



**In a world  
of ordinary**

Zoe  
ACU student



**create  
extraordinary.**

Australian Catholic University (ACU) was established in November 1990 through incorporation as a public company limited by guarantee, established and set up with the resources of the Catholic Church and incorporated pursuant to the *Corporations Act 2001*. It is a national university that operates in a number of jurisdictions domestically and overseas.

It is regulated by the Corporations Act and the *Australian National Charities and Not-for-profits Commission Act 2012* and lodges its Annual Report in accordance with those statutory requirements.

The university was formed through the amalgamation of the Catholic College of Education (NSW), the Institute of Catholic Education (Vic), McAuley College (Qld) and Signadou College of Education (ACT). Today, ACU has eight campuses: Brisbane (McAuley at Banyo), North Sydney (MacKillop), Strathfield (Mount Saint Mary), Canberra (Signadou), Ballarat (Aquinas), Melbourne (St Patrick's), Adelaide (St Francis of Assisi) and a campus in Rome, Italy. It is soon to open its ninth campus in Blacktown (Saint Josephine Bakhita), which will accept its first cohort of students in 2021.

A public university, recognised and funded by the Commonwealth Government, ACU is open to students and staff of all beliefs. To view this report online visit [acu.edu.au/annualreports](http://acu.edu.au/annualreports)

#### LETTER OF TRANSMITTAL

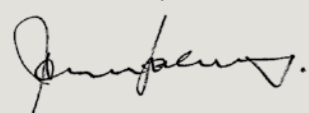
May 2020

Australian Charities and Not-for-profits Commission GPO Box 5108, Melbourne Vic 3001

I am pleased to submit for your information the Australian Catholic University *Annual Report* for the year ending 31 December 2019.

The *Annual Report* was approved by the Australian Catholic University Senate on 8 April 2020.

Yours sincerely



**The Honourable John Fahey AC, GCSG**  
Chancellor

Cover image Top: ACU student Zoe. Bottom: Students engaged in a Virtual Reality task in the School of Behavioural and Health Sciences, Brisbane Campus. This page Melbourne Campus, ACU Art Collection

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It gives me great pleasure to introduce ACU's 2019 Annual Report on behalf of the university's Senate. This report outlines the significant activities and contributions the university has achieved in the past year.

The year began with the promise of a new campus in the heart of Sydney's western suburbs, when ACU was selected as Blacktown City Council's (BCC) University Partner. An information centre will open early in 2020 and the campus will open in February 2021. Around 30 courses across four faculties will initially be offered at the Saint Josephine Bakhita campus in Blacktown.

ACU has always been ambitious in achieving our goals and communicating our vision. We are clear about our Catholic identity and mission and what this offers the broader community.

To this end we will move to adopt a free speech code, based on the model code drafted by former High Court Chief Justice The Hon Robert French AC.

Freedom of expression and academic inquiry are fundamental to our success as a university and a community; universities exist to provide a forum for a contest of ideas. If Senate supports the draft code, its implementation will require a wholesale review of all university statutes and policies that may interact with the code. While adopting a code is a simple move, the real effect will be in its comprehensive implementation.

We at ACU are also actively engaged with other Catholic universities to improve the quality of Catholic education around the

world, and the Vice-Chancellor has taken a leadership role in the Vatican's Congregation for Catholic Education, as well as participating in the Strategic Alliance of Catholic Research Universities.

Research excellence continues to flourish as a result of our commitment to a long-term intensification strategy. This has been highly recognised in the most recent round of the Australian Research Council's Excellence in Research rankings which saw ACU surge in quality indicators. Not only are our efforts in this area world class, but also have demonstrated their meaningful impact on communities, as evidenced by ACU's strong standing in the inaugural Engagement Index.

The Australian Research Council introduced the EI assessment to examine how universities are translating their research into economic, environmental, social and other benefits.

ACU performed highly, standing out for its significant impact in advancing health, education and social outcomes for Australians.

The university continues to challenge our peers and ourselves. The Senate is confident that ACU is placed in a prominent position on the eve of our 30th anniversary in 2020.

**The Honourable John Fahey AC, GCSG**

## Message from the Chancellor

Universities are a cornerstone of our community, contributing to the rich academic, cultural and social definition of society. At ACU, our Catholic character underpins everything we do with an added ethical and spiritual layer.

The past 12 months have seen us reevaluate and strengthen our commitment to our identity to ensure we are consistent with and true to our mission.

With this in mind we have developed a new strategic plan, laying the foundations for the next three years with a distinct focus on opportunity, ethics and innovation and how we can embed these in our approach to all our teaching, learning and operations. Among a fresh set of priorities, the plan more deeply embeds our authentic and longstanding commitment to Aboriginal and Torres Strait Islander reconciliation, breaks new ground in our commitment to social justice and equity, and sharpens our action in sustainability. Meanwhile we have worked on even more meaningful ways to engage with our communities – both within the university and beyond our campuses. The introduction of an innovative Student Veterans Support Program is but one great example of this. Our research focus and community participation is carefully considered to effectively reflect our mission and have the greatest impact.

A number of activities and actions for enhancing our faculties were launched. Innovation in academic culture is promoted and driven through initiatives such as the establishment of faculty research centres

to support research excellence and increase research capability at ACU; the promotion of intellectual engagement of staff through a sophisticated and organised culture of intellectual conversation and communication; and establishment of a stream of "partner-engaged" research.

Universities – especially Catholic universities – have a long history and an ongoing responsibility to promote art and culture. To this end ACU has delivered a series of culture activities to enhance the cultural life of the university – available to students, staff and the community.

Our students continue to astonish and impress with their tenacity and willingness to take an active part in their world. They arrive on campus to an environment that champions them as a whole person, they flourish and go on to achieve greater goals than they could have imagined. We are proud to take some part in shaping their educational, spiritual and professional journey.

The Chancellor and I thank staff for their tireless efforts and their connection to the university.

**Professor Greg Craven AO, GCSG**

## Message from the Vice-Chancellor and President

## ACU mission

Within the Catholic intellectual tradition and acting in Truth and Love, Australian Catholic University is committed to the pursuit of knowledge, the dignity of the human person and the common good.



## Our history and mission

At ACU, we pride ourselves on offering a welcoming environment for everyone. At the same time, we are a university inspired by our Catholic mission and tradition to stand for something clear. We stand up for people in need and causes that matter.

ACU was opened on 1 January 1991, following the amalgamation of four Catholic tertiary institutions in eastern Australia.

We're young, but we are making our mark. ACU is ranked in the top two per cent of universities worldwide\* and in the top 10 Catholic universities\*\*. We've grown rapidly over the past few years, and now have eight campuses around Australia, including a new campus opening in Blacktown in Western Sydney in 2021, and a campus in Rome, Italy. We put our students and staff at the centre of a vibrant global

network of scholars, partnerships, and opportunities.

We offer programs in arts, business, education, health sciences, law, philosophy and theology. We're closely integrated into our communities and industries, working with them to answer the big questions, and to create tangible results.

Along with significant student growth in recent years, we're prioritising our research intensification. Our research programs tackle enduring and pressing issues in society, in Australia, and around the world.

## Key statistics

	2019	
<b>ENROLMENTS</b>		
<b>Total</b>	<b>34,008</b>	
Domestic	29,218	
International	4,790	
Undergraduate	26,230	
Postgraduate	6,292	
Non-award	1,486	
<b>STAFF</b>		
Academic	1,090	
Professional	1,187	
<b>RESEARCH (\$'000)**</b>		
ARC funding	3,275	
NHMRC funding	284	
<b>RESEARCH</b>		
Publication count	n/a <sup>2</sup>	
Research strengths <sup>3</sup>	11	
<b>INCOME (\$'000) (%)</b>		
Government grants	246,371	44.3%
HELP	170,590	30.7%
Fees and charges	95,296	17.1%
Other	43,837	7.9%
Total revenue	556,094	
<b>EXPENDITURE (\$'000) (%)</b>		
Employee benefits	332,205	65.0%
Depreciation and amortisation	42,395	8.3%
Repairs and maintenance	11,443	2.2%
Other	125,017	24.5%
Total expenditure	511,060	
<b>ASSETS</b>		
Total assets	1,122,233	

<sup>\*</sup>Audited figures not available until mid-2020

<sup>1</sup>These are unaudited (audited figures won't be available until mid-2019)

<sup>2</sup>2018 publications count will be reported in mid-2019.

<sup>3</sup>ACU's research strengths are defined as the number of four-digit Field of Research codes in which the University scored 4 or 5 in the previous ERA round.

\*Times Higher Education World University Rankings 2020. Percentage calculated as ACU's world rank as a proportion of the total number of universities in the world: International Handbook of Universities 2019, Palgrave MacMillan.

\*\*Times Higher Education World University Rankings 2020, ranked IFCU members

# Governance and management

## GOVERNANCE

The university is incorporated in Victoria as Australian Catholic University Limited, a public company limited by guarantee.

The current President of the Corporation is the Most Rev Mark Coleridge DSS who was elected by the Members on 12 November 2018. The Corporation's members are the Catholic Archbishops of the Archdioceses of Sydney, Melbourne, Brisbane, and Canberra-Goulburn, the Bishops of the Dioceses of Ballarat and Parramatta, congregational leaders of founding religious institutions, and nominees of the Archbishops and the Bishop of Ballarat. ACU's Constitution may be viewed on the university's website at [acu.edu.au/constitution](http://acu.edu.au/constitution). The University Senate is the governing authority of the Corporation. Members of Senate are the Board of Directors. Senate has five sub-committees, each one enshrined in the University's Statutes.

These are:

- Senate Standing Committee
- Finance and Resources Committee
- Audit and Risk Committee
- Honorary Awards Committee
- Academic Board

Four state chapters, based in the Australian Capital Territory, New South Wales, Queensland, and Victoria, provide an interface between the university and the local Archbishop or Bishop located in the archdiocese or diocese in which the university operates. With the exception of the Vice-Chancellor and President, the local Archbishop appoints the members of each chapter. Each chapter reports to Senate and the Annual General Meeting of the Corporation.

## ACU SENATE

The 18 members of Senate – the Board of Directors – are appointed in different ways:

- The Chancellor, Pro-Chancellor, Vice-Chancellor and President, Chair of Academic Board, and one Cleric nominated by the Australian Catholic Bishops Conference are ex-officio members. Members of the Corporation appoint the Chancellor and Pro-Chancellor. The Senate appoints the Vice-Chancellor and President subject to the approval of the Members.
- Members of the Corporation elect four senators, one from each state and territory, nominated by the relevant State Chapter and approved by the local Archbishop.
- Members of the Corporation elect four senators from nominations provided by members of the Corporation and the Senate.
- Academic staff elect three senators.
- Professional staff elect one senator.
- Students elect one senator.

## ACADEMIC BOARD

The Academic Board is established by Senate and has responsibility for academic governance, including administering and implementing the academic policies and programs of the university and advising Senate on quality assurance matters relating to the university's teaching and research activities.

Academic Board has the following standing committees:

- Academic Administrative Committee
- Courses and Academic Quality Committee
- Faculty Boards
- Internationalisation Committee
- Standards and Compliance Committee
- University Learning and Teaching Committee

- University Medals Committee
- University Research Committee

## SENIOR EXECUTIVE GROUP

The Senior Executive Group (SEG) is the peak senior strategic forum of ACU. The SEG meets to discuss university-wide strategic planning. It provides an opportunity for the Vice-Chancellor and President to brief the senior executive staff of the university on current and emerging strategic matters.

In 2018, the Pro Vice-Chancellor Assisting the Vice-Chancellor and the Vice President became members of the SEG. The Pro Vice-Chancellor Assisting the Vice-Chancellor's title was changed to Deputy Vice-Chancellor, Coordination.

SEG members:

- Professor Greg Craven AO, GCSG, Vice-Chancellor and President
- Professor Pauline Nugent AM, Provost and Deputy Vice-Chancellor Academic
- Dr Stephen Weller, Chief Operating Officer, Deputy Vice-Chancellor, Corporation Secretary
- Professor Wayne McKenna, Deputy Vice-Chancellor (Research)
- Father Anthony Casamento csma, Vice President
- Professor Hayden Ramsay, Pro Vice-Chancellor Assisting the Vice-Chancellor and President and Professor of Catholic Philosophy (updated to Deputy Vice-Chancellor Coordination)
- Professor Zlatko Skrbis, Deputy Vice-Chancellor (Education and Innovation)

## IN 2019, SENATE MEMBERSHIP COMPRISED OF:

### Chancellor

The Hon John Fahey AC, GCSG (Chair)

### Pro-Chancellor

Mr Julien O'Connell AM

### Vice-Chancellor and President

Professor Greg Craven AO, GCSG

### Chair of Academic Board

Professor Margot Hillel OAM

### Cleric nominated by the Australian Catholic Bishops' Conference

The Most Reverend Christopher Charles Prowse DD (Jan – May)

The Most Reverend Anthony Fisher OP (May – Dec)

### State Chapter nomination (NSW)

Ms Annette Schmiede

### State Chapter nomination (Vic)

Mr Stephen Elder OAM KSS

### State Chapter nomination (Qld)

Ms Margaret Vider DSG (Jan – Apr)

Mr Karl Morris AO (Nov – Dec)

### State Chapter nomination (ACT)

Ms Moira Najdecki (Jan – Apr)

Mr Ross Fox (May – Dec)

### Senate Panel and ACU Corporation nominated member (NSW)

The Hon Barbara Perry

### Senate Panel and ACU Corporation nominated member (Vic)

Ms Bernadette Steele

### Senate Panel and ACU Corporation nominated member (Qld)

The Hon Justice James Douglas

### Senate Panel and ACU Corporation nominated member (ACT)

Mr Tim Kirk

### Elected by academic staff of the university

Dr Bill Franzsen (Jan – Apr)

Associate Professor Elspeth Froude (May – Dec)

Dr Judith Norris (May – Dec)

Professor Michael Ondaatje (Jan – Apr)

Dr Josephine Ryan

### Elected by professional staff of the university

Ms Danielle Leahy

### Elected by students of the university

Mr Michael Benson

## IN 2019, ACADEMIC BOARD MEMBERSHIP COMPRISED OF:

### Chair of Academic Board

Professor Margot Hillel OAM (Chair)

### Vice-Chancellor and President

Professor Greg Craven AO, GCSG

### Provost

Professor Pauline Nugent AM

### Chief Operating Officer

Dr Stephen Weller

### Deputy Vice-Chancellors

Professor Zlatko Skrbis

Professor Wayne McKenna

Professor Hayden Ramsay

### Vice President

Fr Anthony Casamento csma

### Pro Vice-Chancellor, International

Mr Chris Riley

### Pro Vice-Chancellor, Research

Professor James McLaren

### Pro-Vice Chancellor (Arts and Academic Culture)

Professor Michael Ondaatje (from June)

### Executive Deans of faculties

Professor Elizabeth Labone

Professor Michelle Campbell

Professor Dermot Nestor

Professor Terri Joiner

### Two professorial academic staff members elected by each faculty

Professor Susan Dann

Professor Jan Seruga

Professor Suzanne Kuys

Professor Tim McKenry

Professor David Sim

Professor Meg Stuart

Professor Spencer Zifcak

Faculty of Theology and Philosophy (vacant)

### Two non-professorial academic staff members elected by each faculty

Dr Melissa Bellanta

Dr May Cheong

Dr Georgia Clarkson (from Jan – Sep)

Dr Richard Colledge

Associate Professor Christian Lorenzen

Dr Sugumar Mariappanadar

Dr Adam Staples

Dr Michael Theophilos

### Academic Registrar

Ms Kathryn Blyth

### Director, Libraries

Ms Fides Datu Lawton

### An external professor

Associate Professor Paul Wormell, Western Sydney University

### First Peoples and Equity Pathways representative

Ms Jane Ceolin

### Student member of Senate

Mr Michael Benson



# ACU Strategic Plan 2020 – 2023: Impact through empathy

Our new Strategic Plan introduces a renewed set of strategic priorities which offer an attuned reflection of our mission and direction. The Strategic Plan is our highest-level plan for ACU and details our ambitions for excellence in research, service, learning and teaching.

