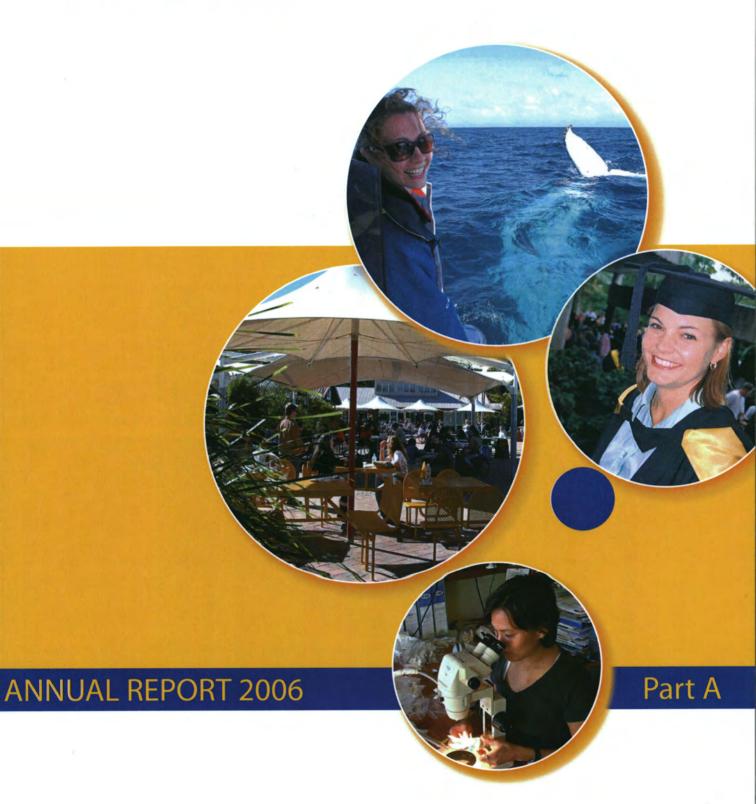
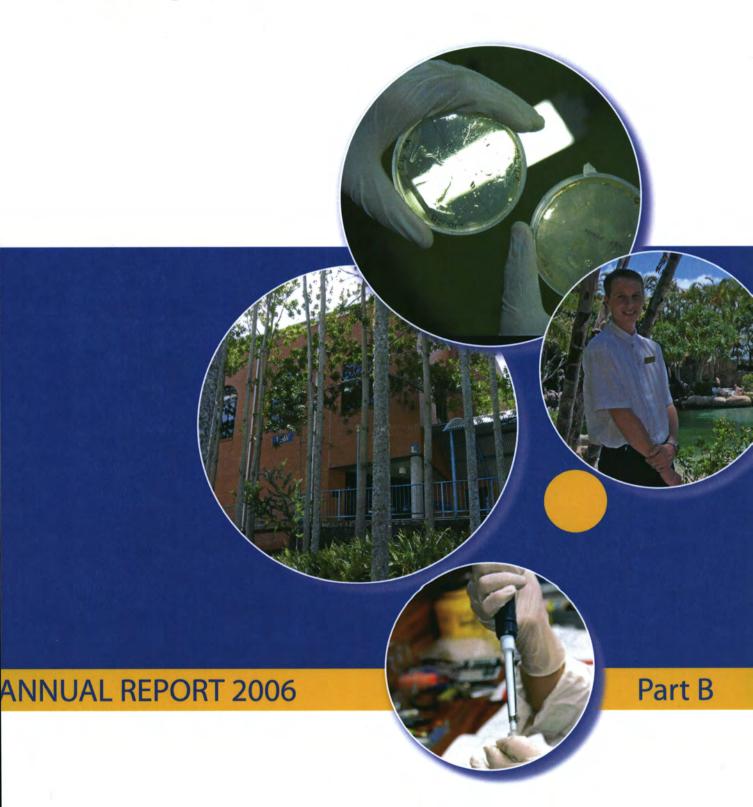


A new way to think



* Southern Cross UNIVERSITY

A new way to think









20 April 2007

The Hon. John Della Bosca Minister for Education and Training Parliament House SYDNEY NSW 2000

Dear Minister

The Council of Southern Cross University is pleased to present the report of proceedings of the University and the audited financial statements for the year ended 31 December 2006.

