP (net)	(8)	-	(8)	(43)	-	(43)
Superannuation Supplementation (net)	737	-	737	(1,205)	-	(1,205)
Payments to suppliers and employees (inclusive of GST)	(289,986)	(29,013)	(318,999)	(235,326)	(36,372)	(271,698)
Finance costs	(1)	-	(1)	(15)	-	(15)
Net cash provided by/(used in) operating activities	35,351	5,215	40,566	(1,604)	4,354	2,750
Cash flows from investing activities						
Payments for property, plant & equipment	(12,539)	(11,888)	(24,427)	(4,271)	(9,751)	(14,022)
Proceeds from sale of financial assets	85,592	-	85,592	106,500	-	106,500
Loans to related parties	23	-	23	(3,272)	-	(3,272)
Payments for sale of financial assets	(98,963)	-	(98,963)	(101,182)	-	(101,182)
Net cash provided by/(used in) investing activities	(25,887)	(11,888)	(37,775)	(2,225)	(9,751)	(11,976)
Net increase/(decrease) in cash and cash equivalents	9,464	(6,673)	2,791	(3,829)	(5,397)	(9,226)
Cash and cash equivalents at the beginning of the financial year	69,833	(16,987)	52,846	73,662	(11,590)	62,072
Cash and cash equivalents at the end of the financial year	79,297	(23,660)	55,637	69,833	(16,987)	52,846

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

HIGHER EDUCATION						
	2018			2017		
	Reserves	Accumulated surplus	Total	Reserves	Accumulated surplus	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year	149,649	301,379	451,028	144,476	311,612	456,088
Adoption of AASB9 <i>Investments</i> - transfer of fair value reserve of equity instruments designated at fair value through profit and loss to retained earnings	(16,190)	16,190	-	-	-	-
Adoption of AASB 9 <i>Investments</i> - gain on equity instruments designated at fair value through OCI	8,591	-	8,591	-	-	-
Total equity at the beginning of the financial year (Restated)	142,050	317,569	459,619	144,476	311,612	456,088
Net result for the year	-	11,206	11,206	-	(10,233)	(10,233)
Gain on revaluation of land and buildings	92,067	-	92,067	-	-	-
Gain on equity instruments designated at fair value through other comprehensive income	892	-	892	-	-	-
Gain on revaluation of unlisted shares	-	-	-	5,173	-	5,173
Total equity at the end of the financial year	235,009	328,775	563,784	149,649	301,379	451,028

VET						
	2018			2017		
	Reserves	Accumulated surplus	Total	Reserves	Accumulated surplus	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year	30,118	64,483	94,601	30,118	58,600	88,718
Net operating result	-	(4,591)	(4,591)	-	5,883	5,883
Gain on revaluation of land and buildings	6,564	-	6,564	-	-	-
Total equity at the end of the financial year	36,682	59,892	96,574	30,118	64,483	94,601

How we are funded

This shows that during 2018, the Group's major income sources were:

25% Australian Government	6% Victorian and Local Government	13% HECS – Both student upfront and deferred	49% Fees, charges, consultancy & other	7% Investment Revenue
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To enable an understanding of the funding, key estimates, judgement and accounting policies specific to each funding source are outlined within the relevant note.

Note 3

Australian Government Financial Assistance Including Australian Government Loan Programs (HELP)

	NOTES	CONSOLIDATED		UNIVERSITY	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Commonwealth Grants Scheme and other grants	31(a)	72,901	70,991	72,901	70,991
Higher Education Loan Programs	31(b)	46,787	44,801	46,787	44,801
Scholarships	31(c)	2,254	2,214	2,254	2,214
Education - Research	31(c)	1,581	1,634	1,581	1,634
Australian Research Council	31(d)	183	126	183	126
Other Australian Government financial assistance		1,449	561	1,449	561
Total Australian Government Financial Assistance		125,155	120,327	125,155	120,327

Key estimates and judgements

The Group assess the terms and conditions of all grant and contract agreements to determine if they are reciprocal or non-reciprocal in nature. The Group identifies revenue as reciprocal where the terms and conditions of the grant or contract requires unspent monies or monies not spent in accordance with the terms and conditions to be repaid.

Accounting policy

Revenue is 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:

Government grants

Grants from the government are recognised at their fair value where 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 reliably measured.

Higher Education Loan Program (HELP) payments

Revenue from HELP is categorised into those received from the Australian Government and those received directly from students. Revenue is recognised and measured in accordance with the above disclosure.

Note 4 Victorian and Local Government Financial Assistance

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Non-Capital				
Recurrent grants	12,021	11,712	12,021	11,712
Other grants	6,015	6,662	6,015	6,662
	18,036	18,374	18,036	18,374
Capital				
State capital grants	2,453	12,496	2,453	12,496
Total state and local government financial assistance	20,489	30,870	20,489	30,870

Key estimates, judgements and accounting policy

Victorian and local government and local government financial assistance is measured and recognised in accordance with the policy set out in note 3.

Note 5 Fees and Charges

	NOTES	CONSOLIDATED		UNIVERSITY	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Course fees and charges					
Fee-paying overseas students (onshore)		125,639	60,761	125,639	60,761
Fee-paying overseas students (offshore)		2,085	2,203	2,085	2,203
Continuing education		6	29	6	29
Fee-paying domestic postgraduate students		2,928	3,238	2,928	3,238
Fee-paying domestic non-award students		24	77	24	77
Other student fees		2,324	2,460	2,324	2,460
Fee for service		4,944	8,344	4,944	8,344
Total course fees and charges		137,950	77,112	137,950	77,112
Other non-course fees and charges					
Rent/use of facilities charges		7,062	7,218	7,062	7,218
Commercial activities		6,798	6,529	6,798	6,529
Student Services and Amenities Fees from students	31(g)	171	141	171	141
Other		1,225	266	1,225	266
Total other fees and charges		15,256	14,154	15,256	14,154
Total fees and charges		153,206	91,266	153,206	91,266

Accounting Policy

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

Note 6 Consultancy and Contracts

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Consultancy	1,208	525	1,208	525
Contract research	4,077	6,110	4,077	6,110
Total consultancy and contracts	5,285	6,635	5,285	6,635

Accounting Policy

Consultancy and contracts revenue is recognised as per the criteria specified below:

Non reciprocal – recognised upon receipt of funds when recovery of the consideration is probable; or

Reciprocal – recognised in accordance with the percentage of completion method; total expenditure is compared to funding received to date and any surplus revenue is deferred until completion.

The following factors are used to assess whether a research contact is reciprocal or non-reciprocal and therefore must be recognised on receipt or can be deferred to future periods:

- the benefits of the grant are for the greater community and not directly for the grant provider;
- the other party cannot demonstrate that approximately equal value is directly given in exchange to the grantor/s; and
- the requirement to return funds to the grantor if service levels/milestones are not met.

Note 7 Net Investment Income

	NOTES	CONSOLIDATED		UNIVERSITY	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Interest		3,261	2,925	3,261	2,925
Dividends		6,797	3,950	6,797	3,950
Net fair value gains		5,431	1,337	5,431	1,337
Rental income from investment properties	15	5,538	5,436	5,538	5,436
Fair value gain on investment properties	15	360	1,875	360	1,875
Total net investment income		21,387	15,523	21,387	15,523

Accounting Policy

Interest is recognised on an accruals basis taking into account interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the group and the amount of the dividend can be measured realisably.

Note 8 Other Revenue

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Donations and bequests	879	490	879	490
Scholarships and prizes	70	84	70	84
Other	1,992	2,848	1,992	2,846
Total other revenue	2,941	3,422	2,941	3,420

Accounting Policy

Donations and bequests are recognised when received by the Group.

Composition of Expenditure

49%

Employee related expenses

5%

Depreciation

2%

Repairs and maintenance

44%

Other expenses

To enable an understanding of how funding is allocated, key estimates, judgement and accounting policies specific to each expenditure type are outlined within the relevant note.