In 2019, more than 700 students, staff, alumni and partners participated in a deep reflective exercise to better understand our strengths, challenges and aspirations. This reflection led us in developing the new ACU Strategic Plan for the period 2020 to 2023, the essence of which is captured in the phrase 'Impact through empathy'.

'Impact' signifies we are a community of people dedicated to making a positive difference in society and to the lives of individuals with whom we interact. 'Empathy' reflects our genuine desire to improve society which stems from a fundamental conviction of every human being's value. Inherent to this expression is a profound reference to our Catholic traditions and beliefs.

## OUR VISION

Hope, faith and reason through opportunity, innovation and ethics.

All our endeavours are grounded in mission. ACU will create future opportunity, foster innovation and embrace ethics with hope, faith and reason. The dignity of the human person and flourishing of society will engender every facet of our impact on learning, research and operations.

## OUR FOCUS

Our focus is to enrich lives through learning and knowledge. We create opportunity and stand for those in need. We believe society is enriched through education, and that everyone should be treated with dignity. We aim to inspire and connect people, and act with empathy and courage. We foster a vibrant intellectual life for students and staff, and seek knowledge which has a tangible impact on real world challenges.

## INNOVATION

Our focus is to cultivate the imagination and defy expectations.

We animate hope, on the pillars of faith and reason. We are enterprising and bold, we are unique and agile. We stand for reason and for the betterment of society. We invite, explore and embrace new and creative ways to make a difference.

## ETHICS

Our focus is to strive toward a better future for humanity. Our ethical focus gives us a wide and generous view of the common good. We celebrate diversity and welcome different ideas. Our mission, founded in Catholic faith and tradition, makes a rich contribution to ethics and our ethical approach.

## OUR STRATEGIC PRIORITIES

Our mission is at the heart of everything we do. It guides our approach to education, research, academic excellence and service. We strive toward building a better world through each of our strategic priorities, which are captured in the following six key areas:

1. All our endeavours, grounded in mission.
2. Distinctive, inclusive, dynamic and student-centred education.
3. World-leading research, with impact.
4. Vibrant academic culture, enriched by innovation and discovery.
5. Deeply engaged, globally renowned.
6. Service, stewardship and sustainability.

Our new plan more deeply embeds our authentic and longstanding commitment to Aboriginal and Torres Strait Islander reconciliation, breaks new ground in our commitment to social justice and equity, and sharpens our action in sustainability.

Read the full ACU Strategic Plan 2020 – 2023  
[acu.edu.au/about-acu/acu-2023](https://acu.edu.au/about-acu/acu-2023)

# Rankings and reputation

## EXCELLENCE IN RESEARCH FOR AUSTRALIA (ERA) 2018

In the most recent ERA rankings, we achieved above and well above world standard for our research in:

- cardiorespiratory medicine and haematology
- clinical sciences
- cognitive sciences
- curriculum and pedagogy
- human movement and sports science
- nursing
- nutrition and dietetics
- philosophy
- psychology
- public health and health services
- religion and religious studies
- specialist studies in education

Four-digit FoRs, Excellence in Research for Australia (ERA) 2018

## TIMES HIGHER EDUCATION RANKINGS

We are ranked:

351 – 400 universities in the world

176 – 200 in education and psychology

201 – 250 in arts and humanities

251 – 300 in life sciences

301 – 400 in clinical, pre-clinical and health

*Times Higher Education World University Rankings 2020;*  
*Times Higher Education World University Rankings 2020 by Subject*

## ACADEMIC RANKING OF WORLD UNIVERSITIES BY SUBJECT

We are ranked:

26 in sport science

32 in nursing

51 – 75 education

201 – 300 in psychology

401 – 500 in public health and clinical medicine

*Academic Ranking of World Universities, Subject Rankings 2019; Academic Ranking of World Universities, Special Focus Institution Ranking of Sport Science Schools and Departments 2018*





# Executive appointments

## SENIOR EXECUTIVE LEADER APPOINTMENTS

- Professor Hayden Ramsay: Deputy Vice-Chancellor, Coordination

## EXECUTIVE LEADER APPOINTMENTS

- Professor Peter Howard: Director, Institute for Religion and Critical Inquiry
- Professor Meg Stuart: Director, Learning and Teaching Centre
- Professor Stephen Finlay: Director, Dianoa Institute of Philosophy
- Professor Michael Ondaatje: Pro Vice-Chancellor, Arts and Academic Culture
- Associate Professor Michael Baker: Director, Research Services



# Sustainability bond commitments

The university has embarked on an investment strategy to allocate funds raised through the issue of sustainability bonds, in line with our commitment to securing a sustainable future.

In 2017, ACU secured \$200 million through the sale of sustainability bonds to some of Australasia's biggest institutional investors. It was the first organisation in Australia and first university globally to issue a sustainability bond under the new sustainability guidelines issued that year.

The university adopted this innovative approach to combine green and social bond principles. The funds are being used for projects that reflect our mission in delivering positive social and environmental outcomes. This includes contributions to our research institutes to finance health and education research programs that aim to benefit vulnerable people.

Total use of funds as at 31 December 2019 is \$121.9 million as detailed below.

Funds used in 2017:

- Mercy Building, Brisbane, \$31.2 million
- Library and learning commons, Canberra, \$17.9 million
- Physiotherapy building, Ballarat, \$13 million
- The Institute for Positive Psychology and Education (IPPE), \$5.4 million
- The Mary MacKillop Institute for Health Research, \$9.7 million

Funds used in 2018:

- Construction began on the Saint Teresa of Kolkata Building, Melbourne, \$9.4 million
- IPPE, \$4.4 million

Funds used in 2019:

- Construction continues for the Saint Teresa of Kolkata Building, \$24 million
- IPPE, \$4.8 million
- The Mary MacKillop Institute for Health Research, \$2.1 million

The remaining funds are to be used for the completion of the Saint Teresa of Kolkata Building. The total project is projected to cost \$250 million.

Funds remaining total: \$78.1 million



# University highlights

## ARTS AND CULTURE

ACU continues to strengthen its commitment to the arts and cultural engagement, as demonstrated by our invitation to join the widely respected Council of Australian University Museums and Collections (CAUMAC); the inclusion of ACU's digitised art records in the National Library of Australia's search engine, TROVE; the annual ACU Prize for Poetry; and the launch of ACU's inaugural Book of the Year prize.

ACU commissioned a triptych, *Holy Virgin Mary of Wisdom and Christ with Saints Joseph and Mary MacKillop*, by Sieneese artist Chiara Perinetti Casoni, which is permanently displayed behind the altar in the Our Lady Seat of Wisdom Chapel at ACU's North Sydney Campus.

ACU's Brisbane Campus saw the completion of the *Venerable Catherine McAuley* sculpture by the distinguished Australian artist Peter Wegner.

Now in its sixth year, the 2019 ACU Prize for Poetry, which is one of Australia's most generous poetry prizes, was won by Canberra-based poet John Foulcher for *Revising Casuarinas*.

The university also saw the launch of its inaugural Book of the Year program, recognising the power of fiction to build empathy. Author Richard Yaxley won the prize for his book *This Is My Song*. Each year, first year students across the university will receive a copy of the winning novel as a way of broadening perspectives and a desire to see the liberal arts at the heart of the university's identity.

In 2019, the university published *ACU Art Collection: A New Perspective* compiled by the ACU art curator. It is a high-quality publication that showcases highlights from the ACU art collection with commentaries by selected artists, scholars and critics.



## RECONCILIATION ACTION PLAN

In March 2019, Vice-Chancellor and President Professor Greg Craven launched ACU's Reconciliation Action Plan 2019 – 2021 (RAP) aimed at driving the university's contribution to reconciliation within ACU and together with the wider community. ACU was one of the first Australian universities to formally support the reconciliation movement with a Statement of Commitment to Reconciliation launched in 1998. The current plan is a strategic document that provides the university with practical actions to further its role in reconciliation.

In response to the RAP, ACU launched six unique Welcome to Country videos during Reconciliation Week. With funding from the Indigenous Student Support Program (ISSP), the

First Peoples and Equity Pathways Directorate worked with Carbon Creative, an Indigenous-owned creative agency, to make the videos. Carbon Creative worked closely with the Traditional Owner groups where each ACU campus is located to create a video that reflects the character of that campus. Accompanying the footage is an original music composition, written and produced exclusively for each video.

The intent of each video is to enhance cultural understanding, cultural sensitivity and to create an environment that is respectful and inclusive of Aboriginal and Torres Strait Islander peoples and their cultures.



## THE ACU INNOVATION AGENDA

The ACU Innovation Agenda was launched in 2019 to reimagine our approach to education by examining the intersection between pedagogy, teaching spaces and technology. Three innovation working parties were formed to drive this agenda.

The Course and Academic Innovation Working Party is responsible for innovating ACU's course offerings and elevating the university's competitive advantage by strengthening its responsiveness to an increasingly competitive higher education market.

The Innovation in Academic Culture Working Party began identifying interventions to encourage a productive, collegial and collaborative academic culture and promoting the intellectual engagement of all ACU staff.

One of the key projects under the oversight of the Innovation in Student Lifecycle Working Party is the UX (user experience) Project. It aims to understand the ACU student experience based on an end-to-end view of the entire student lifecycle and uncover actionable insights that will enable ACU to make tangible improvements to the student experience.

These and other initiatives will continue throughout 2020, including the development of the overarching ACU Innovation Strategy to bring consistency, shared understanding and innovation capability. This will have a positive impact on our staff, students, stakeholders, and communities and is in line with our Catholic mission.



### STUDENT VETERANS SUPPORT PROGRAM

Early in 2019, ACU, in partnership with the Australian Student Veterans Association (ASVA), La Trobe University, Charles Darwin University and Western Sydney University, was awarded a Department of Veterans' Affairs (DVA) grant to fund a national project, *From the Military to the Academy*. With this grant, ACU Engagement developed a framework to increase access and support for student veterans in higher education.

This project brought together the many units across ACU who were already working to support our student veterans, resulting in the development of a comprehensive and collaborative program to support student veterans from first enquiry through to graduation and beyond.

ACU's Student Veterans Support Program (SVSP) was officially launched on 26 August 2019. The program provides ACU student veterans with access to a range of support services and academic resources to support positive transitions into university life, including access to early timetabling; academic and career support; ability to negotiate study around external or service commitments; and discounted physiotherapy treatments at ACU's Health Clinics.

Established by ACU Direct Admissions Services, the Veterans' Entry Program (VEP) provides an Australian-first national direct entry pathway for student veterans.

Dedicated web content connects students to support initiatives on and off campus, including the VEP, SVSP and Student Veterans Association (SVA).

Within months of the launch, 45 students had joined the SVSP and 20 students had applied for entry to ACU via the VEP. ACU's commitment to student veterans extends across all portfolios, and we aspire to be the university of choice for student veterans and their families.



### RESEARCH EXCELLENCE AND EXPANSION

ACU's research excellence in our core areas of education, health, and theology and philosophy was endorsed in the 2018 Excellence in Research for Australia (ERA) outcomes, in which we doubled our total number of top scores from the previous 2015 ERA round.

ACU achieved 10 top scores in medical and health sciences, psychology and cognitive sciences, and was one of only four universities to achieve a top score in the field of education. In religion and religious studies, ACU achieved the highest result of any Australian university.

In philosophy, ACU has ranked above world standard for two consecutive ERA rounds. The creation of the new Dianioia Institute of Philosophy in 2019 will further strengthen the university's profile in this priority area. The appointment of Professor Stephen Finlay as director, along with several other major international appointments, positions ACU as a world-leading university for philosophical research in the analytic tradition.

The appointment of Professor Joy Damousi FASSA FAHA as director of ACU's new Institute for Humanities and Social Sciences also marks a new stage of expansion in ACU's research excellence and strategic development in the liberal arts.



### CATHOLIC TEACHING AND LEARNING

Two significant initiatives herald advancement in ACU's commitment to Catholic teaching and learning.

The Thomas More Law School's new **Canon Law Centre** was launched in September. Australia has not previously had the benefit of a dedicated institute or centre for canon law (the legislation which governs the global Catholic Church) to provide ongoing expert advice, research, professional training, development programs and qualifications in canon law. The inaugural Director of the Centre, Professor Michele Riordino, will work closely with a board of advisors and will collaborate with scholars from across the globe to carry out world-class research, provide canonical advice, and invest in producing law graduates who are principled, ethical and equipped to succeed in an increasingly globalised profession, while advancing the Catholic values of ACU.

Our second initiative was the **ACU and Maitland Newcastle Diocese Ground-Breaking Faith Formation Agreement: The Faculty of Theology and Philosophy and the Diocese of Maitland-Newcastle**. The agreement forged a new innovative partnership to spearhead a long-term, unified formation program for pastoral ministers across the diocese.

Emerging out of the Xavier Centre for Theological Formation and anchored in ACU's Graduate Certificate in Mission and Culture, the program is designed specifically to provide participants with the capabilities required to think critically, creatively, and theologically around their participation in the Catholic character and ethos of their diocese. This model is an Australian first, designed to respond to the multiple challenges that confront faith-based organisations.



### SAINT TERESA OF KOLKATA BUILDING, MELBOURNE

A significant development for the Melbourne Campus is the construction of the Saint Teresa of Kolkata Building that began on-site construction in January 2019, following Senate approval in October 2018. This building will dramatically improve the quantity, quality and access to teaching, break-out and social spaces. Comprising 12 floors and seven levels of underground car parking, this building will contain five floors of teaching spaces, student services and social spaces, and four levels of academic office space. The development sits alongside and is integrated with the Mary Glowrey Building, and features technologically advanced collaborative classrooms, a range of settings for informal learning and a sports court. Students will enjoy a communal hub on the sixth floor with an external garden and views towards the Dandenong Ranges, while on the seventh level a conference centre, with a similar configuration to The Peter Cosgrove Centre at the North Sydney Campus, will face north.

The preliminary structural work to enclose the car park and support the building was the primary focus of activity in 2019. Careful attention has been paid to mitigate impacts of construction on the occupation and use of the Mary Glowrey Building, and regular meetings are held to ensure that potential disruptions are kept to a minimum.

The total project value is \$250 million it is scheduled to be completed by mid-2022.



### OUR PEOPLE

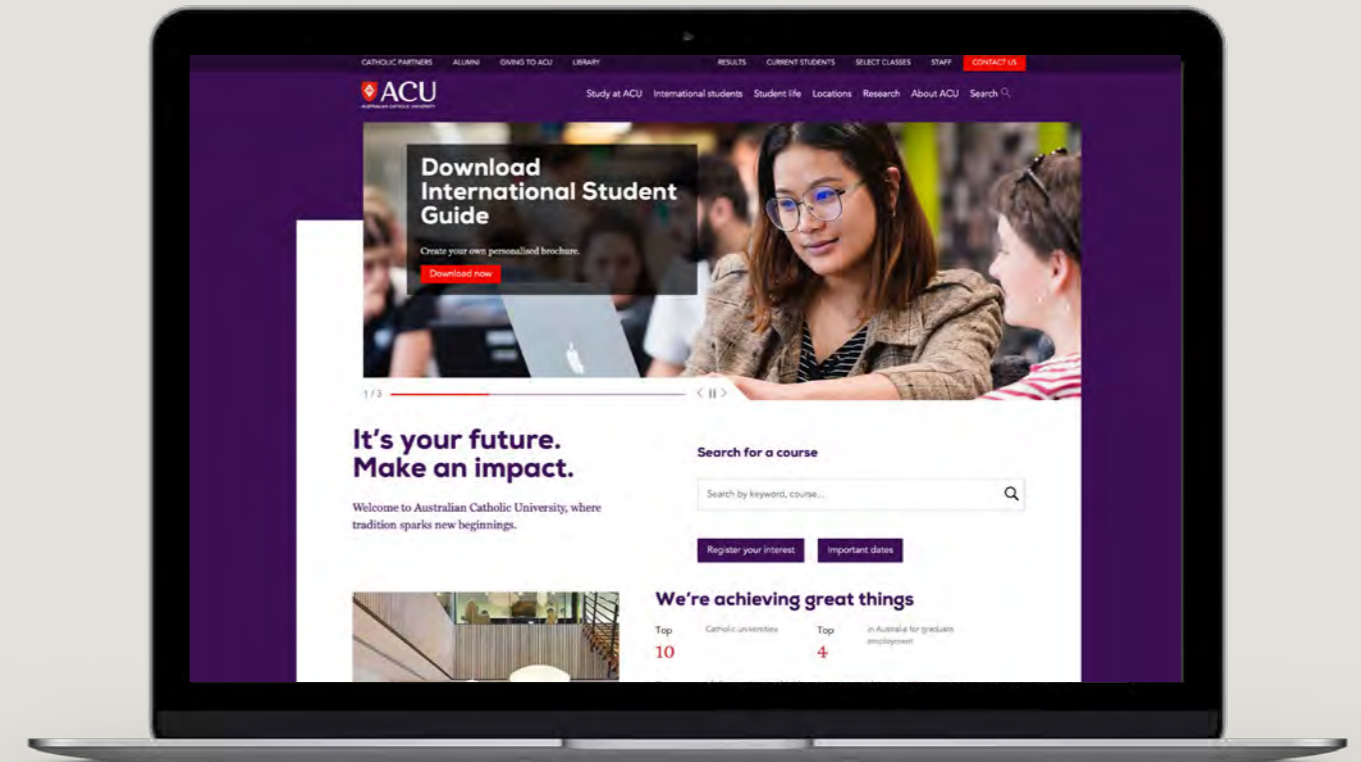
ACU continues to support, develop and empower university staff by building their capability, strengthening our service culture and listening to the voices of employees.