The report is provided in two parts and the financial statements (Part B) have been prepared and approved in accordance with the *Annual Reports (Statutory Bodies) Act* 1984 and the *Public Finance and Audit Act 1983*.

Yours sincerely,

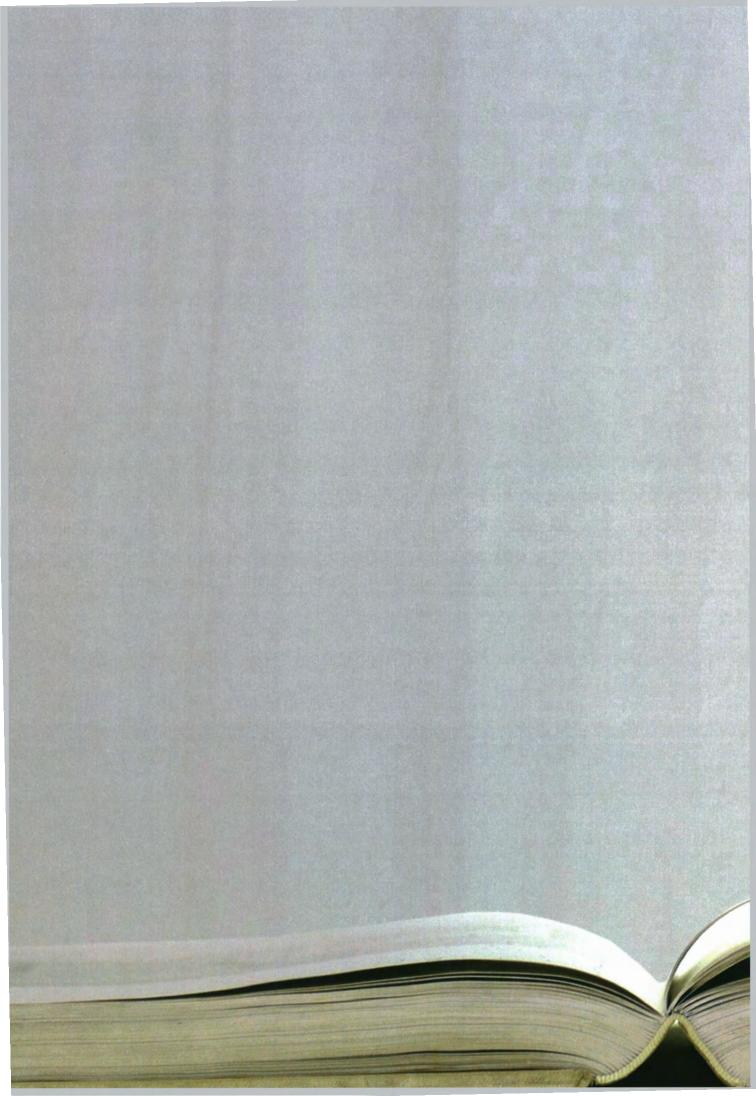
The Hon. John Dowd AO QC

Chancellor

Southern Cross University

Professor Paul Clark Vice-Chancellor

Southern Cross University



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Achieving Against Our Strategic Objectives

14,000 in 2006 Southern Cross University continued to build its reputation for contemporary courses attuned to the professional needs of industry, and an international research profile aligned to issues of relevance to its regions, the Mid North and North Coast of New South Wales, Australia.

The University played a key role in the lives of its communities, generating more than \$270 million and 2,500 jobs, contributing to the social, cultural and economic growth of regional Australia. Reaching out to its communities, Southern Cross University developed a Regional Plan and formalised relationships with five local councils under Memorandums of Understanding.

At the heart of the University's endeavours were the core activities of teaching and research. The University delivered against the key objectives for these activities outlined in its Strategic Plan 2005–2010.

In teaching, analysis of the 2005 Course Experience Questionnaire (CEQ) survey – published by Graduate Careers Australia (2006), showed Southern Cross University ranked in the top 10 universities in the country for overall graduate satisfaction in 11 out of the 16 fields of undergraduate study measured.

