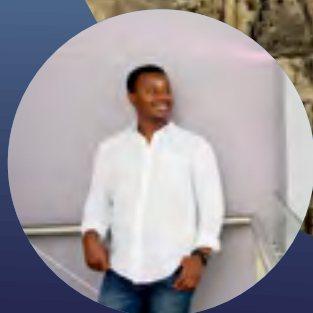




Southern Cross
University



2021 Southern Cross University Annual Report

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**Southern Cross
University**



The Hon Alistair Henskens MP
Minister for Skills and Tertiary Education
Parliament House
SYDNEY NSW 2000

Dear Minister

The Council of Southern Cross University submits the University's Annual Report of proceedings for the year ending 31 December 2021 for presentation to Parliament.

The Annual Report has been prepared in accordance with the Annual Reports (Statutory Bodies) Act 1984 (NSW) and the Government Sector Finance Act 2018(NSW).

A handwritten signature in black ink, reading "Sandra McPhee".

Sandra McPhee AM
Chancellor Southern Cross University

A handwritten signature in blue ink, reading "Tyrone Carlin".

Professor Tyrone Carlin
Vice-Chancellor and President Southern Cross University

www.scu.edu.au

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

Management Activities

In 2021, Southern Cross University continued to respond to the profound disruption posed by the global COVID-19 pandemic. While successfully navigating the immediate operational challenges – including pivoting from resumed on-campus delivery to remote working and online curriculum delivery – the University successfully executed a transformational change program aimed at growth in the post-pandemic era.

The University ended the year with a \$10.6 million operating profit measured against total revenue of \$274.3 million (3.87 per cent operating margin). In the context of the health, economic, and organisational risk posed throughout 2021, this represented an excellent result for the University; reflecting the tireless efforts of staff to execute transformational change under difficult conditions. Looking to 2022, persistent and material structural challenges confront the Australian university sector, and these will continue to weigh heavily on the University's financial outcomes.

In 2021, the University taught 11,159 full-time equivalent students across its campuses, within Australia at Lismore, Coffs Harbour, Gold Coast, Brisbane, Sydney, Melbourne, Perth, and Hayman Island, as well as internationally in Papua New Guinea and China.

Teaching and Learning

Alongside key structural reforms the University continued to implement significant academic and curriculum transformation. The newly established Southern Cross Model, a core piece of this transformation, enabled the University to achieve its stated goal of delivering an inspired study experience that is distinctive in the Australian higher education sector.

A key milestone in the implementation of the new Southern Cross Model was the delivery of selected undergraduate and preparatory pathway courses within the new model framework in 2021. These included a number of course offerings from SCU College, the Faculty of Business, Law and Arts and the Faculty of Science and Engineering. Preliminary results from a pilot of the Southern Cross Model in 2021 indicate that student success rates improved in units in the Southern Cross Model in 2021 when compared with delivery of those units in pre-COVID-19 conditions in 2019. In pre-Bachelor, non-award bridging units Success Rates increased over 20 per cent points to 73.3 per cent, and success rates increased over 16 per cent from 60.9 to 77.2 per cent.

Research

Despite ongoing challenges for research across the sector in 2021, Southern Cross University pursued an impressive program of internationally significant and locally relevant research.

The University saw four lead Chief Investigators secure six Australian Research Council funding grants in 2021, with a total value of \$2.9 million.

In June, the University was awarded \$2 million from the Australian Government's Strategic University Reform Fund for the establishment of a regional circular economy accelerator to be based at the Lismore Campus. It has a focus on key agricultural, manufacturing and food production industries and the application of innovations that drive productivity uplift and jobs growth.

Achieving such outcomes involved close collaboration with long-standing industry and community partners to help navigate the realities of restrictions and lockdowns, and co-designing effective interventions to assist communities with adaptation to ongoing change and uncertainty.

Engagement

As a result of the transformation program, the engagement portfolio was expanded to include all external affairs, including domestic and global recruitment. This has afforded new opportunities to generate efficiencies in acquisition and pipeline management, while consolidating all external partnering capabilities under a single, unified strategic focus.

Performance reviews were undertaken on the University's digital presence, predominantly its website and associated platforms. Arising from this, the University approved investment in a significant uplift project focused on improving the digital experience of key user groups, namely future students and research partners. This three-year project will be completed in 2023.

Despite the significant operating challenges, the University maintained its sponsorship and partnership program across its network of regional campuses, sponsoring 45 community organisations many of which were adversely affected by the pandemic.

Sustainability

In July 2021, the University upgraded 10,000 light fittings at the Lismore, Gold Coast, and National Marine Science Centre campuses to energy efficient and low maintenance LED technology. The project reduced the University's carbon emissions by approximately 530 tonnes per annum, or around 6 per cent of the University's total emissions footprint.

The University has a future program of work that will provide additional sustainability and efficiency measures, taking in fleet efficiency and solar energy.

Transformation Program

On 18 February 2021, the University successfully completed a comprehensive change program under the title *Transform SCU*. The change program sought to meet the needs of students and researchers in a world changed by the COVID-19 pandemic, rapid shifts in technology, and increased competition for students and funding. Four new Faculties of Health; Education; Science and Engineering and Business, Law and Arts were established, replacing the previous structure of six academic schools.

A range of professional services previously provided by academic schools were reoriented to central service areas.

Operational Challenges

After an exceptionally challenging 2020 academic year, the University welcomed all staff back to campus on Monday 1 February 2021 with all students enrolled in campus-based learning activities returning on Monday 1 March 2021. Regrettably, due to a heightened risk profile associated with an outbreak of COVID-19 in NSW, on 27 June 2021 the University again reverted to remote working and online curriculum delivery across all campuses. Although the University's Gold Coast campus was subsequently able to recommence some on-campus operations, the University continued to operate mostly online through to the conclusion of the academic and working year.

At a Glance 2021

| Total Number of Students | |
|---------------------------------|--------|
| Total (Persons) | 18,817 |
| Total (EFTSL) | 11,156 |

| Persons by Location | |
|---|-------|
| Lismore Campus | 1,805 |
| Gold Coast Campus | 5,592 |
| Coffs Harbour Campus and National Marine Science Centre | 1,259 |
| The Hotel School | 677 |
| Online | 5,305 |
| SCU Online | 2,430 |
| Other Australian Locations | 1,097 |
| Offshore | 652 |

| International Students (Persons) | |
|---|-------|
| Onshore | 2,597 |
| Offshore | 741 |

| Total Staff (FTE)* | |
|---------------------------|-----|
| Academic Staff (FTE) | 301 |
| Professional Staff (FTE) | 511 |

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

Source: 2021 Government Student / Staff Submissions

Research

Australian Research Council success

Southern Cross University had an exceptional year with regards to Australian Research Council (ARC) funding success. The University was awarded six ARC grants in 2021 as administering institution, comprised of three ARC Linkage Projects (two LP20s and one LP21) and three Discovery Projects (all DP22s). Together, these grants secured \$2.9 million in ARC funding and \$465,000 in partner funding.

The University achieved a success rate of 27 per cent in the Discovery Project round, eight per cent higher than the overall scheme success rate. Professor Bradley Eyre from the Faculty of Science and Engineering (FSE) had an outstanding year with the ARC, securing an ARC Linkage Project (LP200200910) as well as two Discovery Projects in the DP22 round (DP220100918 and DP220101263). Associate Professor Renaud Joannes-Boyau, also from FSE, was awarded a Discovery Project as lead (DP220100195) and also partnered on a Discovery Project awarded to Griffith University. Associate Professor Lynne McPherson (Faculty of Health) and Associate Professor Dirk Erlar (FSE) secured the other two ARC Linkage Projects (LP2120100177 and LP200200790, respectively).

New appointments for Faculties of Health, Education, Science and Engineering

Southern Cross University continues to take steps to strategically grow its research presence in areas of teaching strength that historically have not had high research output. This is a key step in responding to a recommendation from the Coaldrake Report¹, that by 2030 all Australian universities should be able to demonstrate to the Tertiary Education Skills Quality Authority as a condition of their registration that their research is at, or above, world standard in at least three or at least 50 per cent (whichever is higher) of the broad fields of research in which the university delivers courses.

One component of this strategy involves increasing research capacity by way of academic appointments. Towards the end of 2021, the University appointed new research and teaching academics across health, education and engineering. These positions will immediately accelerate the University's research by way of funded projects to be transferred to the University, as well as increasing the University's research capacity in these fields by, for example, attracting new higher degree by research students and creating new collaborative networks.

One 2021 appointment of mention is Professor Gillian Gould, to Faculty of Health. Professor Gould is a general practitioner as well as a researcher, specialising in smoking cessation for Indigenous women. She brings more than \$3 million in external funding to the University, predominantly from the National Health and Medical Research Council.

Reef Restoration and Adaptation Program

After formal establishment as a collaboration in 2020, funding agreements were signed throughout 2021 for Reef Restoration and Adaptation Program projects. The University leads two sub-programs, Cooling and Shading (Associate Professor Daniel Harrison) and Moving Corals (co-led by Professor Peter Harrison with Dr Mark Gibbs from the Australian Institute of Marine Science) and is partnering on a further two (Enhanced Corals and Treatments, and Coral Aquaculture and Deployment) with Dr David Abrego and Dr Emily Howells as the University leads. The University has now executed project agreements totalling approximately \$12 million, including payments to subcontractors to fund initial research activity.

¹ What's in a Name? Review of the Higher Education Provider Category Standards – Final Report, <https://www.dese.gov.au/higher-education-reviews-and-consultations/resources/final-report-review-higher-education-provider-category-standards>

Key publication highlights

With 800 publications already registered to the database Scopus, researchers continued to publish and gain citations for their impactful research. Some highlights include:

- Southern Cross University graduates Dr Luke Jeffrey and Dr Rachel Murray were recognised through citation of their work in the United Nations' Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6. Dr Jeffrey and Dr Murray were both recipients of the Chancellor's Medal for their outstanding PhD theses.
- An article published by Associate Professor Christian Swann in *Health Psychology Review*² was viewed over 12,600 times, with an Altmetric of 207 (ranked #9 of all publications in this journal), becoming one of the #17th most-read articles ever published by the journal. It was also cited in high-ranking journals such as *JAMA Cardiology* (IF: 14.68).

Impacts of COVID-19

Research continued to experience disruption throughout 2021 due to COVID-19, and this affected the ability of researchers to travel and safely conduct their research. Significant challenges included:

- The ongoing Australian border closure – international researchers and students selected as preferred candidates for research positions and stipends experienced difficulty and delay in entering the country, delaying the progress of associated research projects.
- The Queensland government's border restrictions – exemptions to these restrictions were difficult to obtain prior to the October Great Barrier Reef mass coral spawning event, a critical field research event for a number of University research projects including some associated with the multi-million-dollar Reef Restoration and Adaptation Program.
- Delays in the conduct of projects, often requiring project extension or redesign.

The final months of 2021 saw significant easing of the first two of these issues with increasing numbers of exemptions granted and finally opening of the Queensland border in December 2021.

University researchers continue to build COVID-19 contingency plans into research projects most likely to be affected by the pandemic's travel restrictions and the other impacts.

Partnerships

The University observed a downturn in 2021 in the number of new, small research partnerships with industry, and low uptake of the co-funded industry higher degree by research scholarship scheme that was so successful in 2020. This was likely due to the ongoing financial uncertainty many sectors experienced owing to the government restrictions and the potential safety implications of a researcher entering a business and interacting with staff and clients. As industry gains confidence and the practical impacts of COVID-19 reduce over time, it is expected that interest in these activities will recover.

While fewer small-scale research partnerships were contracted in 2021, the University's engagement with larger funding partners and strategic collaborations increased. In addition to the RRAP and ARC projects mentioned earlier:

- Australian Centre for International Agricultural Research provided \$2,499,959 in funding for Professor Peter Harrison's research on the restoration of coral reefs using larval re-seeding.
- Associate Professor Christian Swann, Faculty of Health (FoH), led the University's collaboration with the University of New England and other regional universities to successfully secure Commonwealth 'Regional Research Collaboration' funding to establish a regional mental health institute.
- Dr James Sippo (Southern Cross University graduand) and Professor Damien Maher collaborated on a project for the Commonwealth Clean Energy Regulator, to develop Australia's first Blue Carbon Abatement Model 'BlueCAM'.
- Ecofibre Limited, a long-standing industry partner, funding Dr Janet Schloss from the University's National Centre of Naturopathic Medicine to conduct a \$1.1 million sleep trial involving medicinal cannabis.
- \$1.38 million in funding was contracted through the Cooperative Research Centre for High Performance Soils for industry-driven projects.
- Eight collaborative research projects were implemented with groups of farmers, researchers, consultants and natural resource managers worth a collective value of \$1.377 million as part of a Department of Agriculture, Water and Environment-funded project 'Research into quantifying the benefits of regenerative agricultural practices in restoring degraded soils.
- Professor Anne Graham, from the University's Centre for Children and Young People, secured \$484,000 from the NSW Department of Education for a project aimed at improving the participation and wellbeing of young people in schools.

2 Swann, C., Rosenbaum, S., Lawrence, A., Vella, S. A., McEwan, D., & Ekkekakis, P. (2021). Updating goal-setting theory in physical activity promotion: A critical conceptual review. *Health Psychology Review*, 15(1), 34-50. doi:10.1080/17437199.2019.1706616

Researcher development

Seven workshops were held to support the development of researchers. These included an Australian Research Council Virtual Visit and workshop, Publishing with Impact Webinar, three Visualising Research Excellence workshops with SciVal: research excellence and metrics workshops and a Preparing for ARC: Strategies for success workshop. The workshops were conducted online due to COVID-19 considerations and were well attended by a range of academic and professional staff and higher degree researchers.

Higher degree research

A primary focus of the Graduate School in recent years has been to improve the number of timely PhD completions. As a result of the Graduate School's implementation of system changes to increase the number of timely PhD completions, the University again achieved an improvement in the number of completions. In 2021, there were 46 PhDs completed.

Digital (eResearch) Strategy

The University's Digital eResearch Strategy was completed in December 2021. The strategy provides direction for the University to develop its digital research capabilities, to reduce risks associated with research data and enhance compliance with funding body and publisher requirements. The strategy also provides a path to enable the increased reach of research data impacts, improve data collection and analysis, increase collaboration and enhance the University's ability to conduct world-leading research.

University Rankings

Improving the University's rankings is integral to the University's success and reputation, both locally and internationally. Rankings provide an avenue to market the University's strengths to students and researchers by assessing performance and alignment to strategic priorities on an annual basis.

The Ranking Working Party (RWP) was established in 2021 to:

- i. Ensure rankings align to the University strategic priorities;
- ii. Champion the Rankings Uplift program of work including governance, operations and engagement to drive improvement through best practices; and
- iii. Strengthen the University's rankings reputation, showcase results regionally, nationally and internationally.

People

Workplace Health and Safety

Throughout the year, while predominantly working from home, initiatives were delivered to support health, safety and wellbeing. A key priority was the University's response to COVID-19 led by the Critical Incident Team. Planning, consultation and implementation of both COVID-safe and return-to-campus measures were implemented and regularly reviewed including work unit risk assessments and plans, QR codes, information posters, sanitisation stations, safe working procedures, personal protective equipment, working from home guides and COVID-19 Marshal training.

In 2021, 956 staff accessed health and wellbeing initiatives across all campuses. These included in-person and online programs, access to wellbeing classes and software applications, flu vaccinations and counselling support through the Employee Assistance Program. 540 employees attended workplace health and safety training programs including Mental Health First Aid, First Aid, Advanced Resuscitation, Emergency Warden, Emergency Response, RiskWare, Manual Handling, Advanced Radiation Safety, ChemStore induction, Responding to disclosures of sexual violence and Safety Support Officer.

Organisational Development

COVID-19 restrictions and working from home requirements led to a number of changes in the professional development space in 2021:

- A number of previously face-to-face programs were delivered online, including People Managers Workshop, Respectful Workplaces, Staff Selection & Interview Skills, Understanding Gender and Sexuality Diversity Workshop, Mental Health First Aid, Academic Integrity, Privacy Awareness and Riskware for Managers and Supervisors.
- A number of new online course offerings were made available to staff in the Professional Learning Centre including Cyber Security, Privacy Awareness and WHS Duty of Care for Managers and Supervisors.

Work unit-specific programs were facilitated in several teams across the University to build leadership capabilities in high performing teams and to improve team collegiality.

Five staff were successful in their application to undertake Professional Staff Career Development Programs.

The annual Special Studies Program for academic staff re-opened, and six employees were successful in their application for programs to commence in 2022.

As part of the annual Academic Promotion round, 15 academic employees were successful in their application for promotion, commencing 1 January 2022.

Attraction and Retention

As a result of the new organisational structure launched in early 2021, a number of new roles were created, and, coupled with high rates of workforce renewal, this generated an unprecedented level of recruitment activity.

In 2021, 145 vacancies were advertised utilising a combination of internal and external recruitment. This represented a significant increase from the previous year and a 11.5 per cent increase from 2019 recruitment levels.

Professional and senior level roles comprised 66 per cent of the recruitment activity, academic roles 32 per cent and Southern Cross Campus Services 2 per cent.

A number of senior appointments were made throughout the year including Chief Information Officer, Director Library Services, Director Workplace Relations, Professor/Associate Professor in Education, Professor of Nursing and Chair of Discipline, Vice President (Strategy and Implementation), and Vice President (Students) and Registrar.

Equal Employment Opportunity (EEO)

Table 1: Academic Staff representation of EEO Target Groups as a percentage at 31 March in the years 2018 -2021.

| Academic Staff | Benchmark or target | 2018 | 2019 | 2020 | 2021 |
|--|---------------------|-------|-------|-------|-------|
| Women | 50% | 48.8% | 51.3% | 53.1% | 53.0% |
| Aboriginal people and Torres Strait Islanders | 2.6% | 2.5% | 3.4% | 2.7% | 2.2% |
| People whose first language was not English | 19% | 11.9% | 12.9% | 13.6% | 15.3% |
| People with a disability | NA | 7.2% | 6.6% | 5.4% | 6.2% |
| People with a disability requiring work-related adjustment | 1.1% | 1.3% | 1.1% | 0.8% | 0.9% |

Table 2: Professional Staff representation of EEO Target Groups as a percentage at 31 March in the years 2018 -2021.

| Professional Staff | Benchmark or target | 2018 | 2019 | 2020 | 2021 |
|--|---------------------|-------|-------|-------|-------|
| Women | 50% | 67.2% | 65.9% | 65.2% | 66.5% |
| Aboriginal people and Torres Strait Islanders | 2.6% | 2.9% | 3% | 2.9% | 2.5% |
| People whose first language was not English | 19% | 5.1% | 7.6% | 5.3% | 5.1% |
| People with a disability | NA | 3.4% | 4.2% | 2.7% | 2.2% |
| People with a disability requiring work-related adjustment | 1.1% | 0.5% | 0.7% | 0.5% | 0.4% |

Table 3: Academic Staff – Trends in distribution of EEO Target Groups at 31 March in the years 2018 -2021.

| Academic Staff | Benchmark or target | Distribution Index | | | |
|--|---------------------|--------------------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 |
| Women | 100 | 89 | 87 | 88 | 93 |
| Aboriginal people and Torres Strait Islanders | 100 | 95 | 75 | 70 | 70 |
| People whose first language was not English | 100 | 93 | 96 | 86 | 89 |
| People with a disability | 100 | 99 | 104 | 100 | 95 |
| People with a disability requiring work-related adjustment | 100 | 104 | 105 | 130 | 118 |

Table 4: Professional Staff – Trends in distribution of EEO Target Groups at 31 March in the years 2018 -2021.

| Professional Staff | Benchmark or target | Distribution Index | | | |
|--|---------------------|--------------------|------|------|------|
| | | 2018 | 2019 | 2020 | 2021 |
| Women | 100 | 90 | 90 | 90 | 90 |
| Aboriginal people and Torres Strait Islanders | 100 | 87 | 83 | 81 | 86 |
| People whose first language was not English | 100 | 94 | 95 | 94 | 95 |
| People with a disability | 100 | 99 | 98 | 100 | 98 |
| People with a disability requiring work-related adjustment | 100 | 94 | 82 | 81 | 86 |

Workplace Relations

Bargaining for a new Enterprise Agreement commenced in 2021. The key aim is to develop an agreement that is fair and sustainable; consistent with contemporary legislation and community standards; simple and clear in its interpretation and application; consistent with the promotion of innovation, change and efficiency; supportive and encouraging of high-performance; and consistent with achieving flexibility in work practices.

Diversity and Multicultural events

As COVID-19 restrictions continued into and throughout 2021, the delivery of events celebrating and acknowledging diversity continued mostly through online and digital platforms. The events, albeit mostly online, successfully promoted visibility for our diverse University community and encouraged conversation, learning and participation along with enhancing a sense of belonging.

In 2021, eight events were led by the Equity & Inclusion team including International Women's Day, Harmony Week, IDAHOBIT Day (International Day Against Homophobia, Biphobia & Transphobia), Refugee Week, Wear It Purple Day, International Day of People with Disability, International Human Rights Day and the annual Fusion Festival.

Online activities, such as trivia and competitions were available to staff and students, celebrating diversity, raising awareness and encouraging sharing and learning of cultural stories, music, recipes and connection.

In late 2021, the Equity & Inclusion team reviewed their annual Diversity calendar and have selected a further three awareness days that will be celebrated, acknowledged and promoted next year.

Ally Network

The Ally network is a university-wide initiative to strengthen inclusion, support and success of lesbian, gay, bisexual, transgender, intersex and queer identifying students and staff.

In 2021, the Ally Network had a total of 45 members. Members were invited to participate in two trivia events hosted by members of the Ally Network as a fun way to increase their understanding of LGBTIQ+ people and culture. They were also invited to morning teas held at three campus locations to celebrate and acknowledge IDAHOBIT Day.

The Ally Network issued four newsletters with news, events and resources for members.

Staff Development

In 2021, Understanding Gender and Sexuality Diversity training was delivered online through two workshops. This workshop informed staff about the lived experiences of people of diverse sexualities and gender identities, to lead and promote an inclusive environment at the University.

17 staff in total across the University completed this training and could elect to join the Ally Network.

Disability Action Plan

Significant work was undertaken in 2021 to develop a new Disability Action Plan.

HumanKind

The HumanKind module developed for students by Student Equity and Inclusion (E&I) and the Student Safety Support and Wellbeing Coordinator (SSSW) continues to be well accessed by students, facilitating student engagement with cultural and linguistic diversity, race and racism, gender equity, consent and gender and sexuality diversity.

In late 2021, the SSSW & E&I staff began an evaluation of the HumanKind module to align with the Educating for Equality framework developed for Australian universities, of which the University was a pilot participant.

Student Feedback and Consumer Response

Feedback and Complaints 2021

The University has established a Feedback and Complaints Framework to provide for submission of feedback and the timely and fair resolution of complaints.

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

During 2021, a total of 151 complaints were received, including 24 formal complaints, 124 being managed informally under the [Complaints Policy - Students and Members of the Public](#), and 3 being noted as feedback.

Of those complaints received:

- 51 complaints were upheld and resolved to the complainant's satisfaction;
- 72 complaints were not upheld and advice and information was provided to the complainants as to the reasons for the decision;
- 19 complaints were otherwise resolved; and
- 9 complaints were referred under another policy.

Key themes are summarised below:

| Nature of complaint | No. |
|---------------------------------|------------|
| Sexual harassment | 2 |
| Bullying and/or harassment | 4 |
| Discrimination | 5 |
| Inappropriate behaviour/Conduct | 14 |
| Course and teaching quality | 33 |
| Student-staff interaction | 14 |
| Fees | 41 |
| Miscellaneous/Other | 38 |
| Total | 151 |

Improvement Opportunities/Recommended Actions

A number of improvement opportunities were identified via the complaints resolution process. These were reported in detail and are broadly categorised below:

| | |
|-----------------------------|---|
| Customer service | Identification and review of staff support gaps in relevant teams. Recommendations on improvement to staff communications including training and assessment of interactions. |
| Courses and teaching | Identification of units in need of review in terms of quality and relevance. Service delivery issues highlighted due to remote teaching/learning. |
| Systems | Identification of various IT and student systems in need of improvement, refinement or development. |

Governance

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

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

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

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

The University Council has adopted the Voluntary Code of Best Practice for the Governance of Australian Public Universities.

In November 2021, the University Council reviewed the University's standing against the revised Voluntary Code. The University is substantially compliant with the Voluntary Code.

Attestation Statement 2021: Freedom of Speech and Academic Freedom

Southern Cross University formally adopted the Model Code for the Protection of Freedom of Speech and Academic Freedom in Australian Higher Education Providers in November 2019 and has continued to promote the principles of the Model Code.