As part of ACU's endeavour towards service excellence and operational efficiencies, a new service delivery model was introduced in 2019 to transform the service experience of staff and create greater service delivery efficiencies.

Service Central is a new tiered enterprise service management model, providing one unified service desk and portal for staff to access information and services delivered by nine business units, including human resources, information technology, facilities, marketing, finance, student administration, strategy and planning, governance, and legal services. Staff can access services via an online portal, phone and chat. The rich data generated through this model informs continuous service improvements.

In September 2019, 1,399 continuing and fixed-term staff and 480 casual and sessional staff responded to the fifth myVoice staff engagement survey, which provides valuable insights into the employment experience at ACU and has informed strategies to improve the employee experience. Overall ACU's results were in the top third of universities who participate in the survey. Areas of improvement included cross-unit cooperation, community engagement support, and access to the right equipment for staff to do their jobs well. Areas staff identified for improvement included career planning, recruitment and selection, innovation, and processes.

Three online Compliance Awareness Training modules were introduced in late 2019, designed to ensure that ACU staff have the knowledge to perform their roles, informed by the legislative and regulatory environment, and to support an ethical culture. The training modules were: Dealing with Discrimination, Harassment and Bullying; Privacy Awareness and Critical Incident Management Awareness. Staff completion rates were high at 94 – 96 per cent.



### PUBLIC WEBSITE RENEWAL

Our website is often our first – and only – chance to make an impression. And when it comes to choosing a university, first impressions count.

ACU's recent rebrand and strengthened value proposition meant we had a lot to offer – but our web presence wasn't representing who we are. It was vital that we redeveloped our website to show true empathy for the user by delivering a satisfying experience. And to produce new content in a unified voice that would convey the depth of our brand.

Extensive research and clear objectives drove design and development. The renewed website was launched November 2018, but it was in 2019 the real benefits of our new site started to be realised.

The website was implemented on Sitecore – an advanced digital engagement platform. Our outcomes were clear: a seamless and intuitive experience for our stakeholders. And a web presence that was unified and true to our character and mission.

The results of the new site have been impressive. By mid-2019, the site delivered a 99 per cent increase in prospective student leads. Website-generated 'Apply for this course' conversions were up 14.3 per cent. And we had a 198 per cent increase in visits to 'Study at ACU' pages.

We've come a long way, but we aren't finished yet. With the understanding that every individual is different, our next focus is to enhance the website's personalisation capabilities to ensure we meet the unique needs of all our stakeholders.

Our website is often our first – and only – chance to make an impression. And when it comes to choosing a university, first impressions count.



# ACU Blacktown

“My greatest hope is that the inclusion of ACU into the Blacktown community will be an inspiration to the young people who study here. Guided by our mission, ACU students at Blacktown will learn to look at the possibilities for furthering their own knowledge, respecting all, and giving back to their families and the community.”

**Professor Greg Craven**  
ACU Vice-Chancellor and President

The ACU Senate formally approved the establishment of ACU’s ninth campus in Blacktown, located within the Diocese of Parramatta in Western Sydney. It is the second largest local government area in NSW and home to 32 per cent of greater Sydney’s student population.

Around 18,000 local students currently travel over an hour every day to attend university outside the Blacktown central business district.

Blacktown City Council’s transformational vision to change this aligns perfectly with ACU’s mission and strategic goals.

Our Blacktown Campus will stand at the cultural and geographical heart of the community and serve the diverse local student body by providing innovative, quality higher education courses as well as state-of-the-art physical spaces for study, recreation and reflection.

A Student Information Centre will open at 22 Main Street in 2020 and courses will start in February 2021.



# Voluntary Code of Best Practice for Governance of Australian Universities

We acknowledge the requirement under clause 14 of the Voluntary Code of Best Practice for the Governance of Australian Public Universities (Code) to disclose in our *Annual Report* alignment with the Code and provide reasons for any areas of non-compliance. ACU is compliant with the Code to the extent permitted by its governing documents (the Constitution, Statutes, Regulations, Policies, Procedures and Guidelines), the Australian Catholic University Acts in New South Wales, Victoria and Queensland and relevant Commonwealth legislation including the *Corporations Act 2001* and the *Australian Charities and Not-for-profit Commission Act 2012*.

# Review of results and audited financial statements

Financial statements for the year ended  
31 December 2019

## Protected disclosures

ACU is committed to a culture of corporate compliance and the promotion of lawful and ethical behaviour and transparency in commercial, legal and other stakeholder dealings. ACU expects its officers, staff, members and affiliates to act in accordance with the law at all times, to behave professionally and to uphold ACU's mission, values and *Code of Conduct for All Staff* in undertaking their duties and activities on behalf of, or in association with, ACU.

In 2016, the University Senate approved the *Protected Disclosures Policy and Protected Disclosures Procedure* (Policy Framework). The Policy Framework is an important tool for detecting undesirable, unethical, fraudulent or illegal conduct or misconduct that might represent an improper state of affairs ('reportable conduct'). It is essential to achieving good corporate governance.

As part of the implementation of the Policy Framework, the university engaged a third-party service provider, FairCall (a business arm of KPMG) through a competitive tender process to provide a whistleblower hotline and reporting service for reportable conduct.

In December 2019, the University Senate approved significant amendments to the Policy Framework consistent with mandatory provisions introduced into Part 9.4AAA of the Corporations Act 2001 (Cth) and the *Taxation Administration Act 1953* (Cth) by the *Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019* (Cth).

ACU's updated Policy Framework reflects ACU's commitment to identifying and investigating reportable conduct and to supporting and protecting eligible whistleblowers.

# Directors' report

For the year ended 31 December 2019

The directors present their report together with the financial statements of Australian Catholic University Limited (the university) for the year ended 31 December 2019 and the auditors' report thereon.

## DIRECTORS

The directors of the university in office at any time during or since the end of the financial year are:

### Mr Michael Benson

Student  
1 January 2019 (31 December 2019)

### Professor Gregory Joseph Craven AO GCSG

BA LLB(Hons) LLM (Melb)  
Vice-Chancellor and President  
1 February 2008

### The Hon. Justice James Douglas

BA LLB (UQ), LLB (Cambridge)  
Supreme Court Judge  
11 June 2013

### Mr Stephen Noel Elder OAM

BEd (VU), DipEd (La Trobe), FAIM  
Educational administrator  
23 May 2008

### The Hon. John Fahey AC, GCSG

Solicitor (LPAB), DipLaw (USyd)  
Chancellor and former premier of NSW  
4 September 2014

### Most Reverend Anthony Fisher OP

BA/LLB (USyd)  
Archbishop of Sydney  
23 May 2019

### Mr Ross Fox

BE (Mining) Hons (UNSW), BA (PPE)  
Hons (Oxon)  
Educational administrator  
1 May 2019

### Dr Bill Franzsen

BSc(Hons) (UWA), GradCertHEd  
(ACU), PhD (USyd)  
University academic  
4 May 2016

### Associate Professor Elspeth Froude

PhD (La Trobe), Graduate Diploma  
(Neuroscience) (La Trobe), Bachelor  
of Applied Science (Occupational  
Therapy) (USyd)  
University academic  
1 May 2019

### Professor Margot Hillel OAM

BA (La Trobe), MA (Melb), PhD (Monash)  
University academic and Chair of  
Academic Board  
16 June 2010

### Mr Tim Kirk

B. Theol (Aust College Theology),  
Dip Ed (ACU)  
Winemaker and business executive  
3 May 2017

### Ms Danielle Leahy

BA (SportExM) (Hons.) (UTS)  
University administrator  
4 May 2017

### Mr Karl Morris AO

BCom (Griffith), DipAppFinInv  
(FINSIA), Dip (AICD), Professional  
Diploma in Stockbroking (SFAA),  
Governance in Sport (GIA)  
Business executive  
4 November 2019

### Ms Moira Therese Najdecki

BA (ANU), DipEd (CCAIE), MA  
(UNSW), GradDipRelEd MEdLead  
(ACU)  
Educational administrator  
19 May 2006 (30 April 2019)

### Dr Judith Norris

MEdAdmin (UNSW); Edd (ACU)  
University academic  
1 May 2019

### Mr Julien O'Connell AM

DipAcct (BTS), FAICD  
Pro-Chancellor and business executive  
1 January 2016

### Professor Michael Ondaatje

BA(Hons) PhD (UWA)  
University academic  
4 May 2016 (3 May 2019)

### The Hon. Barbara Perry

BA LLB (USyd)  
Retired politician; community services  
administrator  
4 May 2016

### The Most Reverend Christopher Prowse DD

BA (Monash), BTheol (MCD),  
LicMoralTheol (PUG), DMoralTheol  
(PUL)  
Archbishop of Canberra and Goulburn  
23 May 2014 (22 May 2019)

### Dr Josephine Ryan

BA(Hons), DipEd, Med, Edd  
University academic  
2 May 2018

### Ms Annette Schmiede

BEc (USyd)  
Health administrator  
1 January 2016

### Ms Bernadette Marie Therese Steele

BA(Hons) LLB (Melb)  
Lawyer  
11 August 2009

### Ms Margaret Mary Vider DSG

BAppSciNurs (QIT),  
GradDipA(LeadSt) (ACU)  
Retired health professional  
21 May 2010 (30 April 2019)

The senior executive of Australian  
Catholic University Limited at the  
date of this report are:

## VICE-CHANCELLOR AND PRESIDENT

### Professor Gregory Joseph Craven AO GCSG

BA LLB(Hons) LLM (Melb)  
1 February 2008

## PROVOST AND DEPUTY VICE-CHANCELLOR (ACADEMIC)

### Professor Pauline Nugent AM

BAppSc (LincolnInstHlthSc) MEd  
(Monash) RN  
14 February 2011

## CHIEF OPERATING OFFICER AND DEPUTY VICE-CHANCELLOR

### Dr Stephen Weller

BA (USyd), MCom (UWS), MBA  
(UTS), PhD (VU)  
1 April 2013

## DEPUTY VICE-CHANCELLOR (EDUCATION)

### Professor Zlatko Skrbis

BPhil (Hons) (Ljubljana), BSocCult  
(Hons) (Ljubljana), PhD(Flinders)  
12 November 2018

## DEPUTY VICE-CHANCELLOR (RESEARCH)

### Professor Wayne McKenna

BA(Hons) PhD (Leeds)  
4 February 2013

## VICE PRESIDENT AND DIRECTOR, IDENTITY AND MISSION

### Father Anthony Casamento

BTheo (CIS), BSc (Psych) (UNSW),  
BA (UNSW), MA (UNSW)  
16 August 2010

## PRO VICE-CHANCELLOR ASSISTING THE VICE-CHANCELLOR AND PRESIDENT

### Professor Hayden Ramsay

M.Mental Phil (First Class)  
(Edinburgh), PhD (Edinburgh)  
3 July 2017

## DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the university during the financial year are:

	SENATE MEETINGS		FINANCE & RESOURCES COMMITTEE MEETINGS		HONORARY AWARDS COMMITTEE MEETINGS		AUDIT & RISK COMMITTEE MEETINGS		SENATE STANDING COMMITTEE MEETINGS	
	A	B	A	B	A	B	A	B	A	B
Mr Michael Benson	6	6	-	-	-	-	-	-	-	-
Professor Greg Craven AO GCSG	6	6	4*	4	2	2	-	-	1	1
The Honourable Justice James Douglas	5	6	1	2	2	2	-	1	-	-
Mr Stephen Elder OAM	5	6	2	4	-	-	-	-	-	-
The Honourable John Fahey AC, GCSG	6	6	-	-	2	2	-	-	1	1
Most Reverend Anthony Fisher OP	3	4	-	-	-	-	-	-	-	-
Mr Ross Fox	3	4	-	-	0	1	2	2	-	-
Dr Bill Franzsen	2	2	-	-	-	-	1	1	-	-
Associate Professor Elspeth Froude	4	4	2	2	-	-	-	-	-	-
Professor Margot Hillel OAM	6	6	-	-	2	2	2	3	1	1
Mr Tim Kirk	6	6	3	4	-	-	-	-	-	-
Ms Danielle Leahy	4	6	-	-	-	-	3	3	-	-
Mr Karl Morris AO	1	1	-	-	-	-	-	-	-	-
Ms Moira Najdecki	1	2	-	-	-	-	1	1	-	-
Dr Judith Norris	4	4	-	-	-	-	2	2	-	-
Mr Julien O'Connell AM	6	6	4	4	-	-	-	-	1	1
Professor Michael Ondaatje	2	2	1	1	-	-	-	-	-	-
The Honourable Barbara Perry	4	6	-	-	-	-	3	3	-	-
The Most Reverend Christopher Prowse DD	1	2	-	-	-	-	-	-	-	-
Dr Josephine Ryan	5	6	-	-	2	2	-	-	-	-
Ms Annette Schmiede	6	6	2	4	-	-	-	-	-	-
Ms Bernadette Steele	4	6	-	-	-	-	2	3	-	-
Ms Margaret Vider DSG	2	2	1	1	1	1	-	-	-	-

A - Number of meetings attended

B - Reflects the number of meetings held during the time the director held office throughout the year

\* Professor Pauline Nugent attended Finance & Resources Committee Meeting 3/2019 on Professor Greg Craven's behalf, in her capacity as acting Vice-Chancellor and President.

Note: Mr Robert Baker is Chair of the Audit and Risk Committee and a member of the Nominations & Remuneration and Finance & Resources Committees. However, he is not a Director of ACU Ltd.

## FINANCIAL HIGHLIGHTS

	2019 \$'000	2018 \$'000	CHANGE %
Commonwealth Government grants	416,964	418,784	(0.4)
Other operating revenue	132,741	125,208	6.0
Finance income	6,391	5,032	27
Salary cash expenses	(322,146)	(328,239)	(1.9)
Non-salary cash expenses	(136,462)	(138,363)	(1.4)
Non-cash expenses (depreciation, amortisation and provisions)	(52,454)	(33,907)	54.7
<b>Net result for the period</b>	<b>45,034</b>	<b>48,515</b>	<b>(7.2)</b>
Working capital surplus	33,768	26,886	25.6
Working capital surplus adjusted for employee benefits classified as current but due to be settled in greater than 12 months	59,786	45,404	31.7



### PRINCIPAL ACTIVITIES

The principal activities of Australian Catholic University Ltd during the course of the financial year were those of a university operating at both an undergraduate and postgraduate level and research on seven campuses across the states of Queensland, New South Wales, Victoria, South Australia and Australian Capital Territory. During 2015, the university commenced operations of a study centre in Rome. The centre is a shared facility with the Catholic University of America.