Note 9 Employee Related Expenses

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Academic				
Salaries	66,288	69,008	66,288	69,008
Contributions to funded superannuation and pension schemes	9,067	9,414	9,067	9,414
Payroll tax	2,217	3,220	2,217	3,220
Workers' compensation	554	418	554	418
Movement in provisions:				
Annual leave	(128)	(63)	(128)	(63)
Long service leave	2,764	(498)	2,764	(498)
Other employee entitlements	(79)	53	(79)	53
Total academic	80,683	81,552	80,683	81,552
Non-academic				
Salaries	63,897	66,997	63,897	66,797
Contributions to funded superannuation and pension schemes	9,410	10,189	9,410	10,163
Payroll tax	2,129	3,180	2,129	3,171
Workers' compensation	531	413	531	412
Movement in provisions:				
Annual leave	(188)	(29)	(188)	(29)
Long service leave	2,420	(205)	2,420	(205)
Other employee entitlements	45	(34)	45	(9)
Total non-academic	78,244	80,511	78,244	80,300
Total employee related expenses	158,927	162,063	158,927	161,852

Accounting Policy

Expenditure for salaries is expensed as incurred.

Payroll tax

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

Annual Leave

Annual leave expenses are part of the salary costs. Annual leave is calculated at the nominal value of expected payments to be made in respect of services provided by employees up to the reporting date.

Where employees have significant annual leave balances, an estimate is made of the probability of leave to be taken within 12 months and beyond 12 months.

Long service leave

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

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

Refer to note 19 for additional information of accounting policies on employee benefits.

Note 10 Other Expenses

	NOTES	CONSOLIDATED		UNIVERSITY	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Advertising, marketing and promotional expenses		5,545	3,957	5,545	3,787
Audit fees, bank charges, legal costs, insurance and taxes		1,832	1,608	1,832	1,577
Contract and other services		10,093	8,334	10,093	8,160
Copying, printing, stationery and consumables		3,434	3,443	3,434	3,434
Cost of sale of goods including ancillary trading		1,125	1,153	1,125	1,153
External education services		66,058	37,049	66,058	37,049
Finance costs		1	15	1	15
Impairment of receivables	12	1,739	756	1,739	756
Independent contractors		4,147	3,297	4,147	3,297
Motor vehicle running costs		473	515	473	515
Non-capitalised equipment		2,242	2,892	2,242	2,889
Operating lease and rental expenses		2,095	2,665	2,095	1,103
Recruitment costs		804	302	804	296
Scholarships, grants and prizes		27,580	9,339	27,580	9,339
Subscriptions, library materials and licence fees		5,227	5,533	5,227	5,531
Telecommunications		259	751	259	751
Travel, staff development and entitlements		2,495	2,875	2,495	2,834
Utilities		4,483	3,949	4,483	3,930
Miscellaneous expenses		2,265	2,603	3,165	2,332
Total other expenses		141,897	91,036	142,797	88,748

Accounting Policy

Other expenses are recognised on an accruals basis.

Assets

Assets are resources controlled by the Group from which future economic benefits are expected to be realised. Assets held by the Group at reporting date were:

7% Cash and cash equivalents	10% Receivables	23% Other financial assets	50% Property, plant and equipment	9% Investment properties	1% Other non-financial assets
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To enable an understanding of asset categories, key estimates, judgement and accounting policies specific to each asset type are outlined within the relevant note.

Note 11 Cash and Cash Equivalents

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	4,800	4,961	4,800	4,929
Deposits at call	40,837	27,917	40,837	27,917
Short term deposits	10,000	20,000	10,000	20,000
Total cash and cash equivalent	55,637	52,878	55,637	52,846

Accounting policy

Cash and cash equivalents include cash on hand and at bank, at-call deposits, term deposits with a maturity of 90 days or less.

Note 12 Receivables

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Trade receivables	9,758	8,521	13,322	12,110
Sundry debtors	5,333	3,718	5,285	3,681
Expected credit loss allowance - trade receivables	(2,225)	(1,301)	(2,225)	(1,301)
	12,866	10,938	16,382	14,490
Deferred Government contributions for superannuation	4,625	4,874	4,625	4,874
Total current receivables	17,491	15,812	21,007	19,364
Non-current				
Deferred Government contributions for superannuation	59,173	58,550	59,173	58,550
Total non current receivables	59,173	58,550	59,173	58,550
Total receivables	76,664	74,362	80,180	77,914

Interest rate and credit risk

The Group's receivables are non interest bearing.

EXPECTED CREDIT LOSS ALLOWANCE (ECL) – TRADE RECEIVABLES

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Movement in ECL relating to trade receivables				
Balance as at 1 January	1,301	1,271	1,301	1,271
Provision recognised during year	1,739	756	1,739	756
Receivables written off during the year as uncollectable	(815)	(726)	(815)	(726)
Balance as 31 December	2,225	1,301	2,225	1,301

Accounting policy

Trade receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal or debt instruments where a FVOCI option has been elected. At initial recognition trade receivables are measured at their transaction price and subsequently these are classified and measured as debt instruments at amortised cost. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Key estimates and judgements

For trade receivables the Group applies a simplified approach in calculating expected credit losses ("ECLs").

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

Deferred Government contributions to superannuation

The Group has a number of employees who are members of the State Employees Retirement Benefits Scheme and the State Superannuation Fund administered by the Government Superannuation Office. These schemes are State super schemes and are not available to future employees of the Group. Funding to meet payments incurred will be provided to Federation University by the Australian Government. The cost is shared between the State of Victoria and the Australian Government under the *States Grants (General Revenue) Amendment Act 1987*. The Group's obligation is limited to what is required to be paid for that year. This is refunded from the Australian Government on an emerging cost basis.

At 31 December 2018, the State Superannuation Fund was carrying total liabilities for member benefits greater than the value of the net market value of the plan's assets, based on an actuarial valuation. As a result, an unfunded superannuation liability exists and is recognised in the financial statements of the Scheme. The Group recognises a receivable from the Australian Government in respect of unfunded superannuation schemes operated by the Victorian Government, which offsets the deferred Government superannuation present obligation recognised in the financial statements. As at 31 December 2018 the Group's total unfunded superannuation liability determined by the Victorian Government Superannuation Office amounted to \$63.798 million (2017: \$63.424 million). Refer to note 19 for the liability recorded. The increase/decrease in the asset and liability are disclosed in the Statement of Comprehensive Income.

Note 13 Other Financial Assets

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Financial assets at amortised cost				
Term deposits	65,000	-	65,000	-
Corporate bonds	2,505	-	2,505	-
Financial assets at fair value through profit or loss				
Held-to-maturity				
Term deposits	-	65,000	-	65,000
Total current other financial assets	67,505	65,000	67,505	65,000
NON-CURRENT				
Financial assets at amortised cost				
Corporate bonds	23,358	-	23,358	-
Hybrid securities	61,044	-	61,044	-
Financial assets at fair value through profit or loss				
Shares unlisted (Education Australia)	22,933	-	22,933	-
Shares listed	939	-	939	-
Investments in equity instruments designated at fair value through other comprehensive income				
Shares unlisted (including AARNet, VERNet)	9,992	-	9,992	-
Held-to-maturity				
Hybrid securities	-	46,492	-	46,492
Corporate bonds	-	27,855	-	27,855
Available for sale				
Shares unlisted (Education Australia, AARNet, VERNet and other)	-	16,731	-	16,709
Total non-current other financial assets	118,266	91,078	118,266	91,056
Total other financial assets	185,771	156,078	185,771	156,056

EQUITY INSTRUMENTS ELECTED TO BE AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Reconciliation of the fair values at the beginning and end of the current and previous financial year is set out below:

Changes in fair values of other financial assets at fair value through profit or loss are recorded in other income in the income statement (Note 7 – net investment income).

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'Solely Payments of Principal and Interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

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

FINANCIAL ASSETS AT AMORTISED COST

Financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

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

Debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

This category includes investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends, these investments are also recognised as investment income in the income statement when the right of payment has been established.