Of particular note, psychology ranked first for good teaching, first for generic skills and third for overall satisfaction out of 36 institutions. Law ranked first for overall satisfaction, first for generic skills and second for good teaching out of 29 institutions. Several other programs were in the top 10 for all three scales, including Education, Sport, Tourism and Hospitality.

Southern Cross University's postgraduate results were outstanding. The Postgraduate Experience Questionnaire (PREQ) for 2005, also published by Graduate Careers Australia (2006), showed that of the 39 institutions surveyed, Southern Cross University ranked first for intellectual climate of the department in which the respondent studied,



first for the clarity of goals and expectations, and first for overall levels of satisfaction. Southern Cross University ranked second for generic skills development, second for the thesis examination process and tenth for infrastructure out of 39 institutions – a remarkable achievement.

The streamlining of the University's academic structures implemented in 2005 was finalised in 2006, with a number of key positions filled. Within the three academic Faculties, the three Heads of Schools or Colleges provided strong academic leadership and rigour. In 2006 the University's academic profile was reviewed and refreshed to better manage and take advantage of the different pattern of student demand for higher education.

As well as achieving against its goal to be a best value education provider, Southern Cross University aspired to be the most research intensive regional university.

A major benchmarking exercise for research funding compared the performance of Southern Cross

University with other universities from 2004 to 2006 using Operating Grant as the normalising factor. This snapshot confirmed the excellent research results that the University continues to achieve, currently ranking seventh out of all universities in Australia for CRC Funding, and second for total research income when compared with other regional universities. In 2006 Southern Cross University recorded its best result ever for Australian Research Council (ARC) Discovery grants.

Across the sector, Southern Cross University contributed to a busy agenda of change. Of particular focus – the introduction of Voluntary Student Unionism (VSU) and the associated management of transitional arrangements, the introduction of new service delivery mechanisms and the preparation of Southern Cross University's successful bid under the VSU Transition Fund.

Professor Paul Clark Vice-Chancellor



Sunderstandably so when its region is the Mid North and North Coast of New South Wales, Australia. From the Solitary Islands Marine Park at Coffs Harbour to Australia's most easterly point at Byron Bay and further north to the New South Wales—Queensland border, this majestic sweep of east coast Australia and its lush hinterland is the University's backyard.

Renowned for its extraordinary natural beauty, the Mid North and North Coast of New South Wales is experiencing rapid population growth. With its three campuses at Tweed Gold Coast, Lismore and Coffs Harbour, Southern Cross University continues to be well placed to serve the higher education needs of this vibrant region.

Around 14,000 students enrolled at Southern Cross University in 2006, studying on-campus, by distance education (externally) or offshore. A range of courses was offered in the disciplines of Arts, Business, Education, Environmental Science, Health and Human Sciences, Indigenous Studies, Law and Tourism.

Many of the University's students undertook their studies in addition to work and family commitments, so the University continued to explore new and innovative ways to address student needs. In 2006, the University's teaching was conducted on both a trimester and semester basis, with some disciplines also operating during normal term breaks. Classes were held out of normal business hours and students had access on weekends to the Library and computer laboratories.

Online enrolment processes were also developed to increase access and improve student services. See further details on page 43.



Campuses and sites

In 2006 plans were developed for the construction of a new communications building at Lismore campus to house a dedicated and secure data centre. The Lismore campus, in Military Road, East Lismore housed the majority of the University's academic and research units, administered most distance education courses, and was the base for the University's electronic information services and library, which support all three campuses. Most essential student facilities and services were available on-campus including three colleges providing student accommodation.

Rapid growth has defined the Tweed Gold Coast campus in Brett St, Tweed Heads on the New South Wales-Queensland border since its establishment in 2002. Facilities include modern teaching and tutorial spaces with inter-active video conferencing and desktop video technology linked to the other campuses. In 2006 options were developed to expand the University's operations in the Tweed Gold Coast region.