### REVIEW AND RESULT OF OPERATIONS

There is a positive result for the year ended 31 December 2019 of \$45.0 million (m) (2018 \$48.5m), a decrease of \$3.5m (7.2%).

Total revenue increased \$7.1m (1.3%). There has been a small reduction in Commonwealth Government Financial Assistance largely due to the change in funding policy that has capped the grant for Commonwealth supported places. The change in funding policy has resulted in the grant being maintained at 2017 levels for 2019. HECS HELP increased slightly, \$0.6m (0.4%). Fees and charges have increased \$4.7m (5.1%) due largely to an increase in Fee Paying Overseas students \$5.3m (7.5%).

Total expenditure increased \$10.6m (2.1%). Expenditure on cash related

salaries decreased by \$6.1m (1.9%). Non salary cash expenses decreased by \$1.9m (1.4%). Non-cash expenses increased by \$18.6m (54.7%) largely due to a change in accounting standards (AASB16), where leases have a total value of greater than \$10,000 and length of 12 months, they are now required to be recognised as a liability in the balance sheet with a corresponding right of use asset. This has resulted in a significant increase in depreciation.

The Working Capital position has increased to a surplus of \$33.8m (\$26.9m surplus in 2018). The surplus is \$59.8m (\$45.4m surplus in 2018) after adjusting for employee benefits classified as current liabilities but expected to be settled in greater than 12 months.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Implementation of the university's Infrastructure Plan continued in 2019. An underground car park at the Strathfield Campus was completed. The car park was required before further development of the campus could be undertaken. Work continues on the Mother Teresa Building on the Melbourne Campus following the university's appointment of Watpac Constructions during the latter part of 2018. Practical completion is expected June 2022. The project is being partly funded by the \$200m sustainability bond issued in 2017.

In March 2019, ACU was selected by Blacktown City Council to be their preferred university partner. Since March, preliminary work has been underway including establishing governance structures and developing vital plans with Blacktown City Council, the Diocese of Parramatta and community and industry partners. A campus will initially be established at 22 Main Street, Blacktown, with a future student information centre opening in June 2020 and courses offered from February 2021.

Additional ongoing reconfiguration and refurbishment of existing spaces on all campuses continues to meet changing requirements.

### ENVIRONMENTAL REGULATION

The university's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the directors believe that the university has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

#### COVID-19 impact

On 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across

the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the Company's 31 December 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities.

The university recognises that there is uncertainty over the future impact to revenue and expenditure and potential impairment to property and investment values but these cannot be reliably estimated at present and are not currently expected to impact the ability of the university to continue as a going concern.

There are no other items, transactions or events of a material or unusual nature that have arisen in the interval between the end of the financial year and the date of this report which are likely in the opinion of directors to affect significantly the operations of the university, the results of these operations or the state of the university in subsequent financial years.

### DIRECTORS' INTERESTS AND BENEFITS

Directors' interests and benefits are set out in notes 19 and 20.

### INDEMNIFICATION OF DIRECTORS AND OFFICERS

During the year the university renewed an agreement with their insurers to provide indemnification for all the directors and officers of the university (as listed in this report), against all liabilities to another person (other than the university) that may arise from their position as directors and officers.

### DIRECTORS AND OFFICERS LIABILITY COVER

During the year, the university paid insurance premiums of \$79,844 (2018: \$76,650) in respect of Directors and Officers Liability insurance contracts for directors and officers of the university. The insurance provides cover against claims made by reason of any wrongful act committed or alleged to have been committed by a director or officer of the university during the year. The university has not entered into an agreement indemnifying the current auditor, KPMG, against any claims by third parties.

### PROCEEDINGS ON BEHALF OF THE UNIVERSITY

There are no proceedings being pursued on behalf of the university.

### LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 9 and forms part of the director's report for the financial year ended 31 December 2019.

### NON-AUDIT SERVICES

Amounts paid to the university's auditors for non audit services are outlined in note 5.

The directors of the university are satisfied, based on advice from the Audit and Risk Committee, that the non-audit services provided are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for Australian Catholic University, acting as an advocate for Australian Catholic University or jointly sharing risks and rewards.

### ROUNDING OFF

The university is of a kind referred to in ASIC Corporations Instrument 2016/191 and in accordance with that Instrument, amounts in the financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors and in accordance with subsection 60.15(2) of the Australian Charities and Not for Profit Commission Regulation 2013:

**Professor Greg Craven AO GCSG**  
Director  
8 April 2020, Sydney

**Mr Julien O'Connell AM**  
Director  
8 April 2020, Sydney



## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Australian Catholic University Limited  
I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2019 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001* in relation to the audit and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Kevin Leighton  
Partner  
Sydney  
8 April 2020

## Income statement

For the year ended 31 December 2019

	NOTE	2019 \$'000	2018 \$'000
<b>Revenue from continuing operations</b>			
Commonwealth Government financial assistance excluding HECS-HELP	2.1	246,371	246,334
Higher Education Contribution Scheme (HECS-HELP)			
Student contributions	24.2	9,878	10,225
Commonwealth payments	2.1, 24.2	143,795	142,871
FEE-HELP	2.1	9,622	11,320
SA-HELP	2.1	5,642	5,886
VET-HELP	2.1	1,653	2,148
State and local government financial assistance	2.2	2,877	3,429
Fees and charges	2.3	95,296	90,634
Consultancy and contract research	2.5	5,131	6,188
Other revenue	2.6	29,438	24,957
<b>Total revenue from continuing operations</b>		<b>549,703</b>	<b>543,992</b>
<b>Expenses from continuing operations</b>			
Employee benefits	3.1	332,205	332,314
Depreciation and amortisation	3.2	42,395	29,832
Repairs and maintenance	3.3	11,443	8,956
Consultancy		13,821	11,138
Rent		3,672	17,899
Travel		11,419	10,036
Other	3.4	85,966	81,758
<b>Total expenses from continuing operations</b>		<b>500,921</b>	<b>491,933</b>
<b>Net result from continuing operations</b>		<b>48,782</b>	<b>52,059</b>
<b>Finance income and expense</b>			
Finance income	2.4	6,391	5,032
Finance expense	4	(10,139)	(8,576)
Total finance income and expense		(3,748)	(3,544)
Net result before income tax		45,034	48,515
Income tax	1(c)	-	-
<b>Net result for the period</b>	<b>17</b>	<b>45,034</b>	<b>48,515</b>

The university has initially applied AASB 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application.

The income statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 67.



# Statement of comprehensive income

For the year ended 31 December 2019

	NOTE	2019 \$'000	2018 \$'000
<b>Net result for the period</b>		45,034	48,515
Other comprehensive income			
<i>Items that will not be reclassified to profit and loss</i>			
Superannuation – deferred government contributions		1,097	1,025
Deferred superannuation expense		(1,097)	(1,025)
<i>Items that may be reclassified subsequently to profit and loss</i>			
Gain on revaluation of land and buildings	10	13,457	-
Gain on financial assets	16	18,054	14,180
<b>Other comprehensive income for the period</b>		<b>31,511</b>	<b>14,180</b>
<b>Total comprehensive income</b>		<b>76,545</b>	<b>62,695</b>
<b>Attributable to:</b>			
Members		76,545	62,695
<b>Total comprehensive income attributable to members</b>		<b>76,545</b>	<b>62,695</b>

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 67.

# Balance sheet

As at 31 December 2019

	NOTE	2019 \$'000	2018 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6	50,125	66,507
Trade and other receivables	7	5,515	4,129
Other investments	8	77,629	81,412
Other assets	9	19,393	12,877
<b>Total current assets</b>		<b>152,662</b>	<b>164,925</b>
<b>Non-current assets</b>			
Other investments	8	50,550	32,268
Property, plant and equipment	10	854,499	744,261
Intangible assets	11	39,997	40,640
Other assets	9	24,525	26,015
<b>Total non-current assets</b>		<b>969,571</b>	<b>843,184</b>
<b>Total assets</b>		<b>1,122,233</b>	<b>1,008,109</b>
<b>Current liabilities</b>			
Trade and other payables	12	34,782	28,112
Employee benefits	13	45,770	35,230
Borrowings	14	10,084	50,000
Other	15	28,258	24,697
<b>Total current liabilities</b>		<b>118,894</b>	<b>138,039</b>
<b>Non-current liabilities</b>			
Employee benefits	13	27,027	30,182
Borrowings	14	264,575	199,355
Other	15	5,946	15,352
<b>Total non-current liabilities</b>		<b>297,548</b>	<b>244,889</b>
<b>Total liabilities</b>		<b>416,442</b>	<b>382,928</b>
<b>Net assets</b>		<b>705,791</b>	<b>625,181</b>
<b>Equity</b>			
Reserves	16	705,791	625,181
Retained earnings	17	-	-
<b>Total equity</b>		<b>705,791</b>	<b>625,181</b>

The university has initially applied AASB 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application. The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 67.

# Statement of changes in equity

For the year ended 31 December 2019

	NOTE	GENERAL RESERVE \$'000	ASSET REVALUATION RESERVE \$'000	FINANCIAL ASSETS REVALUATION RESERVE \$'000	CONTRIBUTION FROM MEMBERS \$'000	TOTAL EQUITY \$'000
<b>2019</b>						
<b>Balance at 1 January 2019</b>		<b>435,121</b>	<b>102,299</b>	<b>30,803</b>	<b>56,958</b>	<b>625,181</b>
Adj. to opening balance AASB 15 revenue from contracts	1(q)	4,065	-	-	-	4,065
Adjusted opening balance at 1 January 2019		439,186	102,299	30,803	56,958	629,246
<b>Comprehensive income for the period</b>						
Net result for the period	17	45,034	-	-	-	<b>45,034</b>
Total other comprehensive income for the period		-	13,457	18,054	-	<b>31,511</b>
<b>Total comprehensive income for the period</b>		<b>45,034</b>	<b>13,457</b>	<b>18,054</b>	<b>-</b>	<b>76,545</b>
Contribution from members	16	-	-	-	-	-
<b>Balance at 31 December 2019</b>		<b>484,220</b>	<b>115,756</b>	<b>48,857</b>	<b>56,958</b>	<b>705,791</b>
<b>2018</b>						
<b>Balance at 1 January 2018</b>		<b>386,606</b>	<b>102,299</b>	<b>16,623</b>	<b>56,958</b>	<b>562,486</b>
<b>Comprehensive income for the period</b>						
Net result for the period	17	48,515	-	-	-	<b>48,515</b>
Total other comprehensive income for the period		-	-	14,180	-	<b>14,180</b>
<b>Total comprehensive income for the period</b>		<b>48,515</b>	<b>-</b>	<b>14,180</b>	<b>-</b>	<b>62,695</b>
Contribution from members	16	-	-	-	-	-
<b>Balance at 31 December 2018</b>		<b>435,121</b>	<b>102,299</b>	<b>30,803</b>	<b>56,958</b>	<b>625,181</b>

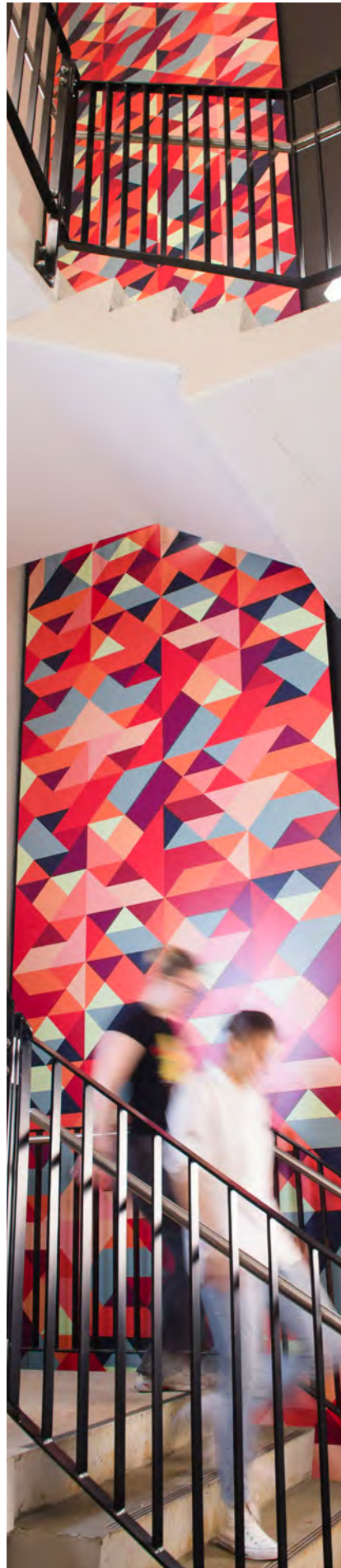
The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 67.

# Statement of cash flows

For the year ended 31 December 2019

	NOTE	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Grant revenue			
Commonwealth Government		277,622	274,793
State Government		2,877	3,428
Higher Education Contribution Scheme			
Student payments		9,878	10,225
Commonwealth payments		129,213	132,488
Other inflows		132,409	96,072
<b>Cash receipts in the course of operations</b>		<b>551,999</b>	<b>517,006</b>
Cash payments in the course of operations		(443,777)	(452,995)
Interest received		6,531	5,522
Interest and other costs of finance		(9,982)	(8,181)
<b>Net cash from operating activities</b>	23(ii)	<b>104,771</b>	<b>61,352</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(63,683)	(81,761)
Proceeds from sale of non-current assets		2	82
Proceeds from /(payments for investments)		3,555	(55,468)
<b>Net cash used in investing activities</b>		<b>(60,126)</b>	<b>(137,147)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		(50,000)	-
Repayment of borrowings		(11,027)	-
<b>Net cash provided by financing activities</b>		<b>(61,027)</b>	<b>-</b>
<b>Net increase in cash held</b>		<b>(16,382)</b>	<b>(75,795)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>66,507</b>	<b>142,302</b>
<b>Cash and cash equivalents at the end of the financial year</b>	23(i)	<b>50,125</b>	<b>66,507</b>

The university has initially applied AASB 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying AASB 16 is recognised in retained earnings at the date of initial application. The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 37 to 67.



# Notes to the financial statements

For the year ended 31 December 2019

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors of the university comprise the Senate of the University and the terms senator and director are interchangeable. Australian Catholic University Ltd (the university) is domiciled in Australia and is not-for-profit. The financial statements were authorised for issue by the directors on 8 April 2020.

The significant policies which have been adopted in the preparation of these financial statements are:

### (A) BASIS OF PREPARATION

#### Statement of Compliance

The financial statements of the university are a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (AASB's) adopted by the Australian Accounting Standards Board, the Corporations Act 2001, subsection 60.15(2) of the Australian Charities and Not for Profit Commission Regulation 2013 and the disclosure requirements within the Guidelines for the Preparation of Annual Financial Statements for the 2019 Reporting Period by Australian Higher Education Institutions issued pursuant to the *Higher Education Support Act 2003*.

The financial statements were authorised for issue by the Senate on 8 April 2020.

#### Use of estimates and judgement

The preparation of the financial statements, in conformity with Australian Accounting Standards, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making

the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant impact on the amount recognised in the financial statements are described in: Note 13 measurement of defined superannuation obligations; Note 1(g) measurement of make good/rectification costs; and Note 10 property, plant and equipment.

#### Functional and presentation currency

The financial statements are prepared in Australian dollars, which is the university's functional currency.

The university is a Company referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, all financial information has been rounded to the nearest thousand unless otherwise stated.

#### Historical cost convention

The financial statements have been prepared on the basis of historical costs except for freehold land and buildings, financial instruments classified as available for sale and defined benefit superannuation liabilities. These have been stated at fair value.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

The accounting policies below have been applied consistently to all periods presented in these financial statements except where stated.

### (B) REVENUE RECOGNITION

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The university has adopted the standard using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2019). Accordingly, the information presented for 2018 has not been restated, it is presented, as previously reported, under the old standard and related interpretations. Additionally, the disclosure requirements have not generally been applied to comparative information.