The University's key policy documents relating to freedom of speech and academic freedom are:

- Code of Conduct
- Student Rights and Responsibilities Charter
- Delegations Rule
- Governance Document Rule
- Student Academic and Non-Academic Misconduct Rules
- Events and Facilities Hire Policy

The University has supported a culture committed to freedom of speech and academic freedom by publishing a Statement on Academic or Intellectual Freedom on the Academic Board webpage and informing students about academic freedom and freedom of speech as part of the University's online orientation module.

The University Council is not aware of any issues of concern being raised during 2021 and the University's Complaints Unit has not received any formal or informal complaints relating to academic freedom or freedom of speech from staff, students or members of the public.

In December 2020, Emeritus Professor Sally Walker AM assessed the University's policies as mostly aligned with the Model Code. In response to recommendations made by Professor Walker, the University made minor amendments to two key policy documents.

The Governance Document Rule was amended to specify that:

- all Rules, Policies, Procedures and Guidelines are to be consistent with the principles of academic freedom and freedom of speech; and
- to the extent of any inconsistency, the principles of academic freedom and freedom of speech prevail over any non-statutory policy or rules of the University.

The Rules – Student Academic and Non-Academic Misconduct Rules were amended to confirm that the exercise of freedom of speech and academic freedom will not constitute misconduct.

In addition, the University inserted information about academic freedom and freedom of speech into the online orientation module.

Management and Structure

As at 31 December 2021

| | |
|---|---|
| University Council | |
| Vice-Chancellor and President | |
| Governance Services | HR Services |
| Gnibi College of Indigenous Australian Peoples | Faculty of Business, Law and Arts |
| Faculty of Education | Faculty of Health |
| Faculty of Science and Engineering | |
| Deputy Vice Chancellor (Research) | |
| Emeritus Faculty | Graduate School |
| Research Funding and Management | Southern Cross Analytical Research Services |
| Vice President (Students) and Registrar | |
| Student Experience | Student Safety and Wellbeing |
| Student Support | Student Administration Services |
| Pro Vice Chancellor (Academic Innovation) | |
| Academic Partnerships | Academic Portfolio Office |
| Centre for Teaching and Learning | |
| Pro Vice Chancellor (Academic Quality) | |
| Academic Portfolio Office | Business Intelligence and Quality |
| SCU College | Careers and Employability |
| Vice President (Engagement) | |
| Advancement | Partnerships |
| Digital and Design | Southern Cross Global |
| Future Students | Strategic Projects |
| Marketing and Communications | |
| Vice President (Operations) | |
| Campus Services | Library Services |
| Property Services | Technology Services |
| Vice President (Finance) | |
| Financial Services | Financial Performance |
| Vice President (Strategy and Implementation) | |

University Council Members for the period 1 January 2021 to 31 December 2021

Official members

Chancellor and Chair of Council

Ms Sandra McPhee AM, FAICD

From 1 July 2021

Vice-Chancellor and President

Professor Tyrone Carlin, BComm(UNSW), LLB(Hons)(Sydney), LLM(Sydney), MComm(Hons)(UNSW), PhD(Macq)

Chair of Academic Board

Professor Andrew Rose BE(Environmental)(Hons)(UNSW), BSc(Mathematics)(UNSW), PhD(UNSW)

Elected members

Associate Professor Renaud Joannes-Boyau PhD(ANU)

Academic staff member

Mr Graham Lancaster BAppSc(Hons)(UNENR)

Non-academic staff member

Dr Alessandro Pelizzon LLB(Torino), LLM(Torino), PhD(UOW)

Academic staff member

Ms Gabriella Wayne

Student member

Council appointed members

Dr Austin Curtin AM, MB MD BS(Syd), FRACS

Ms Julie Granger BA/LLB(Hons)(SCU), LLM(UNSW)

Mr Scott Noble BBus(SCU), MAppFin(FINSIA), FCA, FFin, GAICD

Graduate member

Ministerially appointed members

Deputy Chancellor

Mr Murray d'Almeida FAICD

Mr Jonathan Rourke BSc(Arch) (Syd)

Council Secretary

Ms Belinda Atkinson BComm(UQ), LLB(UQ)

The following members' appointments concluded during 2021:

Mr Nicholas Burton Taylor AM, BEc(Syd), FCA, FCPA, FFin, FAICD

Chancellor

Retired 30 June 2021

Ms Lynda O'Grady BCom(Hons)(UQ), FAICD

Council appointed member

Term concluded 16 February 2021

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

Executive Officers

Vice-Chancellor and President

Professor Tyrone Carlin BComm(UNSW), LLB(Hons)(Sydney), LLM(Sydney), MComm(Hons)(UNSW), PhD(Macq)

Deputy Vice Chancellor (Research)

Professor Mary Spongberg BA(Hons)(Sydney), PhD(Sydney)

Deputy Vice Chancellor (Students)

Professor Nan Bahr, DipEd(Adelaide), BA(Flinders), BEd, BMus(Adelaide), MEd(UQ), PhD(UQ)

Pro Vice Chancellor (Academic Innovation)

Professor Erica Wilson, BAdmin(Tourism)(Hons)(JCU), GradDip(EnvStud)(Adelaide), PhD(Griff)

Pro Vice Chancellor (Academic Quality)

Professor Thomas Roche, BA(UQ), BEd(UQ), PhD(Dresden)

Vice President (Engagement)

Mr Ben Roche, BSc(Hons)(UNSW), MEd(UTS)

Vice President (Finance)

Travis Walker, BBus(Accounting)(RMIT), MBA(LaT)

Vice President (Operations)

Mr Allan Morris, GradDipInfoTech(Monash)

Vice President (Strategy and Implementation)

Mr Jack Williamson, BEng (Wollongong), MBA (London Business School)

From 22 November 2021

Vice President (Students) and Registrar

Mr Brendon Nelson, GradDipMgt(UTS), MBus(UTS)

From 22 November 2021

Insurance

The University maintains an appropriate comprehensive insurance program to cover the financial effects of insurable risks. The principal areas of cover include: property protection, general and products liability, professional liability, malpractice, clinical trials, cyber, corporate travel, motor vehicle insurance, and workers compensation. Consideration is given to the University's risk profile, including new and emerging risks and the University's exposure to such risks, when determining the limits of cover, deductibles and classes of cover. The insurance program is renewed annually.

Risk Management

Risk management is an integral part of the University's governance, and a key consideration in effective decision making. The University's approach to risk management aligns with the risk management standard *ISO 31000:2018 Risk Management – Guidelines*. Oversight of the University's Risk Management framework is provided by Council and the Audit and Risk Management Committee.

During 2021 there was continued focus on:

- Regular reporting and review of the strategic risk profile.
- Review and monitoring by all operational units of key operational risks.
- Review and reporting of academic and research integrity risks.
- Business Continuity planning.

Further review and development of the University's Risk Framework also commenced.

Legal Changes

New and amended legislation in 2021

The following outlines major changes to legislation that is relevant to the University. General amendments to legislation have not been included.

Higher/Tertiary Education

Amendments to Higher Education Support Act 2003 (Cth)

From 1 January 2023, all higher education students must have a Unique Student Identifier to be eligible for a Commonwealth supported place and Commonwealth financial assistance. This will also apply to students who commenced study prior to 2021.

Higher Education Standards Framework (Threshold Standards) 2021 (Cth)

The legislation came into effect from 1 July 2021 and amended existing Threshold Standards and replaced the six previous provider categories with four new categories. The legislation set out the requirements for a higher education provider to be registered with the Tertiary Education Quality and Standards Agency.

Higher Education Support Amendment (Job-Ready Graduates and Supporting Regional and Remote Students) Act 2020 (Cth)

From 1 January 2021, new university and short course places were created, and additional support for regional students was provided. The University Executive assessed the impact and opportunities to provide additional places and support for students.

Material Change Notification Policy 2021 pursuant to Tertiary Education Quality and Standards Agency Act 2011 (Cth)

The Policy sets out the circumstances in which providers are required to notify TEQSA of changes that may significantly impact their compliance with the *Higher Education Standards Framework (Threshold Standards) 2021 (Cth)*.

Work Health and Safety

NSW Code of Practice – Managing Psychosocial hazards at work

The Code of Practice has been reviewed and Council and Executive members have been informed. The University is currently developing a plan to implement a work tool to assess and control psychosocial risks in the workplace.

Medicines and Poisons Regulation 2021 (Qld)

Consultation and inspections have commenced and a Substance Management Place will be implemented by the end of 2021.

Work Health and Safety Amendment (GHS Labelling) Regulation 2020 (NSW)

The Regulation was introduced in December 2020 but reviewed January 2021. The University is updating hazardous substance labels where needed to meet the requirements of the GHS7.

Employment/Industrial Relations

Sex Discrimination and Fair Work (Respect at Work) Amendment Act 2021 (Cth)

This legislation amended the *Fair Work Act 2009* to address sexual harassment at work and to include miscarriage as a reason for accessing compassionate leave.

Amendments to the Fair Work Act 2009 (Cth)

Amendments to workplace entitlements and obligations in relation to casual employees came into effect on 27 March 2021 including:

- provision of a Casual Employment Information Statement
- changes to the definition of casual employment
- a pathway for casual employees to become full-time or part-time (permanent).

Treasury/Finance

Your Future, Your Super Reforms

Under the *Treasury Laws Amendment (Your Future, Your Super – Addressing Underperformance in Superannuation) Regulations 2021 (Cth)*, and *Treasury Laws Amendment (Your Future, Your Super – Single Default Account) Regulations 2021 (Cth)*, the University must provide choice of super fund for any new employees. Current employees will also have a choice of super fund when the new EBA has been ratified by Fair Work Australia.

Treasury Laws Amendment (Registries Modernisation and Other Measures) Act 2020 (Cth)

From 1 November 2021, a permanent unique identifier (DIN) will be required for each person who consents to be a director. This amendment will apply to directorships of Southern Cross Campus Services Ltd.

Cyber security

Security of Critical Infrastructure Act 2018 (Cth)

On 2 December 2021, this Act was amended to include the higher education sector, and to introduce mandatory cyber incident reporting for organisations deemed responsible for 'critical infrastructure assets' by the Minister for Home Affairs. The University was notified that the Minister intends to make this declaration in respect of public universities, and is currently considering the implications, together with an exposure draft of the Security of Critical Infrastructure (Application) Rules 2021.

Privacy

Privacy and Personal Information Protection Act 1998 (NSW)

On 29 November 2021, a new clause (27D) was added to the above Act, which broadens the exception to the disclosure rules by clarifying when personal information can be collected, used or disclosed in an emergency situation. The meaning of 'emergency' situation is as defined in the *State Emergency and Rescue Management Act 1989*.

Significant judicial decisions

Ridd v James Cook University [2021] HCA 32

On 13 October 2021 the High Court unanimously dismissed an appeal from a judgment of the Full Court of the Federal Court of Australia in respect of whether Dr Ridd's right to intellectual freedom was protected by clause 14 of the James Cook University enterprise agreement.

The Court held that the intellectual freedom protected by cl 14 was not a general freedom of speech, but was subject to constraints, including confidentiality obligations.

The Court found that Dr Ridd's employment had been lawfully terminated as he had repeatedly failed to comply with his confidentiality obligations relating to disciplinary processes in breach of the University Code of Conduct. However, the Court also held that the exercise of intellectual freedom was not constrained by other Code of Conduct undertakings, such as respect or courtesy.

Privacy and Personal Information

The University's compliance and commitment to protecting personal information is underpinned by its Privacy Policy, Privacy Management Plan and Privacy Data Breach Response Process. The University continued its program of privacy awareness training to staff throughout 2021 and promoted the use of its online training module to ensure staff are aware of their responsibilities.

Advice on the application of the *Privacy and Personal Information Protection Act 1998* (NSW) ('PIIP Act') and the *Health Records and Information Privacy Act 2002* (NSW) was provided to staff throughout the year.

The University received one application for internal review under Part 5 of the PPIP Act in the 2021 calendar year.

Public Interest Disclosures 2021

In 2021, the University published the Whistleblower Policy which sets out the framework for reporting wrongdoing, including Public Interest Disclosures. The new Policy supersedes the University's Public Interest Disclosures Policy and incorporates reports made in accordance with requirements under the *Corporations Act 2001* (Cth).

The University developed an online resource to support the implementation of the Policy including:

- Whistleblower Report Summary
- FAQs
- Links to external resources.

The University's report in relation to public interest disclosures made in 2021 follows:

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

Student Consultation

Southern Cross University values the input of students to improve the student experience. This takes place through various feedback mechanisms and incorporation of student representative roles into University decision-making bodies.

Student Representative Committee

The Student Representative Committee (SRC) is the principal advisory committee for the University to consult with enrolled students regarding their student experience. It is a forum for the dissemination, discussion and debate on matters of student interest and a mechanism to gain student perspective to inform actions designed to benefit the student experience.

Council and Academic Board

Students are elected to positions on Council and the principal academic decision-making body of the University, Academic Board. These bodies both meet at regular intervals throughout the year.

Faculty Boards

Students are appointed to Faculty Board committees, which provide advice on academic initiatives and innovations and oversee the quality of academic matters within each Faculty or College.

Elected Student representatives

In addition to the scheduled SRC meetings, regular consultation takes place with independent student associations. Executive members of these associations are appointed through annual student elections and the Office of the Vice President (Students).

Surveys and feedback mechanisms

All enrolled students have the opportunity to provide feedback to the University at any time through an online mechanism about their student experience and about unit offerings and teaching through end-of-unit surveys.

In addition, the University obtains feedback in relation to various services as follows:

- Learning Coach appointment feedback links are emailed to students after their 1:1
- Peer Program participants feedback
- Orientation and Check-in Week quiz and surveys
- Post-event (Sport) participation feedback surveys
- Study Buddi weekly reflections
- Post-loan approval Qualtrics feedback form
- LET workshop feedback forms
- Surveys seeking feedback in relation to counselling services.

Student Services and Amenities Fee

Consultation about the allocation of Student Services and Amenities Fee (SSAF) funding is undertaken as follows:

- Consultation with elected student representatives of the student associations
- Advice is sought from the Student Representative Committee concerning the potential uses of SSAF funds
- All students may comment on the proposed priorities via a [survey](#) process
- A Student Representative Committee member holds a position on the University SSAF and HEPPP Committee.

Financial Performance

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

Review of Operations

Southern Cross University and its controlled entities reported a consolidated net profit of \$10.615m for the year ending 31 December 2021 (2020: net loss \$2.636m). The University reported a net profit of \$10.613m (2020: net loss of \$2.780m).

Net cash generated from operating activities was \$41 million (2020: \$22 million).

Total University revenue (excluding capital grants), fell by 6 per cent compared to the previous year, largely driven by COVID-19 impacts to international student load. Total expenses fell by 11 per cent, driven by continue campus closures and a decline in salaries and wages from 2020 which had included the separation costs from the Transform SCU.

Cash and cash equivalents and Investments increased from \$107.4 million to \$163.7 million. This increase was attributable to the increased share price of IDP, a publicly listed company (IEL), monies received from the Commonwealth for Job Ready Graduate reforms which are due to be repaid as the Commonwealth's enrolment expectations in specific programs did not materialise, as well as research monies which will be expended over the coming years.

Southern Cross University and Controlled Entities

ABN 41 995 651 524

Financial Statements for the 2021 Reporting Period

| | | |
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Statement by the Members of Council

For the Year Ended 31 December 2021

In accordance with a resolution of the Council of Southern Cross University and pursuant to Section 7.6(4) of the *Government Sector Finance Act 2018*, we state that:

- (a) The financial statements of Southern Cross University and its controlled entity presents fairly the financial position as at 31 December 2021, and the financial performance and cashflows for the financial year ended on that date;
- (b) The amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended and Southern Cross University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure;
- (c) The financial statements have been prepared in accordance with Australian Accounting Standards, other mandatory professional reporting requirements, the applicable requirements of the *Government Sector Finance Act 2018*, the *Government Sector Finance Regulation 2018* and the *Financial Statement Guidelines for Australian Higher Education Providers 2021*;
- (d) Southern Cross University charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* and the Administration Guidelines under the Act. Revenue from the fees was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19 clause 38 (4) of the Act.

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



.....
Ms Sandra McPhee AM
Chancellor



.....
Professor Tyrone Carlin
Vice-Chancellor

Dated: 21 April 2022

Income Statements

For the Year Ended 31 December 2021

| | Note | Consolidated | | Parent | |
|--|--------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Revenue and income from continuing operations | | | | | |
| Australian Government financial assistance | | | | | |
| Australian Government grants | | 110,384 | 103,751 | 110,384 | 103,751 |
| HELP - Australian Government payments | 2.1(b) | 68,926 | 73,261 | 68,926 | 73,261 |
| State and local government financial assistance | 2.2 | 2,018 | 1,712 | 2,018 | 1,712 |
| HECS-HELP - Student Payments | | 2,378 | 2,515 | 2,378 | 2,515 |
| Fees and charges | 2.3 | 64,439 | 84,633 | 64,439 | 84,633 |
| Investment income | 3 | 275 | 4,203 | 275 | 4,203 |
| Royalties, trademarks and licences | 2.4 | 714 | 951 | 714 | 951 |
| Consultancy and contract fees | 2.5 | 10,658 | 7,782 | 10,658 | 7,782 |
| Other income | 2.6 | 14,492 | 13,882 | 13,118 | 12,254 |
| Gain on disposal of assets | | 60 | 215 | 60 | 224 |
| Total revenue and income from continuing operations | | 274,344 | 292,905 | 272,970 | 291,286 |
| Expenses from continuing operations | | | | | |
| Employee related expenses | 4 | 143,912 | 167,792 | 142,982 | 166,324 |
| Depreciation and amortisation | 5 | 16,899 | 17,073 | 16,888 | 17,046 |
| Repairs and maintenance | | 4,659 | 4,432 | 4,555 | 4,419 |
| Borrowing costs | 6 | 1,740 | 1,727 | 1,740 | 1,727 |
| Impairment of assets | 7 | 1,062 | 4,828 | 1,361 | 5,026 |
| Share of loss on investments accounted for using the equity method | 12 | 6 | 4 | - | - |
| Other expenses | 8 | 95,451 | 99,685 | 94,831 | 99,524 |
| Total expenses from continuing operations | | 263,729 | 295,541 | 262,357 | 294,066 |
| Net result from continuing operations | | 10,615 | (2,636) | 10,613 | (2,780) |

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

Statements of Comprehensive Income

For the Year Ended 31 December 2021

| | Note | Consolidated | | Parent | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Net result from continuing operations | | 10,615 | (2,636) | 10,613 | (2,780) |
| Items that will not be reclassified to profit or loss | | | | | |
| Gain on equity instruments designated at fair value through OCI | | 43,439 | 10,245 | 43,439 | 10,245 |
| Remeasurement relating to defined benefit plans | 31(e) | (2,783) | 44 | (2,783) | 44 |
| Total | | 40,656 | 10,289 | 40,656 | 10,289 |
| Items that will be reclassified to profit or loss | | | | | |
| Loss on debt instruments at fair value through OCI | | (230) | - | (230) | - |
| Total | | (230) | - | (230) | - |
| Total other comprehensive income | | 40,426 | 10,289 | 40,426 | 10,289 |
| Total comprehensive income attributable to members of Southern Cross University | | 51,041 | 7,653 | 51,039 | 7,509 |

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

Statements of Financial Position

As At 31 December 2021

| | Note | Consolidated | | Parent | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 9 | 41,401 | 41,996 | 41,272 | 41,874 |
| Receivables | 10 | 41,729 | 21,806 | 41,725 | 21,774 |
| Contract assets | 10 | 1,864 | 389 | 1,864 | 389 |
| Inventories | | 12 | 18 | - | - |
| Other financial assets | 11 | 22,248 | 8,000 | 22,248 | 8,000 |
| Prepayments | | 7,775 | 7,985 | 7,771 | 7,978 |
| Total current assets | | 115,029 | 80,194 | 114,880 | 80,015 |
| Non-current assets | | | | | |
| Receivables | 10 | 100,196 | 111,286 | 100,196 | 111,286 |
| Investments accounted for using the equity method | 12 | 284 | 290 | 175 | 175 |
| Other financial assets | 11 | 100,051 | 57,561 | 100,051 | 57,561 |
| Property, plant and equipment | 13 | 269,322 | 279,905 | 269,297 | 279,875 |
| Prepayments | | 88 | 237 | 88 | 237 |
| Total non-current assets | | 469,941 | 449,279 | 469,807 | 449,134 |
| Total assets | | 584,970 | 529,473 | 584,687 | 529,149 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 14 | 18,377 | 21,992 | 18,318 | 21,925 |
| Contract liabilities | 14 | 26,458 | 21,766 | 26,442 | 21,745 |
| Borrowings | 15 | 2,364 | 2,261 | 2,364 | 2,261 |
| Employee benefit provisions | 16 | 36,461 | 39,608 | 36,423 | 39,544 |
| Other financial liabilities | 17 | 2,428 | 772 | 2,428 | 772 |
| Other liabilities | 18 | 23,480 | 14,096 | 23,480 | 14,096 |
| Total current liabilities | | 109,568 | 100,495 | 109,455 | 100,343 |
| Non-current liabilities | | | | | |
| Borrowings | 15 | 46,535 | 42,437 | 46,535 | 42,437 |
| Employee benefit provisions | 16 | 106,255 | 114,970 | 106,246 | 114,957 |
| Total non-current liabilities | | 152,790 | 157,407 | 152,781 | 157,394 |
| Total liabilities | | 262,358 | 257,902 | 262,236 | 257,737 |
| Net assets | | 322,612 | 271,571 | 322,451 | 271,412 |
| Equity | | | | | |
| Reserves | 19(a) | 18,987 | 57,561 | 18,987 | 57,561 |
| Retained earnings | 19(b) | 303,625 | 214,010 | 303,464 | 213,851 |
| Total equity | | 322,612 | 271,571 | 322,451 | 271,412 |

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

Statements of Changes in Equity

For the Year Ended 31 December 2021

| | Note | Parent | | |
|--|-------|-----------------------------|--------------------|-----------------|
| | | Retained Earnings \$'000 | Reserves \$'000 | Total \$'000 |
| Balance at 1 January 2021 | 19 | 213,851 | 57,561 | 271,412 |
| Net result from continuing operations | 19(b) | 10,613 | - | 10,613 |
| Gain on revaluation of financial assets at fair value through OCI | 19(a) | - | 43,209 | 43,209 |
| Transfer of fair value reserve of equity instruments designated at fair value through OCI to retained earnings | 19 | 81,783 | (81,783) | - |
| Remeasurements of defined benefit plans | 19(b) | (2,783) | - | (2,783) |
| Total comprehensive income/(loss) | | 89,613 | (38,574) | 51,039 |
| Balance at 31 December 2021 | 19 | 303,464 | 18,987 | 322,451 |
| Balance at 1 January 2020 | 19 | 216,587 | 47,316 | 263,903 |
| Net result from continuing operations | 19(b) | (2,780) | - | (2,780) |
| Gain on revaluation of financial assets at fair value | 19(a) | - | 10,245 | 10,245 |
| Remeasurements of defined benefit plans | 19(b) | 44 | - | 44 |
| Total comprehensive income/(loss) | | (2,736) | 10,245 | 7,509 |
| Balance at 31 December 2020 | 19 | 213,851 | 57,561 | 271,412 |

| | Note | Consolidated | | |
|--|-------|-----------------------------|--------------------|-----------------|
| | | Retained Earnings \$'000 | Reserves \$'000 | Total \$'000 |
| Balance at 1 January 2021 | 19 | 214,010 | 57,561 | 271,571 |
| Net result from continuing operations | 19(b) | 10,615 | - | 10,615 |
| Gain on revaluation of financial assets at fair value through OCI | 19(a) | - | 43,209 | 43,209 |
| Transfer of fair value reserve of equity instruments designated at fair value through OCI to retained earnings | 19 | 81,783 | (81,783) | - |
| Remeasurement of defined benefit plans | 19(b) | (2,783) | - | (2,783) |
| Total comprehensive income/(loss) | | 89,615 | (38,574) | 51,041 |
| Balance at 31 December 2021 | | 303,625 | 18,987 | 322,612 |
| Balance at 1 January 2020 | 19 | 216,602 | 47,316 | 263,918 |
| Net result from continuing operations | 19(b) | (2,636) | - | (2,636) |
| Gain on revaluation of financial assets at fair value | 19(a) | - | 10,245 | 10,245 |
| Remeasurement of defined benefit plans | 19(b) | 44 | - | 44 |
| Total comprehensive income/(loss) | | (2,592) | 10,245 | 7,653 |
| Balance at 31 December 2020 | | 214,010 | 57,561 | 271,571 |

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

Statements of Cash Flows

For the Year Ended 31 December 2021

| | Note | Consolidated | | Parent | |
|---|------|-----------------|----------------|-----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Cash flows from operating activities: | | | | | |
| Australian Government grants | | 194,287 | 179,805 | 194,287 | 179,805 |
| OS-HELP (net) | | - | 849 | - | 849 |
| Superannuation supplementation | | 5,872 | 955 | 5,872 | 955 |
| State Government grants | | 2,018 | 1,712 | 2,018 | 1,712 |
| Government subsidies received | | 77 | 543 | - | - |
| HECS-HELP - Student payments | | 2,378 | 2,515 | 2,378 | 2,515 |
| Receipts from student fees and other customers | | 90,363 | 82,262 | 88,910 | 80,628 |
| Interest received | | 248 | 346 | 248 | 346 |
| Dividends received | | - | 4,450 | - | 4,450 |
| Payments to suppliers and employees (inclusive of GST) | | (258,963) | (255,802) | (257,250) | (253,531) |
| Interest and other costs of finance | | (1,755) | (1,710) | (1,755) | (1,710) |
| GST recovered | | 6,201 | 6,098 | 6,304 | 6,181 |
| Net cash provided by operating activities | 28 | 40,726 | 22,023 | 41,012 | 22,200 |
| Cash flows from investing activities: | | | | | |
| Proceeds from sale of property, plant and equipment | | 276 | 1,653 | 276 | 1,631 |
| Payments to acquire property, plant and equipment | | (6,641) | (3,808) | (6,635) | (3,788) |
| Distribution received from financial assets | | 5,260 | - | 5,260 | - |
| (Payments for)/proceeds from financial assets | | (43,706) | 1,000 | (43,706) | 1,000 |
| Loans to related parties | | - | - | (299) | (198) |
| Net cash used in investing activities | | (44,811) | (1,155) | (45,104) | (1,355) |
| Cash flows from financing activities: | | | | | |
| Proceeds from borrowings | | 4,100 | - | 4,100 | - |
| Repayment of lease liabilities | | (610) | (1,066) | (610) | (1,066) |
| Net cash provided by/(used in) financing activities | | 3,490 | (1,066) | 3,490 | (1,066) |
| Net increase/(decrease) in cash and cash equivalents | | (595) | 19,802 | (602) | 19,779 |
| Cash and cash equivalents at beginning of the financial year | | 41,996 | 22,194 | 41,874 | 22,095 |
| Cash and cash equivalents at the end of the financial year | 9 | 41,401 | 41,996 | 41,272 | 41,874 |

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

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Notes to the Financial Statements

For the Year Ended 31 December 2021

1 Summary of Significant Accounting Policies

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

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

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

(a) Basis of Preparation

The financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with Australian Accounting Standards (AAS) and other pronouncements of the AAS Board, the requirements of the *Higher Education Support Act 2003* (Financial Statement Guidelines), the *Government Sector Finance Act 2018* and the *Government Sector Finance Regulation 2018*.