Located midway between Sydney and Brisbane, the Coffs Harbour campus in Hogbin Drive, Coffs Harbour features modern facilities adjacent to world heritage listed rainforest and the Solitary Islands Marine Park. Extensive new facilities were completed at the campus in 2006 including state-of-the-art nursing laboratories opened by the Honourable Tony Abbott, Federal Minister for Health and Ageing. The National Marine Science Centre, a corporate entity jointly owned by Southern Cross University and the University of New England, hosted Science in the Bush by the Australian Museum which was attended by school students from throughout the Mid North Coast region.

Southern Cross University proved a popular destination for international students in 2006 attracting around 2,200 students from more than 60 countries. More than 1,400 students were enrolled through associated providers off-shore, with about 550 international students studying at our Australian campuses and around 250 through associated on-shore providers.



Flexible delivery

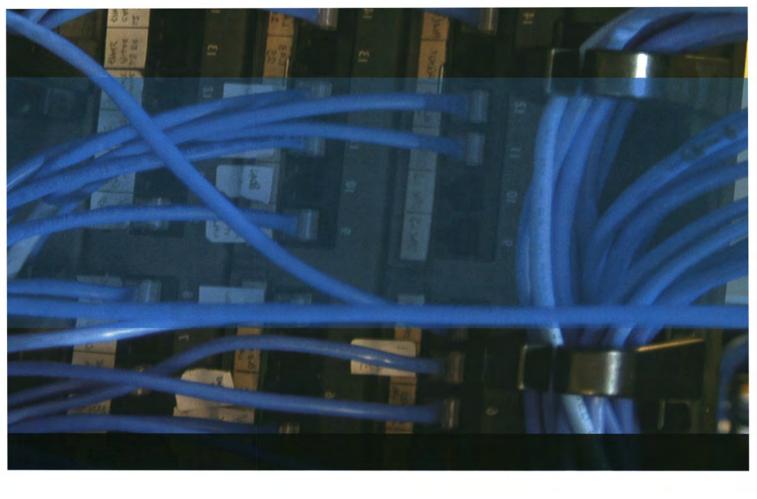
Southern Cross University scored five stars for entry flexibility in the 2006 Good Universities Guide, reflecting its flexible admissions policies that may also take into account work experience, professional qualifications or life experience as well as more traditional qualifications.

In 2006, around half the University's undergraduate courses were offered by distance education or in mixed internal/external mode. Students could also select to study full-time or part-time.

To support all students studying internally or externally, the University offered students an online environment. This portal – 'MySCU' – provided students with access to extensive resources ranging from library search facilities and course timetables to online training and information about student support services. It also offered secure, personal access to online sites relevant to each student's area of study.

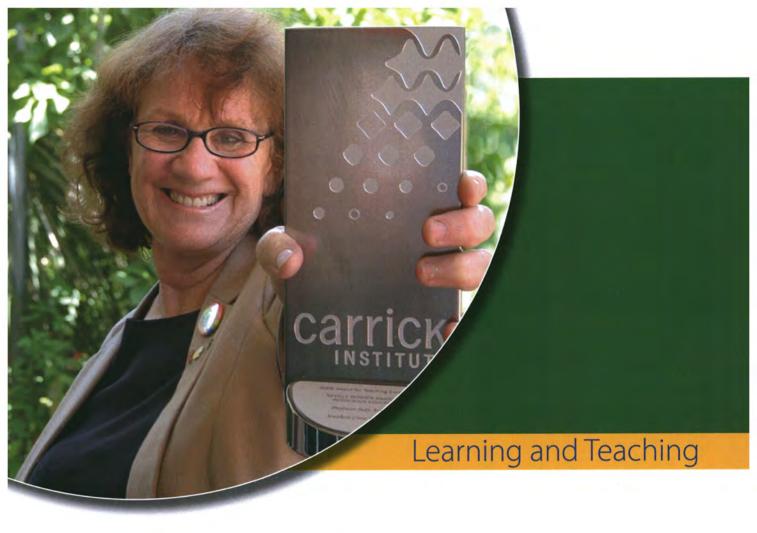
The University introduced Video Conferencing Teaching spaces in 2006, following the connection to the AARNet3 Optical Network the previous year, which delivered high speed bandwidth and a network equivalent to metropolitan universities. The University's wireless network was broadened across all three campuses. In 2006 Southern Cross University was among the first education providers to introduce the revolutionary computer software Elluminate Live. The software was rolled out across all three campuses, providing state-of-the-art webbased audio technology, enabling teachers to actively engage with students in different locations, and for students to talk to each other and to use learning materials interactively.