Revenue is recognised as follows:

#### Government grants

Commonwealth Grant Scheme and HELP income is recognised when a transfer of service is made to the students whereby it is credited to the university's income statement in the financial year in which the goods and services are provided in exchange for the grant received.

#### Other tuition fee income

Other tuition fee income is generated from fee-paying courses for local and overseas students. Revenue is recognised in the same period as the courses for which the fee income is derived. Prepaid tuition fees for courses being held in the next teaching year are treated as deferred income and recorded as revenue in the following financial year when the course is provided. The introduction of AASB 15 Revenue from contracts in 2019, requires expenses associated with revenue from contracts to be recognised over the period of the contract. The increase in prepaid expenses is largely due to the application of the standard to agents commissions for international students.

#### Donations and bequests

Donations and bequests received, which are not subject to conditions under a specific trust deed, are recognised as revenue when they are received.

### Interest income

Interest income is recognised as it accrues using the effective interest method.

#### Asset sales

The net gain on asset sales is included as other income and the net loss as an expense. The profit or loss on disposal of assets is brought to account at the date the unconditional contract is signed.

#### Emerging cost superannuation supplementation from government

Funding from government for emerging cost superannuation supplementation is reported in the balance sheet, as this is in effect an agency arrangement. In accordance with AASB119, Employee Benefits, this amount is disclosed in the notes to the financial statements (Refer Note 13).

### (C) TAXATION

The Commissioner of Taxation has granted the university an exemption under section 50-5 of the *Income Tax Assessment Act 1997* from the 1st of July 2000.

The university is not subject to income tax or capital gains tax but may be liable for other taxes in accordance with federal and state legislation.

### (D) CASH AND CASH EQUIVALENTS

Cash at bank is carried at face value of the amounts deposited or drawn and net of unrepresented cheques. The carrying amount of cash at bank approximates net fair value.

Short term deposits of less than a remaining term of 90 days are classified as cash.

### (E) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment and expected credit losses (ECLs). Loss allowances for trade and other receivables are always measured as an amount equal to lifetime ECLs.

When determining whether the credit risk of trade and other receivables has increased significantly since initial recognition and when estimating ECLs, the university considers both quantitative and qualitative

information and analysis, based on the university's historical experience and informed credit assessment and including forward-looking information. The university assumes that the credit risk on trade and other receivables has increased significantly if it is more than 90 days past due.

#### Student Assistance Program

Student loans are generally settled within a 12 month period and are carried at amounts due. The collectability of debts is assessed at balance date and bad debts are written off directly to the income statement. Specific provision is made for any doubtful accounts. The carrying amount of student loans approximates net fair value.

#### Sundry receivables

Sundry receivables are recognised when expenditure is incurred by the university and requires reimbursement by a third party. The carrying amount of sundry receivables approximates net fair value.

### (F) FINANCIAL INSTRUMENTS

#### (i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the university becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Classification and subsequent measurement

The university classifies its financial instruments in accordance with AASB 9 in the following measurement categories: at amortised cost, at fair value through profit and loss (FVTPL) and at fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition unless the university changes its

business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on a specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on a specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the university may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the university may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets — subsequent measurement and gains and losses**

*Financial assets at FVTPL* - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

*Financial assets at amortised cost*

- These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Debt investments at FVOCI* - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

*Equity investments at FVOCI* - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

*Financial liabilities – classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effected interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**(iii) Derecognition Financial assets**

The university derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in

which the university neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The university enters into transactions whereby it transfers assets recognised in its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised. Financial assets at fair value through profit and loss.

**Financial liabilities**

The university derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The university also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(iv) Offsetting**

Financial asset and financial liabilities are offset and the net amount presented in the balance sheet when, and only when the university currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(v) Other Companies**

When shares governed by a trust deed are sold, the profit or loss on disposal is recognised against a trust fund liability. All other share profits and losses on disposal are recognised in the income statement.

**(G) PROPERTY, PLANT AND EQUIPMENT**

Acquisition and additions of non-current assets are capitalised if the value is more than \$10,000. These additions are recorded at cost in the year of acquisition.

Freehold land and buildings are treated as one class of asset and shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings are revalued triennially with a valuation undertaken on the 31 December 2019. A desktop valuation is undertaken by management in the other years to determine any material changes. Increases in the carrying amounts arising on revaluation of freehold land and buildings are credited to the Asset Revaluation Reserve in equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset class; all other decreases are charged to the income statement.

All other property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Cost also includes those costs directly attributable to bringing the asset to its working condition and an estimate of the cost of dismantling and removing the asset. The estimate of dismantling costs is based on prior experience in exiting similar sites or locations.

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

**Depreciation**

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. The depreciation rates used for each class of asset in the current and comparative year are as follows:

Freehold buildings	2 – 3%
Improvement to intangible rights to occupy buildings	2 – 3%
Furniture and fittings	20%
Computer equipment	33%
Plant and equipment	20%
Motor vehicles	10%

The assets' residual value and useful life is reviewed and adjusted, if appropriate, at each balance sheet date.

An asset's carrying amount is impaired to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. See note 1(h). Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in the income statement. When revalued assets are sold, it is university policy to transfer the amounts included in the Asset Revaluation Reserve in respect of those assets to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate the cost or revalued amount, net of residual value, over the estimated useful life.

**Works of art**

Acquisitions are carried at cost and no depreciation is charged in respect of these assets.

**Leased property, plant and equipment**

The university has initially adopted AASB 16 Leases from 1 January 2019.

AASB 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the university, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments. Lessor accounting remains similar to previous accounting policies.

The university has adopted AASB16 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. Under the modified approach, the university has chosen, on a lease-by-lease basis where the asset value is material and a lease term greater than 12 months to:

(i) use the remaining lease payments discounted using the incremental borrowing rate as of the date of initial application to determine the lease liability. The right-of-use asset is an amount equal to the carrying amount of the lease liability on the date of initial application (1/1/19) and adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below.

**i) Definition of a lease**

Previously, the university determined at contract inception whether an arrangement was or contained a lease under Interpretation 4 Determining Whether an Arrangement contains a Lease. The university now assesses whether a contract is or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to AASB 16, the university elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed.

At inception or on reassessment of a contract that contains a lease component, the university allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

**ii) As a lessee**

The university leases many assets, including properties and equipment. As a lessee, the university previously classified operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the university recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the university has elected not to recognise right-of-use-assets and lease liabilities for some short term leases and low value assets (e.g. IT equipment). The university recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The carrying amounts of right-of-use assets are disclosed in note 10 (b).

The university presents lease liabilities in the balance sheet.

The university recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the university's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the university's incremental borrowing rate. Generally, the university uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The university has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the university is reasonably certain to exercise such

options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

#### Transition

Previously, the university classified property leases as operating leases under AASB 117. The leases typically run for a period up to five years. Some leases include an option to renew the lease after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under AASB 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the university's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The university used the following exemptions and practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months lease term, or low value.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

#### iii) As a lessor

The accounting policies applicable to the university as a lessor are not different from those under AASB 117. However, when the university is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The university is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor. However, the university has applied AASB 15 Revenue from Contracts with Customers to allocate consideration in the contracts to each lease and non-lease component.

#### iv) Impacts on financial statements

##### Impacts on transition

On transition to AASB 16, the university recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 January 2019 \$000's
Right-of-use assets	68,293
Lease liabilities	73,644
Straight lining of lease liabilities write-back	5,605

When measuring lease liabilities for leases that were classified as operating leases, the university discounted lease payments using its incremental borrowing rate at 1 January 2019 of 3.86%.

##### v) Impacts for the period

In relation to those leases under AASB 16, the university has recognised depreciation and interest costs, instead of an operating lease expense. During the 12 months ended 31 December 2019, the university recognised \$12.975m of depreciation charges and \$3.126m of interest costs from these leases. No depreciation is recognised for right of use assets that meets the definition of lease receivable. Operating lease expenses have decreased by \$14m.

#### (H) IMPAIRMENT OF ASSETS

The impairment of financial assets is based on the expected credit loss (ECL) approach, as introduced by AASB 9. Prior to the introduction of AASB 9, the incurred loss model of AASB 139 required the recognition of an allowance once a loss event occurred. An additional allowance was recorded based on country risk for receivables overdue more than one year. AASB 9 replaces the incurred loss model under AASB 139.

The entity recognises loss allowances for ECLs on:

- Financial assets measured at amortised costs; and
- Debt investments measured at FVOCI.

The university measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the university considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the university's historical experience and informed credit assessment and including forward-looking information.

The university assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The entity considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the university in full, without recourse by the university to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the university is exposed to credit risk.

##### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present values of all cash shortfalls (i.e. the difference between the cash flows due to the university in accordance with the contract and the cash flows that the university expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

#### Credit-impaired financial assets

At each reporting date, the university assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the university on terms that the university would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

##### Presentation of allowance for ECL in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

##### Write-off

The gross carrying amount of a financial asset is written off when the university has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. The university individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The university expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the university's procedures for recovery of amounts due.

#### (I) INTANGIBLE ASSETS

Intangible assets consist of the rights to occupy land and buildings that have been granted at nominal rates for a determined period or in perpetuity. The intangible rights are initially recorded at their fair value. Rights to occupy buildings are amortised at the greater of 3% or the period of the term of the agreement. Where a right of occupancy agreement exists and stipulates the time period, the asset including rights to occupy land is amortised over the period of the right. Indefinite life intangibles are tested annually for impairment.

#### (J) TRADE AND OTHER PAYABLES

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the university. Trade accounts payable are normally settled within 30 days. The carrying amount of accounts payable approximates net fair value.

#### (K) BORROWINGS

Borrowings are carried on the balance sheet at amortised cost. Interest expense is recognised on an effective interest basis.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability and does not expect to settle the liability for at least 12 months after the date of the income statement.

#### (L) EMPLOYEE BENEFITS

##### Wages, salaries, and sick leave

The provisions for employee entitlements to wages and salaries represent the amount which the university has a present obligation to pay resulting from employees' services provided up to the balance date.

The provisions have been calculated based on wage and salary rates at which they are expected to be paid and includes related on-costs. The carrying amount of the provisions approximates net fair value.

##### Annual leave

The liability for employee entitlements to annual leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees services provided up to the balance date. The liability is calculated from a staff member's commencement date

allowing for the probability that the member will take accrued leave. Liabilities are discounted using rates attaching to government bonds at balance date, which most closely match the terms of maturity of the related liabilities. The carrying amount of the provision approximates net fair value.

In determining the liability for employee entitlements, consideration has been given to the university's experience with staff taking annual leave. Related on-costs have also been included in the liability.

**Long service leave**

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date. The liability is calculated from a staff member's commencement date allowing for the probability that the member will complete seven years of service. Staff members with seven years of service or more are included as current liabilities; those with less than seven years of service are included as non-current liabilities.

Liabilities for employee entitlements for members with less than seven years of service are discounted using the rates attaching to government bonds at balance date, which most closely match the terms of maturity of the related liabilities. The carrying amount of the provision approximates net fair value.

In determining the liability for employee entitlements, consideration has been given to the University's experience with staff departures. Related on-costs have also been included in the liability.

An actuarial review was undertaken in 2019 by PriceWaterhouseCoopers to review the assumptions and staff departure experience. The provisions have been calculated based on the revised assumptions and experience identified in the review.

**Superannuation funds**

The university contributes to a range of employee superannuation funds. University contributions are recognised within employee expenses in the income statement. Refer also Note 13.

An arrangement exists between the Australian Government and the State Government to meet the unfunded

liability for the beneficiaries of the Emergency Services and State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the State Grants (General Revenue) Amendment Act 1987, Higher Education Support Act 2003 and subsequent amending legislation. By letter dated 15 December 2005, DEST (now Department of Education and Training) confirmed the Australian Government considers the current arrangements have established a pattern of past practice and future intent that has created a valid expectation on the part of universities that the Department on behalf of the Australian Government will discharge the superannuation liability.

Accordingly, the unfunded liabilities have been recognised in the balance sheet under Provisions with a corresponding asset recognised under Non Current Assets. The recognition of both the asset and the liability consequently does not affect the year end net asset position.

**(M) FUNDS HELD IN TRUST**

Donations and bequests received which are subject to conditions under a specific trust deed, are held in trust on behalf of that specific donor and are not recognised as revenue by the university. Unless specified in the trust deed, any net earnings on these funds are recognised as revenue by the university.

**(N) GOODS AND SERVICES TAX**

Revenues and expenses are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of the GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flow arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as an operating cash flow.

**(O) FAIR VALUE**

Fair value of an asset is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices, adjusted for any movements in price of credit for that instrument, on the balance sheet date (Level 1). The quoted market price used for financial assets held is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, unlisted shares) is determined using valuation techniques with assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments (Level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (Level 3) such as estimated discounted cash flows, are used to determine fair value for the remaining assets and liabilities.

The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The university engages an independent third party to value freehold land and buildings on a periodic basis.

Within the fair value hierarchy, land and buildings and interest rate swap assets/liabilities fall within level two and listed shares within level one. Unlisted shares fall within Level 3, refer to note 21.

**(P) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2019 reporting period. The university has elected not to early adopt any of these standards.

**(Q) CHANGES IN SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the university's financial statements as at the year ended 31 December 2018.

**AASB16 Leases**

The university has initially adopted AASB 16 Leases from 1 January 2019. A number of other standards are effective from 1 January 2019 but they do not have a material effect on the university's financial statements.

AASB 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the university, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments. Lessor accounting remains similar to previous accounting policies.

The university has adopted AASB16 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. Under the modified approach, the university has chosen, on a lease-by-lease basis where the asset value is material and a lease term greater than 12 months to:

use the remaining lease payments discounted using the incremental borrowing rate as of the date of initial application to determine the lease liability. The right-of-use asset is an amount equal to the carrying amount of the lease liability on the date of initial application (1/1/19) and adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below.

**AASB 15 Revenue for Contracts**

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The university has adopted the standard using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2019). Accordingly, the information presented for 2018 has not been restated and is reported under the old standard.

The new standard also requires the incremental costs of obtaining a contract with a customer, to be recognised as an asset and subsequently expensed over the period of the contract. These are presented as prepayments in the balance sheet.

**AASB 1058 Income for Not for Profit Entities**

AASB 1058 Income of Not-for-Profit Entities applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash. This is consistent with current practice under AASB 1004 Contributions and is not expected to materially impact these financial statements. The university has adopted the standard with no material impacts noted.

**(R) MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

**COVID-19 impact**

On 11 March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the Company's 31 December 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities.

The university recognises that there is uncertainty over the future impact to revenue and expenditure and potential impairment to property and investment values but these cannot be reliably estimated at present and are not currently expected to impact the ability of the university to continue as a going concern.

There are no other items, transactions or events of a material or unusual nature that have arisen in the interval between the end of the financial year and the date of this report which are likely in the opinion of directors to affect significantly the operations of the university, the results of these operations or the state of the university in subsequent financial years.