The University applies Tier 1 reporting requirements.

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

Date of authorisation for issue

The financial statements were authorised for issue by the members of Southern Cross University on 22 April 2022.

Historical cost convention

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

Critical accounting estimates

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

- Estimated useful life assessments of property, plant and equipment assets (note 5)
- Measurement and recognition of employee benefits provisions (note 16)
- Impairment of trade and other receivables (note 7)
- Measurement of financial assets (note 30) and liabilities
- Measurement of finance leases and the related right-of-use assets (note 13)
- Identifying and assessing the performance obligations relating to contracts with customers (note 2.7(d))
- Recognising dividends as a recovery of the cost of a financial asset (note 11).

Notes to the Financial Statements

For the Year Ended 31 December 2021

1 Summary of Significant Accounting Policies (continued)

(b) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(c) Income Tax

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

(d) Rounding of amounts

Amounts have been rounded off to the nearest thousand dollars.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statements of financial position.

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

(f) Comparative Amounts

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

(g) Change in accounting estimates

The University has made the following accounting policy changes with effect from 1 October 2021. The changes represent revised accounting estimates and therefore are applied prospectively in accordance with the requirements of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Notes to the Financial Statements

For the Year Ended 31 December 2021

1 Summary of Significant Accounting Policies (continued)

(g) Change in accounting estimates (continued)

The University depreciates Motor Vehicles between 3 to 10 years and increased residual values from 0% to 50%. On a consolidated basis, this change in accounting policy has increased the 2021 net result by \$55,465.

(h) Initial application of the International Financial Reporting Standards Interpretations Committee (IFRS IC) Agenda Decisions

Software-as-a-Service (SaaS) arrangements

In April 2021, the IFRS IC published an agenda decision relating to the accounting for configuration and customisation costs incurred related to a Software as a Service (SaaS) arrangement. The University expenses configuration and customisation costs as incurred in accordance with the IFRIC decision. As a result, no financial impact effected the results on initial application.

(i) New Accounting Standards and Interpretations

The following standards have been issued but are not mandatory for 31 December 2021 reporting periods. Southern Cross University has elected not to early adopt any of these standards and is currently assessing the potential impacts. It is estimated that the adoption of these pronouncements when effective will have no material impact on future reporting periods. The new Standards and Interpretations are set out below:

| Standard | Amendment | Application date |
|----------------------------|--|------------------|
| AASB17 and AASB2020-5 | Insurance Contracts and Amendments to Australian Accounting Standards - Insurance Contracts | 1 January 2023 |
| AASB2014-10 and AASB2017-5 | Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2022 |
| AASB2020-1 and AASB2020-6 | Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current and Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date | 1 January 2023 |
| AASB2020-3 | Amendments to Australian Accounting Standards - Annual Improvements 2018-2021 and Other Amendments | 1 January 2022 |
| AASB2021-2 | Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates | 1 January 2023 |
| AASB2021-3 | Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Revenue and Income

Notes 2.1 to 2.6 disclose the revenue and income received during the year according to the mandatory disclosures required by the department. The disclosures as per AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-profit Entities* are included in note 2.7 and a reconciliation is included in note 2.8.

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

(a) Commonwealth Grants Scheme and Other Grants

| | Note | Consolidated | | Parent | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Commonwealth Grants Scheme | | 85,776 | 84,615 | 85,776 | 84,615 |
| Indigenous, Regional and Low-SES Attainment Fund | | 5,704 | 6,938 | 5,704 | 6,938 |
| National Priorities and Industry Linkage Fund | | 3,118 | - | 3,118 | - |
| Higher Education Disability Support Program | | 114 | 75 | 114 | 75 |
| Indigenous Student Success Program | | 2,009 | 2,079 | 2,009 | 2,079 |
| Total Commonwealth Grants Scheme and Other Grants | 32(a) | 96,721 | 93,707 | 96,721 | 93,707 |
| (b) Higher Education Loan Programs | | | | | |
| HECS - HELP | | 49,103 | 54,072 | 49,103 | 54,072 |
| FEE - HELP | | 18,292 | 17,850 | 18,292 | 17,850 |
| SA-HELP payments | | 1,531 | 1,339 | 1,531 | 1,339 |
| Total Higher Education Loan Programs | 32(b) | 68,926 | 73,261 | 68,926 | 73,261 |
| (c) EDUCATION Research | | | | | |
| Research Training Program | | 4,120 | 4,204 | 4,120 | 4,204 |
| Research Support Program | | 5,965 | 2,905 | 5,965 | 2,905 |
| Total EDUCATION Research Grants | 32(c) | 10,085 | 7,109 | 10,085 | 7,109 |
| (d) Australian Research Council | | | | | |
| Discovery | | 694 | 608 | 694 | 608 |
| Linkages | | 736 | 883 | 736 | 883 |
| Total ARC | 32(e) | 1,430 | 1,491 | 1,430 | 1,491 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

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

(e) Other Australian Government financial assistance

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Non-capital | | | | |
| Department of Agriculture and Water Resources | 1,118 | 237 | 1,118 | 237 |
| Department of Education | 546 | 93 | 546 | 93 |
| Department of Social Services | 273 | - | 273 | - |
| Aust'n Ctr for International Agricultural Research | 111 | 407 | 111 | 407 |
| Other | 100 | 244 | 100 | 244 |
| Total non-capital | 2,148 | 981 | 2,148 | 981 |
| Capital | | | | |
| Department of Infrastructure, Regional Development and Cities | - | 463 | - | 463 |
| Total capital | - | 463 | - | 463 |
| Total other Australian Government financial assistance | 2,148 | 1,444 | 2,148 | 1,444 |
| Total Australian Government financial assistance (a+b+c+d+e) | 179,310 | 177,012 | 179,310 | 177,012 |

2.2 State and local Government financial assistance

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Non-capital | | | | |
| New South Wales | 1,939 | 1,591 | 1,939 | 1,591 |
| Queensland | 10 | 89 | 10 | 89 |
| South Australia | 69 | 16 | 69 | 16 |
| Northern Territory | - | 16 | - | 16 |
| Total Non-capital | 2,018 | 1,712 | 2,018 | 1,712 |
| Total State and Local Government financial assistance | 2,018 | 1,712 | 2,018 | 1,712 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

2.3 Fees and charges

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Course Fees and Charges | | | | |
| Fee-paying onshore overseas students | 53,474 | 72,380 | 53,474 | 72,380 |
| Fee-paying offshore overseas students | 2,855 | 2,594 | 2,855 | 2,594 |
| Continuing education | 12 | 1 | 12 | 1 |
| Fee-paying domestic postgraduate students | 5,773 | 6,095 | 5,773 | 6,095 |
| Fee-paying domestic undergraduate students | 685 | 1,045 | 685 | 1,045 |
| Fee-paying domestic non-award students | 85 | 143 | 85 | 143 |
| Total Course Fees and Charges | 62,884 | 82,258 | 62,884 | 82,258 |
| Other Non-Course Fees and Charges | | | | |
| Student services and amenities fees | 1,131 | 1,061 | 1,131 | 1,061 |
| Other non-course fees and charges | 424 | 1,314 | 424 | 1,314 |
| Total Other Fees and Charges | 1,555 | 2,375 | 1,555 | 2,375 |
| Total Fees and Charges | 64,439 | 84,633 | 64,439 | 84,633 |

2.4 Royalties, trademarks and licences

| | | | | |
|---|------------|------------|------------|------------|
| Royalties | 7 | 12 | 7 | 12 |
| License fees | 707 | 939 | 707 | 939 |
| Total royalties, trademarks and licences | 714 | 951 | 714 | 951 |

2.5 Consultancy and contract fees

| | | | | |
|--|---------------|--------------|---------------|--------------|
| Consultancy | 4,943 | 4,780 | 4,943 | 4,780 |
| Contract research | 5,715 | 3,002 | 5,715 | 3,002 |
| Total consultancy and contract fees | 10,658 | 7,782 | 10,658 | 7,782 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

2.6 Other income

| | Consolidated | | Parent | |
|---------------------------|---------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Donations and bequests | 2,094 | 2,709 | 2,094 | 2,709 |
| Scholarships and prizes | 237 | 229 | 237 | 229 |
| Sales and memberships | 1,378 | 1,176 | 108 | 148 |
| Service fees | 2,191 | 2,302 | 2,191 | 2,301 |
| Laboratory services | 5,992 | 5,663 | 5,992 | 5,663 |
| Recovery of taxes | 1,663 | 244 | 1,663 | 244 |
| Other revenue | 937 | 1,559 | 833 | 960 |
| Total other income | 14,492 | 13,882 | 13,118 | 12,254 |

2.7 Revenue and income from continuing operations

Basis for disaggregation

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

2.7 Revenue and income from continuing operations (continued)

(a) Disaggregation

The University derives revenue and income from:

| | Consolidated | | | | | | | 2021 | |
|--|---|---------------------------------|---|--|--------------------------------|---|---------------|--|--|
| | Higher Education Loan Program ('HELP') \$'000 | Student fees and charges \$'000 | Australian Government financial assistance \$'000 | State and Local Government financial assistance \$'000 | Commercial arrangements \$'000 | Donations, Scholarships & bequests \$'000 | Others \$'000 | Total Revenue from contracts with customers \$'000 | Total income of not-for-profit entities \$'000 |
| Revenue and Income Streams | | | | | | | | | |
| Course fees and charges | | | | | | | | | |
| Domestic students undergraduate | 54,825 | 3,148 | - | - | - | - | - | 57,973 | - |
| Onshore overseas students undergraduate | - | 31,717 | - | - | - | - | - | 31,717 | - |
| Offshore overseas students undergraduate | - | 2,067 | - | - | - | - | - | 2,067 | - |
| Domestic students postgraduate | 14,100 | 5,773 | - | - | - | - | - | 19,873 | - |
| Onshore overseas students postgraduate | - | 21,757 | - | - | - | - | - | 21,757 | - |
| Offshore overseas students postgraduate | - | 788 | - | - | - | - | - | 788 | - |
| Continuing education and executive programs | - | 12 | - | - | - | - | - | 12 | - |
| Total course fees and charges | 68,925 | 65,262 | - | - | - | - | - | 134,187 | - |
| Research income | - | - | 13,663 | 2,018 | 10,076 | - | - | 25,757 | - |
| Recurrent government grants | - | - | 96,721 | - | - | - | - | - | 96,721 |
| Non-course fees and charges | - | 1,556 | - | - | - | - | - | 1,556 | - |
| Royalties & licences | - | - | - | - | 714 | - | - | 714 | - |
| Other | - | - | - | - | 12,666 | 2,331 | 77 | 10,947 | 4,127 |
| Total revenue from contracts with customers | 68,925 | 66,818 | 13,663 | 2,018 | 21,737 | - | - | 173,161 | 100,848 |
| Total income of not-for-profit | - | - | 96,721 | - | 1,719 | 2,331 | 77 | 173,161 | 100,848 |
| Total | 68,925 | 66,818 | 110,384 | 2,018 | 23,456 | 2,331 | 77 | 173,161 | 100,848 |

Investment income (note 3) and net gain/loss on disposal of assets and unrealised investments (income statement) are excluded from the above table.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2.7 Revenue and income from continuing operations (continued)

(a) Disaggregation (continued)

| | Consolidated | | | | | | | Total Revenue from contracts with customers \$'000 | Total income of not-for- profit entities \$'000 |
|--|--|---------------------------------------|---|---|--------------------------------------|--|------------------|--|--|
| | Sources of funding | | | | | | | | |
| | Higher Education Loan Program '(HELP') \$'000 | Student fees and charges \$'000 | Australian Government financial assistance \$'000 | State and Local Government financial assistance \$'000 | Commercial arrangements \$'000 | Donations, scholarships & bequests \$'000 | Others \$'000 | | |
| Revenue and Income Streams | | | | | | | | | |
| Course fees and charges | | | | | | | | | |
| Domestic students undergraduate | 59,223 | 3,703 | - | - | - | - | - | 62,926 | - |
| Onshore overseas students undergraduate | - | 35,708 | - | - | - | - | - | 35,708 | - |
| Domestic students postgraduate | 14,038 | 6,095 | - | - | - | - | - | 20,133 | - |
| Onshore overseas students postgraduate | - | 36,673 | - | - | - | - | - | 36,673 | - |
| Other course fees and charges | - | 2,595 | - | - | - | - | - | 2,595 | - |
| Total course fees and charges | 73,261 | 84,774 | - | - | - | - | - | 158,035 | - |
| Research income | | | | | | | | | |
| Research income | - | - | 9,580 | 1,712 | 7,394 | - | - | 18,676 | 10 |
| Recurrent government grants | | | | | | | | | |
| Recurrent government grants | - | - | 93,707 | - | - | - | - | - | 93,707 |
| Non-course fees and charges | | | | | | | | | |
| Non-course fees and charges | - | 2,376 | - | - | - | - | - | 2,376 | - |
| Capital Government grants | | | | | | | | | |
| Capital Government grants | - | - | 463 | - | - | - | - | - | 463 |
| Royalties & licences | | | | | | | | | |
| Royalties & licences | - | - | - | - | 951 | - | - | 951 | - |
| Other | | | | | | | | | |
| Other | - | - | - | - | 10,760 | 2,938 | 571 | 10,434 | 3,835 |
| Total revenue from contracts with customers | 73,261 | 87,150 | 9,580 | 1,712 | 18,769 | - | - | 190,472 | 98,015 |
| Total income of not-for-profit | | | | | | | | | |
| Total income of not-for-profit | - | - | 94,170 | - | 336 | 2,938 | 571 | 190,472 | 98,015 |
| Total | 73,261 | 87,150 | 103,750 | 1,712 | 19,105 | 2,938 | 571 | 190,472 | 98,015 |

Investment income (note 3) and net gain on disposal of assets (income statement) are excluded from the above table.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2.7 Revenue and income from continuing operations (continued)

Revenue from contracts with customers

(b) Accounting policies and significant accounting judgements and estimates

- **Course fees and charges**

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

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

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

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

- **Research**

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

The following specific research revenue recognition criteria have been applied:

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

2.7 Revenue and income from continuing operations (continued)

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

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

- **Non-course fees and charges**

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

Revenue is recognised either:

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

- **Other**

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

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

- **Royalties, trademarks and licences**

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

Revenue is recognised over the period of the licence.

(c) Unsatisfied performance obligations

Remaining performance obligations represent services Southern Cross University has promised to provide to customers under the research and education service agreements which are satisfied as the goods or services are provided over the contract term. In determining the transaction price allocated to the remaining performance obligations in Southern Cross University's contracts with customers, the University has used the input method.

For customer contracts with terms of one year or less, or where revenue is recognised using the 'right to invoice' method of recognising revenue, as permitted under AASB 15, disclosures are not required in relation to the transaction price allocated to these unsatisfied performance obligations. Further, the amounts disclosed below do not include variable consideration which has been constrained.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2.7 Revenue and income from continuing operations (continued)

(c) Unsatisfied performance obligations (continued)

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

| | Within 1 year \$'000 |
|------------------------------|---------------------------------|
| Consolidated | |
| Grants and research services | 11,187 |
| Student tuition | 15,253 |
| Other | 18 |
| Total | <u><u>26,458</u></u> |
| Parent | |
| Grants and research services | 11,187 |
| Student tuition | 15,253 |
| Other | 2 |
| Total | <u><u>26,442</u></u> |

(d) Assets and liabilities related to contracts with customers

- **Contract assets**

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

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

Accounting Policy

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

- **Contract liabilities**

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

Accounting Policy

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

2.7 Revenue and income from continuing operations (continued)

(e) Refund liabilities

The University has refund liabilities related to contracts with customers:

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Australian government refund liability | 13,714 | 4,175 | 13,714 | 4,175 |
| Refund liabilities - current | 13,714 | 4,175 | 13,714 | 4,175 |

2.8 Reconciliation of revenue and income

The following table reconciles the amounts disclosed in notes 2.1 to 2.6 which contain the mandatory disclosures required by the department and the disclosures provided in note 2.7 as per AASB 15 and AASB 1058:

| | Note | Consolidated | | Parent | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Total Australian Government financial assistance including Australian Government loan programs (HELP) | 2.1 | 179,310 | 177,012 | 179,310 | 177,012 |
| Total State and Local Government financial assistance | 2.2 | 2,018 | 1,712 | 2,018 | 1,712 |
| Total HECS-HELP - Student Payments | | 2,378 | 2,515 | 2,378 | 2,515 |
| Total Fees and charges | 2.3 | 64,439 | 84,633 | 64,439 | 84,633 |
| Total Royalties, trademarks and licences | 2.4 | 714 | 951 | 714 | 951 |
| Total Consultancy and contract fees | 2.5 | 10,658 | 7,782 | 10,658 | 7,782 |
| Total Other revenue and income | 2.6 | 14,492 | 13,882 | 13,118 | 12,254 |
| Total | | 274,009 | 288,487 | 272,635 | 286,859 |
| Total Revenue from contracts with customers as per AASB15 | 2.7 | 173,161 | 190,472 | 171,864 | 189,415 |
| Total Income of not-for-profit entity as per AASB1058 | 2.7 | 100,848 | 98,015 | 100,771 | 97,444 |
| Total Revenue and Income from continuing operations | | 274,009 | 288,487 | 272,635 | 286,859 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

3 Investment income

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Interest | | | | |
| Amortised cost | 173 | 323 | 173 | 323 |
| Other financial instruments at fair value through OCI | 80 | - | 80 | - |
| Total interest | 253 | 323 | 253 | 323 |
| Distributions | | | | |
| Equity instruments designated at fair value through OCI | - | 3,880 | - | 3,880 |
| Other financial instruments designated at fair value through profit or loss | 14 | - | 14 | - |
| Total distributions | 14 | 3,880 | 14 | 3,880 |
| Net fair value gains (losses) | | | | |
| Financial assets designated at fair value through profit or loss | 8 | - | 8 | - |
| Total net fair value gains | 8 | - | 8 | - |
| Total investment income | 275 | 4,203 | 275 | 4,203 |

Interest revenue is recognised as it is earned. Dividends and distributions are recognised when the dividend or distribution is declared.

Notes to the Financial Statements

For the Year Ended 31 December 2021

4 Employee related expenses

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Academic | | | | |
| Salaries | 53,701 | 65,999 | 53,701 | 65,999 |
| Contributions to funded superannuation schemes | 8,124 | 9,160 | 8,124 | 9,160 |
| Payroll tax | 3,240 | 3,861 | 3,240 | 3,861 |
| Worker's compensation | 263 | 191 | 263 | 191 |
| Long service leave | 831 | 1,493 | 831 | 1,493 |
| Annual leave | 3,335 | 3,521 | 3,335 | 3,521 |
| Other | 567 | 614 | 567 | 614 |
| Total academic | 70,061 | 84,839 | 70,061 | 84,839 |
| Non-academic | | | | |
| Salaries | 54,826 | 62,614 | 54,059 | 61,370 |
| Contributions to funded superannuation schemes | 9,065 | 9,282 | 8,963 | 9,188 |
| Payroll tax | 3,178 | 3,787 | 3,139 | 3,720 |
| Worker's compensation | 264 | 216 | 261 | 208 |
| Long service leave | 1,499 | 1,821 | 1,505 | 1,810 |
| Annual leave | 4,053 | 4,010 | 4,028 | 3,966 |
| Other | 966 | 1,223 | 966 | 1,223 |
| Total non-academic | 73,851 | 82,953 | 72,921 | 81,485 |
| Total employee related expenses | 143,912 | 167,792 | 142,982 | 166,324 |

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

5 Depreciation and amortisation

| | Consolidated | | Parent | |
|---------------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Depreciation | | | | |
| Buildings | 7,523 | 7,567 | 7,523 | 7,567 |
| Infrastructure | 1,386 | 952 | 1,386 | 952 |
| Plant and equipment | 6,115 | 6,482 | 6,104 | 6,455 |
| Land (Right-of-use) | 1,165 | 1,165 | 1,165 | 1,165 |
| Buildings (Right-of-use) | 656 | 586 | 656 | 586 |
| Equipment (Right-of-use) | - | 273 | - | 273 |
| Leasehold improvements | 54 | 48 | 54 | 48 |
| Total depreciation | 16,899 | 17,073 | 16,888 | 17,046 |

Land (excluding right-of-use assets), works of art and rare books are not depreciated. Depreciation on the other classes of assets is calculated using the straight-line method over their estimated useful lives. The useful lives of asset classes are as follows:

| Depreciable assets | 2021 | 2020 |
|---------------------|-------------------------|-------------------------|
| | Useful Lives (Years) | Useful Lives (Years) |
| Buildings | 10-60 | 10-60 |
| Plant and equipment | 2-30 | 2-30 |
| Improvements | 5 | 5 |
| Infrastructure | 7-70 | 7-70 |

Asset residual values and useful lives are reviewed for the impact of changes in estimates of depreciation rates during the year, and adjusted if appropriate, at each reporting date. Refer to note 1(g).

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the asset. The useful lives of right-of-use assets by class is as follows:

| | Useful Lives | Useful Lives |
|-----------|--------------|--------------|
| | (Years) | (Years) |
| Land | 29 | 29 |
| Buildings | 5-10 | 5-10 |
| Equipment | 3-5 | 3-5 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

6 Borrowing costs

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Interest expense on financial liabilities at amortised cost | 41 | 27 | 41 | 27 |
| Interest expense on lease liabilities | 1,699 | 1,700 | 1,699 | 1,700 |
| Total borrowing costs expensed | 1,740 | 1,727 | 1,740 | 1,727 |

Accounting Policy

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

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

For finance charges on lease liabilities, refer to note 15.1 which details the policy for lease accounting where Southern Cross University is the lessee.