The University Library provided an extensive range of online resources, and through its participation with the University Library Australia, access to other university libraries. The Library's website



was the gateway to many online resources including electronic books and journals, past exam papers, subject guides and interactive self-paced information literacy tutorials.

The University has developed many online and telephone administration and student support services across each of its campuses. In 2006 students were able to enrol on the internet, access telephone counselling and seek learning support online in areas such as academic research, reading, writing and critical learning. These learning support services were provided through the University's Learning Assistance Unit.



Southern cross university is strongly committed to the pursuit of continuous improvement in its learning and teaching activities as evidenced in its Academic Plan 2005–2008, which sets out major goal areas including specific targets for student profile and enrolment, pathways and collaboration, and quality improvement.

During 2006, the University conducted a comprehensive review of its undergraduate courses, the Academic Program Review, which led to a series of recommendations. These were directed to encouraging innovative thinking in course and unit offerings; capacity building for distance education; simplifying course rules, structures and delivery platforms; analysis of ongoing viability and sustainability of course offerings; providing work-based learning and study abroad possibilities.

In 2006, the University developed policy on academic integrity, revised its Misconduct Rules and procedures, and the Academic Board updated the Learning and Teaching Plan.

New courses

The Preparing for Success program, designed to prepare students with academic and discipline-based skills necessary for successful transition to university study, exceeded its enrolment target in its first year.

Learning and Teaching Performance Fund

One of the major quality performance indicators in the University's Strategic Plan is graduate satisfaction. The Academic Plan target is to improve the University's ranking by three places on CEQ (Course Experience Questionnaire) ratings for Good Teaching, Generic Skills and Overall Satisfaction by 2007, and to be in the top half of Australian universities by 2008.

In 2006, two out of four discipline groups were in the top half of the Learning and Teaching Performance Fund rankings for graduate satisfaction. This resulted in the University receiving supplementary national performance funding for the first time, and put the University on target to achieve its goal.



A focus on retention

The Academic Plan targeted student retention, with the goal of improving retention rates by two per cent per year for each School and Faculty during the next three years. The University achieved a two per cent improvement overall in 2006.

Academic staff achievements

Professor Judy Atkinson, Director of Gnibi College of Indigenous Australian Peoples received the Carrick Institute's Neville Bonner Award for Indigenous Education. Associate Professors Baden Offord and Alison Specht also received national recognition through the Carrick Institute's Citations for Learning and Teaching.

Five University staff graduated with the Graduate Certificate in Higher Education, taught through the Teaching and Learning Centre.

Quality assurance

The University has a Quality Assurance and Improvement Plan as part of its approach to continuous improvement. During 2006, the University continued reviews of some of its teaching partnerships.

The Academic Board also conducted reviews of the following programs:

Faculty of Business

Doctor of Business Administration

Faculty of Health and Applied Science

Bachelor of Natural Therapies
Bachelor of Naturopathy
Bachelor of Naturopathy (Honours)
Bachelor of Environmental Science
Bachelor of Marine Science and Management
Bachelor of Applied Science in Forestry and
associated Honours



Faculty of Arts

Associate Degree of Arts (Writing) Graduate Diploma of Writing

Course accreditation

The following courses were accredited with the Institute of Chartered Accountants:

- Bachelor of Business
- · Bachelor of Business/Bachelor of Laws
- · Master of Professional Accounting.

Performance reporting

Each year the University produces performance reports to assist in identifying trends, initiating improvement activities and assessing performance against its strategic priorities. Course Performance Reports, which contain statistics and trend data for all courses, are available to relevant staff.