## 2. REVENUE

	NOTE	2019 \$'000	2018 \$'000
<b>2.1 Commonwealth Government financial assistance</b>			
<b>Commonwealth Grants Scheme and other grants</b>			
Commonwealth Grants Scheme	24.1	229,877	229,395
Indigenous Student Success Program	24.1	2,144	2,168
Disability Support Programs	24.1	69	52
Promotion of Excellence in Learning and Teaching	24.1	3,277	-
Access and Participation Funding	24.1	-	3,230
Transparency in Higher Education	24.1	25	25
<b>Total Commonwealth Grants Scheme and other grants</b>		<b>235,367</b>	<b>234,870</b>
<b>DET-Scholarships</b>			
Australian Postgraduate Awards	24.3	-	-
International Postgraduate Research Scholarships	24.3	-	-
Commonwealth Education Costs Scholarships	24.3	-	-
Commonwealth Accommodation Scholarships	24.3	-	-
Indigenous Access Scholarships	24.3	-	-
National Priority Scholarships	24.3	-	-
<b>Total DET-Scholarships</b>		<b>-</b>	<b>-</b>
<b>DET-Research</b>			
Research Support Program	24.4	3,253	3,423
Research Training Program	24.4	3,857	3,772
Joint Research Engagement Program	24.4	-	5
<b>Total DET-Research</b>		<b>7,110</b>	<b>7,200</b>
<b>Total DET Excluding HELP (a)</b>		<b>242,477</b>	<b>242,070</b>
<b>Higher Education Loan Program (HELP)</b>			
HECS-HELP Commonwealth Payments	24.2	143,795	142,871
FEE-HELP	24.2	9,622	11,320
FEE-HELP VET	24.2	1,653	2,148
SA-HELP	24.2	5,642	5,886
<b>Total Higher Education Loan Programs</b>		<b>160,712</b>	<b>162,225</b>
<b>Total DET including HELP</b>		<b>403,190</b>	<b>404,295</b>
<b>Australian Research Council</b>			
Discovery – Projects	24.5	1,534	1,288
Discovery Early Career Research Award	24.5	680	576
Discovery Indigenous	24.5	203	373
Future Fellowships	24.5	245	411
Linkage – Projects	24.5	718	1,003
<b>Total Australian Research Council (b)</b>		<b>3,380</b>	<b>3,651</b>
<b>Other Commonwealth Government financial assistance – non-capital</b>			
<b>DET</b>		<b>514</b>	<b>613</b>
<b>Total other Commonwealth Government financial assistance (c)</b>		<b>514</b>	<b>613</b>
<b>Total Commonwealth Government financial assistance</b>		<b>407,084</b>	<b>408,559</b>
<b>Total Commonwealth Government financial assistance excluding HELP (a + b + c)</b>		<b>246,371</b>	<b>246,334</b>

	NOTE	2019 \$'000	2018 \$'000
<b>Australian Government grants received – cash basis</b>			
OS-HELP (net)	24.6	485	(590)
Superannuation supplementation	24.7	1,419	1,475
<b>Total Australian Government funding received – cash basis</b>		<b>1,904</b>	<b>885</b>
<b>2.2 State and local government financial assistance</b>			
Victorian Government Dept. of Ed RTO Funding		2,796	3,374
Victorian Government Dept. of Ed BETDS/BSTEP Funding		50	-
NSW Dept. of Industry Grant		-	44
Qld Government Dept of Education		31	-
Other		-	11
<b>Total state and local government financial assistance</b>		<b>2,877</b>	<b>3,429</b>
<b>2.3 Fees and charges</b>			
Fee-paying overseas students		75,505	70,221
Fee-paying non-overseas postgraduate students		7,206	8,026
Fee-paying non-overseas undergraduate students		-	27
Other			
Non-overseas students undertaking non-award			
Courses		521	509
Rental charges		3,864	3,779
Charges for student accommodation		3,860	4,152
Registration fees		3,985	3,526
Library fees		23	21
Late fees		332	373
		<b>95,296</b>	<b>90,634</b>
<b>2.4 Finance income</b>			
Interest		6,391	5,032
		<b>6,391</b>	<b>5,032</b>
<b>2.5 Consultancy and contract research</b>			
Consultancy fees		375	302
Industry research grants		4,756	5,886
		<b>5,131</b>	<b>6,188</b>
<b>2.6 Other revenue</b>			
Offshore programs		378	272
Other program income		10,458	9,877
Other grants – other		1,976	2,908
Donations and bequests		1,067	1,210
Profit on disposal of assets		2	2
Other income		15,557	10,688
		<b>29,438</b>	<b>24,957</b>

**3. EXPENSES**

	NOTE	2019 \$'000	2018 \$'000
<b>3.1 Employee benefits</b>			
<b>Academic</b>			
Salaries			
Academic		149,009	148,944
Contributions to superannuation and pension schemes			
Funded		20,226	21,580
Payroll tax		6,914	7,148
Workers compensation		349	206
Long service leave expense		4,085	2,521
Annual leave expense		482	(536)
		<b>181,065</b>	<b>179,863</b>
<b>Professional</b>			
Salaries			
Non academic		120,451	123,617
Contributions to superannuation and pension schemes			
Funded		18,539	19,946
Payroll tax		6,338	6,607
Workers compensation		320	191
Long service leave expense		4,770	2,326
Annual leave expense		722	(236)
<b>Total employee related expenses</b>		<b>151,140</b>	<b>152,451</b>
		332,205	332,314
Deferred employee benefits for super	13	1,097	1,025
Deferred superannuation expense	13	1,419	1,475
<b>Total employee related expenses including deferred employee benefits for superannuation</b>		<b>334,721</b>	<b>334,814</b>

**3.2 Depreciation and amortisation**

Depreciation of buildings – freehold		9,716	10,127
Amortisation of intangible rights to occupy buildings		643	643
Depreciation of improvements to intangible right to occupy buildings		9,596	8,935
Depreciation of leasehold property improvements		4,753	5,606
Depreciation of furniture and fittings		1,281	1,109
Depreciation of plant and equipment		3,400	3,373
Depreciation of motor vehicles		31	39
Right of use assets		12,975	-
		<b>42,395</b>	<b>29,832</b>

**3.3 Repairs and maintenance**

Buildings		6,051	4,544
Computers		297	2,091
Equipment and machinery		2,484	1,423
Furniture and fittings		268	61
Grounds		2,343	837
		<b>11,443</b>	<b>8,956</b>

	NOTE	2019 \$'000	2018 \$'000
<b>3.4 Other expenses</b>			
Advertising, promotions, publicity, printing and stationery		8,785	9,244
Cleaning and waste collection		3,885	3,931
Computer software and services		12,141	10,565
Conference expenses		727	562
Copyright fees		1,035	1,019
Hire of equipment and facilities		1,391	1,513
Insurance		1,560	1,262
Legal fees		371	246
Library acquisitions		7,978	7,611
Loss on disposal of assets		-	10
Minor equipment		3,689	4,849
Meeting expenses		892	946
Offshore administration		6,671	6,965
Operating lease rental expenses		3,602	3,779
Publications, subscriptions and memberships		1,586	1,712
Scholarships and prizes		6,625	5,835
Security services		3,032	2,856
Staff development and appointment costs		2,103	1,538
Student grants		1,700	903
Telecommunications		1,937	2,037
Utilities		5,400	5,506
Other expenses		10,856	8,869
		<b>85,966</b>	<b>81,758</b>

**4. FINANCE EXPENSE**

Make good on leased premises - unwind of discount on provision	15(a)	24	113
Leases		3,126	-
Bank loan interest, bond interest, interest rate swap and fees		6,989	8,463
		<b>10,139</b>	<b>8,576</b>

**5. AUDITORS' REMUNERATION - KPMG**

	NOTE	2019 \$	2018 \$
Audit of the university's financial statements		172,500	173,500
<b>Other audit and related services</b>			
Grant/Research Acquittal (Higher Education Research Data Collection, Indigenous Education Program, AusAid, AITSL Teaching Performance Assessment Grant Program)		24,800	35,900
<b>Other services</b>			
Students Association agreed upon procedures		6,250	-
Faircall Service (whistle blower hotline)		8,000	8,000
Accounting and tax advice		45,300	-
		<b>256,850</b>	<b>217,400</b>



## 6. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$'000	2018 \$'000
Cash at bank		50,125	66,507
		<b>50,125</b>	<b>66,507</b>

## 7. TRADE AND OTHER RECEIVABLES

Current			
Sundry receivables		1,788	2,260
Accrued income		3,727	1,505
Net GST receivable from ATO		-	114
OS-HELP receivable		-	250
		<b>5,515</b>	<b>4,129</b>

## 8. OTHER INVESTMENTS

Current			
Term deposits		60,600	68,000
Managed investment funds		17,029	13,412
		<b>77,629</b>	<b>81,412</b>
Non-current			
<i>Available for sale – investments in other entities</i>			
Shares in listed companies		1,420	463
Shares in other companies		48,880	31,578
Bonds-Burke Fund		250	227
		<b>50,550</b>	<b>32,268</b>

## 9. OTHER ASSETS

Current			
Prepayments*		19,337	12,481
Lease paid in advance		56	56
Interest rate swap		-	340
		<b>19,393</b>	<b>12,877</b>
Non-current			
Right to reimbursement from Commonwealth Government for unfunded superannuation liability	13	20,763	19,666
Lease paid in advance		3,762	3,819
Interest rate swap		-	2,530
		<b>24,525</b>	<b>26,015</b>

\* AASB 15 Revenue from contracts, requires expenses associated with revenue from contracts to be recognised over the period of the contract. The increase in prepayments is largely due to the application of the standard to agents commissions for international students.  
Refer to Note 13 for an explanation of the right to reimbursement from the Commonwealth Government for the unfunded superannuation liability.

## 10. PROPERTY, PLANT AND EQUIPMENT

	NOTE	2019 \$'000	2018 \$'000
Land – freehold			
At independent valuation 2019		169,438	-
At directors' valuation		-	104,929
	10(a)	<b>169,438</b>	<b>104,929</b>
Buildings – freehold			
At independent valuation 2019		290,527	-
At directors' valuation		-	358,614
Accumulated depreciation		-	(19,107)
	10(a)	<b>290,527</b>	<b>339,507</b>
Improvements to intangible right to occupy buildings			
At cost		339,148	312,327
Accumulated amortisation		(86,219)	(76,623)
	10(a)	<b>252,929</b>	<b>235,704</b>
Leasehold improvements			
At cost		55,941	56,010
Accumulated depreciation		(38,042)	(35,302)
	10(a)	<b>17,899</b>	<b>20,708</b>
Furniture and fittings			
At cost		16,746	16,697
Accumulated depreciation		(15,688)	(14,407)
	10(a)	<b>1,058</b>	<b>2,290</b>
Plant and equipment			
At cost		50,287	49,590
Accumulated depreciation		(46,847)	(43,545)
	10(a)	<b>3,440</b>	<b>6,045</b>
Motor vehicles			
At cost		415	415
Accumulated depreciation		(285)	(254)
	10(a)	<b>130</b>	<b>161</b>
Works of art			
At cost		3,244	3,017
	10(a)	<b>3,244</b>	<b>3,017</b>
Work in progress			
At cost		48,204	31,900
	10(a)	<b>48,204</b>	<b>31,900</b>
Right of use assets			
At cost		80,605	-
Accumulated depreciation		(12,975)	-
	10(b)	<b>67,630</b>	<b>-</b>
<b>Total property, plant and equipment</b>		<b>854,499</b>	<b>744,261</b>



## 10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### BASIS OF VALUATION

A full valuation of freehold land and buildings was undertaken by AssetVal Pty Ltd as at the end of 2019. From 2019, plant and equipment including works of art items have been included as an asset where cost is greater than or equal to \$10,000.

#### (a) Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	LAND – FREEHOLD	BUILDINGS – FREEHOLD	SUB-TOTAL LAND AND BUILDINGS FREEHOLD	IMPROVEMENTS OF INTANGIBLE RIGHT TO OCCUPY BUILDINGS	LEASEHOLD IMPROVEMENTS	FURNITURE AND FITTINGS	PLANT AND EQUIPMENT	MOTOR VEHICLES	WORKS OF ART	WORK IN PROGRESS	TOTAL
<b>2019</b>											
Opening balance	104,929	339,507	444,436	235,704	20,708	20,708	6,045	161	3,017	31,900	744,261
Additions	5,900	5,888	11,788	14,999	1,944	1,944	795	-	227	28,126	57,928
Transfer from WIP	-	-	-	11,822	-	-	-	-	-	(11,822)	-
Revaluation increment/ (decrement)	58,609	(45,152)	13,457	-	-	-	-	-	-	-	13,457
Depreciation	-	(9,716)	(9,716)	(9,596)	(4,753)	(1,281)	(3,400)	(31)	-	-	(28,777)
Disposals	-	-	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>169,438</b>	<b>290,527</b>	<b>459,965</b>	<b>252,929</b>	<b>17,899</b>	<b>1,058</b>	<b>3,440</b>	<b>130</b>	<b>3,244</b>	<b>48,204</b>	<b>786,869</b>
<b>2018</b>											
Opening balance	96,110	299,342	395,452	218,789	26,195	2,555	7,385	160	2,804	35,782	689,122
Additions	8,819	39,671	48,490	13,038	118	844	2,033	123	222	35,581	100,449
Transfer from WIP	-	10,621	10,621	28,842	-	-	-	-	-	(39,463)	-
Revaluation increment/ (decrement)	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(10,127)	(10,127)	(8,935)	(5,605)	(1,109)	(3,373)	(39)	-	-	(29,188)
Disposals	-	-	-	(16,030)	-	-	-	(83)	(9)	-	(16,122)
<b>Closing balance</b>	<b>104,929</b>	<b>339,507</b>	<b>444,436</b>	<b>235,704</b>	<b>20,708</b>	<b>2,290</b>	<b>6,045</b>	<b>161</b>	<b>3,017</b>	<b>31,900</b>	<b>744,261</b>

**10. PROPERTY, PLANT & EQUIPMENT**

**(b) Right of use assets**

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	PROPERTY \$'000	PLANT AND EQUIPMENT \$'000	MOTOR VEHICLES \$'000	TOTAL \$'000
<b>2019</b>				
Opening balance	-	-	-	-
Opening balance adjustment for AASB16	66,915	1,124	254	<b>68,293</b>
Additions	11,904	408	-	<b>12,312</b>
Depreciation	(12,466)	(460)	(49)	<b>(12,975)</b>
Disposals	-	-	-	-
Closing balance	66,353	1,072	205	<b>67,630</b>

Note: The university previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards incidental to ownership of the underlying asset to the university. Under AASB16, this classification no longer exists for the university as a lessee. Instead, leases with a value of greater than \$10,000 and a term greater than 12 months are now recognised on the balance sheet as right-of-use assets with corresponding lease liabilities comprising all lease payments.

**11. INTANGIBLE ASSETS**

	INTANGIBLE RIGHT TO OCCUPY LAND \$'000	INTANGIBLE RIGHT TO OCCUPY BUILDINGS \$'000	TOTAL \$'000
<b>2019</b>			
Cost	40,411	23,088	63,499
Accumulated amortisation			
Opening balance	(4,469)	(18,390)	(22,859)
Amortisation	-	(643)	(643)
Write back on reclass	-	-	-
Closing balance	(4,469)	(19,033)	(23,502)
<b>Carrying amount at 31 December 2019</b>	<b>35,942</b>	<b>4,055</b>	<b>39,997</b>
<b>2018</b>			
Cost	40,411	23,088	63,499
Accumulated amortisation			
Opening balance	(4,469)	(20,996)	(25,465)
Amortisation	-	(644)	(644)
Write back on reclass	-	3,250	3,250
Closing balance	(4,469)	(18,390)	(22,859)
<b>Carrying amount at 31 December 2018</b>			

Under the terms of the trust deeds between the university and the owners of the properties held in trust, the Trustees of the Roman Catholic Church for the Archdioceses of Brisbane, Canberra and Goulburn, Melbourne and Sydney, the university has a right to occupy the properties in perpetuity if used for educational purposes.

**12. TRADE AND OTHER PAYABLES**

	NOTE	2019 \$'000	2018 \$'000
Accrued expenses		28,141	22,366
Sundry creditors		6,641	5,746
		<b>34,782</b>	<b>28,112</b>

**13. EMPLOYEE BENEFITS**

	NOTE	2019 \$'000	2018 \$'000
<b>Current</b>			
<i>Expected to be settled within 12 months</i>			
Provision for annual leave		13,522	12,679
Provision for long service leave		6,233	4,033
		<b>19,755</b>	<b>16,712</b>
<i>Expected to be settled after 12 months</i>			
Provision for annual leave		5,795	5,434
Provision for long service leave		20,220	13,084
		<b>26,015</b>	<b>18,518</b>
<b>Total current provisions</b>		<b>45,770</b>	<b>35,230</b>
<b>Non-current</b>			
Provision for long service leave		6,264	10,516
Provision for superannuation		20,763	19,666
		<b>27,027</b>	<b>30,182</b>

**LONG SERVICE LEAVE**

The classification of current employee provisions include amounts for which there is not an unconditional right to defer settlement by one year. Despite the classification of a component of long service leave as a current liability, the university does not expect the full amount to be settled within one year of reporting date.