7 Impairment of assets

| | Note | Consolidated | | Parent | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Impairment of trade receivables and contract assets | 28,10 | 1,062 | 4,828 | 1,062 | 4,828 |
| Impairment of related party receivables | | - | - | 299 | 198 |
| Total impairment of assets | | 1,062 | 4,828 | 1,361 | 5,026 |

Accounting Policy

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

8 Other expenses

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Advertising, marketing and promotional expenses | 3,388 | 2,408 | 3,388 | 2,408 |
| Audit fees, bank charges, insurance & taxes | 2,044 | 1,994 | 2,009 | 1,960 |
| Books, printing, stationery and subscriptions | 4,201 | 4,476 | 4,196 | 4,472 |
| Consulting and professional fees | 15,600 | 14,283 | 15,588 | 14,275 |
| External education services | 34,109 | 43,888 | 34,109 | 43,888 |
| Grants & contributions | 429 | 406 | 429 | 406 |
| Leased asset charges | 2,181 | 1,901 | 2,181 | 1,901 |
| Non-capitalised equipment | 2,161 | 1,788 | 2,143 | 1,770 |
| Property and facility costs | 6,619 | 5,605 | 6,443 | 5,365 |
| Scholarships, grants and prizes | 11,567 | 9,661 | 11,567 | 9,661 |
| Software expenses | 6,551 | 6,302 | 6,536 | 6,286 |
| Telecommunications | 968 | 1,078 | 963 | 1,070 |
| Travel, entertainment and staff development | 1,509 | 1,672 | 1,508 | 1,685 |
| Other expenses | 4,124 | 4,223 | 3,771 | 4,377 |
| Total other expenses | 95,451 | 99,685 | 94,831 | 99,524 |

Accounting Policy

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

9 Cash and cash equivalents

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Cash at bank and on hand | 8,694 | 6,996 | 8,565 | 6,874 |
| Short term deposits at call | 26,438 | 28,624 | 26,438 | 28,624 |
| Restricted cash and cash equivalents | 6,269 | 6,376 | 6,269 | 6,376 |
| Total cash and cash equivalents in the statement of financial position and cashflows | 41,401 | 41,996 | 41,272 | 41,874 |

(a) Cash at bank and on hand

Cash on hand is non-interest bearing. Cash at bank earns floating interest rate of 0% (2020: between 0% and 0.55%).

(b) Deposits at call

The deposits are bearing floating interest rates between 0.28% and 0.53% (2020: 0.81% and 0.88%). The deposits have an average maturity of 103 days.

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

9 Cash and cash equivalents (continued)

(c) Restricted cash and cash equivalents

Included in cash and cash equivalents at 31 December 2021 is an amount of \$6,269,259 (2020: \$6,375,744) held under trust; which can only be used for the specific purpose of the external organisation's that provides these funds.

10 Receivables and contract assets

| | Note | Consolidated | | Parent | |
|--|-----------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Current | | | | | |
| Trade receivables | | 7,028 | 5,371 | 7,028 | 5,341 |
| Student fees receivable | | 7,110 | 12,599 | 7,110 | 12,599 |
| Less: Allowance for expected credit losses | | (4,204) | (6,655) | (4,204) | (6,655) |
| | | 9,934 | 11,315 | 9,934 | 11,285 |
| Deferred government benefit for superannuation | 31(d) | 5,409 | 5,437 | 5,409 | 5,437 |
| Related party receivables | 24(e),(f) | 16 | 16 | 1,129 | 829 |
| Less: Allowance for expected credit losses | | - | - | (1,113) | (813) |
| Other receivables | | 26,370 | 5,038 | 26,366 | 5,036 |
| Total current receivables | | 41,729 | 21,806 | 41,725 | 21,774 |
| Non-current | | | | | |
| Deferred government benefit for superannuation | 31(d) | 100,196 | 111,286 | 100,196 | 111,286 |
| Total non-current receivables | | 100,196 | 111,286 | 100,196 | 111,286 |
| Total receivables | | 141,925 | 133,092 | 141,921 | 133,060 |

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

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

Contract assets

| | | | | | |
|------------------------------|--|--------------|-----|--------------|-----|
| Contract assets - current | | 1,864 | 389 | 1,864 | 389 |
| Total contract assets | | 1,864 | 389 | 1,864 | 389 |

The contract assets are associated with Southern Cross University.

Set out below is the movement in the allowance for expected credit losses of trade, student fees and related party receivables:

| | | | | | |
|--------------------------------------|--|--------------|---------|--------------|---------|
| At 1 January | | 6,655 | 2,832 | 7,468 | 3,447 |
| Provision for expected credit losses | | 1,062 | 4,890 | 1,361 | 5,088 |
| Write-off | | (3,513) | (1,067) | (3,513) | (1,067) |
| At 31 December | | 4,204 | 6,655 | 5,316 | 7,468 |

The information about the credit exposures are disclosed in Note 29 Financial risk management.

Notes to the Financial Statements

For the Year Ended 31 December 2021

10 Receivables and contract assets (continued)

Accounting policy

Classification and measurement

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

Impairment

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

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

11 Other financial assets

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Current | | | | |
| Other financial assets at fair value through profit or loss | 21,508 | - | 21,508 | - |
| Investments in equity instruments at fair value through other comprehensive income | 740 | - | 740 | - |
| Financial assets at amortised cost | - | 8,000 | - | 8,000 |
| Total current other financial assets | 22,248 | 8,000 | 22,248 | 8,000 |
| Non-current | | | | |
| Investments in debt instruments at fair value through other comprehensive income: | 30,064 | - | 30,064 | - |
| Investments in equity instruments at fair value through other comprehensive income | 69,987 | 57,561 | 69,987 | 57,561 |
| Total non-current other financial assets | 100,051 | 57,561 | 100,051 | 57,561 |
| Total other financial assets | 122,299 | 65,561 | 122,299 | 65,561 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

11 Other financial assets (continued)

(a) Other financial assets at amortised cost

The University classifies financial assets at amortised cost if both of the following conditions are met:

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

(b) Financial assets at fair value through other comprehensive income

| Investments | Reason for Designating at FVOCI | Fair Value 2021 \$'000 | Dividends Recognised 2021 \$'000 | Exchange of Equity Instruments \$'000 |
|-------------------------------------|--|------------------------------|---|--|
| Listed & Unlisted Equity Securities | The University elected to classify irrevocably its equity securities at fair value through OCI upon initial recognition | 70,727 | | (81,783) |
| Listed & Unlisted Debt Securities | The University has elected to classify irrevocably its debt instruments at fair value through OCI upon initial recognition | 30,064 | | |

Upon initial recognition, the University has elected to classify irrevocably the above investments, as financial instruments designated at fair value through other comprehensive income, under AASB 132 *Financial Instruments: Presentation*. The classification is determined on an instrument-by-instrument basis.

Dividends are recognised as investment income in the income statements when the right of payment has been established, except when the distribution represents a recovery of part of the cost of the financial asset.

The University is one of 38 Universities holding one share each in Education Australia Limited ("EAL"). In August 2021, the EAL board approved a liquidity event for Education Australia Limited, which resulted in the sell down of 15% of its investment in IDP Education Limited ("IDP") and equal distributions to each of the shareholders comprising a fully franked cash distribution and the distribution in specie of the remainder of the investment held in IDP.

As required by AASB 9, the University needs to fair value its investment in EAL at the date of derecognition. The University's view is that the derecognition requirements of AASB 9 are satisfied when there is a recovery of cost of the investment. As such the University revalued its investment in EAL at the date it recovered the cost of its investment which corresponds to the date of receipt of the dividends and recognised all fair value gains in OCI as the University made an irrevocable election at initial recognition.

It is the University's view that the dividend distributions cannot be recognised in the Income Statement as they represent recovery of cost of the Investment. The University has determined that the "cost of the investment" in this context, is the investment's fair value at the date of transfer. The University's view is based on the following:

- The winding up of Education Australia Ltd was approved by ordinary resolution of Education Australia shareholders at an extraordinary general meeting.
- The winding up of Education Australia was confirmed by the Chair of Education Australia on 28 September 2021.

Notes to the Financial Statements

For the Year Ended 31 December 2021

11 Other financial assets (continued)

(b) Financial assets at fair value through other comprehensive income (continued)

- No further economic benefits (in addition to the agreed dividend) are expected to be received from the Investment due to its planned wind-up.
- The dividend payout in effect is a form of capital distribution rather than a return on investment.

The University's view is that the transaction should be accounted for as an exchange of financial assets in accordance with AASB9, in that the contractual rights to cash flows in EAL expire as they receive equivalent distributions to cover the cost of the asset. The IDP shares received will be recognised as a financial asset at fair value, with no difference between the carrying value and the consideration received comprising the IDP shares and the cash dividend.

Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

(c) Financial assets at fair value through profit or loss

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, except for equity instruments designated as fair value through other comprehensive income. Financial assets at fair value through profit or loss principally comprise investments in unlisted-unit trusts. They are included in non-current assets unless the University intends to sell or realise the asset within twelve months of the reporting date. Financial assets at fair value through profit or loss are initially recognised at fair value, with subsequent increase or decreases in fair value recognised in the income statements (refer to Note 3 Investment Income). Transaction costs incurred in the acquisition of financial assets at fair value through profit or loss are recognised as expenses in net profit in the period in which they are incurred.

If the University reclassifies these assets, their fair value is determined at reclassification date. Any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in the income statements.

(d) Derecognition

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

12 Investments accounted for using the equity method

Associates

| Name of Entity | Place of business/ Country of incorporation | Measurement method | Quoted fair value \$ | | Ownership Interest % | |
|--------------------------------------|--|-----------------------|----------------------|------|----------------------|-------|
| | | | 2021 | 2020 | 2021 | 2020 |
| Coffs Harbour Technology Park Ltd | Coffs Harbour, Australia | At Cost | 175 | 175 | 33.33 | 33.33 |

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

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| Financial Position | | |
| Current assets | 166 | 153 |
| Non-current assets | 812 | 842 |
| Total assets | 978 | 995 |
| Current liabilities | 31 | 29 |
| Non-current liabilities | 96 | 96 |
| Total liabilities | 127 | 125 |
| Net assets | 851 | 870 |
| Share of associates' net assets | 284 | 290 |
| Reconciliation of carrying amounts: | | |
| Balance at 1 January | 290 | 294 |
| Share of profit/(loss) for year | (6) | (4) |
| Balance at 31 December | 284 | 290 |
| Financial Performance | | |
| Income | 119 | 127 |
| Expenses | (139) | (139) |
| Profit/(loss) from continuing operations | (20) | (12) |
| Total comprehensive income | (20) | (12) |
| Share of associates' profit/(loss) | (6) | (4) |

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

13 Property, plant and equipment

| Parent | Land \$'000 | Buildings \$'000 | Plant and equipment \$'000 | Infrastructure \$'000 | Improvements \$'000 | Library collections \$'000 | Capital works in progress \$'000 | Subtotal Property, plant and equipment (owned) \$'000 | Subtotal Right of use assets*** \$'000 | Total \$'000 |
|------------------------------------|----------------|---------------------|----------------------------------|--------------------------|------------------------|----------------------------------|--|--|---|-----------------|
| At 1 January 2020 | | | | | | | | | | |
| At cost | 8,974 | 263,771 | 75,756 | 33,333 | 1,788 | 8,828 | 1,999 | 394,449 | 39,042 | 433,491 |
| Accumulated depreciation | - | (72,931) | (43,507) | (8,467) | (37) | (8,028) | - | (132,970) | (5,344) | (138,314) |
| Accumulated impairment | - | (112) | - | (1,263) | - | (683) | - | (2,058) | - | (2,058) |
| Net book amount | 8,974 | 190,728 | 32,249 | 23,603 | 1,751 | 117 | 1,999 | 259,421 | 33,698 | 293,119 |
| Year ended 31 December 2020 | | | | | | | | | | |
| Opening net book amount | 8,974 | 190,728 | 32,249 | 23,603 | 1,751 | 117 | 1,999 | 259,421 | 33,698 | 293,119 |
| Additions | - | - | 2,811 | - | 121 | - | 1,122 | 4,054 | 1,156 | 5,210 |
| Disposals - written down value | (75) | (317) | (967) | (29) | - | - | (20) | (1,408) | - | (1,408) |
| Depreciation expense | - | (7,567) | (6,455) | (952) | (48) | - | - | (15,022) | (2,024) | (17,046) |
| Transfers | - | 166 | 1,074 | 888 | - | - | (2,128) | - | - | - |
| Closing net book amount | 8,899 | 183,010 | 28,712 | 23,510 | 1,824 | 117 | 973 | 247,045 | 32,830 | 279,875 |
| At 31 December 2020 | | | | | | | | | | |
| At cost | 8,899 | 263,338 | 76,386 | 34,084 | 1,909 | 8,828 | 973 | 394,417 | 39,796 | 434,213 |
| Accumulated depreciation | - | (80,216) | (47,674) | (9,311) | (85) | (8,028) | - | (145,314) | (6,966) | (152,280) |
| Accumulated impairment | - | (112) | - | (1,263) | - | (683) | - | (2,058) | - | (2,058) |
| Net book amount | 8,899 | 183,010 | 28,712 | 23,510 | 1,824 | 117 | 973 | 247,045 | 32,830 | 279,875 |

Notes to the Financial Statements
For the Year Ended 31 December 2021

13 Property, plant and equipment (continued)

| Parent | Land \$'000 | Buildings \$'000 | Plant and equipment \$'000 | Infrastructure \$'000 | Improvements \$'000 | Library collections \$'000 | Capital works in progress \$'000 | Subtotal Property, plant and equipment (owned) \$'000 | Subtotal Right of use assets*** \$'000 | Total \$'000 |
|------------------------------------|----------------|---------------------|----------------------------------|--------------------------|------------------------|----------------------------------|--|--|---|-----------------|
| Year ended 31 December 2021 | | | | | | | | | | |
| Opening net book amount | 8,899 | 183,010 | 28,712 | 23,510 | 1,824 | 117 | 973 | 247,045 | 32,830 | 279,875 |
| Additions | - | - | 864 | - | 466 | - | 4,483 | 5,813 | 713 | 6,526 |
| Disposals - written down value | - | (8) | (208) | - | - | - | - | (216) | - | (216) |
| Depreciation expense | - | (7,523) | (6,104) | (1,386) | (54) | - | - | (15,067) | (1,821) | (16,888) |
| Transfers | - | 2 | 993 | 54 | - | - | (1,049) | - | - | - |
| Closing net book amount | 8,899 | 175,481 | 24,257 | 22,178 | 2,236 | 117 | 4,407 | 237,575 | 31,722 | 269,297 |
| At 31 December 2021 | | | | | | | | | | |
| At cost | 8,899 | 263,173 | 76,614 | 34,073 | 2,374 | 8,828 | 4,407 | 398,368 | 40,501 | 438,869 |
| Accumulated depreciation | - | (87,580) | (52,357) | (10,632) | (138) | (8,028) | - | (158,735) | (8,779) | (167,514) |
| Accumulated impairment | - | (112) | - | (1,263) | - | (683) | - | (2,058) | - | (2,058) |
| Net book amount | 8,899 | 175,481 | 24,257 | 22,178 | 2,236 | 117 | 4,407 | 237,575 | 31,722 | 269,297 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

13 Property, plant and equipment (continued)

| | Land \$'000 | Buildings \$'000 | Plant and equipment \$'000 | Infrastructure \$'000 | Improvements \$'000 | Library collections \$'000 | Capital works in progress \$'000 | Subtotal Property, plant and equipment (owned) \$'000 | Subtotal Right of use assets*** \$'000 | Total \$'000 |
|------------------------------------|----------------|---------------------|----------------------------------|--------------------------|------------------------|----------------------------------|--|--|---|-----------------|
| Consolidated | | | | | | | | | | |
| At 1 January 2020 | | | | | | | | | | |
| At cost | 8,974 | 263,771 | 75,987 | 33,333 | 1,788 | 8,828 | 1,999 | 394,680 | 39,042 | 433,722 |
| Accumulated depreciation | - | (72,931) | (43,671) | (8,467) | (37) | (8,028) | - | (133,134) | (5,344) | (138,478) |
| Accumulated impairment | - | (112) | - | (1,263) | - | (683) | - | (2,058) | - | (2,058) |
| Net book amount | 8,974 | 190,728 | 32,316 | 23,603 | 1,751 | 117 | 1,999 | 259,488 | 33,698 | 293,186 |
| Year ended 31 December 2020 | | | | | | | | | | |
| Opening net book amount | 8,974 | 190,728 | 32,316 | 23,603 | 1,751 | 117 | 1,999 | 259,488 | 33,698 | 293,186 |
| Additions | - | - | 2,831 | - | 121 | - | 1,122 | 4,074 | 1,156 | 5,230 |
| Disposals - written down value | (75) | (317) | (997) | (29) | - | - | (20) | (1,438) | - | (1,438) |
| Depreciation expense | - | (7,567) | (6,482) | (952) | (48) | - | - | (15,049) | (2,024) | (17,073) |
| Transfers | - | 166 | 1,074 | 888 | - | - | (2,128) | - | - | - |
| Closing net book amount | 8,899 | 183,010 | 28,742 | 23,510 | 1,824 | 117 | 973 | 247,075 | 32,830 | 279,905 |
| At 31 December 2020 | | | | | | | | | | |
| At cost | 8,899 | 263,338 | 76,600 | 34,084 | 1,909 | 8,828 | 973 | 394,631 | 39,796 | 434,427 |
| Accumulated depreciation | - | (80,216) | (47,858) | (9,311) | (85) | (8,028) | - | (145,498) | (6,966) | (152,464) |
| Accumulated impairment | - | (112) | - | (1,263) | - | (683) | - | (2,058) | - | (2,058) |
| Net book amount | 8,899 | 183,010 | 28,742 | 23,510 | 1,824 | 117 | 973 | 247,075 | 32,830 | 279,905 |

Notes to the Financial Statements
For the Year Ended 31 December 2021

13 Property, plant and equipment (continued)

| | Land \$'000 | Buildings \$'000 | Plant and equipment \$'000 | Infrastructure \$'000 | Improvements \$'000 | Library collections \$'000 | Capital works in progress \$'000 | Subtotal Property, plant and equipment (owned) \$'000 | Subtotal Right of use assets*** \$'000 | Total \$'000 |
|------------------------------------|----------------|---------------------|----------------------------------|--------------------------|------------------------|----------------------------------|--|--|---|-----------------|
| Consolidated | | | | | | | | | | |
| Year ended 31 December 2021 | | | | | | | | | | |
| Opening net book amount | 8,899 | 183,010 | 28,742 | 23,510 | 1,824 | 117 | 973 | 247,075 | 32,830 | 279,905 |
| Additions | - | - | 870 | - | 466 | - | 4,483 | 5,819 | 713 | 6,532 |
| Disposals - written down value | - | (8) | (208) | - | - | - | - | (216) | - | (216) |
| Depreciation expense | - | (7,523) | (6,115) | (1,386) | (54) | - | - | (15,078) | (1,821) | (16,899) |
| Impairment (loss)/income | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | 2 | 993 | 54 | - | - | (1,049) | - | - | - |
| Closing net book amount | 8,899 | 175,481 | 24,282 | 22,178 | 2,236 | 117 | 4,407 | 237,600 | 31,722 | 269,322 |
| At 31 December 2021 | | | | | | | | | | |
| At cost | 8,899 | 263,173 | 76,833 | 34,073 | 2,374 | 8,828 | 4,407 | 398,587 | 40,501 | 439,088 |
| Accumulated depreciation | - | (87,580) | (52,551) | (10,632) | (138) | (8,028) | - | (158,929) | (8,779) | (167,708) |
| Accumulated impairment | - | (112) | - | (1,263) | - | (683) | - | (2,058) | - | (2,058) |
| Net book amount | 8,899 | 175,481 | 24,282 | 22,178 | 2,236 | 117 | 4,407 | 237,600 | 31,722 | 269,322 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

13 Property, plant and equipment (continued)

Accounting Policy

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

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

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

13.1 Right-of-use assets

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

| | Consolidated | | Parent | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Right-of-use assets | | | | |
| Buildings | | | | |
| At 1 January | 2,673 | 2,103 | 2,673 | 2,103 |
| Additions of right-of-use assets | 713 | 1,188 | 713 | 1,188 |
| Disposal of right-of-use assets | - | (322) | - | (322) |
| Depreciation charge | (656) | (296) | (656) | (296) |
| At 31 December | 2,730 | 2,673 | 2,730 | 2,673 |
| Right-of-use assets | | | | |
| Land | | | | |
| At 1 January | 30,157 | 31,322 | 30,157 | 31,322 |
| Depreciation charge | (1,165) | (1,165) | (1,165) | (1,165) |
| At 31 December | 28,992 | 30,157 | 28,992 | 30,157 |
| Right-of-use assets | | | | |
| Equipment | | | | |
| At 1 January | - | 273 | - | 273 |
| Depreciation charge | - | (273) | - | (273) |
| At 31 December | - | - | - | - |
| Total right-of-use assets | 31,722 | 32,830 | 31,722 | 32,830 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

13 Property, plant and equipment (continued)

Accounting Policy

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

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

Southern Cross University assesses whether:

- (a) The contract involves the use of an identified asset. The asset may be explicitly or implicitly specified in the contract. A capacity portion of larger assets is considered an identified asset if the portion is physically distinct or if the portion represents substantially all of the capacity of the asset. The asset is not considered an identified asset, if the supplier has the substantive right to substitute the asset throughout the period of use.
- (b) The customer has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- (c) The customer has the right to direct the use of the asset throughout the period of use - The customer is considered to have the right to direct the use of the asset only if either:
 - i. The customer has the right to direct how and for what purpose the identified asset is used throughout the period of use; or
 - ii. The relevant decisions about how and for what purposes the asset is used is predetermined and the customer has the right to operate the asset, or the customer designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Accounting for leases - Southern Cross University as lessee

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

Right-of-use asset

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

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

Concessionary leases

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

13 Property, plant and equipment (continued)

Concessionary leases (continued)

No lease liabilities corresponding to concessionary leases, have been recognised in 2021, due to nil lease payments required over the term of the concessionary lease.

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

| | Consolidated | | Parent | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Land | | | | |
| At 1 January | 2,662 | 2,786 | 2,662 | 2,786 |
| Depreciation charge | (124) | (124) | (124) | (124) |
| At 31 December | 2,538 | 2,662 | 2,538 | 2,662 |
| Total concessionary leases | 2,538 | 2,662 | 2,538 | 2,662 |

Dependencies on concessionary leases

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

Nature and term of the leases

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

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

Concessionary (peppercorn) leases

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

14 Trade and other payables

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Current | | | | |
| Trade creditors | 17,654 | 21,269 | 17,595 | 21,202 |
| OS-HELP liability to Australian Government | 32,(f) 723 | 723 | 723 | 723 |
| Total current trade and other payables | 18,377 | 21,992 | 18,318 | 21,925 |

(a) Foreign currency risk

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

| | | | | |
|----------------------|--------|--------|--------|--------|
| Australian Dollars | 18,377 | 20,219 | 18,318 | 20,153 |
| US Dollars | - | 5 | - | 5 |
| Fiji Dollars | - | 28 | - | 28 |
| Great British Pounds | - | 4 | - | 4 |
| Indian Rupees | - | 3 | - | 3 |

For additional information regarding analysis of the sensitivity of trade and other payables to foreign currency risk, refer to Note 29 Financial Risk Management.

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

Contract liabilities

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Contract liabilities - Australian Government | 2,442 | 2,803 | 2,442 | 2,803 |
| Other contract liabilities | 24,016 | 18,963 | 24,000 | 18,942 |
| Contract liabilities - current | 26,458 | 21,766 | 26,442 | 21,745 |

Contract liabilities differ from the amounts disclosed in Note 18 Other Liabilities. The contract liabilities include deferred income or liabilities arising from agreements, among others.

15 Borrowings

| | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| Current | | | | |
| Lease liabilities | 2,364 | 2,261 | 2,364 | 2,261 |
| Total current borrowings | 2,364 | 2,261 | 2,364 | 2,261 |
| Non-Current | | | | |
| Unsecured bank loans | 4,100 | - | 4,100 | - |
| Lease liabilities | 42,435 | 42,437 | 42,435 | 42,437 |
| Total non-current borrowings | 46,535 | 42,437 | 46,535 | 42,437 |
| Total borrowings | 48,899 | 44,698 | 48,899 | 44,698 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

15 Borrowings (continued)

(a) Assets pledged as security

The University has no assets pledged as security for borrowings drawn during the year ended 31 December 2021 (2020: Nil).