As part of performance reporting, the University prepares an annual General Report Card that documents its performance against key

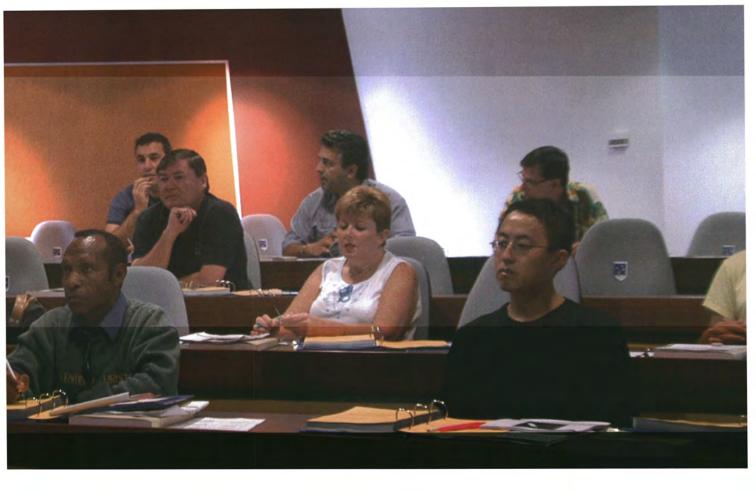
performance indicators that are aligned to the University's Strategic Priorities.

Consumer response

In addition to its participation in the nationallybenchmarked Graduate Destinations Survey and Course Experience Questionnaire, Southern Cross University collects and analyses student and graduate feedback on a regular basis.

A survey of the first year experience was conducted in 2006. The results continued to indicate high levels of satisfaction, and identified areas in which the University could improve.

The University has had a well-developed set of instruments for student feedback on units and teaching, and these form a mandatory online Student Experience in Units and Teaching Survey. The response rates have encouraged the University to continue and develop the online unit surveys. The senior managers of the University analyse results from these surveys and direct further analysis

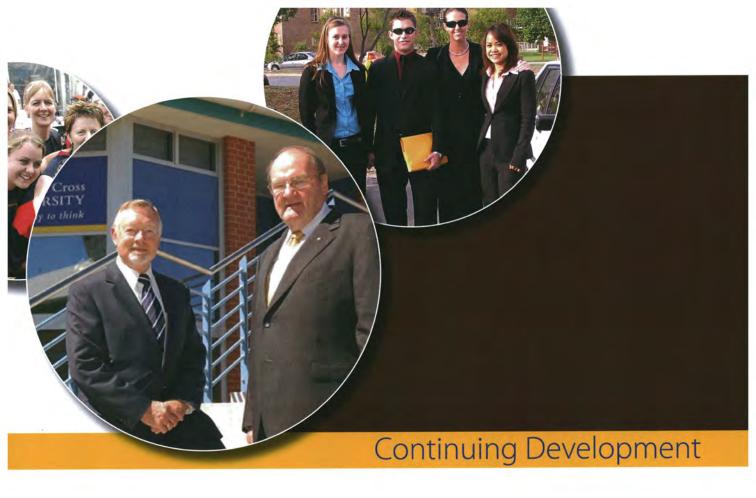


or review where required. In addition, on-campus international students have the opportunity to provide feedback through entry and exit surveys.

The University provides high level analyses of its student surveys back on to the student website, together with initiatives that have been taken as a result of student feedback.

The Library regularly conducts nationally-benchmarked client satisfaction surveys. The response during the past three years showed a significant improvement in performance, from the bottom of the second quartile to the uppermost quartile and a rating as an exceptional library performer.

The University has a Complaints Management Framework, which provides for a Nominated Officer in each of the University's major areas, and specifies timelines for all levels of response. There were 47 formal student complaints in 2006, 20 enquiries to the Student Ombud and three investigations and reports to the Vice-Chancellor.



INKS WITH industry, community, the professions and all levels of government are encouraged and supported across the University's campuses and programs.

One example of a combined project was the introduction of an annual public lecture series at the University supported by the East Coast Mortgage Trust and intended to encourage further participation by the wider community in university activities. The series began in December at the Lismore campus and will be expanded next year to include events on the Coffs Harbour and Tweed Gold Coast campuses.

The University also strengthened its alumni relationships to expand its profile both in Australia and abroad. In 2006, Vice-Chancellor Paul Clark hosted a series of alumni events in Sydney, Brisbane, Singapore, Malaysia and China. The University also launched the International Alumnus of the Year Award at the 2006 international graduation in Kuala Lumpur.