An actuarial review was undertaken in 2019 by PriceWaterhouseCoopers to review the assumptions and staff departure experience. The provisions have been calculated based on the revised assumptions and experience from the review.

**SUPERANNUATION**

The university contributes to the following employee superannuation funds:

**Fully funded schemes**

- UniSuper
- Catholic Superannuation Fund (formerly two funds) National Catholic Superannuation Fund and Catholic Superannuation Fund
- Australian Catholic Superannuation & Retirement Fund (formerly Catholic Superannuation & Retirement Fund)
- Emergency Services and State Superannuation Scheme (formerly State Superannuation Fund of Victoria) – Accumulation account

- Australian Super Pty Ltd
- McKenna Retirement Fund
- HESTA
- First State Super

**Partly funded or emerging cost schemes**

- State Authorities Superannuation Scheme (Part 2) (NSW)
- Emergency Services and State Superannuation Scheme (formerly State Superannuation Fund of Victoria).

**Emergency Services and State Superannuation Scheme (formerly State Superannuation Fund of Victoria)**

The latest actuarial investigation of the Emergency Services and State Superannuation Scheme was conducted at 31 December 2019 by PriceWaterhouseCoopers. As at that date the scheme carried total liabilities, including liabilities for members' benefits in excess of the value of the scheme's assets.

Hence, unfunded superannuation liabilities exist which are recognised in the financial statements of the scheme.

The notional share of the scheme's unfunded liabilities attributed to the university is assessed by the Government Superannuation Office to be \$20,763,000 as at 31 December 2019 (\$19,666,000 as at 31 December 2018).

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the beneficiaries of the State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the State Grants (General Revenue) Amendment Act 1987, Higher Education Support Act 2003 and subsequent amending legislation. By letter dated 15 December 2005, the Department of Education, Science and Training (DEST) (now Department of Education and Training) confirmed that the Australian Government considers the current arrangement establishes a pattern of past practice and future intent that has created a valid expectation on the part of universities that the Department on behalf of the Australian Government will discharge the superannuation liability.

Therefore a non-current receivable equal to the scheme's unfunded liabilities attributed to the university has been recognised. DET provided annual supplementation in 2019 of \$1,419,023 (2018: \$1,475,035) to cover emerging costs of the Emergency Services and State Superannuation Scheme.

The following information has been provided by the Emergency Services and State Superannuation Scheme in accordance with the requirements under AASB 119.

	NOTE	2019 \$'000	2018 \$'000
<b>Net liability</b>			
Fair value of plan assets		99	101
Accrued benefit liability		(20,862)	(19,767)
Net liability before contributions tax		(20,763)	(19,666)
Tax liability on future contributions		-	-
<b>Net liability</b>		<b>(20,763)</b>	<b>(19,666)</b>
<b>Actuarial assumptions</b>			
Discount rate		1.5%	2.4%
Rates of future salary increases		4.0%	4.0%
Rates of pension increases		2.5%	2.5%

The demographic assumptions include the future rate of death, disablement, resignation and retirement. The same assumptions as last year have been used and are detailed in the 'Emergency Services and State Superannuation Scheme Experience Review 2014-2017 dated May 2018.

#### 14. BORROWINGS

The university raised \$200m through a bond issue during 2017, of which, \$100m was used to repay in full NAB loan facilities. The remainder is being used for continuing planned infrastructure works. During 2019, the university repaid a debt facility with the Catholic Development Fund (\$50m). The university continues to assess its funding requirements.

Interest rate swaps were entered into totalling \$200m to hedge against interest rate risk for the bond issuance with maturities ranging from August 2019 to August 2026, the swaps were closed out during 2019.

The average interest rate of borrowing is 3.34% for the year ended 31 December 2019 (3.25% 2018)

The university previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards incidental to ownership of the underlying asset to the university. Under AASB16, this classification no longer exists for the university as a lessee. Instead, leases with a value of greater than \$10,000 and a term greater than 12 months are now recognised on the balance sheet as right-of-use assets with corresponding lease liabilities comprising all lease payments.

	NOTE	2019 \$'000	2018 \$'000
<b>Current</b>			
<b>Unsecured</b>			
Catholic Development Fund Loan		-	50,000
Lease liabilities		10,084	-
<b>Total current unsecured borrowings</b>		<b>10,084</b>	<b>50,000</b>
<b>Non-current</b>			
<b>Unsecured</b>			
Sustainability bond		199,417	199,355
Lease liabilities		65,158	-
<b>Total non-current unsecured borrowings</b>		<b>264,575</b>	<b>199,355</b>
<b>Total unsecured borrowings</b>		<b>274,659</b>	<b>249,355</b>
<b>a) Financing arrangements</b>			
Unrestricted access was available at balance date to the following lines of credit:			
<b>Bank loan facilities</b>			
<b>Total facilities</b>			
Catholic Development Fund Loan		-	50,000
Sustainability bond		199,417	199,355
<b>Used at balance date</b>			
Catholic Development Fund Loan		-	50,000
Sustainability bond		199,417	199,355
<b>Unused at balance date</b>			
		-	-

#### 15. OTHER LIABILITIES

	NOTE	2019 \$'000	2018 \$'000
<b>Current</b>			
Grants received in advance		10,395	8,411
Fees received in advance		12,944	12,248
Other income received in advance		692	969
<b>Sub-total deferred revenue</b>		<b>24,031</b>	<b>21,628</b>
Funds held in trust		2,278	2,344
Net GST Payable		686	-
OS HELP payable		235	-
Bonds – student residences		320	342
Overseas student health care		708	383
		<b>28,258</b>	<b>24,697</b>
<b>Non-current</b>			
Lease liabilities		-	5,605
Leasehold make good provision	15 (a)	5,946	6,947
Interest rate swap		-	2,800
		<b>5,946</b>	<b>15,352</b>
<b>(A) reconciliation</b>			
<b>Leasehold make good provision</b>			
Balance at beginning of financial year		6,946	7,376
Provisions made during the year		620	530
Provisions reversed during the year		(1,644)	(1,073)
Unwind/adjust discount	4	24	113
<b>Balance at end of financial year</b>		<b>5,946</b>	<b>6,946</b>

Make good is required for leased premises. The provision is estimated based on the rate of the building, the remaining lease period and estimated costs incurred in similar situations.

#### 16. RESERVES

	NOTE	2019 \$'000	2018 \$'000
<b>General reserve</b>			
Balance at beginning of financial year		435,121	386,606
Adj to opening balance - AASB 15 revenue from contracts		4,065	-
Add: Transfers from retained earnings	17	45,034	48,515
<b>Balance at end of financial year</b>		<b>484,220</b>	<b>435,121</b>
<b>Asset revaluation reserve</b>			
Balance at beginning of financial year		102,299	102,299
Add/(subtract): Increment/(decrement)		13,457	-
<b>Balance at end of financial year</b>		<b>115,756</b>	<b>102,299</b>
<b>Available for sale financial assets revaluation reserve</b>			
Balance at beginning of financial year		30,803	16,623
Add/(subtract): Revaluation increment			
Shares revaluation reserve		18,054	14,180
<b>Balance at end of financial year</b>		<b>48,857</b>	<b>30,803</b>
<b>Contribution from members</b>			
Balance at beginning of financial year		56,958	56,958
<b>Balance at end of financial year</b>		<b>56,958</b>	<b>56,958</b>
<b>Total reserves</b>		<b>705,791</b>	<b>625,181</b>

**NATURE AND PURPOSE OF RESERVES**

**General**

The amount standing to the credit of the general reserve includes the accumulation of prior period and current year profits for non-specific purposes and revenue for capital grants even though assets acquired may not be fully written down.

**Asset revaluation**

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of freehold land and buildings.

**Available for sale financial assets revaluation reserve**

Share revaluation reserve includes

increments and decrements arising from changes in fair value of shares classified as available for sale.

**Contribution from members**

The amount reflects the contribution by members of rights to occupy and use land and buildings not owned by the university.

**17. RETAINED EARNINGS**

	NOTE	2019 \$'000	2018 \$'000
Retained earnings at beginning of year		-	-
Net result		45,034	48,515
Transfer to general reserve	16	(45,034)	(48,515)
<b>Retained earnings at the end of the year</b>		-	-

**18. COMMITMENTS**

	NOTE	2019 \$'000	2018 \$'000
<b>(a) Capital expenditure commitments</b>			
Capital expenditure commitments not provided for in the financial statements and payable:			
Within one year		53,700	27,985
One year or later and no later than five years		136,844	188,248
		<b>190,544</b>	<b>216,233</b>
<b>(b) Non-cancellable operating lease expense commitments</b>			
Future operating lease commitments of premises, plant and equipment, not provided for in the financial statements and payable:			
Within one year		541	14,325
One year or later and no later than five years		2,597	38,281
Greater than five years		-	38,288
Total undiscounted contractual cash flows		3,138	90,894
Lease liabilities recognised in the balance sheet		75,242	-
		<b>78,380</b>	<b>90,894</b>

The university leased equipment and machinery under operating leases expiring in a range from one to five years. The university also leased commercial premises with an expiry range of one to twelve years.

The university previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards incidental to ownership of the underlying asset to the university. Under AASB16, this classification no longer exists for the university as a lessee. Instead, leases with a value of greater than \$10,000 and a term greater than 12 months are now recognised on the balance sheet as right-of-use assets with corresponding lease liabilities comprising all lease payments.

Reconciliation of prior year commitment to opening lease liability balance	\$'000
Operating lease commitments disclosed as at 31 December 2018	90,894
Add lease extension options	955
Less short term and low value leases recognised on a straight lining basis as an expense	(12,782)
Sub-total	78,112
Discount using the weighted average incremental borrowing rate of 3.86%	(4,468)
<b>Lease liability recognised as at 1 January 2019</b>	<b>73,644</b>

**19. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES**

**REMUNERATION OF BOARD MEMBERS**

No directors' fees are payable. The number of directors of the university whose compensation from the university or any related party falls within the following bands:

	2019 NUMBER	2018 NUMBER
Nil	14	13
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	-	1
\$70,000 - \$79,999	1	-
\$100,000 - \$109,999	1	-
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	2	1
\$190,000 - \$199,999	1	-
\$240,000 - \$249,999	-	1
\$250,000 - \$259,999	1	1
\$290,000 - \$299,999	1	2
\$340,000 - \$349,999	1	-
\$1,320,000 - \$1,329,999	-	1
\$1,350,000 - \$1,359,999	1	-
	<b>2019 \$</b>	<b>2018 \$</b>
Total compensation paid, or payable or otherwise made available to all directors of the university from the university or any related party.	2,972,614	2,701,242

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

In addition to the board members, the remuneration of other key management personnel of the university receiving compensation from the university or any related party falls within the following bands:

	2019 NUMBER	2018 NUMBER
\$70,000 - \$79,999	-	1
\$150,000 - \$159,999	1	-
\$410,000 - \$419,999	-	*1
\$430,000 - \$439,999	*1	-
\$440,000 - \$449,999	-	1
\$490,000 - \$499,999	1	-
\$520,000 - \$529,999	1	-
\$670,000 - \$679,999	-	1
\$690,000 - \$699,999	1	2
\$730,000 - \$739,999	-	1
\$740,000 - \$749,999	2	-
\$1,320,000 - \$1,329,999	-	1
\$1,350,000 - \$1,359,999	1	-

\* Stipend paid to religious congregation

	2019 \$	2018 \$
Total compensation paid, or payable or otherwise made available to all executive officers of the university from the university or any related party.	5,156,962	5,046,643
Short-term employee benefits	-	-
Post employment benefits	490,117	507,628
	<b>4,666,845</b>	<b>4,539,015</b>

There is no compensation paid to directors or key personnel of the university that is not disclosed in the financial statements.

## 20. RELATED PARTIES (CONTINUED)

## DIRECTORS

The names of each person holding the position of director of the Australian Catholic University Limited during the financial year are:

Mr M. Benson, Professor G.J. Craven AO, GCSG Justice J. Douglas, Mr S.N. Elder, Honourable J. Fahey AC, GCSG, Most Reverend A. Fisher, Mr R. Fox, Dr B. Franzsen, Associate Professor E. Froude,

Professor M. Hillel, Mr T. Kirk, Ms D. Leahy, Mr K. Morris, Ms M.T. Najdecki, Dr J. Norris, Mr J. O'Connell, Associate Professor M. Ondaatje, Honourable B. Perry, Most Reverend C. Prowse, Dr J. Ryan, Ms A. Schmiede, Ms B.M. T. Steele, Ms M.M. Vider.

Details of directors' compensation are set out in Note 19.

Total amounts transacted with related parties are as follows

	2019 \$'000	2018 \$'000
<b>Income statement</b>		
<b>Income</b>		
Catholic Archdiocese of Brisbane	691	298
Catholic Archdiocese of Sydney	16	-
	<b>707</b>	<b>298</b>
<b>Expenditure</b>		
Catholic Archdiocese of Brisbane	103	97
Catholic Archdiocese of Canberra and Goulburn	2	-
Catholic Archdiocese of Melbourne	817	797
Catholic Archdiocese of Sydney	73	37
Catholic Diocese of Ballarat	1	-
Mr J. O'Connell (Pro Vice-Chancellor)	78	71
	<b>1,074</b>	<b>1,002</b>

All related party transactions are at arm's length. Transactions between ACU and the various Catholic Archdiocese are largely in relation to rental. Mr O'Connell is providing professional services to the university.

## 21. FINANCIAL INSTRUMENTS DISCLOSURE

## INTEREST RATE AND LIQUIDITY RISK

## Interest rate risk

The following tables disclose the income-earning financial assets and interest-bearing financial liabilities and the periods in which they mature. The university manages fluctuations in interest rates by placing funds in both long (greater than one year) and short term (less than one year) deposits across a number of institutions.

The university raised \$200m through a bond issue during 2017. The university repaid a debt facility with the Catholic Development Fund (\$50m) during 2019. The university continues to assess its funding requirements.

Interest rate swaps were entered into totalling \$200m to hedge against interest rate risk for the bond issuance with maturities ranging from August 2019 to August 2026, the swaps were closed out during 2019.

## Liquidity risk

The following tables also contain the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	CARRYING AMOUNT \$'000	6 MONTHS OR LESS \$'000	6 TO 12 MONTHS \$'000	1 TO 2 YEARS \$'000	2 TO 5 YEARS \$'000	MORE THAN 5 YEARS \$'000	TOTAL CONTRACTUAL AMOUNT \$'000
<b>2019</b>							
<b>Financial assets</b>							
Cash	50,125	50,125	-	-	-	-	<b>50,125</b>
Trade and other receivables	5,515	5,515	-	-	-	-	<b>5,515</b>
Financial assets	-	-	-	-	-	-	-
Other investments	128,179	49,130	28,499	694	170	49,686	<b>128,179</b>
	<b>183,819</b>	<b>104,770</b>	<b>28,499</b>	<b>694</b>	<b>170</b>	<b>49,686</b>	<b>183,819</b>
<b>Financial liabilities</b>							
Trade and other payables	34,782	34,782	-	-	-	-	<b>34,782</b>
Loans	199,417	-	-	-	-	200,000	<b>200,000</b>
Leases	75,242	5,083	5,001	17,229	15,464	32,465	<b>93,384</b>
Financial liabilities	-	-	-	-	-	-	-
	<b>309,441</b>	<b>39,865</b>	<b>5,001</b>	<b>17,229</b>	<b>15,464</b>	<b>232,465</b>	<b>328,166</b>
<b>2018</b>							
<b>Financial assets</b>							
Cash	66,507	66,507	-	-	-	-	<b>66,507</b>
Trade and other receivables	4,129	4,129	-	-	-	-	<b>4,129</b>
Financial assets	3,163	-	534	949	1,680	-	<b>3,163</b>
Other investments	113,680	68,078	-	3,591	524	41,487	<b>113,680</b>
	<b>180,479</b>	<b>138,714</b>	<b>534</b>	<b>4,540</b>	<b>2,204</b>	<b>41,487</b>	<b>187,479</b>
<b>Financial liabilities</b>							
Trade and other payables	28,112	28,112	-	-	-	-	<b>28,112</b>
Loans	249,355	-	50,000	-	-	200,000	<b>250,000</b>
Financial liabilities	3,092	-	358	1,376	1,358	-	<b>3,092</b>
	<b>280,559</b>	<b>28,112</b>	<b>50,358</b>	<b>1,376</b>	<b>1,358</b>	<b>200,000</b>	<b>281,204</b>

**INTEREST RATE AND LIQUIDITY RISK (CONTINUED)****Liquidity risk (continued)**

The average interest rate of borrowing is 3.38% for the year ended 31 December 2019 (3.25% 2018)

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

	NOTE	2019 \$'000	2018 \$'000
1 – 5 years			
Catholic Development Fund		-	50,000
5 – 10 years			
Sustainability bond		199,417	199,355
<b>Non-current borrowings</b>		<b>199,417</b>	<b>249,355</b>

	2019 \$'000			2018 \$'000		
	NOTIONAL	ASSET	LIABILITY	NOTIONAL	ASSET	LIABILITY
Interest rate swaps	-	-	-	\$200,000	\$3,163	\$3,092

The university does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss. A change in interest rates of 100 basis points throughout the period would have increased or decreased the university's equity by the order of \$343,948 (2018: \$443,557).