INVESTMENTS IN EQUITY INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Upon initial recognition, the Group has irrevocably elected to classify these equity investments as equity instruments designated at fair value through OCI as they have met the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading. The classification has been determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as investment income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Note 14 Other Non-Financial Assets

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Prepayments	5,003	3,996	4,868	3,981
Inventories	417	350	417	350
Assets held for sale	1,234	395	1,234	395
Total other non-financial assets	6,654	4,741	6,519	4,726

Accounting policy

PREPAYMENTS

Prepayments are recognised when payment is made in advance of receiving goods or services.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

ASSETS HELD FOR SALE

Assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

In 2018, the Group decided that it would dispose of its Mt Rowan property located on the corner of Rosehill Road and Midland Highway. The sale is expected to be completed by mid-2019 and any gain or loss will be recognised on disposal.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the asset (or disposal group) is recognised at the date of derecognition.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Note 15 Investment Properties

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
At fair value				
Opening balance at 1 January	68,040	66,165	68,040	66,165
Transfers from property, plant and equipment	4,230	-	4,230	-
Revaluation increment	360	1,875	360	1,875
Closing balance at 31 December	72,630	68,040	72,630	68,040
Amounts recognised in profit or loss for investment properties				
Rental income	5,538	5,436	5,538	5,436
Movement in fair value of investment properties	360	1,875	360	1,875
	5,898	7,311	5,898	7,311
Direct operating expenses of rent generating properties	(2,199)	(1,985)	(2,199)	(1,985)
Total recognised in profit or loss	3,699	5,326	3,699	5,326

Leasing arrangements

The future minimum lease payments receivable from tenants under non-cancellable operating leases in the aggregate and for each of the following periods:

Not later than one year	5,942	5,732	5,942	5,732
Later than one year and not later than five years	10,258	11,791	10,258	11,791
Later than five years	2,403	2,695	2,403	2,695
Total	18,603	20,218	18,603	20,218

Refer to Note 30 for detailed disclosures regarding the fair value measurement of the Group's investment properties.

Accounting policy

Investment properties exclude properties held to meet service delivery objectives of the Group.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Group.

Where an investment property is acquired at no cost or for nominal consideration, its cost shall be deemed to be its fair value as at the date of acquisition.

Subsequent to initial recognition at cost, investment property is carried at fair value, which is based on active market prices of similar properties, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed on an annual basis, 2018 Leader Property Practice (2017 Leader Property Practice) a member of the Australian Property Institute. Changes in fair values are recorded in the statement of income as part of net investment income.

Rental revenue from the leasing of investment properties is recognised in the income statement in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the properties.

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. The Group does not have any finance leases.

The Group has recognised lease incentive as a reduction in rent payable and will be brought to account over the remaining term of the lease.

Note 16 Property, Plant and Equipment

CONSOLIDATED	LAND	BUILDINGS	WORK IN PROGRESS	LEASE OF LAND	L'HOLD IMPROV.	PLANT & EQUIPMENT	MOTOR VEHICLES	LIBRARY	WORKS OF ART	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2017										
Cost	-	-	3,669	-	-	14,188	2,618	7,603	6	28,084
Fair value	175	-	-	-	-	-	-	-	-	175
Valuation	40,560	245,217	-	630	4,063	-	-	-	1,357	291,827
Accumulated depreciation	-	(10,368)	-	-	(171)	(2,905)	(733)	(1,309)	-	(15,486)
Net book amount	40,735	234,849	3,669	630	3,892	11,283	1,885	6,294	1,363	304,600
Year ended										
31 December 2017										
Opening net book amount	40,735	234,849	3,669	630	3,892	11,283	1,885	6,294	1,363	304,600
Additions	-	-	11,032	-	5,396	842	743	1,771	-	19,784
Disposals	-	(1,286)	-	-	-	(8)	(273)	(28)	-	(1,595)
Transfers	-	4,270	(4,263)	-	-	(132)	125	-	-	-
Items expensed	-	-	(56)	-	-	(8)	-	-	-	(64)
Depreciation expense	-	(10,459)	-	-	(173)	(2,664)	(675)	(1,412)	-	(15,383)
Closing net book amount	40,735	227,374	10,382	630	9,115	9,313	1,805	6,625	1,363	307,342
At 31 December 2017										
Cost	-	-	10,382	-	9,288	11,977	2,480	8,037	-	42,164
Valuation	40,735	237,833	-	630	-	-	-	-	1,363	280,561
Accumulated depreciation	-	(10,459)	-	-	(173)	(2,664)	(675)	(1,412)	-	(15,383)
Net book amount	40,735	227,374	10,382	630	9,115	9,313	1,805	6,625	1,363	307,342
Year ended										
31 December 2018										
Opening net book amount	40,735	227,374	10,382	630	9,115	9,313	1,805	6,625	1,363	307,342
Additions	-	-	20,099	-	-	2,034	246	2,048	-	24,427
Disposals	-	-	-	-	-	(432)	(49)	(20)	-	(501)
Transfers	(2,331)	(3,063)	-	-	-	(70)	-	-	-	(5,464)
Revaluation	4,709	94,065	(298)	1,370	641	(1,856)	-	-	-	98,631
Capitalised	-	8,609	(8,609)	-	-	-	-	-	-	-
Depreciation expense	-	(10,571)	-	-	(1,071)	(2,538)	(580)	(1,309)	-	(16,069)
Closing net book amount	43,113	316,414	21,574	2,000	8,685	6,451	1,422	7,344	1,363	408,366
At 31 December 2018										
Cost	-	-	21,574	-	5,396	16,690	4,051	22,128	-	69,839
Valuation	43,113	316,534	-	2,000	4,191	-	-	-	1,363	367,201
Accumulated depreciation	-	(120)	-	-	(902)	(10,239)	(2,629)	(14,784)	-	(28,674)
Net book amount	43,113	316,414	21,574	2,000	8,685	6,451	1,422	7,344	1,363	408,366

UNIVERSITY	LAND	BUILDINGS	WORK IN PROGRESS	LEASE OF LAND	L'HOLD IMPROV.	PLANT & EQUIPMENT	MOTOR VEHICLES	LIBRARY	WORKS OF ART	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2017										
Cost	-	-	3,669	-	-	14,188	2,618	7,603	6	28,084
Fair value	175	-	-	-	-	-	-	-	-	175
Valuation	40,560	245,217	-	630	4,063	-	-	-	1,357	291,827
Accumulated depreciation	-	(10,368)	-	-	(171)	(2,905)	(733)	(1,309)	-	(15,486)
Net book amount	40,735	234,849	3,669	630	3,892	11,283	1,885	6,294	1,363	304,600
Year ended 31 December 2017										
Opening net book amount	40,735	234,849	3,669	630	3,892	11,283	1,885	6,294	1,363	304,600
Additions	-	-	11,032	-	-	842	743	1,771	-	14,388
Disposals	-	(1,286)	-	-	-	(8)	(273)	(28)	-	(1,595)
Transfers	-	4,270	(4,263)	-	-	(132)	125	-	-	-
Items expensed	-	-	(56)	-	-	(8)	-	-	-	(64)
Depreciation expense	-	(10,459)	-	-	(171)	(2,664)	(675)	(1,412)	-	(15,381)
Closing net book amount	40,735	227,374	10,382	630	3,721	9,313	1,805	6,625	1,363	301,948
At 31 December 2017										
Cost	-	-	10,382	-	-	11,977	2,480	8,037	-	32,876
Valuation	40,735	237,833	-	630	3,892	-	-	-	1,363	284,453
Accumulated depreciation	-	(10,459)	-	-	(171)	(2,664)	(675)	(1,412)	-	(15,381)
Net book amount	40,735	227,374	10,382	630	3,721	9,313	1,805	6,625	1,363	301,948
Year ended 31 December 2018										
Opening net book amount	40,735	227,374	10,382	630	3,721	9,313	1,805	6,625	1,363	301,948
Additions	-	-	20,099	-	-	2,034	246	2,048	-	24,427
Disposals	-	-	-	-	-	(432)	(49)	(20)	-	(501)
Transfers	(2,331)	(3,063)	-	-	-	(70)	-	-	-	(5,464)
Revaluation	4,709	94,065	(298)	1,370	641	(1,856)	-	-	-	98,631
Capitalised	-	8,609	(8,609)	-	-	-	-	-	-	-
Depreciation expense	-	(10,571)	-	-	(171)	(2,538)	(580)	(1,309)	-	(15,169)
Closing net book amount	43,113	316,414	21,574	2,000	4,191	6,451	1,422	7,344	1,363	403,872
As at 31 December 2018										
Cost	-	-	21,574	-	-	16,690	4,051	22,128	-	64,443
Valuation	43,113	316,534	-	2,000	4,191	-	-	-	1,363	367,201
Accumulated depreciation	-	(120)	-	-	-	(10,239)	(2,629)	(14,784)	-	(27,772)
Net book amount	43,113	316,414	21,574	2,000	4,191	6,451	1,422	7,344	1,363	403,872