(b) Financing arrangements

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

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Credit standby arrangements: | | | | |
| Guarantee facility | 1,000 | 5,000 | 1,000 | 5,000 |
| Other facilities | 1,500 | 500 | 1,500 | 500 |
| Total credit standby arrangements | 2,500 | 5,500 | 2,500 | 5,500 |
| Used at balance date | (329) | (285) | (329) | (285) |
| Total unused at balance date | 2,171 | 5,215 | 2,171 | 5,215 |
| Bank loan facilities | | | | |
| Total facilities | 54,000 | 26,070 | 54,000 | 26,070 |
| Used at balance date | (4,100) | - | (4,100) | - |
| Total unused at balance date | 49,900 | 26,070 | 49,900 | 26,070 |

(c) Bank loans

During 2021, Southern Cross University re-negotiated its bank loan and credit facilities with the ANZ Banking Group Limited. The University entered into a 5-year committed loan facility for \$54,000,000 of which \$45,000,000 is guaranteed by NSW Treasury.

(d) Fair value

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

15 Borrowings (continued)

(e) Risk exposures

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

| | Consolidated | | Parent | |
|----------------------------|---------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Within one year | 2,591 | 2,314 | 2,591 | 2,314 |
| Between one and five years | 12,359 | 12,264 | 12,359 | 12,264 |
| Later than five years | 57,249 | 59,054 | 57,249 | 59,054 |
| Total borrowings | 72,199 | 73,632 | 72,199 | 73,632 |
| Current borrowings | 2,364 | 2,261 | 2,364 | 2,261 |
| Non-current borrowings | 46,535 | 42,437 | 46,535 | 42,437 |
| Total borrowings | 48,899 | 44,698 | 48,899 | 44,698 |

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

(f) Reconciliation of liabilities arising from financing activities

| | 2020 | Cash flows | Non-cash changes | | 2021 |
|--|---------------|--------------|------------------------|--------------|---------------|
| | | | Acquisition / Disposal | Other | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Long-term borrowings | - | 4,100 | - | - | 4,100 |
| Lease liabilities | 44,698 | (2,310) | 713 | 1,698 | 44,799 |
| Total liabilities from financing activities | 44,698 | 1,790 | 713 | 1,698 | 48,899 |

Accounting Policy

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

15.1 The University as lessee

Amounts recognised in the income statements

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Interest on lease liabilities | 1,699 | 1,700 | 1,699 | 1,700 |
| Income from sub-leasing right of use assets | - | (6) | - | (6) |
| Expenses relating to short-term leases | 636 | 447 | 636 | 447 |
| Expenses relating to leases of low-value assets, excluding short term leases of low-value assets | 1,067 | 1,210 | 1,067 | 1,210 |
| | 3,402 | 3,351 | 3,402 | 3,351 |

Maturity analysis - undiscounted contractual cash flows

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Less than one year | 2,591 | 2,314 | 2,591 | 2,314 |
| One to five years | 12,359 | 12,264 | 12,359 | 12,264 |
| More than 5 years | 57,249 | 59,054 | 57,249 | 59,054 |
| Total undiscounted lease payments receivable | 72,199 | 73,632 | 72,199 | 73,632 |
| Future finance charges | (27,400) | (28,934) | (27,400) | (28,934) |
| Lease liabilities recognised in the statements of financial position | 44,799 | 44,698 | 44,799 | 44,698 |
| Current | 2,364 | 2,261 | 2,364 | 2,261 |
| Non-current | 42,435 | 42,437 | 42,435 | 42,437 |

Nature of leasing activities as a lessee

Land

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

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

Each lease has a remaining lease term 26 years and an option to renew for a further 48 years. Lease payments are subject to an annual review based on the higher of CPI or the fixed rate and then an additional market review each three years.

Notes to the Financial Statements

For the Year Ended 31 December 2021

15.1 The University as lessee (continued)

Nature of leasing activities as a lessee (continued)

Buildings

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

Exposure from variable lease payments

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

Exposure from extension options and termination options

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

Exposure from residual value guarantees

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

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

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

Restrictions and covenants imposed by leases

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

Sale and leaseback transactions

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

Amounts recognised in statements of cash flows

| | Consolidated | | Parent | |
|-------------------------------|--------------|--------|--------|--------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Total cash outflow for leases | 2,310 | 2,766 | 2,310 | 2,766 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

15.1 The University as lessee (continued)

Accounting policy leases

Lease liabilities - Southern Cross University as lessee

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

Lease liability

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

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

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

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

Short-term leases and leases of low-value assets

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

Concessionary leases

The University has not recognised any lease liabilities corresponding to concessionary leases in 2021 and 2020 as there were no lease payments being required over the term of the concessionary lease. Refer to note 13.1 for the accounting policy related to concessionary leases.

Notes to the Financial Statements

For the Year Ended 31 December 2021

16 Provisions

| | Note | Consolidated | | Parent | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Current provisions expected to be settled wholly within 12 months | | | | | |
| Employee benefits | | | | | |
| Annual leave | | 8,130 | 7,762 | 8,108 | 7,735 |
| Long service leave | | 4,695 | 5,583 | 4,695 | 5,578 |
| Defined benefit obligation | 31(d) | 5,409 | 5,437 | 5,409 | 5,437 |
| Termination benefits | | 148 | 4,436 | 148 | 4,436 |
| | | 18,382 | 23,218 | 18,360 | 23,186 |
| Current provisions expected to be settled wholly after more than 12 months | | | | | |
| Employee benefits | | | | | |
| Annual leave | | 3,817 | 2,904 | 3,801 | 2,889 |
| Long service leave | | 14,262 | 13,486 | 14,262 | 13,469 |
| | | 18,079 | 16,390 | 18,063 | 16,358 |
| Total current provisions | | 36,461 | 39,608 | 36,423 | 39,544 |
| Non-current provisions | | | | | |
| Employee benefits | | | | | |
| Long service leave | | 3,135 | 3,357 | 3,126 | 3,344 |
| Defined benefit obligation | 31(d) | 103,120 | 111,613 | 103,120 | 111,613 |
| Total non-current provisions | | 106,255 | 114,970 | 106,246 | 114,957 |
| Total provisions | | 142,716 | 154,578 | 142,669 | 154,501 |

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

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

Employee benefits**(i) Short-term obligations**

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

16 Provisions (continued)

(ii) Other long-term obligations

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

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

Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

(iii) Retirement benefit obligations

Refer to note 31.

17 Other financial liabilities

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Current | | | | |
| Other financial liabilities at amortised cost | 2,428 | 772 | 2,428 | 772 |
| Total current other financial liabilities | 2,428 | 772 | 2,428 | 772 |

18 Other liabilities

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Current | | | | |
| Australian Government unspent financial assistance | 13,714 | 4,175 | 13,714 | 4,175 |
| Student Fees received in advance | 9,766 | 9,921 | 9,766 | 9,921 |
| Total current other liabilities | 23,480 | 14,096 | 23,480 | 14,096 |
| Total other liabilities | 23,480 | 14,096 | 23,480 | 14,096 |

Accounting Policy

Any Australian Government contract liabilities in scope of AASB 15 are disclosed in Note 14.

Notes to the Financial Statements

For the Year Ended 31 December 2021

19 Reserves and retained earnings

(a) Reserves

| | Note | Consolidated | | Parent | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Reserves | | | | | |
| Financial asset reserve | | 18,987 | 57,561 | 18,987 | 57,561 |
| Total Reserves | | 18,987 | 57,561 | 18,987 | 57,561 |
| Movements | | | | | |
| Financial asset reserve | | | | | |
| Balance 1 January | | 57,561 | 47,316 | 57,561 | 47,316 |
| Gain on revaluation | | 43,209 | 10,245 | 43,209 | 10,245 |
| Transfer of fair value reserve of equity instruments designated at fair value through OCI to retained earnings | 19(b) | (81,783) | - | (81,783) | - |
| Balance 31 December | | 18,987 | 57,561 | 18,987 | 57,561 |
| Total reserves | | 18,987 | 57,561 | 18,987 | 57,561 |

(b) Retained earnings

Movements in retained earnings were as follows:

| | | | | | |
|--|-------|----------------|----------------|----------------|----------------|
| Retained earnings at 1 January | | 214,010 | 216,602 | 213,851 | 216,587 |
| Net result from continuing operations | | 10,615 | (2,636) | 10,613 | (2,780) |
| Transfer of fair value reserve of equity instruments designated at fair value through OCI to retained earnings | 19(a) | 81,783 | - | 81,783 | - |
| Remeasurement of defined benefit plans | 31(e) | (2,783) | 44 | (2,783) | 44 |
| Retained earnings at end of the financial year | | 303,625 | 214,010 | 303,464 | 213,851 |

(c) Nature and purpose of reserves

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

20 Key management personnel disclosures

(a) Names of responsible persons

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

Official Council Members

Mr Nicholas Burton Taylor AM, Chancellor
Sandra McPhee AM, Chancellor
Professor Tyrone Carlin, Vice-Chancellor
Professor Andrew Rose, Chair Academic Board

Ministerial Appointments

Murray d'Almeida
Jonathan Rourke

Elected Council Members

Associate Professor Renaud Joannes-Boyau
Graham Lancaster
Dr Alessandro Pelizzon
Gabriella Wayne

Council Appointed Members

Dr Austin Curtin AM
Julie Granger
Lynda O'Grady
Scott Noble

Council members whose term concluded in 2021 are as follows:

Mr Nicholas Burton Taylor AM, Chancellor
Lynda O'Grady

(b) Names of executive officers

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

| | |
|--------------------------|--|
| Professor Tyrone Carlin | Vice-Chancellor |
| Professor Mary Spongberg | Deputy Vice Chancellor (Research) |
| Professor Nanette Bahr | Deputy Vice Chancellor (Students) |
| Professor Erica Wilson | Pro Vice Chancellor (Academic Innovation) |
| Professor Thomas Roche | Pro Vice Chancellor (Academic Quality) |
| Allan Morris | Vice President (Operations) |
| Travis Walker | Vice President (Finance) |
| Ben Roche | Vice President (Engagement) |
| Brendon Nelson | Vice President (Students) and Registrar |
| Jack Williamson | Vice President (Strategy and Implementation) |

Notes to the Financial Statements

For the Year Ended 31 December 2021

20 Key management personnel disclosures (continued)

(c) Remuneration of board members and executives

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2021 Number | 2020 Number | 2021 Number | 2020 Number |
| Remuneration of Board Members | | | | |
| Nil to \$14,999 | 9 | 9 | 9 | 9 |
| \$60,000 to \$74,999 | - | 2 | - | 2 |
| \$75,000 to \$89,999 | - | 1 | - | 1 |
| \$120,000 to \$134,999 | - | 1 | - | 1 |
| \$165,000 to \$179,999 | 1 | - | 1 | - |
| \$180,000 to \$194,999 | 1 | 1 | 1 | 1 |
| \$210,000 to \$224,999 | 1 | 1 | 1 | 1 |
| \$225,000 to \$239,999 | 1 | - | 1 | - |
| \$480,000 to \$494,999 | - | 1 | - | 1 |
| \$555,000 to \$569,999 | - | 1 | - | - |
| \$735,000 to \$749,999 | 1 | - | 1 | - |
| Remuneration of executive officers | | | | |
| \$30,000 to \$44,999 | 2 | - | 2 | - |
| \$75,000 to \$89,999 | - | 1 | - | 1 |
| \$90,000 to \$104,999 | - | 2 | - | 2 |
| \$270,000 to \$284,999 | 1 | - | 1 | - |
| \$315,000 to \$329,999 | 1 | 1 | 1 | 1 |
| \$330,000 to \$344,999 | 1 | - | 1 | - |
| \$345,000 to \$359,999 | 2 | 2 | 2 | 2 |
| \$375,000 to \$389,999 | 1 | 1 | 1 | 1 |
| \$435,000 to \$449,999 | 1 | - | 1 | - |
| \$450,000 to \$464,999 | - | 1 | - | 1 |
| \$480,000 to \$494,999 | - | 1 | - | 1 |
| \$555,000 to \$569,999 | - | 1 | - | 1 |
| \$735,000 to \$749,999 | 1 | - | 1 | - |

Remuneration bands for the Vice-Chancellor appear in both tables above as this management position is a member of both Council and Executive Committee.

The current Vice-Chancellor's remuneration package is the same as the previous Vice-Chancellor. Movements from 2020 to 2021 relate to the change of persons in Executive Officer roles and the timings of their commencements and cessation.

Notes to the Financial Statements

For the Year Ended 31 December 2021

20 Key management personnel disclosures (continued)

(d) Key management personnel compensation

| | Consolidated | | Parent | |
|------------------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Short-term employee benefits | 3,361 | 3,354 | 3,361 | 3,354 |
| Post-employment benefits | 544 | 532 | 544 | 532 |
| Other long-term benefits | 162 | 60 | 162 | 60 |
| Termination benefits | - | 4 | - | 4 |
| | 4,067 | 3,950 | 4,067 | 3,950 |

21 Remuneration of auditors

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

| | Consolidated | | Parent | |
|---|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Audit the Financial Statements | | | | |
| Fees paid to the Audit Office of NSW | 210 | 205 | 189 | 184 |
| Total paid for audit | 210 | 205 | 189 | 184 |
| Other audit and assurance services | | | | |
| Fees paid to the Audit Office of NSW | 8 | 11 | 8 | 11 |
| Fees paid to firms unrelated to the Audit Office of NSW | 125 | 95 | 125 | 95 |
| Total paid for audit and assurance | 133 | 106 | 133 | 106 |

22 Contingencies

(a) Contingent liabilities

Bank Guarantees

The University has a bank guarantee facility in place with a facility limit of \$1,000,000 of which \$167,868 was utilised at 31 December 2021 (2020: \$167,868). These guarantees are in respect of leased premises.

Claims

From time to time, the University is subject to claims arising from activities undertaken in the normal course of business. Such claims may result in litigation. The University has considered those claims of which it was aware as at 31 December 2021 by reference to the disclosure criteria of contingent liabilities. The University is satisfied that none of the contingent liabilities are material for disclosure in the University's financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2021

22 Contingencies (continued)

(a) Contingent liabilities (continued)

Letter of comfort to subsidiary

The University has provided its subsidiary (Southern Cross Campus Services Ltd) a letter of comfort guaranteeing the liabilities of the controlled entity. At the date of this report the net liabilities of the controlled entity total (\$1,064,567) (2020: (\$774,568)).

(b) Contingent assets

The University did not have any contingent assets as at 31 December 2021 (2020: \$229,949).

23 Commitments

(a) Capital commitments

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

| | Consolidated | | Parent | |
|--|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Property, plant and equipment | | | | |
| Within one year | 2,857 | 374 | 2,857 | 374 |
| Total property, plant and equipment commitments | 2,857 | 374 | 2,857 | 374 |

24 Related Parties

(a) Parent entities

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 25.

(c) Key management personnel

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

24 Related Parties (continued)

(d) Transactions with related parties

The following transactions occurred between related parties:

| | Parent | |
|--|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Sale of goods and services | | |
| Service fees | (1) | (1) |
| Purchase of goods | | |
| Catering services | 4 | 21 |
| External labour hire and cost recoveries | 1 | 445 |
| Other transactions | | |
| Impairment of related party loan | (299) | (198) |

(e) Loans to related parties

| | Parent | |
|----------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Loans to associates | | |
| Beginning of the year | 16 | 16 |
| End of year | <u>16</u> | <u>16</u> |

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

(f) Outstanding balances

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

| | Parent | |
|----------------------------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 |
| Current receivables | | |
| Subsidiaries | 1,113 | 813 |
| Total current receivables | <u>1,113</u> | <u>813</u> |

A provision for doubtful debt has been raised in relation to the outstanding balance, with an expense being recognised in respect of bad or doubtful debts due from related parties.

(g) Guarantees

There have been no guarantees given by the parent entity to its subsidiary as at balance date (2020: Nil)

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

24 Related Parties (continued)

(h) Terms and Conditions

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

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

25 Subsidiaries

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

| Name of Entity | Principal place of business | Ownership interest | |
|------------------------------------|-----------------------------|--------------------|--------|
| | | 2021 | 2020 |
| | | % | % |
| Southern Cross Campus Services Ltd | Australia | 100.00 | 100.00 |

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Southern Cross University ("parent entity") as at 31 December 2021 and the results of all subsidiary for the year then ended. Southern Cross University and its subsidiary together are referred to in this financial report as the University or the consolidated entity.

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

26 Joint Operations

The University has entered into the following joint operations.

| Name of joint operation | Nature of relationship | Principle place of business | Controlling Interest | |
|--------------------------------|--|------------------------------|----------------------|--------|
| | | | 2021 % | 2020 % |
| The Hotel School | Represents a partnership with Mulpha Education Group Pty Ltd for the purpose of the education and development of students who are either employed, or wishing to be employed, in the hotel and tourism industries. | Sydney, Melbourne & Brisbane | 50.00 | 50.00 |
| Coffs Harbour Education Campus | Represents the development and continued operation of a joint educational precinct with Coffs Harbour Senior College and North Coast TAFE at the Coffs Harbour campus | Coffs Harbour | 33.33 | 33.33 |

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

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

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

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

| | 2021 \$'000 | 2020 \$'000 |
|---|----------------|----------------|
| Assets (including share of jointly held assets) | 23,839 | 24,596 |
| Liabilities (including jointly incurred) | 4,883 | 4,445 |

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

| | 2021 | 2020 |
|---------------------------------------|-------|-------|
| Share of revenue from joint operation | 6,199 | 8,338 |
| Expenses (including jointly incurred) | 5,094 | 5,295 |

27 Events Occurring After the Reporting Date

Coronavirus Pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing, however, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and the impacts of economic stimulus.

Natural Disaster

The University's Lismore campus was impacted by flooding in March 2022, which has been declared a national emergency. An assessment of damages is underway and whilst it is not practical to estimate the potential financial impact, the University does not expect to incur any significant losses in respect of its buildings and other assets which are insured.

Notes to the Financial Statements

For the Year Ended 31 December 2021

27 Events Occurring After the Reporting Date (continued)

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

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

| | Note | Consolidated | | Parent | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Net result from continuing operations | | 10,615 | (2,636) | 10,613 | (2,780) |
| Depreciation and amortisation | 5 | 16,899 | 17,073 | 16,888 | 17,046 |
| Impairment loss on assets | 7 | 1,062 | 4,828 | 1,361 | 5,026 |
| Net gain on sale of non-current assets | | (60) | (215) | (60) | (224) |
| Share of joint venture entity net profit after income tax and dividends | | 6 | 4 | - | - |
| Change in operating assets and liabilities: | | | | | |
| (Increase) / decrease in trade and other receivables | | 12,564 | (10,136) | 12,234 | (10,313) |
| (Increase) / decrease in inventories | | 6 | 93 | - | 92 |
| (Increase) / decrease in contract assets | | (1,475) | 1,361 | (1,475) | 1,361 |
| (Increase) / decrease in other assets | | 357 | 2,644 | 356 | 2,643 |
| Increase / (decrease) in trade payables and accruals | | (3,095) | 4,996 | (2,787) | 5,288 |
| Increase / (decrease) in other provisions | | (11,885) | 8,143 | (11,855) | 8,186 |
| Increase / (decrease) in other operating liabilities | | 9,384 | (4,853) | 9,384 | (4,853) |
| Increase / (decrease) in contract liabilities | | 4,692 | 485 | 4,697 | 492 |
| Increase / (decrease) in other financial liabilities | | 1,656 | 236 | 1,656 | 236 |
| Net cash provided by operating activities | | 40,726 | 22,023 | 41,012 | 22,200 |

29 Financial risk management

The University's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the University. The University uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

The University's principal financial instruments are cash and cash equivalents, as well as investments in equities, managed investment funds and other held to maturity investments.

The main purpose of the investment funds are to earn an income stream and provide long term growth to support the objectives of the University.

The University also has various other financial instruments such as receivables, payables and finance leases.

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

29 Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

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

(ii) Price risk

Price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The University is exposed to securities price risk arising from financial assets at fair value.

(iii) Cash flow and fair value interest rate risk

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

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

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

(iv) Summarised sensitivity analysis

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

| 31 December 2021 | Carrying amount | Interest rate risk | | | | Foreign exchange risk | | | | Other price risk | | | |
|----------------------------------|-----------------|--------------------|--------|--------|--------|-----------------------|--------|--------|--------|------------------|----------|--------|--------|
| | | -1% | | +1% | | -1% | | +1% | | -10% | | +10% | |
| | | Result | Equity | Result | Equity | Result | Equity | Result | Equity | Result | Equity | Result | Equity |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assets | | | | | | | | | | | | | |
| Cash and cash equivalents | 41,401 | (327) | (327) | 327 | 327 | - | - | - | - | - | - | - | - |
| Trade and other receivables | 143,018 | - | - | - | - | - | - | - | - | - | - | - | - |
| Other financial assets | 122,299 | - | - | - | - | - | - | - | - | - | (12,230) | - | 12,230 |
| Financial liabilities | | | | | | | | | | | | | |
| Trade and other payables | (14,747) | - | - | - | - | 4 | 4 | (4) | (4) | - | - | - | - |
| Other liabilities | (13,714) | - | - | - | - | - | - | - | - | - | - | - | - |
| Total increase/(decrease) | | (327) | (327) | 327 | 327 | 4 | 4 | (4) | (4) | - | (12,230) | - | 12,230 |

Notes to the Financial Statements
For the Year Ended 31 December 2021

29 Financial risk management (continued)

(a) Market risk (continued)

| 31 December 2020 | Carrying amount | Interest rate risk | | | | Foreign exchange risk | | | | Other price risk | | | |
|--|-----------------|--------------------|--------|--------|--------|-----------------------|--------|--------|--------|------------------|---------|--------|--------|
| | | -1% | | +1% | | -1% | | +1% | | -10% | | +10% | |
| | | Result | Equity | Result | Equity | Result | Equity | Result | Equity | Result | Equity | Result | Equity |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| Financial assets | | | | | | | | | | | | | |
| Cash and cash equivalents | 41,996 | (350) | (350) | 350 | 350 | - | - | - | - | - | - | - | - |
| Trade and other receivables | 132,426 | - | - | - | - | - | - | - | - | - | - | - | - |
| Other financial assets at amortised cost | 8,000 | - | - | - | - | - | - | - | - | - | - | - | - |
| Other financial assets - unlisted shares | 57,561 | - | - | - | - | - | - | - | - | - | (5,756) | - | 5,756 |
| Financial liabilities | | | | | | | | | | | | | |
| Trade and other payables | (16,956) | - | - | - | - | - | - | - | - | - | - | - | - |
| Other liabilities | (4,175) | - | - | - | - | - | - | - | - | - | - | - | - |
| Total increase/(decrease) | | (350) | (350) | 350 | 350 | - | - | - | - | - | (5,756) | - | 5,756 |

(b) Credit risk

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

Receivables

The University's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Receivables are mainly attributable to sales transactions with a single customer. Apart from the Deferred Government receivable, the University does not have any material risk exposure to any other single debtor or group of debtors.

Investments

The University limits its exposure to credit risk through its Treasury Policy which establishes eligible counterparties with credit limits based upon counterparty credit ratings. An eligible counterparty must be rated from Standard and Poors or Moodys at a minimum level of BBB+ or above. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Notes to the Financial Statements

For the Year Ended 31 December 2021

29 Financial risk management (continued)

(c) Liquidity risk

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

The interest bearing deposits and deposits at call have an average maturity of 103 days. There has been no variation to the objectives, policies and processes for liquidity risk since the prior period.

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

| | Average Interest rate | | Variable interest rate | | Non Interest Bearing | | Within 1 year | | 1 - 5 years | | 5+ years | | Total | |
|------------------------------------|-----------------------|--------|------------------------|---------------|----------------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|----------------|----------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Assets: | | | | | | | | | | | | | | |
| Cash and cash equivalents | 0.25 % | 0.81 % | 41,383 | 41,978 | 18 | 18 | 41,401 | 41,996 | - | - | - | - | 41,401 | 41,996 |
| Trade and other receivables | - | - | - | - | 143,018 | 132,426 | 143,018 | 132,426 | - | - | - | - | 143,018 | 132,426 |
| Other financial assets | 0.34 % | 0.88 % | - | 8,000 | 122,299 | - | 122,299 | 8,000 | - | - | - | - | 122,299 | 8,000 |
| Total financial assets | | | 41,383 | 49,978 | 265,335 | 132,444 | 306,718 | 182,422 | - | - | - | - | 306,718 | 182,422 |
| Financial Liabilities: | | | | | | | | | | | | | | |
| Trade and other payables | - | - | - | - | 14,747 | 16,956 | 14,747 | 16,956 | - | - | - | - | 14,747 | 16,956 |
| Borrowings | 3.84 % | 3.84 % | 76,298 | 73,777 | - | - | 6,691 | 2,459 | 12,359 | 12,264 | 57,549 | 59,054 | 76,599 | 73,777 |
| Other liabilities | - | - | - | - | 13,714 | 4,175 | 13,714 | 4,175 | - | - | - | - | 13,714 | 4,175 |
| Total financial liabilities | | | 76,298 | 73,777 | 28,461 | 21,131 | 35,152 | 23,590 | 12,359 | 12,264 | 57,549 | 59,054 | 105,060 | 94,908 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

30 Fair value measurements

(a) Fair value measurements

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

Due to the short-term nature of the cash and cash equivalents and current receivables, their carrying value approximates their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

The carrying value of the University's financial assets approximates their fair value at balance date.