**FOREIGN EXCHANGE RISK**

The university at balance date has not hedged against foreign currency risk due to its minimal exposure to foreign currencies.

**CREDIT RISK EXPOSURE**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The entity does not require collateral in respect of financial assets.

Investments are allowed only in liquid securities. Transactions involving derivative financial instruments are with counterparties with whom the university has a signed netting agreement as well as sound credit

ratings. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. These are detailed in the table below.

	CARRYING AMOUNT	
	2019 \$'000	2018 \$'000
Cash	50,125	66,507
Trade and other receivables	5,515	4,129
Other investments	128,179	113,680
Interest rate swaps	-	3,163
<b>Total</b>	<b>183,819</b>	<b>187,479</b>
<b>Debtors aging</b>		
Current	851	883
30 days	112	188
60 days	421	150
90 days	88	90
Greater than 90 days	316	949
<b>Total</b>	<b>1,788</b>	<b>2,260</b>

No doubtful debt provisions have been recorded. All debtors are deemed recoverable.

**NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

The carrying amounts of on-statement financial assets and liabilities approximate fair value.

**a) Fair value**

	2019		2018	
	CARRYING AMOUNT \$'000	FAIR VALUE \$'000	CARRYING AMOUNT \$'000	FAIR VALUE \$'000
<b>Financial assets</b>				
Cash	50,125	50,125	66,507	66,507
Trade and other receivables	5,515	5,515	4,129	4,129
Other investments	128,179	128,179	113,680	113,680
Interest rate swaps	-	-	3,163	3,163
	<b>183,819</b>	<b>183,819</b>	<b>187,479</b>	<b>187,479</b>
<b>Financial liabilities</b>				
Trade and other payables	34,782	34,782	28,112	28,112
Loans	199,417	200,000	249,355	250,000
Leases	75,242	93,384	-	-
Financial liabilities	-	-	3,092	3,092
	<b>309,441</b>	<b>328,166</b>	<b>280,559</b>	<b>281,204</b>

**b) Level 3 fair values**

	EQUITY SECURITIES AVAILABLE FOR SALE \$'000
Balance at 1 January 2018	16,201
Net change in fair value in OCI	9,713
<b>Balance at 31 December 2018 receivables</b>	<b>25,914</b>
Balance at 1 January 2019	25,914
Additions	2,844
<b>Net change in fair value in OCI</b>	<b>17,103</b>
<b>Balance at 31 December 2019 receivables</b>	<b>45,861</b>

**22. EQUITY**

No share capital has been issued by the university as it is a university limited by guarantee. The number of members of the university as at 31 December 2019 was 23 (2018: 23). The liability of each member is limited to \$50.

23. NOTES TO THE STATEMENT OF CASH FLOWS

(I) RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	2019 \$'000	2018 \$'000
Cash at bank net	50,125	66,507
	<b>50,125</b>	<b>66,507</b>

(II) RECONCILIATION OF NET RESULT AFTER INCOME

Tax to net cash provided by operating activities

Net result after income tax	45,034	48,515
<i>Add/(less) items classified as investing/financing activities:</i>		
(Profit) on sale of non-current assets	(2)	(2)
Loss on sale of non-current assets	-	10
<i>Add/(less) non-cash items:</i>		
Depreciation and amortisation	42,395	29,832
Lease in advance	56	56
Unwind/adj discount on make good provision	24	113
Increase/(decrease) in interest rate swap	71	246
Unwind bond discount	61	35
<i>Amounts set aside to (utilised from) provisions:</i>		
Employee entitlements	6,287	(1,091)
Make good of lease premises	(1,025)	(542)
<b>Net cash provided by operating activities before change in assets and liabilities</b>	<b>92,901</b>	<b>77,172</b>
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in accrued income	(1,910)	568
(Increase)/decrease in sundry debtors	472	332
(Increase)/decrease in prepayments	(6,856)	(3,106)
(Increase)/decrease in right of use assets	(67,630)	-
(Increase)/decrease in other assets	(312)	(78)
Increase/(decrease) in operating lease liabilities	86,269	-
Increase/(decrease) in grants in advance	2,468	(2,517)
Increase/(decrease) in fees in advance	696	(340)
Increase/(decrease) in accrued expenses	2,622	(10,892)
Increase/(decrease) in sundry creditors	894	(2,226)
Increase/(decrease) in funds held in trust	(66)	328
Increase/(decrease) in bonds – university residences	(21)	118
Increase/(decrease) in overseas student health care	325	383
Increase/(decrease) in other income in advance	(276)	(512)
Increase/(decrease) in net GST	800	518
Increase/(decrease) in lease liabilities	(5,605)	1,604
<b>Net cash provided by operating activities</b>	<b>104,771</b>	<b>61,352</b>

24. ACQUITTAL OF COMMONWEALTH FINANCIAL ASSISTANCE

24.1 COMMONWEALTH GRANTS SCHEME AND OTHER GRANTS

	NOTE	COMMONWEALTH GRANTS SCHEME		INDIGENOUS STUDENT SUCCESS PROGRAM		DISABILITY SUPPORT PROGRAMS		TRANSPARENCY IN HIGHER EDUCATION	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		230,386	229,394	1,844	1,919	69	52	-	25
Net accrual adjustments		(509)	1	300	249	-	-	-	-
<b>Revenue for the period</b>	<b>2.1</b>	<b>229,877</b>	<b>229,395</b>	<b>2,144</b>	<b>2,168</b>	<b>69</b>	<b>52</b>	<b>-</b>	<b>25</b>
Surplus/(deficit) from the previous year		-	-	-	-	-	-	-	-
<b>Funds available for reporting period</b>		<b>229,877</b>	<b>229,395</b>	<b>2,144</b>	<b>2,168</b>	<b>69</b>	<b>52</b>	<b>-</b>	<b>25</b>
Less expenses including accrued expenses		(229,877)	(229,395)	(2,144)	(2,168)	69	(52)	-	(25)
<b>Surplus/(deficit) for reporting period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	NOTE	ACCESS AND PARTICIPATION FUNDING	
		2019 \$'000	2018 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		3,277	3,230
Net accrual adjustments		-	-
Revenue for the period	2.1	3,277	3,230
Surplus/(deficit) from the previous year		-	-
Funds available for reporting period		3,277	3,230
Less expenses including accrued expenses		(3,277)	(3,230)
Surplus/(deficit) for reporting period		-	-



**24.2 HIGHER EDUCATION LOAN PROGRAMS (HELP)**

	HECS HELP		FEE HELP		FEE HELP VET		SA HELP	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)	141,443	142,792	10,783	11,756	1,653	2,148	6,470	5,061
Plus contributions actually received from students	9,878	10,225	-	-	-	-	-	-
<b>Total received</b>	<b>151,321</b>	<b>153,017</b>	<b>10,783</b>	<b>11,756</b>	<b>1,653</b>	<b>2,148</b>	<b>6,470</b>	<b>5,061</b>
Net accrual adjustments	2,352	79	(1,161)	(436)	-	-	(828)	825
<b>Revenue for the period</b>	<b>153,673</b>	<b>153,096</b>	<b>9,622</b>	<b>11,320</b>	<b>1,653</b>	<b>2,148</b>	<b>5,642</b>	<b>5,886</b>
Surplus/(deficit) from the previous year	-	-	-	-	-	-	-	-
<b>Funds available for reporting period</b>	<b>153,673</b>	<b>153,096</b>	<b>9,622</b>	<b>11,320</b>	<b>1,653</b>	<b>2,148</b>	<b>5,642</b>	<b>5,886</b>
Less expenses including accrued expenses	(153,673)	(153,096)	(9,622)	(11,320)	(1,653)	(2,148)	(5,642)	(5,886)
<b>Surplus/(deficit) for reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**24.3 SCHOLARSHIPS**

	NOTE	COMMONWEALTH EDUCATION COSTS SCHOLARSHIPS		COMMONWEALTH ACCOMMODATION SCHOLARSHIPS		INDIGENOUS ACCESS SCHOLARSHIPS		NATIONAL PRIORITY SCHOLARSHIPS	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		-	-	-	-	-	-	-	-
Net accrual adjustments		-	-	-	-	-	-	-	-
<b>Revenue attributed to the period</b>	<b>2.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Surplus/(deficit) from the previous year		-	141	-	128	-	100	-	5
<b>Funds available for reporting period</b>		<b>-</b>	<b>141</b>	<b>-</b>	<b>128</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>5</b>
Less expenses including accrued expenses		-	(141)	-	(128)	-	(100)	-	(5)
<b>Surplus/(deficit) for reporting period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 24.4 COMMONWEALTH RESEARCH FINANCIAL ASSISTANCE

	NOTE	RESEARCH SUPPORT PROGRAM		RESEARCH TRAINING PROGRAM		JOINT RESEARCH ENGAGEMENT PROGRAM	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		3,253	3,423	3,857	3,772	-	5
Net accrual adjustments		-	-	-	-	-	-
<b>Revenue for the period</b>	<b>2.1</b>	<b>3,253</b>	<b>3,423</b>	<b>3,857</b>	<b>3,772</b>	<b>-</b>	<b>5</b>
Surplus/(deficit) from the previous year		-	-	-	-	-	-
<b>Funds available for reporting period</b>		<b>3,253</b>	<b>3,423</b>	<b>3,857</b>	<b>3,772</b>	<b>-</b>	<b>5</b>
Less expenses including accrued expenses		(3,253)	(3,423)	(3,857)	(3,772)	-	(5)
<b>Surplus/(deficit) for reporting period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note: Reported surpluses for JRE, RTS, Infrastructure, ASHER, IAP, CTS and SRE are expected to be rolled over.

## 24.5 AUSTRALIAN RESEARCH COUNCIL

	NOTE	DISCOVERY PROJECTS		DISCOVERY EARLY CAREER RESEARCH AWARD		DISCOVERY INDIGENOUS		FELLOWSHIPS		LINKAGE - PROJECTS (INCLUDING STRATEGIC PARTNERSHIPS WITH INDUSTRY AND APAI)	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		1,920	1,316	787	513	-	183	58	479	510	660
Net accrual adjustments		(386)	(28)	(107)	63	203	190	187	(68)	208	343
<b>Revenue for the period</b>	<b>2.1</b>	<b>1,534</b>	<b>1,288</b>	<b>680</b>	<b>576</b>	<b>203</b>	<b>373</b>	<b>-</b>	<b>411</b>	<b>718</b>	<b>1,003</b>
Surplus/(deficit) from the previous year		-	-	-	-	-	-	245	-	-	-
<b>Funds available for reporting period</b>		<b>1,534</b>	<b>1,288</b>	<b>680</b>	<b>576</b>	<b>203</b>	<b>373</b>	<b>245</b>	<b>411</b>	<b>718</b>	<b>1,003</b>
Less expenses including accrued expenses		(1,534)	(1,288)	(680)	(576)	(203)	(373)	(245)	(411)	(718)	(1,003)
<b>Surplus/(deficit) for reporting period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**24.6 OS-HELP**

	NOTE	2019 \$'000	2018 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)		2,309	2,125
Cash spent during the reporting period		(1,824)	(2,715)
<b>Net cash received</b>	<b>2.1</b>	<b>485</b>	<b>(590)</b>
Cash surplus/(deficit) from the previous period		(250)	340
<b>Cash surplus/(deficit) for reporting period</b>	<b>15</b>	<b>235</b>	<b>(250)</b>

**24.7 SUPERANNUATION SUPPLEMENTATION**

Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the programs)	2.1	1,419	1,475
Cash spent during the reporting period		(1,345)	1,417
<b>Net cash received</b>		<b>74</b>	<b>58</b>
Cash surplus/(deficit) from the previous period		(101)	(159)
<b>Cash surplus/(deficit) for reporting period</b>		<b>(27)</b>	<b>(101)</b>

**24.8 STUDENT SERVICES AND AMENITIES FEE**

Unspent/(overspent) revenue from previous period		-	-
SA-HELP revenue earned		5,630	5,886
Student service fees direct from students		2,414	2,160
<b>Total revenue expendable in period</b>		<b>8,044</b>	<b>8,046</b>
Student services expenses during the period		(8,044)	(8,046)
<b>Unspent/(overspent) student services revenue</b>		<b>-</b>	<b>-</b>

## Directors' Declaration

1. In the opinion of the directors of Australian Catholic University Limited:

- (a) the financial statements and notes, as set out on pages 32 to 67, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the university as at 31 December 2019 and of its performance, as represented by the results of its operations and its cashflows, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporation Regulations 2001; and
- (b) there are reasonable grounds to believe that the university will be able to pay its debts as and when they become due and payable; and
- (c) the amount of Commonwealth grants expended during the reporting period was for the purposes for which it was granted
- (d) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*
- (e) the university charged Student Services and Amenities Fees strictly in accordance with the Higher Education Support Act 2003 and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

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

Dated at Sydney this 8th day of April 2020.

Signed in accordance with a resolution of the directors and in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013:



Professor Greg Craven AO GCSG  
Director



Mr Julien O'Connell AM  
Director

# Independent Auditors' Report to the Members of Australian Catholic University Limited

## REPORT ON THE FINANCIAL STATEMENTS

### OPINION

We have audited the Financial Statements of Australian Catholic University Limited (the university).

In our opinion, the accompanying Financial Statements of the university is in accordance with the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and the *Corporations Act 2001* including:

- i) giving a true and fair view of the university's financial position as at 31 December 2019, and of its financial performance and its cash flows for the year ended on that date; and
- ii) complying with Australian Accounting Standards, the Australian Charities and Not-for-profits Commission Regulation 2013 and the Corporations Regulations 2001.

The Financial Statements comprises:

- balance sheet as at 31 December 2019;
- income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended;
- notes including a summary of significant accounting policies; and
- Directors' Declaration.

### BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the university in accordance with the *Corporations Act 2001* 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 our audit of the [Financial Report/Statements] in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### OTHER INFORMATION

Other Information is financial and non-financial information in the university's annual reporting which is provided in addition to the Financial Statements and the Auditor's Report. This includes the Directors' Report. The directors are responsible for the Other Information. The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report.

Our opinion on the Financial Statements does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for:

- preparing the Financial Statements that give a true and fair view in accordance with Australian Accounting Standards, the Australian Charities and Not-for-profits Commission Regulation 2013 and Corporations Act 2001.
- implementing necessary internal control to enable the preparation of Financial Statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error

- assessing the university's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the university or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is:

- to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 Statements.

A further description of our responsibilities for the audit of the Financial Statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

KPMG

Kevin Leighton  
Partner  
Sydney  
8 April 2020



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