(a) Valuations of land and buildings

An independent valuation of land and buildings (including leasehold improvements) was carried out as at 31 December 2018 by Leader Property Practice Pty Ltd. The next valuation is due between the end of 2021 and 2023 depending on changes in values.

(b) Assets held in the name of the Minister

The University is carrying property in its financial report where the title to the property is in the name of the Minister for Education.

As at 31 December 2018, the value of land and buildings at written down value in the University's books attributed to the Crown amounts to \$43.3 million (2017: \$35.1 million).

(c) Fair Value Disclosure

Refer to note 30 for detailed disclosures regarding the fair value measurement of the Group's property, plant and equipment.

KEY ESTIMATES AND JUDGEMENTS

Management establishes the useful life of buildings based on advice from external independent valuers. Useful lives of other property, plant and equipment are established according to the guidelines provided by the Department of Treasury and Finance, the Australian Taxation Office and Australian Accounting Standards.

Assets are reviewed annually at a class level and this includes making an assessment of the useful life and residual value. Any adjustments to useful lives are then made to a selection of assets within those classes.

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

Depreciable assets	2018	2017
Buildings	1 - 45 years	1 - 46 years
Leasehold improvements	2 - 30 years	5 - 34 years
Plant and equipment	1 - 20 years	1 - 20 years
Motor vehicles	3 - 15 years	3 - 15 years
Library	5 - 8 years	5 - 8 years

There were changes to the depreciation rates during 2018 due to revaluation of buildings. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Acquisitions are depreciated from date of purchase and disposals are depreciated up to date of sale.

ACCOUNTING POLICY

Property, plant and equipment costing \$5,000 or more is capitalised. Items under \$5,000 are expensed, with exception to works of art and other collections, and library collections which are capitalised. There has been no change to the capitalisation threshold in 2018.

Each class of property, plant and equipment is carried at cost or fair value less any accumulated depreciation and impairment losses.

In accordance with the not-for-profit requirements of AASB 116, revaluation increments are recognised in the asset revaluation reserve. Revaluation reserves are not transferred to retained earnings on derecognition of the relevant asset, but retained within the asset revaluation reserve except to the extent an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result.

LAND AND BUILDINGS

Land and buildings are initially recorded at cost, which is considered to equate to fair value. Subsequent to initial recognition, land and buildings are recorded at fair value. At the date of revaluation any accumulated depreciation is eliminated against the gross carrying amount of the asset. Net value is then restated to the revalued amount of the asset.

Formal revaluations are performed every three to five years by independent valuers dependent on changes in market values. In addition, desktop valuations are undertaken in intervening years to mitigate the risk of any material change. The carrying value of land and buildings is reviewed annually to assess whether there has been a material change in the valuation of land and buildings required to be recorded in the financial statements.

WORKS OF ART AND OTHER COLLECTIONS

Works of art and other collections are measured at fair value and are valued on a cyclical basis. A rolling valuation plan is in place for valuing these collections.

LIBRARY COLLECTION

The library collection is recorded at cost less any accumulated depreciation.

PLANT AND EQUIPMENT

Plant and equipment is recorded in the Statement of Financial Position at cost less depreciation and, where applicable, any impairment losses.

MOTOR VEHICLES

Motor vehicles are recorded in the Statement of Financial Position at cost less depreciation and, where applicable, any impairment losses.

LEASEHOLD IMPROVEMENTS

Leasehold improvements are recorded at cost less amortisation and, where applicable, any impairment losses. Subsequent to initial recognition, leasehold improvements are recorded at fair value. At the date of revaluation any accumulated depreciation is eliminated against the gross carrying amount of the asset. Net value is then restated to the revalued amount of the asset.

CONSTRUCTION IN PROGRESS

Construction in progress is recorded in the Statement of Financial Position at cost. Capital expenditure relating to the refurbishment of buildings, which adds value rather than maintaining the value of the buildings, is included in construction in progress. When construction projects are completed, the balance within construction in progress is transferred to buildings.

SUBSEQUENT COSTS

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Group. The cost of servicing property, plant and equipment are expensed in the period they are incurred.

Liabilities and equity

Liabilities are present obligations of the Group which are expected to result in an outflow of future economic benefits. Equity is the residual interest in assets of the Group after deducting all of its liabilities.

Liabilities and equity of the Group as at reporting date are:

LIABILITIES			EQUITY	
7%	23%	70%	41%	59%
Trade and other payables	Other liabilities	Provisions	Reserves	Accumulated Surplus

To enable an understanding of liabilities and equity categories, key estimates, judgement and accounting policies specific to each asset type are outlined within the relevant note.

Note 17 Trade and Other Payables

	NOTES	CONSOLIDATED		UNIVERSITY	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Current					
Trade creditors		1,218	1,130	1,218	1,126
Accrued expenses		8,262	8,693	8,262	8,693
OS-HELP Liability to Australian Government	31(e)	146	61	146	61
Total current trade payables		9,626	9,884	9,626	9,880

Accounting Policy

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

Accrued expenses relate to expenses incurred not yet invoiced.

Note 18 Financing Arrangements

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
CREDIT STANDBY ARRANGEMENTS				
Total facilities				
Bank overdrafts	150	150	150	150
Other - credit card facilities	3,000	3,000	3,000	3,000
Bank guarantee	5,000	4,700	5,000	4,700
Encashment facility	70	-	70	-
	8,220	7,850	8,220	7,850
Used at reporting date				
Other - credit card facilities	252	276	252	276
Bank guarantee	4,736	4,615	4,736	4,615
	4,988	4,891	4,988	4,891
Unused at reporting date				
Bank overdrafts	150	150	150	150
Other - credit card facilities	2,748	2,724	2,748	2,724
Bank guarantee	264	85	264	85
Encashment facility	70	-	70	-
	3,232	2,959	3,232	2,959

Note 19 Provisions

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current provisions expected to be settled within 12 months				
Employee benefits				
Annual leave	6,138	6,430	6,138	6,430
Long service leave	522	521	526	521
Defined contribution obligation	4,625	4,874	4,625	4,874
Other employee benefits	363	397	363	397
	11,648	12,222	11,652	12,222
Current provisions expected to be settled after more than 12 months				
Annual leave	4,343	4,368	4,343	4,368
Long service leave	27,055	21,021	27,051	21,021
	31,398	25,389	31,394	25,389
Total current provisions	43,046	37,611	43,046	37,611
Non-current				
Long service leave	2,260	3,111	2,260	3,111
Deferred benefits for superannuation	59,173	58,550	59,173	58,550
Total non-current provisions	61,433	61,661	61,433	61,661
Total provisions	104,479	99,272	104,479	99,272

Key estimates, judgements and accounting policy

EMPLOYEE BENEFITS

Provision is made for employee benefit liabilities including annual leave and long service leave, arising from services rendered by employees at the reporting date.

Employee benefits expected to be settled within 12 months are measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits not expected to be settled within 12 months are measured at present value of the estimated future cash flows for those benefits.