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

(b) Fair value hierarchy

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

| | |
|---------|--|
| Level 1 | quoted prices (unadjusted) in active markets for identical assets or liabilities. |
| Level 2 | inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. |
| Level 3 | inputs for the asset or liability that are not based on observable market data (unobservable inputs) |

(i) Recognised fair value measurements

Fair value measurements recognised in the statements of financial position are categorised into the following levels at 31 December 2021.

Fair value measurements at 31 December 2021

| Consolidated | Note | 2021 \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
|---|------|----------------|-------------------|-------------------|-------------------|
| Recurring fair value measurements | | | | | |
| Financial assets | | | | | |
| Investments in equity instruments designated at fair value through other comprehensive income | 11 | 69,987 | - | 60,806 | 9,181 |
| Investment in debt instruments at fair value through other comprehensive income | 11 | 30,064 | 30,064 | - | - |
| Other financial assets at fair value through profit & loss | 11 | 21,508 | 21,508 | - | - |
| Total financial assets | | 121,559 | 51,572 | 60,806 | 9,181 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

30 Fair value measurements (continued)

(b) Fair value hierarchy (continued)

Fair value measurements at 31 December 2021 (continued)

| Parent | Note | 2021 \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
|---|------|----------------|-------------------|-------------------|-------------------|
| Recurring fair value measurements | | | | | |
| Financial assets | | | | | |
| Investments in equity instruments designated at fair value through other comprehensive income | 11 | 69,987 | - | 60,806 | 9,181 |
| Investment in debt instruments at fair value through other comprehensive income | 11 | 30,064 | 30,064 | - | - |
| Other financial assets at fair value through profit & loss | 11 | 21,508 | 21,508 | - | - |
| Total financial assets | | 121,559 | 51,572 | 60,806 | 9,181 |

Fair value measurements at 31 December 2020

| Consolidated | Note | 2020 \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
|---|------|----------------|-------------------|-------------------|-------------------|
| Recurring fair value measurements | | | | | |
| Financial assets | | | | | |
| Investments in equity instruments designated at fair value through other comprehensive income | 11 | 57,561 | - | 49,384 | 8,177 |
| Total financial assets | | 57,561 | - | 49,384 | 8,177 |
| Parent | | | | | |
| Recurring fair value measurements | | | | | |
| Financial assets | | | | | |
| Investments in equity instruments designated at fair value through other comprehensive income | 11 | 57,561 | - | 49,384 | 8,177 |
| Total financial assets | | 57,561 | - | 49,384 | 8,177 |

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

For details of transfers in and out of level 3 measurements, see (d) below.

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

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

(i) Recognised fair value measurements

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

30 Fair value measurements (continued)

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

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

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

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

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

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

The following table is a reconciliation of level 3 items for the periods ended 31 December 2021 and 2020.

Consolidated

| | Unlisted securities \$'000 | Total \$'000 |
|--|-------------------------------|-----------------|
| Level 3 Fair Value Measurement 2021 | | |
| Opening balance | 8,177 | 8,177 |
| Transfers from level 2 | 1,052 | 1,052 |
| Recognised in profit or loss | - | - |
| Recognised in other comprehensive income | (48) | (48) |
| Closing balance | 9,181 | 9,181 |
| Level 3 Fair Value Measurement 2020 | | |
| Opening balance | 7,593 | 7,593 |
| Recognised in profit or loss | - | - |
| Recognised in other comprehensive income | 584 | 584 |
| Closing balance | 8,177 | 8,177 |

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

During the year, shares in an unlisted entity were transferred from level 2 to level 3 as a result of the University no longer holding shares in a publicly listed company. This has resulted in changes to the valuation technique of the unlisted entity's shares as the valuation inputs are no longer based on observable market inputs at the end of the reporting period.

Notes to the Financial Statements

For the Year Ended 31 December 2021

30 Fair value measurements (continued)

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

(ii) Valuation inputs and relationships to fair value

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

| Consolidated Description | Fair value at 31 December 2021 \$'000 | Unobservable inputs* | Range of inputs | Relationship of unobservable inputs to fair value |
|-----------------------------|---|--------------------------------------|---|--|
| Unlisted equity securities | 9,181 | Asset-based valuation approach | Book value of net assets assumed to reflect fair value | A market-based and income based valuation approach may produce a different fair value |
| Total | 9,181 | | | |
| Parent Description | Fair value at 31 December 2021 \$'000 | Unobservable inputs* | Range of inputs | Relationship of unobservable inputs to fair value |
| Unlisted equity securities | 8,177 | Asset-based valuation approach | Book value of net assets assumed to reflect fair value | A market-based and income based valuation approach may produce a different fair value |
| Total | 8,177 | | | |

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

31 Retirement benefit obligations

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

Defined Contribution Plan (Unisuper)

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

Defined Benefit Plans (State Funds)

The University contributes to three closed state pension schemes (as detailed in Note 31(a)), which are subject to reimbursement arrangements under the Higher Education Support Act 2003 in the proportion of 78:22 (\$4,282,262 : \$1,207,817) from the Commonwealth and the NSW State Government respectively.

Notes to the Financial Statements

For the Year Ended 31 December 2021

31 Retirement benefit obligations (continued)

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

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

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

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

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

(a) Fund specific disclosure

i) Nature of the benefits provided

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

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

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

ii) Description of the regulatory framework

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

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

31 Retirement benefit obligations (continued)

(a) Fund specific disclosure (continued)

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

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2021. The next actuarial investigation will be performed at 30 June 2024.

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

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

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

iv) Description of risks

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

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

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

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

v) Description of any plan amendments, curtailments and settlements

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

vi) Expected Contributions

The Southern Cross University expects to make employer contribution's of \$104,227 (2020: \$232,841) to the defined benefit plan during the next financial year.

Notes to the Financial Statements

For the Year Ended 31 December 2021

31 Retirement benefit obligations (continued)

(a) Fund specific disclosure (continued)

vii) Maturity Profile

The weighted average duration of the defined benefit obligation is 11.5 years (2020 12.0 years). The expected maturity analysis of undiscounted benefit obligations is as follows:

| | Less than 1 year \$'000 | Between 1 and 2 years \$'000 | Between 2 and 5 years \$'000 | Over 5 years \$'000 | Total \$'000 |
|--|-------------------------------|------------------------------------|------------------------------------|---------------------------|-----------------|
| Defined benefit obligations - 31 December 2021 | 5,801 | 5,600 | 16,281 | 88,224 | 115,906 |
| Defined benefit obligations - 31 December 2020 | 5,946 | 5,609 | 16,289 | 95,842 | 123,686 |

(b) Categories of plan assets

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

| | 2021 (%) | | 2020 (%) | |
|------------------------------|---------------|------------------|---------------|------------------|
| | Active Market | No Active Market | Active Market | No Active Market |
| Short term securities | 14.20 | - | 9.50 | - |
| Australian fixed interest | 1.60 | - | 1.90 | - |
| International fixed interest | 3.90 | 0.10 | 4.60 | - |
| Australian equities | 17.50 | 1.00 | 19.90 | - |
| International equities | 35.50 | - | 32.30 | - |
| Property | - | 6.30 | 1.70 | 6.60 |
| Alternatives | 6.60 | 13.20 | 7.70 | 15.90 |
| Total | 79.30 | 20.60 | 77.60 | 22.50 |

The fair value of the Pooled Fund assets as at 31 December 2021 includes \$49.8 million (2020: \$33.9 million) in NSW Government bonds.

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

| | 2021 | 2020 |
|--|--------------|--------------|
| | % | % |
| Discount rate(s) | 1.68 | 0.97 |
| Expected rate of return on fund assets backing current pension liabilities | 6.5 | 7.00 |
| Expected rate of return on fund assets backing other liabilities | 5.7 | 6.00 |
| Expected rate(s) of salary increase | 2.74 to 3.20 | 1.70 to 3.20 |
| Expected rate of CPI increase | 2.00 | 2.00 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

31 Retirement benefit obligations (continued)

(c) Actuarial assumptions and sensitivity

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

| | Change in assumption | Impact on defined obligation | |
|-----------------------|----------------------|------------------------------|------------------------|
| | | Increase in assumption | Decrease in assumption |
| Discount rate | 1.00 % | Increase by 7% | Decrease by 6% |
| Rate of CPI | 0.50 % | Increase by 6% | Decrease by 6% |
| Salary inflation rate | 0.50 % | Increase by 0.1% | Decrease by 0.1% |
| Pensioner mortality | 5.00 % | Decrease by 1% | Increase by 1% |

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

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

(d) Statement of financial position amounts

| Amounts recognised in the statements of financial position - 2021 | Note | \$'000 SASS | \$'000 SANCS | \$'000 SSS | \$'000 Total |
|--|------|----------------|-----------------|----------------|-----------------|
| Liabilities | | | | | |
| Provision for deferred government benefits for superannuation | | 1,237 | 976 | 103,717 | 105,930 |
| Add: Oncosts on pension entitlements | | 30 | 24 | 2,545 | 2,599 |
| Total liabilities recognised in the statement of financial position | 16 | 1,267 | 1,000 | 106,262 | 108,529 |
| Assets | | | | | |
| Receivable for deferred government benefit for superannuation | 10 | 1,221 | 944 | 103,440 | 105,605 |
| Total assets recognised in the statement of financial position | | 1,221 | 944 | 103,440 | 105,605 |
| Net liability recognised in the statements of financial position | | (46) | (56) | (2,822) | (2,924) |
| Net liability reconciliation - 2021 | | | | | |
| Defined benefit obligation | | 2,754 | 766 | 109,051 | 112,571 |
| On-cost on pension entitlements | | 30 | 24 | 2,545 | 2,599 |
| Fair value of plan assets | | (1,517) | 210 | (5,334) | (6,641) |
| Net liability | 16 | 1,267 | 1,000 | 106,262 | 108,529 |
| Reimbursement right | 10 | 1,220 | 945 | 103,440 | 105,605 |
| Total net liability/(asset) | | 47 | 55 | 2,822 | 2,924 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

31 Retirement benefit obligations (continued)

(d) Statement of financial position amounts (continued)

| | Note | \$'000 | \$'000 | \$'000 | \$'000 |
|--|------|----------------|--------------|----------------|-----------------|
| | | SASS | SANCS | SSS | Total |
| Reimbursement rights - 2021 | | | | | |
| Opening value of reimbursement right | | 5,555 | 1,079 | 110,089 | 116,723 |
| Contributions received for super schemes | | (3,932) | (69) | (270) | (4,271) |
| Actuarial losses/(gains) arising from changes in financial assumptions | | (271) | (40) | (3,777) | (4,088) |
| Derecognition of payroll tax reimbursement right | | (132) | (25) | (2,602) | (2,759) |
| Closing value of reimbursement right | 10 | 1,220 | 945 | 103,440 | 105,605 |
| Present value of obligation - 2021 | | | | | |
| Opening defined benefit obligation | | 8,284 | 1,600 | 114,980 | 124,864 |
| Current service cost | | 126 | 44 | 91 | 261 |
| Interest expense | | 69 | 14 | 1,094 | 1,177 |
| | | 8,479 | 1,658 | 116,165 | 126,302 |
| Remeasurements | | | | | |
| Actuarial losses/(gains) arising from changes in demographic assumptions | | 31 | 8 | (327) | (288) |
| Actuarial losses/(gains) arising from changes in financial assumptions | | (65) | (17) | (4,911) | (4,993) |
| Actuarial losses/(gains) arising from liability experience | | 36 | (38) | 1,565 | 1,563 |
| | | 2 | (47) | (3,673) | (3,718) |
| Contributions | | | | | |
| Contributions by participants | | 74 | - | 43 | 117 |
| Payments from plan | | | | | |
| Benefits paid | | (4,892) | (890) | (4,067) | (9,849) |
| Taxes, premiums and expenses | | (909) | 45 | 583 | (281) |
| | | (5,801) | (845) | (3,484) | (10,130) |
| Closing defined benefit obligation | | 2,754 | 766 | 109,051 | 112,571 |
| Present value of plan assets - 2021 | | | | | |
| Opening fair value of plan assets | | 2,834 | 512 | 7,227 | 10,573 |
| Interest (income) | | 36 | 4 | 56 | 96 |
| | | 2,870 | 516 | 7,283 | 10,669 |
| Remeasurements | | | | | |
| Return on fund assets less interest income | | 283 | (4) | 93 | 372 |
| Contributions | | | | | |
| Employers | | 4,091 | 123 | 1,399 | 5,613 |
| Fund participants | | 74 | - | 43 | 117 |
| | | 4,165 | 123 | 1,442 | 5,730 |
| Payments from plan | | | | | |
| Benefits paid | | (4,892) | (890) | (4,067) | (9,849) |
| Taxes, premiums and expenses | | (909) | 45 | 583 | (281) |
| | | (5,801) | (845) | (3,484) | (10,130) |
| Closing fair value of plans assets | | 1,517 | (210) | 5,334 | 6,641 |

Notes to the Financial Statements

For the Year Ended 31 December 2021

31 Retirement benefit obligations (continued)

(d) Statement of financial position amounts (continued)

| Amounts recognised in the statements of financial position - 2020 | Note | \$'000 SASS | \$'000 SANCS | \$'000 SSS | \$'000 Total |
|--|------|----------------|-----------------|------------------|------------------|
| Liabilities | | | | | |
| Provision for deferred government benefits for superannuation | | 5,450 | 1,088 | 107,752 | 114,290 |
| Provision for pension entitlements | | 132 | 26 | 2,602 | 2,760 |
| Total liabilities recognised in the statement of financial position | 16 | <u>5,582</u> | <u>1,114</u> | <u>110,354</u> | <u>117,050</u> |
| Assets | | | | | |
| Receivable for deferred government benefit for superannuation | | 5,555 | 1,079 | 110,089 | 116,723 |
| Total assets recognised in the statements of financial position | 10 | <u>5,555</u> | <u>1,079</u> | <u>110,089</u> | <u>116,723</u> |
| Net liability recognised in the statements of financial position | | <u>(27)</u> | <u>(35)</u> | <u>(265)</u> | <u>(327)</u> |
| Net liability reconciliation - 2020 | | | | | |
| Defined benefit obligation | | 8,284 | 1,600 | 114,980 | 124,864 |
| On-cost on pension entitlements | | 132 | 26 | 2,602 | 2,760 |
| Fair value of plan assets | | (2,834) | (512) | (7,228) | (10,574) |
| Net liability | 16 | <u>5,582</u> | <u>1,114</u> | <u>110,354</u> | <u>117,050</u> |
| Reimbursement right | 10 | <u>(5,555)</u> | <u>(1,079)</u> | <u>(110,089)</u> | <u>(116,723)</u> |
| Total net liability/(asset) | | <u>27</u> | <u>35</u> | <u>265</u> | <u>327</u> |
| Reimbursement rights - 2020 | | | | | |
| Opening value of reimbursement right | | 5,253 | 1,181 | 107,074 | 113,508 |
| Contributions received for super schemes | | (828) | (110) | 1,491 | 553 |
| Actuarial losses/(gains) arising from changes in financial assumptions | | 1,122 | 6 | 1,381 | 2,509 |
| Payroll tax (superannuation) | | 8 | 2 | 143 | 153 |
| Closing value of reimbursement right | 10 | <u>5,555</u> | <u>1,079</u> | <u>110,089</u> | <u>116,723</u> |

Notes to the Financial Statements
For the Year Ended 31 December 2021

31 Retirement benefit obligations (continued)

(d) Statement of financial position amounts (continued)

| | \$'000 | \$'000 | \$'000 | \$'000 |
|--|----------------|---------------|----------------|----------------|
| | SASS | SANCS | SSS | Total |
| Present value of obligation - 2020 | | | | |
| Opening defined benefit obligation | 8,342 | 1,825 | 116,646 | 126,813 |
| Current service cost | 160 | 53 | 93 | 306 |
| Interest expense | 103 | 22 | 1,570 | 1,695 |
| | <u>8,605</u> | <u>1,900</u> | <u>118,309</u> | <u>128,814</u> |
| Remeasurements | | | | |
| Actuarial losses/(gains) arising from changes in financial assumptions | (87) | (30) | 1,546 | 1,429 |
| Experience (gains)/losses | 1,237 | 27 | (323) | 941 |
| | <u>1,150</u> | <u>(3)</u> | <u>1,223</u> | <u>2,370</u> |
| Contributions | | | | |
| Plan Participants | 87 | - | 85 | 172 |
| Payments from plan | | | | |
| Benefits paid | (1,503) | (260) | (4,794) | (6,557) |
| Taxes, premiums and expenses | (55) | (37) | 157 | 65 |
| | <u>(1,558)</u> | <u>(297)</u> | <u>(4,637)</u> | <u>(6,492)</u> |
| Closing defined benefit obligation | <u>8,284</u> | <u>1,600</u> | <u>114,980</u> | <u>124,864</u> |
| Present value of plan assets - 2020 | | | | |
| Opening fair value of plan assets | 3,183 | 629 | 11,730 | 15,542 |
| Interest (income) | 40 | 7 | 133 | 180 |
| | <u>3,223</u> | <u>636</u> | <u>11,863</u> | <u>15,722</u> |
| Remeasurements | | | | |
| Return on fund assets less interest income | 32 | (7) | (120) | (95) |
| Contributions | | | | |
| Employers | 1,050 | 180 | 37 | 1,267 |
| Plan participants | 87 | - | 85 | 172 |
| | <u>1,137</u> | <u>180</u> | <u>122</u> | <u>1,439</u> |
| Payments from plan | | | | |
| Benefits paid | (1,503) | (260) | (4,794) | (6,557) |
| Taxes, premiums and expenses | (55) | (37) | 157 | 65 |
| | <u>(1,558)</u> | <u>(297)</u> | <u>(4,637)</u> | <u>(6,492)</u> |
| Closing fair value of plans assets | <u>2,834</u> | <u>512</u> | <u>7,228</u> | <u>10,574</u> |

Notes to the Financial Statements

For the Year Ended 31 December 2021

31 Retirement benefit obligations (continued)

(e) Amounts recognised in other statements

Amounts recognised in other comprehensive income - 2021

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

| | \$'000 | \$'000 | \$'000 | \$'000 |
|--|------------|-----------|--------------|--------------|
| | SASS | SANCS | SSS | Total |
| Remeasurements | | | | |
| Actuarial losses (gains) arising from changes in demographic assumptions | 31 | 8 | (327) | (288) |
| Actuarial losses (gains) arising from changes in financial assumptions | (65) | (17) | (4,911) | (4,993) |
| Actuarial losses (gains) arising from experience adjustments | 36 | (38) | 1,565 | 1,563 |
| Actual return on plan assets less interest income | (283) | 4 | (93) | (372) |
| Remeasurement of reimbursement right | 400 | 65 | 6,408 | 6,873 |
| Total remeasurements in OCI | 119 | 22 | 2,642 | 2,783 |

Amounts recognised in other comprehensive income - 2020

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

| | | | | |
|--|------------|------------|-------------|-------------|
| Remeasurements | | | | |
| Actuarial losses (gains) arising from changes in financial assumptions | (87) | (30) | 1,546 | 1,429 |
| Actuarial losses (gains) arising from experience adjustments | 1,237 | 27 | (323) | 941 |
| Actual return on plan assets less interest income | (32) | 7 | 120 | 95 |
| Remeasurement of reimbursement right | (1,122) | (6) | (1,381) | (2,509) |
| Total remeasurements in OCI | (4) | (2) | (38) | (44) |

Notes to the Financial Statements

For the Year Ended 31 December 2021

32 Acquittal of Australian government financial assistance

(a) Education - CGS and other Education grants

| Parent Entity (University) Only | Note | Commonwealth Grants Scheme #1 | | Indigenous, Regional and Low SES Attainment Fund #2 | | National Priorities and Industry Linkage Fund | | Promotion of Excellence in Learning and Teaching | | Higher Education Disability Support Program #3 | | Indigenous Student Success Program #4 | | Total |
|---|--------|----------------------------------|----------------|---|----------------|--|----------------|--|----------------|--|----------------|--|----------------|---------------|
| | | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 | |
| Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program) | | 98,076 | 82,288 | 5,704 | 6,938 | 3,250 | - | - | - | 114 | 75 | 2,009 | 2,079 | 109,153 |
| Net adjustments | | (12,300) | 2,327 | - | - | (132) | - | - | - | - | - | - | - | (12,432) |
| Revenue for the period | 2.1(a) | 85,776 | 84,615 | 5,704 | 6,938 | 3,118 | - | - | - | 114 | 75 | 2,009 | 2,079 | 96,721 |
| Surplus/(deficit) from the previous year | | - | - | - | - | - | - | 13 | 21 | - | - | 126 | - | 139 |
| Total revenue including accrued revenue | | 85,776 | 84,615 | 5,704 | 6,938 | 3,118 | - | 13 | 21 | 114 | 75 | 2,135 | 2,079 | 96,860 |
| Less expenses including accrued expenses | | (85,776) | (84,615) | (5,704) | (6,938) | (3,118) | - | (13) | (8) | (114) | (75) | (1,889) | (1,953) | (96,614) |
| Surplus/(deficit) for reporting period | | - | - | - | - | - | - | - | 13 | - | - | 246 | 126 | 246 |

#1 Includes the basic CGS grant amount, CGS - Medical Student Loading, Transition Fund loading, Allocated Places, Non Designated Courses and CGS - Special Advances from Future Years.
#2 Includes the Higher Education Participation and Partnership Program, regional loading and enabling loading.
#3 Higher Education Disability Program includes Additional Support for Students with Disabilities and Australian Disability Clearinghouse on Education & Training
#4 Indigenous Student Success Program has replaced the Indigenous Commonwealth Scholarships Program and the Indigenous Support Program as of 1 January 2017. The reported surplus for this program of \$246,692 (2020: \$125,474) is expected to be rolled over for future use by the University.

Notes to the Financial Statements

For the Year Ended 31 December 2021

32 Acquittal of Australian government financial assistance (continued)

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

| | HECS-HELP (Australian Government payments only) | | FEE-HELP #5 | | SA-HELP | | Total | |
|---|---|--------|-------------|--------|---------|--------|--------|--------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Parent Entity (University) Only | | | | | | | | |
| Cash Payable/(Receivable) at the beginning of the year | (148) | 1,464 | 2,320 | 170 | (14) | (31) | 2,158 | 1,603 |
| Financial assistance received in Cash during the reporting period | 51,839 | 52,461 | 20,000 | 20,000 | 1,486 | 1,356 | 73,325 | 73,817 |
| Cash available for period | 51,691 | 53,925 | 22,320 | 20,170 | 1,472 | 1,325 | 75,483 | 75,420 |
| Revenue earned net of adjustments | 49,103 | 54,072 | 18,292 | 17,850 | 1,531 | 1,339 | 68,926 | 73,261 |
| Cash Payable/(Receivable) at end of year | 2,588 | (147) | 4,028 | 2,320 | (59) | (14) | 6,557 | 2,159 |

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

(c) Department of Education and Training Research

| | Research Training Program | | Research Support Program | | Total | |
|--|---------------------------|---------|--------------------------|---------|----------|---------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Parent Entity (University) Only | | | | | | |
| Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program) | 4,120 | 4,204 | 5,965 | 2,905 | 10,085 | 7,109 |
| Revenue for the period | 4,120 | 4,204 | 5,965 | 2,905 | 10,085 | 7,109 |
| Total revenue including accrued revenue | 4,120 | 4,204 | 5,965 | 2,905 | 10,085 | 7,109 |
| Less expenses including accrued expenses | (4,120) | (4,204) | (5,965) | (2,905) | (10,085) | (7,109) |
| Surplus/(deficit) for reporting period | - | - | - | - | - | - |

Notes to the Financial Statements

For the Year Ended 31 December 2021

32 Acquittal of Australian government financial assistance (continued)

(d) Total Higher Education Provider Research Training Program expenditure

| | Total domestic students \$'000 | Total overseas students \$'000 |
|--|-----------------------------------|-----------------------------------|
| | 2,671 | 143 |
| | 1,160 | 125 |
| | - | 21 |
| | <u>3,831</u> | <u>289</u> |

(e) Australian Research Council Grants

Parent Entity (University) Only

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

Net accrual adjustments

Revenue for the period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for reporting period

| Note | Discovery | | Linkages | | Total | |
|--------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| | 857 | 1,006 | 867 | 1,666 | 1,724 | 2,672 |
| | (163) | (398) | (131) | (783) | (294) | (1,181) |
| | 694 | 608 | 736 | 883 | 1,430 | 1,491 |
| | 244 | 600 | 154 | 196 | 398 | 796 |
| 2.1(d) | 938 | 1,208 | 890 | 1,079 | 1,828 | 2,287 |
| | (294) | (964) | (800) | (925) | (1,094) | (1,889) |
| | 644 | 244 | 90 | 154 | 734 | 398 |

Southern Cross University

ABN 41 995 651 524

Notes to the Financial Statements

For the Year Ended 31 December 2021

32 Acquittal of Australian government financial assistance (continued)

(f) OS-HELP

| | 2021 | 2020 |
|--|------------|------------|
| Parent Entity (University) Only | \$'000 | \$'000 |
| Cash received during the reporting period | - | 940 |
| Cash spent during the reporting period | - | (91) |
| Net cash received | - | 849 |
| Cash surplus/(deficit) from the previous period | 723 | (126) |
| Cash surplus/(deficit) for reporting period | 723 | 723 |

Note

14

(g) Higher Education Superannuation Program

| | 2021 | 2020 |
|---|----------------|---------|
| Parent Entity (University) Only | | |
| Cash received during the reporting period | 4,664 | 745 |
| University contribution in respect of current employees | 147 | 294 |
| Cash available | 4,811 | 1,039 |
| Cash surplus / (deficit) from the previous period | - | - |
| Cash available for current period | 4,811 | 1,039 |
| Contributions to specified defined benefit funds | (4,429) | (1,039) |
| Cash surplus/(deficit) this period | 382 | - |

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(h) Student Services and Amenities Fee

| | 2021 | 2020 |
|--|----------------|---------|
| Parent Entity (University) Only | | |
| Unspent/(overspent) revenue from previous period | 420 | 379 |
| SA-HELP revenue earned | 1,531 | 1,339 |
| Student Services and Amenities Fees direct from students | 1,131 | 1,061 |
| Total revenue expendable in period | 3,082 | 2,779 |
| Student services expenses during period | (2,641) | (2,359) |
| Unspent/(overspent) student services revenue | 441 | 420 |

2.1(b)

2.3



INDEPENDENT AUDITOR'S REPORT

Southern Cross University

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Southern Cross University (the University), which comprise the Statement by the Members of Council, Income Statements and Statements of Comprehensive Income for the year ended 31 December 2021, the Statements of Financial Position as at 31 December 2021, the Statements of Changes in Equity and the Statements of Cash Flows for the year then ended, notes comprising a Summary of significant accounting policies and other explanatory information of the University and the consolidated entity. The consolidated entity comprises the University and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act) and the Government Sector Finance Regulation 2018
- presents fairly, the financial position, financial performance and cash flows of the University and the consolidated entity.

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

Basis for Opinion

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

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

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

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

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

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

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the year ended 31 December 2021. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, I do not provide a separate opinion on these matters. I have determined the matters described below to be the key audit matters to be communicated in my report.

| Key Audit Matter | How my audit addressed the matter |
|--|--|
| Valuation of defined benefit superannuation and long service leave liabilities | |
| <p>At 31 December 2021, the University reported:</p> <ul style="list-style-type: none"> defined benefit superannuation liabilities totalling \$108.5 million employee long service leave liabilities totalling \$22.1 million. <p>I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> the defined benefit superannuation and long service leave liabilities are financially significant to the University's financial position there is a risk the data used in the defined benefit superannuation and long service leave valuation models (the models) is not accurate and/or complete the underlying models used to value the liabilities are complex due to a high level of judgement and estimation involved in the valuation assumptions, including discount rates and salary inflation the value of the liabilities is sensitive to minor changes in key valuation inputs. <p>Further information on the valuation of defined benefit superannuation and long service leave liabilities is included in Note 16 'Provisions' and Note 31 'Retirement benefit obligations'.</p> | <p>Key audit procedures included the following:</p> <ul style="list-style-type: none"> assessed the key controls supporting the data used in the models assessed the completeness and mathematical accuracy of the data used in the models obtained management's actuarial reports and year-end adjustments, and for defined benefit superannuation liabilities engaged a qualified actuary ('auditor's expert') to assess the: <ul style="list-style-type: none"> competence, capability and objectivity of management's independent experts appropriateness of the models reasonableness of key assumptions used reasonableness of the reported liability balances assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards. |
| Valuation of other financial assets (investments) | |
| <p>At 31 December 2021, the University held investments of \$122.3 million measured at fair value. I considered this to be a key audit matter because:</p> <ul style="list-style-type: none"> of the significance of the balance to the University's financial position the University's investment in Education Australia Limited significantly changed due to a restructure of the arrangement (EAL transaction) of the degree of judgement and estimation uncertainty associated with the valuation. <p>Further information on investments is included in Note 11 'Other financial assets' and Note 30 'Fair value measurement'.</p> | <p>Key audit procedures included the following:</p> <ul style="list-style-type: none"> confirmed the existence and completeness of balances at 31 December 2021 with external counterparties obtained valuation confirmations directly from the external fund managers and assessed the reliability of the information received assessed the appropriateness of management's accounting treatment of the EAL transaction against the requirements of applicable Australian Accounting Standards assessed the adequacy of the financial statement disclosures against the requirements of applicable Australian Accounting Standards. |

Other Information

The University's annual report for the year ended 31 December 2021, includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Members of Council of the University are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise of the Annual report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Members of Council's Responsibilities for the Financial Statements

The Members of Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2021 Reporting Period'. The Members of Council's responsibilities also includes such internal control as the Members of Council determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

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

http://www.auasb.gov.au/auditors_responsibilities/ar5.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

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



Min Lee
Director Financial Audit

Delegate of the Auditor-General for New South Wales

26 April 2022
SYDNEY

Southern Cross Campus Services Limited

ABN 57 003 082 406

Financial Statements for the Year Ended 31 December 2021

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Southern Cross Campus Services Limited

ABN 57 003 082 406

Directors' Report

For the Year Ended 31 December 2021

The directors present their report on Southern Cross Campus Services Limited ("the Company") for the financial year ended 31 December 2021.

Information on directors

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

| | |
|------------------------------------|--|
| Paul Deegan | Appointed to the Board on 29 July 2013 |
| Qualifications | BBuild (UNSW), Licensed Real Estate Agent |
| Special responsibilities | Independent Director |
| Professor Leslie Christidis | Appointed to the Board on 21 June 2018 |
| Qualifications | BSc(Hons), PhD(ANU) |
| Special responsibilities | Associate Deputy Vice Chancellor (Research) and Dean at Southern Cross University |
| Professor Robin Stonecash | Appointed to the Board on 21 June 2018 and resigned 25 March 2021 |
| Qualifications | MSciEcon(Wisc), PhD(UNSW) |
| Special responsibilities | Executive Dean of the Faculty of Business, Law and Arts at Southern Cross University |
| Allan Morris | Appointed to the Board on 21 February 2019 |
| Qualifications | Grad Dip InfoTech (Monash), GAICD, MACS (Senior) |
| Special responsibilities | Vice President (Operations) at Southern Cross University |
| Professor William MacNeil | Appointed to the Board on 17 April 2019 and resigned 25 March 2021 |
| Qualifications | BA(Tor), MA(Tor), LLB(Dal.), LLM(Lond), JSD(Col) |
| Special responsibilities | Dean and Head of the School of Law and Justice at Southern Cross University |
| Travis Walker | Appointed to the Board on 17 April 2019 |
| Qualifications | BBus (Accounting) (RMIT), MBA (La Trobe), CPA |
| Special responsibilities | Vice President (Finance) at Southern Cross University |

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

Company Secretary

Belinda Atkinson, Head, Governance Services at Southern Cross University was appointed to the position on 12 December 2017.

Principal activities

The principal activity of Southern Cross Campus Services Limited ("the Company") during the year was to provide on-campus amenities and services to students and staff of Southern Cross University ("the University"). These principal activities include operating food and beverage facilities, catering services, pool, gymnasium and fitness facilities.

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

Southern Cross Campus Services Limited

ABN 57 003 082 406

Directors' Report

For the Year Ended 31 December 2021

Short term and long term objectives

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

Strategy for achieving the objectives

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

Performance measure

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

Members guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. As the sole member, Southern Cross University, undertakes to contribute to the property of the Company, in the event of it being wound up, such an amount as may be required not exceeding \$20. At 31 December 2021, the collective liability of members was \$20 (2020: \$20).

Going concern

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

Meetings of directors

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

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

Auditor's independence declaration

The auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC Regulation) for the year ended 31 December 2021 has been received and can be found on page 112 of the financial report.


Southern Cross Campus Services Limited


ABN 57 003 082 406

Directors' Report

For the Year Ended 31 December 2021

Signed on behalf of and in accordance with the resolution of the Board of Directors:

Director: 
Travis Walker

Director: 
Allan Morris

Dated this 7th day of April 2022

Southern Cross Campus Services Limited

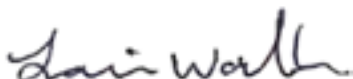
ABN 57 003 082 406

Directors' Financial Declaration

The directors of the Company declare that:

1. The financial statements and notes, set out on pages 113 to 133, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and section 7.6(4) of the *Government Sector Finance Act 2018* and:
 - a. comply with Australian Accounting Standards, the *Government Sector Finance Act 2018*, the *Government Sector Finance Regulation 2018*, the *Australian Charities and Not-for-profit Commission Act 2012*, *Australian Charities and Not-for-profit Commission Regulation 2013* and other mandatory professional reporting requirements; and
 - b. presents fairly the financial position as at 31 December 2021 and the financial performance and cash flows for the year then ended.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of its ultimate parent entity.

This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013* and with a resolution of the Board of Directors.

Director

Travis Walker

Director

Allan Morris

Dated this 7th day of April 2022



To the Directors

Southern Cross Campus Services Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Southern Cross Campus Services Limited for the year ended 31 December 2021, I declare, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

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

Margaret Crawford
Auditor-General for New South Wales

14 April 2022
SYDNEY

Southern Cross Campus Services Limited

ABN 57 003 082 406

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2021

| | | 2021 | 2020 |
|--|------|------------------|-----------------|
| | Note | \$ | \$ |
| Revenue | 2 | 1,301,743 | 1,078,666 |
| Other income | 2 | 78,035 | 1,016,831 |
| Costs of goods sold | | (317,152) | (263,367) |
| Employee benefits expense | 3 | (930,949) | (1,468,049) |
| Depreciation expense | | (10,882) | (26,740) |
| Other expenses | 4 | (410,794) | (387,059) |
| Net loss for the year | | (289,999) | (49,718) |
| Total comprehensive loss for the year | | (289,999) | (49,718) |

The accompanying notes form part of these financial statements.

Southern Cross Campus Services Limited

ABN 57 003 082 406

Statement of Financial Position

As At 31 December 2021

| | Note | 2021 \$ | 2020 \$ |
|--------------------------------------|------|--------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 129,733 | 121,875 |
| Trade and other receivables | 6 | 8,594 | 38,627 |
| Inventories | 7 | 11,753 | 18,239 |
| Prepayments | | - | 830 |
| TOTAL CURRENT ASSETS | | 150,080 | 179,571 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 8 | 24,609 | 30,179 |
| TOTAL NON-CURRENT ASSETS | | 24,609 | 30,179 |
| TOTAL ASSETS | | 174,689 | 209,750 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 1,176,212 | 886,374 |
| Provisions | 10 | 37,454 | 64,225 |
| Contract liabilities | 11 | 15,861 | 20,924 |
| TOTAL CURRENT LIABILITIES | | 1,229,527 | 971,523 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | 10 | 9,729 | 12,795 |
| TOTAL NON-CURRENT LIABILITIES | | 9,729 | 12,795 |
| TOTAL LIABILITIES | | 1,239,256 | 984,318 |
| NET LIABILITIES | | (1,064,567) | (774,568) |
| EQUITY/(NET DEFICIENCY) | | | |
| Accumulated losses | 12 | (1,064,567) | (774,568) |
| NET DEFICIENCY | | (1,064,567) | (774,568) |

The accompanying notes form part of these financial statements.

Southern Cross Campus Services Limited

ABN 57 003 082 406

Statement of Changes in Equity

For the Year Ended 31 December 2021

| | Accumulated losses |
|------------------------------------|-------------------------------|
| Note | \$ |
| Balance at 1 January 2020 | (724,850) |
| Net loss for the year | <u>(49,718)</u> |
| Balance at 31 December 2020 | <u><u>(774,568)</u></u> |
| Balance at 1 January 2021 | (774,568) |
| Net loss for the year | <u>(289,999)</u> |
| Balance at 31 December 2021 | <u><u>(1,064,567)</u></u> |

The accompanying notes form part of these financial statements.

Southern Cross Campus Services Limited

ABN 57 003 082 406

Statement of Cash Flows

For the Year Ended 31 December 2021

| | 2021 | 2020 |
|--|---------------------|------------------|
| Note | \$ | \$ |
| Cash flows from operating activities: | | |
| Receipts from customers | 1,458,360 | 1,634,364 |
| Payments to suppliers and employees | (1,718,713) | (2,271,932) |
| Government subsidies received | 77,300 | 543,250 |
| Net GST recovered/(paid) | (103,067) | (83,184) |
| Net cash used in operating activities | 13 (286,120) | (177,502) |
| Cash flows from investing activities: | | |
| Proceeds from sale of plant and equipment | - | 22,172 |
| Payments for property, plant and equipment | (5,312) | (20,264) |
| Net cash (used in) /generated by investing activities | (5,312) | 1,908 |
| Cash flows from financing activities: | | |
| Amounts advanced from related parties | 1,629,290 | 1,598,374 |
| Repayments of loans to related parties | (1,330,000) | (1,400,000) |
| Net cash generated by financing activities | 299,290 | 198,374 |
| Net increase in cash and cash equivalents held | 7,858 | 22,780 |
| Cash and cash equivalents at beginning of year | 121,875 | 99,095 |
| Cash and cash equivalents at end of financial year | 5(a) 129,733 | 121,875 |

The accompanying notes form part of these financial statements.

Southern Cross Campus Services Limited

ABN 57 003 082 406

Notes to the Financial Statements

For the Year Ended 31 December 2021

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Southern Cross Campus Services Limited

ABN 57 003 082 406

Notes to the Financial Statements

For the Year Ended 31 December 2021

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB).

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

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

- *Government Sector Finance Act 2018* and the *Government Sector Finance Regulation 2018*
- *Australian Charities and Not-for-profit Commission Act 2012* and section 60-40 of the *Australian Charities and Not-for-profit Commission Regulation 2013* (ACNC Regulation)

Southern Cross Campus Services Limited ("the Company") is a not-for-profit entity and these statements have been prepared on that basis. Some of the AAS requirements for not-for-profit entities are inconsistent with the IFRS requirements.

Date of authorisation for issue

The financial statements were authorised for issue by the directors of Southern Cross Campus Services Limited on 7 April 2022.

Historical cost convention

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

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates.

It also requires management to exercise its judgement in the process of applying Southern Cross Campus Services Limited's accounting policies.

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

- Measurement and recognition of employee benefits provisions (Note 10)
- Impairment of trade and other receivables (Note 6)
- Estimated useful life assessments of property, plant and equipment assets (Note 1(j))
- Impairment of property, plant and equipment assets (Note 8)

Functional and presentation currency

The Company's financial statements are presented in Australian dollars.

Notes to the Financial Statements

For the Year Ended 31 December 2021

1 Summary of Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

Going concern

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

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

(b) Comparative Amounts

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

(c) Revenue and other income

Revenue from contracts with customers

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

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

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

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

Specific revenue streams

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

(i) Rendering of services

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

1 Summary of Significant Accounting Policies (continued)

(c) Revenue and other income (continued)

Specific revenue streams (continued)

(ii) Sale of goods

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

(iii) Membership revenue

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

Statement of financial position balances relating to revenue recognition

Contract assets and liabilities

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

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

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

(d) Employee benefits

Where the Company has no right to defer the payment of employee benefits beyond 12 months, these are classified as current provision.

i) Wages and salaries

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

ii) Annual leave and sick leave

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

1 Summary of Significant Accounting Policies (continued)

(d) Employee benefits (continued)

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

iii) Long service leave

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

iv) Termination benefits

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

(e) Trade and other payables

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

(f) Cash and cash equivalents

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

(g) Trade receivables

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

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECL (Expected Credit Losses). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Notes to the Financial Statements

For the Year Ended 31 December 2021

1 Summary of Significant Accounting Policies (continued)

(g) Trade receivables (continued)

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and are net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(i) Property, Plant and Equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include gains or losses that were recognised in other comprehensive income on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

| Class of Asset | Useful life (yrs) |
|-----------------------|--------------------------|
| Plant and Equipment | 5 - 10 |
| Motor Vehicles | 3 - 10 |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2021

1 Summary of Significant Accounting Policies (continued)

(j) Change in accounting estimates

The Company has made the following accounting policy changes with effect from 1 October 2021. The changes represent revised accounting estimates and therefore are applied prospectively in accordance with the requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The Company will amortise Motor Vehicles between 3 to 10 years and increase residual value from 0% to up to 50%.

This change in accounting policy has increased the 2021 net result by \$1,535.

(k) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(l) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

(m) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

(n) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The directors have decided against early adoption of these Standards, but do not expect any impact on the reported position or performance of the Company.

Southern Cross Campus Services Limited

ABN 57 003 082 406

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Revenue and Other Income

| | 2021 | 2020 |
|---|---------------------|------------------|
| Note | \$ | \$ |
| Revenue | | |
| Membership revenue | 646,194 | 566,037 |
| Food and beverage revenue | 623,819 | 478,093 |
| | <u>1,270,013</u> | <u>1,044,130</u> |
| Other revenue | 31,730 | 34,536 |
| Total revenue | <u>1,301,743</u> | <u>1,078,666</u> |
| Other Income | | |
| Cost recoveries | 735 | 445,381 |
| Special purpose Commonwealth grants | 77,300 | 571,450 |
| Total other income | <u>78,035</u> | <u>1,016,831</u> |
| 3 Employee Related Expenses | | |
| Salaries | 767,804 | 1,245,027 |
| Superannuation | 101,903 | 94,176 |
| Payroll tax | 38,891 | 66,793 |
| Workers compensation | 3,430 | 8,257 |
| Long service leave | (6,140) | 10,534 |
| Annual leave | 25,061 | 43,262 |
| Total employee related expenses | <u>930,949</u> | <u>1,468,049</u> |
| 4 Other expenses | | |
| Audit fees, bank charges & taxes | 34,589 | 34,358 |
| Fees and charges | 20,929 | 13,912 |
| Non-capitalised equipment & maintenance costs | 49,162 | 47,509 |
| Net loss on disposal of plant and equipment | - | 8,327 |
| Property & facility costs | 279,517 | 253,522 |
| Travel, entertainment & staff development | 5,901 | 4,621 |
| Other expenses | 20,696 | 24,810 |
| Total other expenses | <u>410,794</u> | <u>387,059</u> |
| 5 Cash and cash equivalents | | |
| Cash at bank and on hand | 129,733 | 121,875 |
| Total cash and cash equivalents | 5(a) <u>129,733</u> | <u>121,875</u> |

Notes to the Financial Statements

For the Year Ended 31 December 2021

5 Cash and cash equivalents (continued)

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

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

| | | 2021 | 2020 |
|---|------|----------------|----------------|
| | Note | \$ | \$ |
| Cash and cash equivalents | 5 | 129,733 | 121,875 |
| Balance as per statement of cash flows | | 129,733 | 121,875 |

(b) Cash at bank

Cash in operating accounts earns interest at variable interest rates.

6 Trade and other receivables

Current

| | | |
|--|--------------|---------------|
| Trade and other receivables | 8,594 | 38,627 |
| Total current trade and other receivables | 8,594 | 38,627 |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Ageing analysis of receivables:

As at 31 December 2021 trade receivables of \$132 (2020:\$3,200) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

Past due but not impaired receivables

| | | |
|-----------------------|------------|--------------|
| Between 2 to 3 months | 132 | 3,200 |
| Between 3 to 6 months | - | - |
| Over 6 months | - | - |
| | 132 | 3,200 |

The creation and release of the provision for impaired receivables has been included in impairment expenses in the statement of profit or loss and other comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Southern Cross Campus Services Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2021

7 Inventories

| | 2021 | 2020 |
|----------------------------------|---------------|---------------|
| | \$ | \$ |
| Current | | |
| At cost: | | |
| Food and beverage stock | 11,753 | 18,239 |
| Total current inventories | <u>11,753</u> | <u>18,239</u> |

8 Property, plant and equipment

Plant and equipment

| | | |
|----------------------------------|---------------|---------------|
| At cost | 190,203 | 190,203 |
| Accumulated depreciation | (172,862) | (168,067) |
| Total plant and equipment | <u>17,341</u> | <u>22,136</u> |

Motor vehicles

| | | |
|-----------------------------|--------------|--------------|
| At cost | 28,248 | 22,936 |
| Accumulated depreciation | (20,980) | (14,893) |
| Total motor vehicles | <u>7,268</u> | <u>8,043</u> |

Total property, plant and equipment

| | | |
|--|---------------|---------------|
| | <u>24,609</u> | <u>30,179</u> |
|--|---------------|---------------|

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

| | Plant and Equipment | Motor Vehicles | Total |
|------------------------------------|------------------------|-------------------|---------------|
| | \$ | \$ | \$ |
| Year ended 31 December 2020 | | | |
| Opening net book value | 19,746 | 47,408 | 67,154 |
| Additions | 20,265 | - | 20,265 |
| Disposals | - | (30,500) | (30,500) |
| Depreciation expense | (17,875) | (8,865) | (26,740) |
| Closing net book amount | <u>22,136</u> | <u>8,043</u> | <u>30,179</u> |
| Year ended 31 December 2021 | | | |
| Opening net book value | 22,136 | 8,043 | 30,179 |
| Additions | - | 5,312 | 5,312 |
| Disposals | - | - | - |
| Depreciation expense | (4,795) | (6,087) | (10,882) |
| Closing net book amount | <u>17,341</u> | <u>7,268</u> | <u>24,609</u> |

Southern Cross Campus Services Limited

ABN 57 003 082 406

Notes to the Financial Statements

For the Year Ended 31 December 2021

9 Trade and other payables

| | Note | 2021 \$ | 2020 \$ |
|---|-------|------------------|----------------|
| Current | | | |
| Trade payables | | 3,638 | 23,540 |
| GST payable | | 4,789 | 5,577 |
| Related party payables | 16(c) | 1,112,670 | 813,379 |
| Other payables | | 55,115 | 43,878 |
| Total current trade and other payables | | 1,176,212 | 886,374 |

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

10 Provisions

Current provisions expected to be settled wholly within 12 months

Employee benefits

| | | | |
|--------------------|--|---------------|---------------|
| Annual leave | | 22,101 | 28,496 |
| Long service leave | | 3 | 4,614 |
| | | 22,104 | 33,110 |

Current provisions expected to be settled wholly after more than 12 months

Employee benefits

| | | | |
|--------------------|--|---------------|---------------|
| Annual leave | | 15,350 | 14,512 |
| Long service leave | | - | 16,603 |
| | | 15,350 | 31,115 |

Total current provisions

| | | | |
|--|--|---------------|---------------|
| | | 37,454 | 64,225 |
|--|--|---------------|---------------|

Non-current provisions

Employee benefits

| | | | |
|--------------------|--|-------|--------|
| Long service leave | | 9,729 | 12,795 |
|--------------------|--|-------|--------|

Total non-current provisions

| | | | |
|--|--|--------------|---------------|
| | | 9,729 | 12,795 |
|--|--|--------------|---------------|

Total provisions

| | | | |
|--|--|---------------|---------------|
| | | 47,183 | 77,020 |
|--|--|---------------|---------------|

11 Contract liabilities

Current

| | | | |
|----------------------------|--|--------|--------|
| Income received in advance | | 15,861 | 20,924 |
|----------------------------|--|--------|--------|

Total current contract liabilities

| | | | |
|--|--|---------------|---------------|
| | | 15,861 | 20,924 |
|--|--|---------------|---------------|

Southern Cross Campus Services Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2021

12 Accumulated losses

| | 2021 | 2020 |
|---|--------------------|------------------|
| | \$ | \$ |
| Accumulated losses at the beginning of the financial year | (774,568) | (724,850) |
| Net result for the year | (289,999) | (49,718) |
| Accumulated losses at end of the financial year | (1,064,567) | (774,568) |

13 Cash flow information

Reconciliation of net income for the year to net cash generated by/(used in) operating activities

| | | |
|--|------------------|------------------|
| Net result for the year | (289,999) | (49,718) |
| Non-cash flows in net result: | | |
| Depreciation expense | 10,882 | 26,740 |
| Net loss/(gain) on disposal of plant and equipment | - | 8,327 |
| Changes in assets and liabilities: | | |
| (Increase)/decrease in trade and other receivables | 30,033 | (20,453) |
| (Increase)/decrease in inventories | 6,486 | 547 |
| (Increase)/decrease in other assets | 830 | 800 |
| Increase/(decrease) in trade and other payables | (9,452) | (93,548) |
| Increase/(decrease) in provisions | (29,837) | (43,040) |
| Increase/(decrease) in contract liabilities | (5,063) | (7,157) |
| Cash flows used in operating activities | (286,120) | (177,502) |

14 Financial Risk Management

The Company's activities expose it to a variety of financial risks, including, liquidity risk, credit risk and market risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Southern Cross Campus Services Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2021

14 Financial Risk Management (continued)

| | Note | 2021 \$ | 2020 \$ |
|------------------------------------|------|------------------|----------------|
| Financial assets | | | |
| <i>Held at amortised cost:</i> | | | |
| Cash and cash equivalents | 5 | 129,733 | 121,875 |
| Trade and other receivables * | 6 | 8,594 | 38,627 |
| Total financial assets | | 138,327 | 160,502 |
| Financial liabilities | | | |
| <i>Measured at amortised cost:</i> | | | |
| Trade and other payables * | | 1,153,850 | 867,649 |
| Total financial liabilities | | 1,153,850 | 867,649 |

* The total amounts disclosed here exclude statutory amounts (e.g. amounts owing to/from Government, GST input tax credit recoverable and taxes payable).