An estimate based on past experience is made of the probability of leave to be taken within 12 months and beyond 12 months.

LONG SERVICE LEAVE

Liabilities for long service leave are discounted to determine present value of expected future payments to be made in respect of services provided by employees up to the reporting date. The discount rates are based on the published Department of Treasury and Finance Victoria discount rates.

DEFERRED GOVERNMENT SUPERANNUATION OBLIGATION

Employee contributory superannuation funds managed outside of the Group exist to provide benefits for the Group's employees and their dependents on retirement, disability or death of the employee. The contributions made to these funds are recorded in the Statement of Income.

OTHER EMPLOYEE BENEFITS

Maternity leave return to work bonus has been calculated on an individual liability basis based on salary rates when the leave is expected to be taken as per AASB 119 'Employee Benefits' and includes related oncosts. Provision made in respect of these benefits expected to be settled within 12 months are measured at their nominal values using the salary rate and related on-cost expected to apply at the time of settlement.

Note 20 Other Liabilities

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Australian Government unspent financial assistance	443	-	443	-
Income received in advance	6,617	1,284	6,617	1,284
Student fees received in advance	23,086	5,465	23,086	5,465
Lease incentive	742	4,454	-	-
Total current other liabilities	30,888	11,203	30,146	6,749
Non-Current				
Lease incentive	2,970	-	-	-
Total non-current other liabilities	2,970	-	-	-
Total other liabilities	33,858	11,203	30,146	6,749

Key estimates, judgements and accounting policy

Australian Government unspent financial assistance represents Australian Government grants received which the Group regards as reciprocal and represents funding received but not spent. Refer to note 3.

Income received in advance represents grant and contract revenue received from other sources which the Group regards as reciprocal and represents the amounts received but not spent.

Student fees received in advance arise when students pay all or part of their fees in advance of educational services being delivered.

The Group has recognised lease incentive as a reduction in rent payable and will be brought to account over the remaining term of the lease.

Note 21 Reserves and Accumulated Surplus

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
COMPOSITION OF RESERVES				
Asset Revaluation Reserve				
Land	43,481	37,282	43,481	37,282
Buildings	217,914	125,482	217,914	125,482
Works of art	813	813	813	813
Total Asset Revaluation Reserve	262,208	163,577	262,208	163,577
Investments in equity instruments designated at FVOCI				
Investments - available for sale financial assets	-	16,190	-	16,190
Equity instruments designated at fair value through OCI	9,483	-	9,483	-
Total Investments in equity instruments designated at FVOCI	9,483	16,190	9,483	16,190
Total Reserves	271,691	179,767	271,691	179,767
MOVEMENT IN RESERVES				
Balance at beginning of year	179,767	174,594	179,767	174,594
Adoption of AASB 9 Investments - transfer of fair value reserve of equity instruments designated at fair value through profit and loss to retained earnings	(16,190)	-	(16,190)	-
Adoption of AASB 9 Investments - gain on equity instruments designated at fair value through OCI	8,591	-	8,591	-
Total equity at the beginning of the financial year (Restated)	172,168	174,594	172,168	174,594
Gain on revaluation of land and buildings	98,631	-	98,631	-
Gain on equity instruments designated at fair value through other comprehensive income	892	-	892	-
Gain on revaluation of unlisted shares	-	5,173	-	5,173
Balance at end of year	271,691	179,767	271,691	179,767
Asset Revaluation Reserve				
Arises from the revaluation of specific asset classes of land, buildings, other collections and works of art.				
Equity instruments designated at fair value through OCI				
Arises from the revaluation of equity instruments designated at fair value through other comprehensive income.				
MOVEMENT IN ACCUMULATED SURPLUS				
Balance at beginning of year	363,315	370,165	365,862	370,212
Adoption of AASB 9 Investments - transfer of fair value reserve of equity instruments designated at fair value through profit and loss to retained earnings	16,190	-	16,190	-
Derecognition of immaterial subsidiaries Jan 1 2018	(52)	-	-	-
Net result for the year	6,615	(6,850)	6,615	(4,350)
Balance at end of year	386,068	363,315	388,667	365,862

Note 22

Reconciliation Of Net Result To Net Cash From Operating Activities

	NOTES	CONSOLIDATED		UNIVERSITY	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Net result for the period		6,615	(6,850)	6,615	(4,350)
Depreciation	16	16,069	15,383	15,169	15,381
Other non cash items		-	92	-	92
Gain on revaluation of investment properties	15	(360)	(1,875)	(360)	(1,875)
Net loss on sale of non-current assets		307	828	307	828
Net gain on investments		(5,431)	(1,337)	(5,431)	(1,337)
Increase in trade debtors		(2,302)	(202)	(2,289)	(381)
Increase in other non financial assets		(1,913)	(713)	(1,793)	(698)
Decrease in trade creditors		(290)	4,096	(254)	(340)
Increase in employee entitlements		8,177	(2,628)	5,207	(2,628)
Increase in other operating liabilities		19,685	(1,919)	23,395	(1,942)
Net cash provided by operating activities		40,557	4,875	40,566	2,750

Note 23

Commitments

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000

(a) Capital commitments

Capital expenditure in relation to property, plant and equipment contracted for at the reporting date but not recognised as liabilities is as follows:

Within one year	9,777	9,003	9,777	9,003
	9,777	9,003	9,777	9,003

(b) Operating lease commitments

Operating lease commitments includes contracted amounts for commercial buildings, office premises and plant and equipment under non-cancellable operating leases with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

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

Within one year	1,894	2,300	1,894	978
Between one and five years	7,880	7,058	7,880	1318
Later than five years	2,804	2,192	2,804	654
	12,578	11,550	12,578	2,950

(c) Other Commitments

Berwick campus licence				
Within one year	-	682	-	682
	-	682	-	682

Key estimates, judgements and accounting policy

Commitments are disclosed exclusive of GST.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases and are recognised in the Statement of Income over the term of the lease.

Note 24 Contingencies

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Contingent liabilities				
Bank guarantees	4,736	4,615	4,736	4,615

Contingent assets

There are no contingent assets.

Accounting policy

Contingent liabilities and assets are not recognised in the statement of financial position, but are disclosed, and if quantifiable, are measured at nominal value. They are presented inclusive of GST.

Note 25 Remuneration Of Auditors

	CONSOLIDATED		UNIVERSITY	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000

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

Audit of the financial statements

Victorian Auditor General's Office	90	90	90	90
Total paid for audit	90	90	90	90

Other audit and assurance services

Barker and Jennings	5	5	5	5
Oakton	-	51	-	51
ShineWing	23	-	23	-
Deloitte Consulting	108	-	108	-
Total other audit and assurance services	136	56	136	56

Note 26 Key Management Personnel Disclosures

Responsible Persons

NAMES OF RESPONSIBLE PERSONS DURING 2018 WERE:

Dr Paul John Harry Hemming AO (Chancellor) 1/1 - 12/10/2018

Mr Terence Francis Moran AC (Chancellor) 13/10 - 31/12/2018

Professor Helen Bartlett (Vice-Chancellor)

Mr Cameron Beyer

Ms Pauline Buckland

Dr Kim Dowling

Mr George Fong

Ms Stacey Grose

Ms Erin Morgan

Mr Ian Nethercote AM

Ms Mashelle Parrett

Mr Michael Walter Ryan

Ms Jane Smith AM

Ms Rhonda Whitfield

Mr Anthony Stone

Mr Steve Davies

Remuneration of responsible persons

The number of University Council members and their remuneration for the reporting period is shown in the table below in their relevant income bands. The remuneration of responsible persons only relates to remuneration for acting in the capacity as a member of Council. Staff of the University are not eligible to be remunerated for acting in the capacity as a member of Council.