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company manages its liquidity needs by maintaining adequate reserves, banking facilities and continuously monitoring forecast and actual cash flows.

There have been no variations to the objects, policies and processes for liquidity risk since the prior period.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

Southern Cross Campus Services Limited

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Notes to the Financial Statements For the Year Ended 31 December 2021

14 Financial Risk Management (continued)

The table below reflects the undiscounted contractual maturity analysis for financial liabilities.

Financial liability maturity analysis - Non-derivative

| | Weighted average | | Within 1 Year | | Total | |
|--|------------------|------|------------------|---------|------------------|---------|
| | Interest rate | | 2021 | 2020 | 2021 | 2020 |
| | 2021 | 2020 | | | | |
| | % | % | \$ | \$ | \$ | \$ |
| Financial liabilities due for payment | | | | | | |
| Trade and other payables | - | - | 1,153,850 | 867,649 | 1,153,850 | 867,649 |
| Total contractual outflows | - | - | 1,153,850 | 867,649 | 1,153,850 | 867,649 |

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Trade receivables

Trade receivables are recognised on an accrual basis and measured at fair values which are not discounted due to their short term nature. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Ongoing credit evaluation is performed on the financial condition of accounts receivable. Trade receivables are assessed after 60 days and action taken to collect the debt. There has been no change in managing credit risk since the prior year.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

Refer to Note 6 for the ageing analysis of receivables.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

The Company is not exposed to any significant interest rate risk.

Southern Cross Campus Services Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2021

15 Key Management Personnel Disclosures

(a) Directors

The names of directors of Southern Cross Campus Services Limited who held office during the financial year are:

Paul Deegan
Professor Les Christidis
Professor Robin Stonecash (resigned 25 March 2021)
Allan Morris
Professor William MacNeil (resigned 25 March 2021)
Travis Walker

The above persons have been in office since the start of the year unless otherwise stated.

(b) Directors and responsible officers' remuneration

No income is paid or payable, or otherwise made available, to board members by the Company in connection with the management of affairs of the Company.

The independent board member, Paul Deegan, is external to the Company and is not remunerated. The remaining board members and responsible officers are remunerated by the Company's ultimate parent entity, Southern Cross University.

16 Related Parties

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

(a) Ultimate Parent Entity

The Company is a wholly owned subsidiary of its ultimate parent entity, Southern Cross University.

Transactions with Southern Cross University for services provided are fully re-imbursed by the Company. The Company operates from premises owned by Southern Cross University at no charge and the Company is unable to determine the value for this charge.

Southern Cross Campus Services Limited

ABN 57 003 082 406

Notes to the Financial Statements For the Year Ended 31 December 2021

16 Related Parties (continued)

(b) Transactions with related parties

The following transactions occurred with related parties:

| | Note | 2021 \$ | 2020 \$ |
|--|------|------------|------------|
| Parent | | | |
| Catering services | | 4,097 | 20,902 |
| External labour hire and cost recoveries | | 735 | 445,381 |
| Other costs | | (810) | (884) |

(c) Balances to related parties

Current

Amount payable to:

Ultimate parent entity

| | | |
|---|-------------------------|----------------|
| 9 | <u>1,112,670</u> | 813,379 |
| | <u><u>1,112,670</u></u> | <u>813,379</u> |

Total current balances to related parties

(d) Terms and Conditions

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

17 Remuneration of Auditors

| | 2021 \$ | 2020 \$ |
|--|----------------------|---------------|
| Remuneration of the auditor of the Company, Audit Office of NSW, for: | | |
| Auditing the financial report | <u>21,430</u> | 20,900 |
| Total remuneration of auditor | <u><u>21,430</u></u> | <u>20,900</u> |

18 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding and obligations of the Company. At 31 December 2021 the number of members was 1 (2020: 1).

19 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2021 (31 December 2020: None).

Southern Cross Campus Services Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2021

20 Events Occurring After the Reporting Date

Coronavirus Pandemic

The impact of the Coronavirus (COVID-19) pandemic is ongoing, however, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and the impacts of economic stimulus.

Natural Disaster

The University's Lismore campus was impacted by flooding in March 2022, which has been declared a national emergency. During this period, the Company's Lismore operations were closed. The Company does not expect to incur significant losses in respect of this disaster.

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

21 Company Details

The registered office of and principal place of business of the Company is:

Southern Cross Campus Services Limited
Southern Cross University
Military Road
EAST LISMORE NSW 2480



INDEPENDENT AUDITOR'S REPORT

Southern Cross Campus Services Limited

To Members of the New South Wales Parliament and Members of Southern Cross Campus Services Limited

Opinion

I have audited the accompanying financial statements of Southern Cross Campus Services Limited (the Company), which comprises the Directors' Financial Declaration, the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2021, the Statement of Financial Position as at 31 December 2021, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2018* (GSF Regulation)
- presents fairly the Company's financial position, financial performance and cash flows
- have been prepared in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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

Basis for Opinion

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

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

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

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

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

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

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

Other Information

The Company's annual report for the year ended 31 December 2021 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The directors of the Company are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Directors' Report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulations and, the *Australian Charities and Not-for-Profits Commission Act 2012*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

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



Margaret Crawford
Auditor-General for New South Wales

14 April 2022
SYDNEY

Southern Cross University and Controlled Entities

ABN 41 995 651 524

Appendices for the 2021 Reporting Period

| | | |
|--|--|--|
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| Appendix D GIPA Statistics 145 | Appendix E Financial Compliance 149 | Appendix F Budget and Actual Performance (Parent entity only) 151 |

Appendix A - Staff Employment 2015-2021

All Staff FTE*

| Nominal FTE | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------|-------|-------|-------|-------|-------|-------|-------|
| Academic | 319.0 | 310.7 | 313.2 | 301.0 | 322.4 | 339.8 | 301.3 |
| Professional | 519.0 | 515.2 | 526.5 | 536.5 | 550.3 | 574.5 | 510.9 |
| Total | 838.0 | 825.9 | 839.7 | 837.5 | 872.7 | 914.4 | 812.3 |

* This data excludes staff employed on a casual/sessional basis. Figures may not add exactly to the total FTE due to rounding.

Academic Staff

| Nominal FTE | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|
| Above Senior Lecturer | 77.1 | 73.0 | 75.3 | 78.1 | 80.3 | 85.5 | 79.4 |
| Senior Lecturer | 80.2 | 84.0 | 82.8 | 83.2 | 94.3 | 103.0 | 82.8 |
| Lecturer | 122.4 | 118.9 | 123.9 | 114.4 | 119.4 | 111.2 | 103.3 |
| Below Lecturer | 39.3 | 34.9 | 31.2 | 25.2 | 28.4 | 40.2 | 35.9 |
| Total | 319.0 | 310.7 | 313.2 | 301.0 | 322.4 | 339.8 | 301.3 |

Above senior lecturer = Levels D,E (plus VC and DVC)

Senior Lecturer = Level C

Lecturer = Level B

Below Lecturer = Level A

Professional Staff

| Nominal FTE | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------|-------|-------|-------|-------|-------|-------|-------|
| HEW 1 | 8.0 | 7.8 | 7.6 | 1.0 | 15.7 | 2.0 | |
| HEW 2 | 2.0 | 0.5 | 1.0 | 0.5 | | 1.0 | 5.5 |
| HEW 3 | 17.4 | 12.1 | 12.4 | 19.5 | 13.3 | 12.8 | 14.2 |
| HEW 4 | 124.4 | 117.4 | 118.2 | 118.9 | 126.5 | 136.0 | 112.1 |
| HEW 5 | 133.9 | 132.7 | 129.1 | 140.1 | 139.8 | 143.6 | 116.1 |
| HEW 6 | 79.1 | 89.2 | 97.6 | 94.9 | 97.2 | 104.2 | 104.5 |
| HEW 7 | 88.5 | 89.7 | 92.9 | 93.9 | 85.5 | 95.9 | 86.1 |
| HEW 8 | 27.0 | 31.0 | 30.2 | 36.2 | 39.9 | 44.0 | 34.6 |
| HEW 9 | 13.8 | 12.0 | 12.0 | 9.0 | 9.8 | 14.0 | 13.8 |
| HEW 10 | 12.0 | 9.0 | 10.0 | 8.5 | 7.6 | 7.0 | 9.0 |
| Non-Academic Above Level 10 | 12.9 | 13.9 | 15.5 | 14.0 | 15.0 | 14.0 | 15.0 |
| Total | 519.0 | 515.2 | 526.5 | 536.5 | 550.3 | 574.5 | 510.9 |

*This data excludes staff employed on a casual/sessional basis. Figures might not add exactly to the total FTE due to rounding.

Source: MIS Government Staff Cube - 31 March 2021

Appendix B – Executive Remuneration

Senior Executives

| Band | 2021 | | 2020 | |
|--------------------------|-----------|----------|----------|----------|
| | Female | Male | Female | Male |
| Band 1 (Executive) | 1 | | 1 | 1 |
| Band 2 (Executive) | 1 | 4 | 1 | 1 |
| Band 3 (Executive) | 1 | 2 | 1 | 2 |
| Band 4 (Executive) | | | | |
| Above Band 4 (Executive) | | 1 | | 1 |
| Totals | 3 | 7 | 3 | 5 |
| | 10 | | 8 | |

| Band | Range \$ | Average remuneration | |
|--------------------------|------------------------|----------------------|-----------|
| | | 2021 \$ | 2020 \$ |
| Band 1 (Executive) | \$192,600 to \$274,700 | \$255,000 | \$255,400 |
| Band 2 (Executive) | \$274,701 to \$345,550 | \$322,160 | \$329,900 |
| Band 3 (Executive) | \$345,551 to \$487,050 | \$372,833 | \$370,600 |
| Band 4 (Executive) | \$487,051 to \$562,650 | \$0 | \$0 |
| Above Band 4 (Executive) | Over \$562,651 | \$679,400 | \$675,600 |

In 2021, 2.55% of the Southern Cross University's employee related expenditure was related to senior executives, compared to 1.76% in 2020.

The current Vice-Chancellor's remuneration package is the same as the previous Vice-Chancellor.

Appendix C – Frequency of meetings and members' attendance at meetings

Council 2021

| | 18 Feb | 25 Mar | 27 May | 24 Jun | 16 Sep | 19 Nov | |
|-----------------|--------|----------------|----------------|--------|----------------|--------|--|
| N Burton Taylor | ✓ | ✓ | ✓ | ✓ | Not applicable | | <i>Term concluded 30 June 2021</i> |
| T Carlin | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| A Curtin | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| M d'Almeida | ✓ | ✓ | ✓ | ✓ | | ✓ | |
| J Granger | ✓ | | ✓ | ✓ | ✓ | ✓ | |
| R Joannes-Boyau | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| G Lancaster | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| S McPhee | | Not applicable | | | ✓ | ✓ | <i>Term commenced 1 July 2021</i> |
| S Noble | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| L O'Grady | | | Not applicable | | | | <i>Term concluded 17 February 2021</i> |
| A Pelizzon | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| A Rose | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| J Rourke | ✓ | | ✓ | ✓ | ✓ | ✓ | |
| G Wayne | ✓ | ✓ | | | | | |

Legend

| | |
|---------------------|---|
| Attended meeting | ✓ |
| Absent from meeting | |

Appendix D – GIPA Statistics

Government Information Public Access

Throughout 2021 the University continued to make information of public interest available via its website, including detailed information about the University's new academic model – the Southern Cross Model. The University maintained and added to its Register of Government Contracts and Policy Library including online resources to support the introduction of the University's new Whistleblower Policy.

The University's Agency Information Guide was reviewed and updated during the year.

The University received six valid access applications under the *Government Information (Public Access) Act 2009* (NSW) (GIPA Act). No applications were refused on the basis that information requested was information referred to in Schedule 1 of the GIPA Act. Statistical information relating to the number and type of application decided by the University in 2021 is provided in Appendix D.

Statistical information about access applications – Clause 8(d) and Schedule 2

Table A: Number of applications by type of applicant and outcome*

| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
|---|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| Media | 2 | | | | | | | |
| Members of Parliament | | | | | | | | |
| Private sector business | | | | | | | | |
| Not for profit organisations or community groups | | | | | | | | |
| Members of the public (application by legal representative) | | 1 | | | | | | |
| Members of the public (other) | 2 | | | 1 | | | | |

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome

| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
|--|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| Personal information applications* | | | | | | | | |
| Access applications (other than personal information applications) | 2 | 1 | | 1 | | | | |
| Access applications that are partly personal information applications and partly other | 2 | | | | | | | |

* A *personal information application* is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Table C: Invalid applications

| Reason for invalidity | Number of applications |
|---|------------------------|
| Application does not comply with formal requirements (section 41 of the Act) | 0 |
| Application is for excluded information of the agency (section 43 of the Act) | 0 |
| Application contravenes restraint order (section 110 of the Act) | 0 |
| | 0 |
| Total number of invalid applications received | 0 |
| Invalid applications that subsequently became valid applications | 0 |

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act

| | Number of times consideration used* |
|---|-------------------------------------|
| Overriding secrecy laws | 0 |
| Cabinet information | 0 |
| Executive Council information | 0 |
| Contempt | 0 |
| Legal professional privilege | 1 |
| Excluded information | 0 |
| Documents affecting law enforcement and public safety | 0 |
| Transport safety | 0 |
| Adoption | 0 |
| Care and protection of children | 0 |
| Ministerial code of conduct | 0 |
| Aboriginal and environmental heritage | 0 |

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

| | Number of occasions when application not successful |
|--|---|
| Responsible and effective government | 0 |
| Law enforcement and security | 0 |
| Individual rights, judicial processes and natural justice | 1 |
| Business interests of agencies and other persons | 0 |
| Environment, culture, economy and general matters | 0 |
| Secrecy provisions | 0 |
| Exempt documents under interstate Freedom of Information legislation | 0 |

Table F: Timeliness

| | Number of applications |
|--|------------------------|
| Decided within the statutory timeframe (20 days plus any extensions) | 2 |
| Decided after 35 days (by agreement with applicant) | 4 |
| Not decided within time (deemed refusal) | 0 |
| Total | 6 |

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

| | Decision varied | Decision upheld | Total |
|--|-----------------|-----------------|----------|
| Internal review | 0 | 0 | 0 |
| Review by Information Commissioner* | | 0 | 0 |
| Internal review following recommendation under section 93 of Act | 0 | 0 | 0 |
| Review by ADT | 0 | 0 | 0 |
| Total | 0 | 0 | 0 |

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

| | Number of applications for review |
|---|-----------------------------------|
| Applications by access applicants | 0 |
| Applications by persons to whom information the subject of access application relates (see section 54 of the Act) | 0 |

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

| | Number of applications transferred |
|-------------------------------|------------------------------------|
| Agency-initiated transfers | 0 |
| Applicant-initiated transfers | 0 |

Appendix E – Financial Compliance

Investment Performance

The University's investments, achieved a return of 8.11 per cent compared to TCorps medium term growth fund of 6.87 per cent.

Southern Cross University's investment strategy is overseen by the Finance Committee. During 2021, the University appointed an investment advisor and expanded its strategy to diversify away from interest-bearing deposits and invest directly in deposits with, or securities issued by Australian Approved Deposit Taking Institutions and managed investment schemes that meet or exceed minimum credit ratings. During 2021, due to the wind-up of Education Australia Limited, as a shareholder the University received 1,831,159 shares in IDP, a publicly listed company (IEL).

Payment of Accounts

The University's payment terms in respect of its creditors are 30 days. In 2021, 57 per cent of invoices were paid in accordance with these terms. Interest of \$0 was incurred during 2021.

Aged analysis at the end of each quarter

| Quarter | Mar-21 \$ | Jun-21 \$ | Sep-21 \$ | Dec-21 \$ |
|--------------------|------------------|------------------|----------------|----------------|
| Current | 2,450,853 | 3,454,782 | 319,033 | - 18,369 |
| Between 30-60 days | 282,134 | 292,686 | 17,864 | 2,695 |
| Between 60-90 days | 5,320 | 24,152 | 4,338 | 193 |
| Over 90 days | 5,721 | 29,387 | 7,478 | 12,982 |
| Total | 2,744,028 | 3,801,007 | 348,713 | - 2,499 |

Accounts paid within each quarter

| Measure | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Annual |
|---|--------------|--------------|--------------|--------------|---------------|
| Number of accounts paid | 699 | 833 | 862 | 829 | 1,702 |
| Number of invoices paid on time | 1,498 | 1,507 | 2,241 | 1,912 | 7,158 |
| Actual percentage of invoices paid on time (based on number of invoices) | 59% | 43% | 63% | 64% | 57% |
| Number of payments for interest on overdue accounts | - | - | - | - | - |
| Interest paid on overdue accounts | - | - | - | - | - |
| Total number of invoices paid | 2,526 | 3,533 | 3,558 | 3,002 | 12,619 |

Overseas Travel

The University spent \$36,831 on overseas visits in 2021 (\$356,216 in 2020) for the purposes of specific programs and research.

Consultants

The University engaged a range of consultants to provide recommendations or high-level specialist or professional advice to assist in decision making by management. The table below lists the consultancies that were engaged by the University and the fees paid for their services during the year ended 31 December 2021.

Table 1: Consultancies costing less than \$50,000

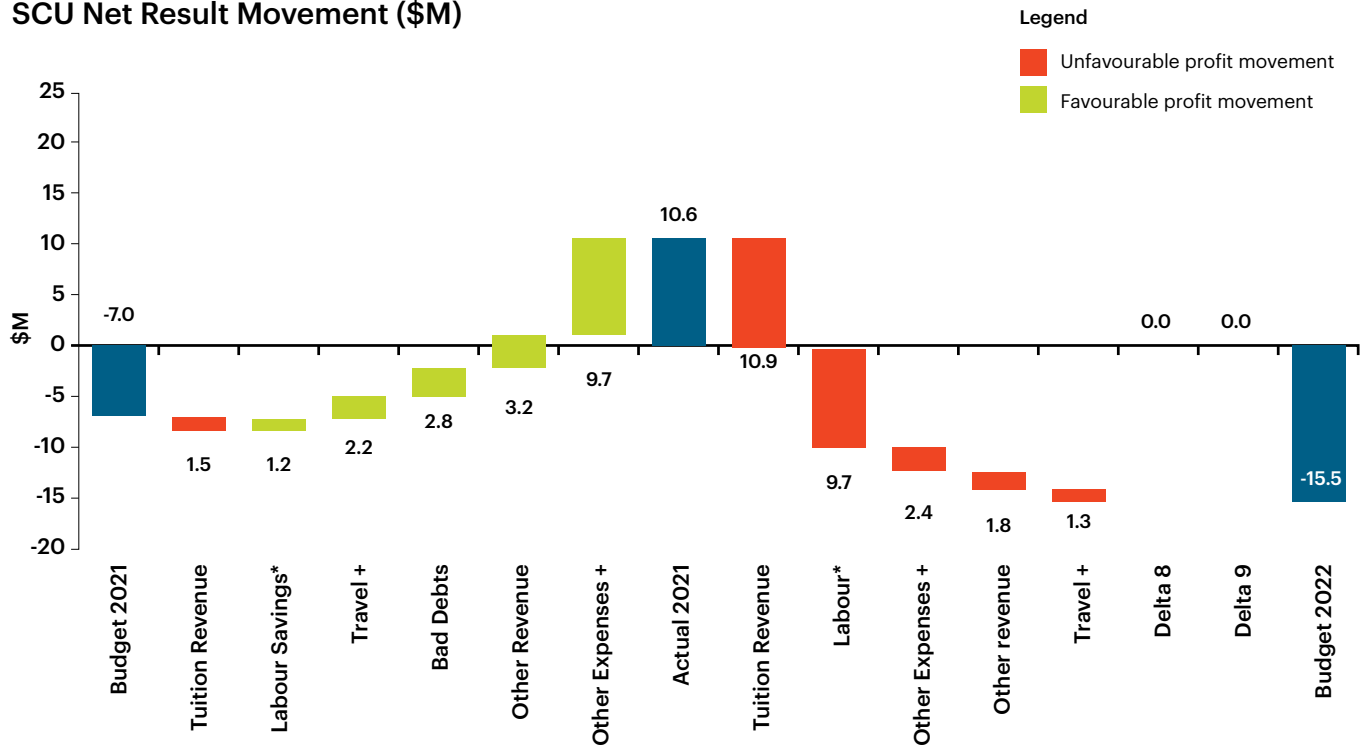
| Consultancy | No. | Amount \$'000 |
|---|-----|------------------|
| Financial Services | 1 | 5 |
| Management Services | 4 | 65 |
| Organisation Review | 2 | 48 |
| Training | 1 | 12 |
| Total Consultancies costing less than \$50,000 | | 130 |

Appendix F – Budget and Actual Performance (Parent entity only)

| Southern Cross University Statement of Comprehensive Income | Budget 2021 \$'000 | Actual 2021 \$'000 | Budget 2022 \$'000 |
|--|--------------------------|--------------------------|--------------------------|
| Income from Continuing Operations | | | |
| Australian Government Financial Assistance | | | |
| Australian Government Grants | 110,520 | 110,384 | 108,770 |
| HELP - Australian Government Payments | 71,346 | 68,926 | 75,531 |
| State & Local Government Financial Assistance | 2,049 | 2,018 | 2,430 |
| HECS-HELP - Student Payments | 2,100 | 2,378 | 2,231 |
| Fees & Charges | 63,610 | 64,439 | 48,266 |
| Investment Income | 118 | 275 | 700 |
| Royalties, trademarks & licenses | 916 | 714 | 252 |
| Consultancy & contracts | 7,172 | 10,658 | 11,788 |
| Other income | 13,402 | 13,118 | 10,316 |
| Gain on Disposal of assets | 0 | 60 | 0 |
| Total Income from Continuing Operations | 271,233 | 272,970 | 260,283 |
| Expenses from continuing operations | | | |
| Employee Related Expenses | 144,182 | 142,982 | 152,718 |
| Depreciation & Amortisation | 16,808 | 16,888 | 16,700 |
| Repairs & Maintenance | 3,241 | 4,555 | 3,107 |
| Borrowing Costs | 1,828 | 1,740 | 1,870 |
| Impairment of assets | 4,205 | 1,361 | 1,752 |
| Losses on Disposal of assets | 100 | 0 | 0 |
| Other Expenses | 107,882 | 94,831 | 99,613 |
| Total expenses from continuing operations | 278,246 | 262,357 | 275,762 |
| Net Result from Continuing operations | -7,012 | 10,613 | -15,479 |

Waterfall of Budget – Actual - Budget

SCU Net Result Movement (\$M)



* 2020 incurred significant labour reductions via the Transform SCU restructures. These savings were shown in the 2021 Budget. 2022 will see a return to on campus learning and support staff levels and cost.

+ Non-labour running costs were abnormally lower in 2021, due to COVID-19 restrictions. A gradual increase in these is allowed for 2022.

Locations

Lismore

Military Road
Lismore
NSW 2480 Australia

Coffs Harbour

Hogbin Drive
Coffs Harbour
NSW 2450 Australia

Gold Coast

Southern Cross Drive
Bilinga
QLD 4225 Australia

Business Hours

Monday – Friday

9am to 5pm
T: 1800 005 687

scu.edu.au

CRICOS Provider: 01241G

**Southern Cross University
Annual Report 2021**

Production costs: \$2,000