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Nil	2	3
\$10,000 to \$19,999	1	-
\$20,000 to \$29,999	11	10
\$30,000 to \$39,999	-	1
\$70,000 to \$79,999	-	1
\$80,000 to \$89,999	1	-
\$490,000 to \$499,999	-	1
\$750,000 to \$759,999	1	-
	16	16

Income paid or payable, or otherwise made available to Members of the University Council, excluding executive members, in connection with management of affairs of the University is outlined below.

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Short-term employee benefits	1,178	1,389
Post-employment benefits	161	207
Other long term benefits	22	23
Total responsible persons compensation	1,361	1,619

Remuneration of executive officers

Total amounts received by, payable to, or otherwise made available to Executives of the Group are outlined below.

	CONSOLIDATED	
	2018	2017
	\$'000	\$'000
Short-term employee benefits	1,330	1,702
Post-employment benefits	212	281
Other long term benefits	27	31
Termination benefits	24	158
Total executive officers remuneration	1,593	2,172
Total number of executive officers	5	6
Total annualised employee equivalents	4.0	5.6

(i) Minister

The relevant Minister for the reporting period was the Hon. Gayle Tierney MP, Minister for Training and Skills and the Minister for Higher Education. Remuneration of the Minister is disclosed in the financial report of the Department of Parliamentary Services. Other relevant interests are declared in the Register of Members' Interests, which each Member of Parliament completes.

Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Assistant Treasurer have been disclosed in note 27.

Note 27 Related Parties

a) Parent Entity

The ultimate parent entity within the Group is Federation University Australia.

b) Subsidiaries

Interests in subsidiaries are set out in note 28.

c) Key management personnel

Disclosures relating to responsible persons and executive officers are set out in note 26. Both responsible persons and executive officers are considered key management personnel of the Group.

d) Transactions with related parties

There were a number of small transactions conducted on normal commercial terms and conditions with a number of responsible persons which were minor and immaterial to the Group. All transactions between the University and its related parties were in the ordinary course of business and on normal arm's length commercial terms and conditions.

Note 28 Subsidiaries

The *Federation University Australia Act 2010*, Section 48 permits the University to form limited liability companies. The consolidated financial statements of the Group incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described below.

ENTITY		PRINCIPAL PLACE	OWNERSHIP INTEREST	
			2018	2017
Inskill Pty Ltd		Australia	100%	100%
The School of Mines and Industries Ballarat Ltd	Inactive	Australia	100%	100%
Datascreen Pty Ltd (a subsidiary of Inskill)	Inactive	Australia	55.8%	55.8%
UB Housing Pty Ltd	Deregistered 8/2/18	Australia	0.0%	100%
Brisbane Educational Services Pty Ltd		Australia	100%	100%

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

Accounting policy and judgements

Subsidiaries are entities controlled by the Group. The Group assesses whether it has the power to direct the relevant activities of the investee by considering the rights it holds to control decisions, such as the mix between education and research, student fees and target student mix.

The financial statements of subsidiaries that materially impact the Group are included in the consolidated financial statements from the date control commences until the date control ceases. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

An assessment of subsidiaries for material impact to the consolidated financial statements is performed annually. The assessment includes both a qualitative and quantitative assessment of materiality. For 2018, Brisbane Education Services Pty Ltd is the only subsidiary incorporated into the financials for consolidation purposes.

Subsidiaries are all those entities (including structured entities) over which the Group has control. The Group has control over an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power over the investee exists when the Group has existing rights that give it current ability to direct the relevant activities of the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Returns are not necessarily monetary and can be only positive, only negative, or both positive and negative.

Note 29

Financial Risk Management

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group is exposed to key financial risks including market risk, price risk, credit risk and liquidity risk. The University's Council has overall responsibility for the establishment and oversight of the Group's risk management framework. The Council has established the:

- Finance Committee, which meets regularly to monitor and evaluate the University's financial management strategies in the context of the most recent economic conditions forecasts; and
- Audit and Risk Committee, which is responsible for monitoring the assessment and management of risk across the University.

(a) Market risk

Market risk is the risk that changes in market prices will affect the Group's result or the value of its financial assets and liabilities. The key market risks the Group is exposed to are interest rate risk and price risk.

(b) Interest rate risk

The Group's exposure to movements in interest rates primarily relates to the Group's interest bearing investments.

The Group manages its interest rate risk by monitoring the interest rate profile of these assets. If interest rates were 1 per cent lower/higher for interest bearing investments than the reporting date rates, with all other variables held constant, the Group's net result for the year would have been \$0.85 million lower/higher, reflecting the lower/higher interest income earned on affected balances (2017: \$0.52 million lower/higher).

(c) Price risk

The Group has a significant investment in marketable securities included within financial assets at fair value through profit or loss, which exposes the Group to price risk.

(d) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from financial investments, and the Group's receivables from customers.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Examples of such events include significant financial difficulty or probability of bankruptcy of the borrower, disappearance of active market for that asset that individually or in combination with other factors indicate that the asset is credit impaired.

TRADE RECEIVABLES

The Group defines an event of default as when the counterparty has not paid the transaction price (after adjustment on account of any discounts or rebates) or repaid the amounts deposited or lent, as the case may be, within 10-365 days from the due date (maturity) or as per the terms of the agreement, depending on the category of debtor. This definition was selected so as to allow sufficient time for settlement of any specific disputes with the entity (associated with that transaction) and provide for any transit time. The higher the past history of defaults, the higher the provisioning for expected credit losses.

Expected credit losses have been measured on a collective basis by grouping the receivables on the basis of debtor category and their past due status. Life time expected credit losses relating to trade receivables is estimated by taking into account both the past default history and reasonable forward looking information available from information agencies and other external sources. In general, the higher the number of past instances of default, the higher the amount of provision. No changes have occurred in the estimation technique or significant assumptions used in the estimation process during the reporting period.

During the period, the movement in expected credit loss allowance relating to trade receivables was as disclosed in note 12. The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity is nil.

The Group does not have any material credit risk exposure to any single receivable or group of receivables. The Group's exposure to credit risk is influenced mainly by characteristics of each customer. Receivable balances are monitored on an ongoing basis to ensure that the exposure to bad debts is not significant.

HYBRID SECURITIES AND CORPORATE BONDS

The Group measures expected credit losses in respect of hybrid securities and corporate bonds by classifying these instruments based on a system of assigning internal credit rating grades representing the credit profile of the investee. The Group only invests in those entities that have been given an AAA: BBB - investment grade rating, and as such is not exposed to a material level of credit risk or loss.

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Liquidity risk is managed by University management and overseen by the Finance Committee through maintenance of sufficient liquid assets and borrowing facilities, and active monitoring of cash flow forecasts.

The following table summarises the maturity of the Group's financial assets and financial liabilities:

CONSOLIDATED 31 DECEMBER 2018	FIXED INTEREST MATURITY					
	AVERAGE INTEREST RATE	VARIABLE INTEREST RATE	LESS THAN 1 YEAR	1 TO 5 YEARS	NON-INTEREST BEARING	TOTAL CARRYING AMOUNT
		\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS						
Cash and cash equivalents						
Cash at bank	0.00%	4,800	-	-	-	4,800
Deposits at call	1.60%	40,837	-	-	-	40,837
Short term deposits	2.65%	-	10,000	-	-	10,000
Receivables (excluding deferred government contributions for superannuation)						
Debtors	-	-	-	-	12,866	12,866
Other financial assets						
At amortised cost	4.74%	-	67,505	23,358	-	90,863
At fair value through profit and loss	4.74%	-	-	61,044	23,872	84,916
Designated at fair value through other comprehensive income	0.00%	-	-	-	9,992	9,992
Total financial assets		45,637	77,505	84,402	46,730	254,274
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	9,626	9,626
Total financial liabilities		-	-	-	9,626	9,626

CONSOLIDATED 31 DECEMBER 2017	FIXED INTEREST MATURITY					
	AVERAGE INTEREST RATE	VARIABLE INTEREST RATE	LESS THAN 1 YEAR	1 TO 5 YEARS	NON-INTEREST BEARING	TOTAL CARRYING AMOUNT
		\$'000	\$'000	\$'000	\$'000	\$'000
FINANCIAL ASSETS						
Cash and cash equivalents						
Cash at bank	0.00%	4,961	-	-	-	4,961
Deposits at call	1.67%	27,917	-	-	-	27,917
Short term deposits	2.7%	-	20,000	-	-	20,000
Receivables (excluding deferred government contributions for superannuation)						
Debtors	-	-	-	-	10,938	10,938
Other financial assets available for sale						
Unlisted shares held to maturity	-	-	-	-	16,731	16,731
Long term fixed interest bearing bills, bonds/term deposits	2.64%	-	65,000	74,347	-	139,347
Total financial assets		32,878	85,000	74,347	27,669	219,894
FINANCIAL LIABILITIES						
Trade and other payables	-	-	-	-	9,884	9,884
Total financial liabilities		-	-	-	9,884	9,884

Note 30 Fair Value Measurements

(a) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and liabilities have carrying values that are a reasonable approximation of fair value, and there are no significant differences between carrying amounts and aggregate fair values.

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

- Shares - unlisted, at fair value through profit and loss;
- Shares - unlisted, at fair value through other comprehensive income;
- Shares - listed;
- Land and buildings;
- Leasehold - land;
- Leasehold - buildings;
- Artwork; and
- Investment properties.

The Group has also measured assets and liabilities as fair value on a non-recurring basis as a result of the reclassification of assets as held for sale.

(b) Fair Value Hierarchy

The Group categorises assets and liabilities measured at fair value into a hierarchy based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

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

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

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

(i) Recognised fair value measurements

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

		31 DECEMBER 2018								
		NOTES	CONSOLIDATED				UNIVERSITY			
			Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
RECURRING FAIR VALUE MEASUREMENTS										
Financial assets										
	Other financial assets at fair value through profit and loss	13	61,983	-	22,933	84,916	61,983	-	22,933	84,916
	Investments in equity instruments designated at fair value through other comprehensive income	13	-	-	9,992	9,992	-	-	9,992	9,992
	Total financial assets recognised at fair value		61,983	-	32,925	94,908	61,983	-	32,925	94,908
Non-financial assets										
	Land	16	-	-	43,113	43,113	-	-	43,113	43,113
	Buildings	16	-	-	316,414	316,414	-	-	316,414	316,414
	Leasehold - land	16	-	-	2,000	2,000	-	-	2,000	2,000
	Leasehold - buildings	16	-	-	8,685	8,685	-	-	4,191	4,191
	Art collection	16	-	-	1,363	1,363	-	-	1,363	1,363
	Investment properties	15	-	-	72,630	72,630	-	-	72,630	72,630
	Total non-financial assets recognised at fair value		-	-	444,205	444,205	-	-	439,711	439,711
	Total recurring fair value measurements		61,983	-	477,130	539,113	61,983	-	472,636	534,619
NON-RECURRING FAIR VALUE MEASUREMENTS										
	Asset held for sale	14	-	1,234	-	1,234	-	1,234	-	1,234
	Total non-recurring fair value measurements		-	1,234	-	1,234	-	1,234	-	1,234
	Total fair value measurement		61,983	1,234	477,130	540,347	61,983	1,234	472,636	535,853

	NOTES	31 DECEMBER 2017								
		CONSOLIDATED				UNIVERSITY				
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
RECURRING FAIR VALUE MEASUREMENTS										
Financial assets										
Other investments - at valuation	13	-	-	16,709	16,709	-	-	16,709	16,709	
Total financial assets recognised at fair value		-	-	16,709	16,709	-	-	16,709	16,709	
Non-financial assets										
Land	16	-	-	40,735	40,735	-	-	40,735	40,735	
Buildings	16	-	-	227,374	227,374	-	-	227,374	227,374	
Leasehold - land	16	-	-	630	630	-	-	630	630	
Leasehold - buildings	16	-	-	9,115	9,115	-	-	3,721	3,721	
Art collection	16	-	-	1,363	1,363	-	-	1,363	1,363	
Investment properties	15	-	-	68,040	68,040	-	-	68,040	68,040	
Total non-financial assets recognised at fair value		-	-	347,257	347,257	-	-	341,863	341,863	
Total recurring fair value measurements		-	-	363,966	363,966	-	-	358,572	358,572	
NON-RECURRING FAIR VALUE MEASUREMENTS										
Asset held for sale	14	-	395	-	395	-	395	-	395	
Total non-recurring fair value measurements		-	395	-	395	-	395	-	395	
Total fair value measurement		-	395	363,966	364,361	-	395	358,572	358,967	

There were no transfers between Levels 1 and 2 for assets measured at fair value during the reporting period (2017: no transfers).

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

The fair values of held-to-maturity investments (term deposits and corporate bonds) that are disclosed in note 13 were determined by reference to published price quotations in an active market (Level 1). The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

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

Recurring fair value measurements

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

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

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

- the use of quoted market prices or dealer quotes for similar instruments;

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

Investment properties are valued independently in the actual period and freehold land and building (classified as property, plant and equipment) at least every three years. At the end of each reporting period, the Group updates their assessment of the fair value of each property, taking into account the most recent independent valuations. The Group determines the property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Group considers information from a variety of sources, including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- discounted cash flow projections based on reliable estimates of future cash flows; and/or
- capitalised income projections based on a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

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

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

(i) Reconciliation of recurring Level 3 fair value measurements

The following tables provide a reconciliation of Level 3 items for the period ending 31 December 2018 and 2017.

CONSOLIDATED		
Level 3 fair value measurements 2018	Other Investments	Non financial assets
	\$'000	\$'000
Opening balance	16,709	347,257
Acquisitions	-	12,839
Sales	-	(5,394)
Recognised in profit and loss	6,733	(11,282)
Gains recognised in other comprehensive income	892	100,785
Adoption of AASB 9 Investments - gain on equity instruments designated at fair value through OCI	8,591	-
Closing balance	32,925	444,205

Level 3 fair value measurements 2017	Other Investments	Non financial assets
Opening balance	11,536	347,634
Acquisitions	-	9,666
Sales	-	(1,286)
Recognised in profit or loss	-	(8,757)
Gains recognised in other comprehensive income	5,173	-
Closing balance	16,709	347,257

UNIVERSITY		
Level 3 fair value measurements 2018	Other Investments	Non financial assets
	\$'000	\$'000
Opening balance	16,709	341,863
Acquisitions	-	12,839
Sales	-	(5,394)
Recognised in profit or loss	6,733	(10,382)
Gains recognised in other comprehensive income	892	100,785
Adoption of AASB 9 Investments - gain on equity instruments designated at fair value through OCI	8,591	-
Closing balance	32,925	439,711

Level 3 fair value measurements 2017	Other Investments	Non financial assets
Opening balance	11,536	347,634
Acquisitions	-	4,270
Sales	-	(1,286)
Recognised in profit or loss	-	(8,755)
Gains recognised in other comprehensive income	5,173	-
Closing balance	16,709	341,863

There were no transfers between Levels 2 and 3 for liabilities measured at fair value on a recurring basis during the reporting period (2017: no transfers).

(ii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the valuation processes and significant unobservable inputs used in Level 3 fair value measurements.

DESCRIPTION	FAIR VALUE AT 31/12/2018	VALUATION TECHNIQUE(S)	UNOBSERVABLE INPUTS USED*	RANGE OF INPUTS	ESTIMATED SENSITIVITY OF FAIR VALUE MEASUREMENT TO CHANGES IN UNOBSERVABLE INPUTS
\$'000					
Financial assets					
Shares - unlisted, at fair value through other comprehensive income	9,992	Net Assets base	Net asset base of companies	Net asset base in annual reports	A significant increase or decrease in the net asset of the investment / security would result in a significantly higher or lower fair value
Non financial assets					
Land	43,113	Market Approach	Community Service Obligation (CSO) adjustment	10%-35%	A significant increase or decrease in the CSO adjustment would result in a significantly higher or lower fair value
Buildings	316,414	Depreciated replacement cost	Useful life of Specialised buildings	1-45 years	A significant increase or decrease in the useful life of the buildings would result in a significantly higher or lower fair value
Art collection	1,363	Market Approach	External market perception of the works	5%-10%	A change in the market perception of the artwork would result in a lower (higher) fair value
Investment Properties	72,630	Market Approach	Length and terms of leases	2 months to 9 years	Any renegotiation of leases may have an impact on the fair value of the properties (higher/ lower)
Total Level 3	443,512				

There has been no change in the valuation techniques used to calculate the fair values disclosed in the financial statements.

*There were no significant inter-relationships between unobservable inputs that materially affects fair value.

During the 2018 revaluation, our external valuers were instructed in accordance with our five year rolling revaluation strategy, to conduct a review of the Land and Buildings. In accordance with the above, there has been a recommended change in the valuation technique used for determination of fair value of the below mentioned property. During 2014, the University acquired the Gippsland Churchill campus from Monash University. Due to the trading position of the campus, it was revalued using the market approach technique, reflecting a number of similar sized properties being sold in the Gippsland region.

However, since 2014 there have been a number of structural changes that have positively impacted the trading position.

It has therefore been chosen to move to a Depreciated Replacement Cost (DRC) approach as the basis of the valuation.

This has resulted in \$74.7 million (76 per cent of the total revaluation movement in the Statement of Comprehensive income).

The increase in revaluation surplus has been prospectively accounted as a change in accounting estimate.

Note 31

Acquittal Of Commonwealth Government Financial Assistance

(a) Education - CGS and Other Education Grants

	NOTES	COMMONWEALTH GRANT SCHEME		PROMOTION OF EXCELLENCE IN LEARNING AND TEACHING		HE PARTICIPATION FUNDING	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Funding Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		69,817	68,291	-	10	2,061	2,090
Net accrual adjustments		199	1	-	-	-	-
Revenue for the period	3	70,016	68,292	-	10	2,061	2,090
Surplus from the previous year		-	-	-	-	-	45
Total revenue including accrued revenue		70,016	68,292	-	10	2,061	2,135
Less expenses including accrued expenses		69,947	68,292	-	10	2,086	2,126
Surplus / (deficit) for reporting period		69	-	-	-	(25)	9

	NOTES	DISABILITY SUPPORT FUNDING		INDIGENOUS STUDENT SUCCESS PROGRAM		TOTAL	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Funding Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		157	71	580	528	72,615	70,990
Net accrual adjustments		87	-	-	-	286	1
Revenue for the period	3	244	71	580	528	72,901	70,991
Surplus / (deficit) from the previous year		(283)	(45)	22	22	(261)	22
Total revenue including accrued revenue		(39)	26	602	550	72,640	71,013
Less expenses including accrued expenses		195	309	575	528	72,803	71,265
Surplus / (deficit) for reporting period		(234)	(283)	27	22	(163)	(252)

(b) Higher Education Loan Programs (excluding OS-HELP)

	NOTES	HECS-HELP (AUSTRALIAN GOVERNMENT PAYMENTS ONLY)		FEE-HELP		VET-FEE HELP	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash payable / (receivable) at beginning of year		(18)	270	(11)	(26)	(7)	-
Financial assistance received in cash during the reporting period		41,407	38,741	2,484	2,462	46	437
Cash available for period		41,389	39,011	2,473	2,436	39	437
Revenue earned	3	41,137	39,029	2,229	2,436	27	444
Cash payable / (receivable) at end of year		252	(18)	244	-	12	(7)

	NOTES	VET STUDENT LOAN PROGRAM		STUD AMEN-HELP		TOTAL HELPS	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash payable / (receivable) at beginning of year		(139)	-	18	-	(157)	244
Financial assistance received in cash during the reporting period		1,504	1,026	1,829	1,719	47,270	44,385
Cash available for period		1,365	1,026	1,847	1,719	47,113	44,629
Revenue earned	3	1,563	1,165	1,831	1,701	46,787	44,775
Cash payable / (receivable) at end of year		(198)	(139)	16	18	326	(146)

(c) Department of Education and Training Research

	NOTES	RESEARCH TRAINING PROGRAM		RESEARCH SUPPORT PROGRAM		TOTAL	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		2,254	2,214	1,581	1,634	3,835	3,848
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period	3	2,254	2,214	1,581	1,634	3,835	3,848
Surplus / (deficit) from the previous year		76	93	(44)	-	32	93
Total revenue including accrued revenue		2,330	2,307	1,537	1,634	3,867	3,941
Less expenses including accrued expenses		2,034	2,231	1,550	1,678	3,584	3,909
Surplus / (deficit) for reporting period		296	76	(13)	(44)	283	32

Total Higher Education Provider Research Training Program expenditure

	TOTAL DOMESTIC STUDENTS	TOTAL OVERSEAS STUDENTS
	\$'000	\$'000
	Research Training Program Fees offsets	381
Research Training Program Stipends	1,154	97
Research Training Program Allowances	316	11
Total for all types of support	1,851	183

(d) Australian Research Council Grants

	NOTES	DISCOVERY PROJECTS		LINKAGES PROJECTS		TOTAL	
		2018	2017	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the program)		128	116	55	10	183	126
Net accrual adjustments		-	-	-	-	-	-
Revenue for the period	3	128	116	55	10	183	126
Surplus from the previous year		216	244	18	48	234	292
Total revenue including accrued revenue		344	360	73	58	417	418
Less expenses including accrued expenses		184	144	46	40	230	184
Surplus for reporting period		160	216	27	18	187	234

(e) OS-HELP

	NOTES	2018	2017
		\$'000	\$'000
Cash received during the reporting period		163	339
Cash spent during the reporting period		171	382
Net cash received		(8)	(43)
Cash surplus from the previous period		154	197
Cash surplus for reporting period	17	146	154

(f) Higher Education Superannuation Program

	NOTES	2018	2017
		\$'000	\$'000
Cash received during the reporting period		5,293	4,614
Cash surplus / (deficit) from the previous period		(401)	766
Cash available for current period		4,892	5,380
Contributions to specified defined benefit funds		4,556	5,781
Cash surplus / (deficit) this period		336	(401)

(g) Student Services and Amenities Fee

	NOTES	2018	2017
		\$'000	\$'000
Unspent revenue from previous period		229	281
SA-HELP revenue earned	31(b)	1,831	1,709
Student Services and Amenities Fees direct from students	5	171	141
Total revenue expendable in period		2,231	2,131
Student Services expenses during period		1,752	1,902
Unspent Student Services revenue		479	229

**Note 32
Events Occurring After The End Of The Reporting Period**

Other than mentioned herein, at the date of this report there is no matter or circumstance that has arisen since 31 December 2018 which has or may significantly affect:

- (a) The operation of the economic entity;
- (b) The results of those operations; or
- (c) The state of affairs of the economic entity in the financial years subsequent to 31 December 2018.

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35.	FRD 30D	<p>Financial statements are expressed in the nearest dollar except where the total assets, or revenue, or expenses of the institution are greater than:</p> <ul style="list-style-type: none"> • \$10,000,000, when the amounts shown in the financial statements may be expressed by reference to the nearest \$1,000; and • \$1,000,000,000, when the amounts shown in the financial statements may be expressed by reference to the nearest \$100,000. 	34-35 42-85
36.	SD 3.2.1.1(c)	<p>The Responsible Body must establish an Audit Committee to:</p> <ul style="list-style-type: none"> • review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament by the Responsible Minister 	20

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Mt Helen Campus | University Dr, Mount Helen VIC 3350

Ballarat PO Box 663 Ballarat VIC 3353 Australia

Berwick PO Box 859 Berwick VIC 3806 Australia

Wimmera PO Box 300 Horsham VIC 3402 Australia

Gippsland PO Box 3191 Gippsland Mail Centre VIC 3841 Australia

Brisbane Level 5-7, 333 Ann Street Brisbane QLD 4000 Australia





Federation.edu.au

1800 333 864 (1800 FED UNI)

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