Faculty innovations

Across the three Faculties – Arts, Business, Health and Applied Science – projects and partnerships were initiated and realised during 2006.

Arts

Schools of Arts and Social Sciences; Education; Law and Justice

The School of Arts and Social Sciences collaborated with North Coast GP Training in the project 'Enhancing GP Wellbeing Through the Medical Humanities: The use of Reflective Writing in Medical Education and Practice'.

Dr Brad Shipway and Dr Renata Phelps, from the School of Education, partnered with Rous Water in a project which involved primary and secondary education students producing teaching resources around issues concerning water. A prize was awarded to the winning entry, and resources will be made publicly available to schools in 2007.



Dr Brian Kean presented a paper at the International Centre for the Study of Psychiatry and Psychology, 2006 International Conference, Mental Health and the Law, Bethesda, Maryland titled 'A moral and ethical breach of the Convention on the Rights of the Child?'

Fiona Fell, from the Department of Visual Arts, was selected to represent Australia in a China/ Australasian exchange program in Fuping, China. The ceramic sculptural works made during her residency in China will be exhibited in the newly constructed Australasian Museum in Fuping.

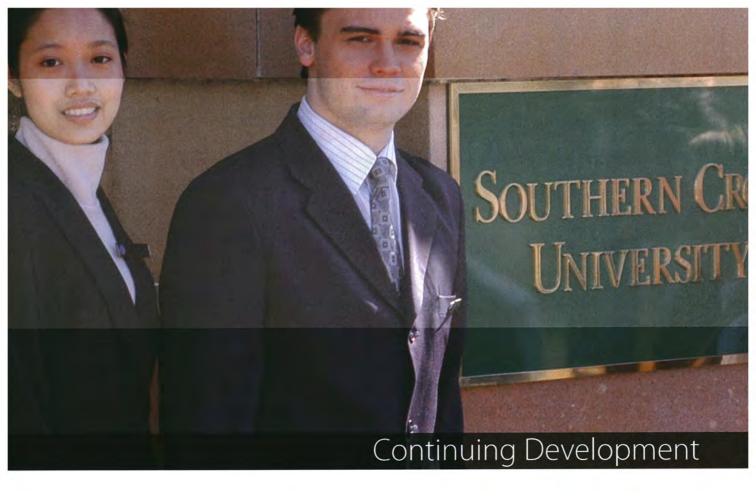
Sarah Bodman, from the University of West England, was artist in resident in the Visual Arts Program for two weeks.

A Memorandum of Understanding (MOU) was signed between the University and the National Academy of Legal Studies and Research (NALSAR) University of Law in Hyderabad, India. The MOU will lead to staff and student exchanges and institutional collaboration in various areas. Discussions commenced with the East China University of Politics and Law (ECUPL) in Shanghai regarding the establishment of an institutional linkage.

New articulation agreements signed in 2006 will result in further Arts courses being offered on-shore to international students. These include the Bachelor of Media with China's GuangZhou Institute of Physical Education and Nanjing University of Aeronautics and Astronautics for the Bachelor of Arts. The first students are expected to arrive in 2008.

The Environmental Defender's Office (EDO), one of two in NSW, opened in Lismore this year. The Office agreed to fund an Environmental Law Prize, as well as provide placements/internships for students.

The School of Law initiated the first Summer Scheme, designed to complement the University's Star Fast Track Scheme. Eight students in Years 11 and 12 from the local region completed a Legal Research and Writing unit. Students who successfully complete the



unit will receive credit when commencing their Law course with Southern Cross University.

Approximately 25 Law students participated in professional placements throughout the North Coast region within local legal practices. One student was placed with Byron Shire Council and the Council has subsequently also become interested in placements involving students of local government and environmental planning.

Five Indigenous law students sponsored by the New South Wales Bar Association attended the National Indigenous Legal Conference in Sydney. One Bachelor of Laws student secured a position in the Summer Clerkship program offered by Freehills Lawyers of Sydney and another student secured a placement with the New South Wales Aboriginal Land Council as part of the Aurora Project Native Title Legal Intern Program.

The School of Education successfully tendered to retrain Department of Education and Training,

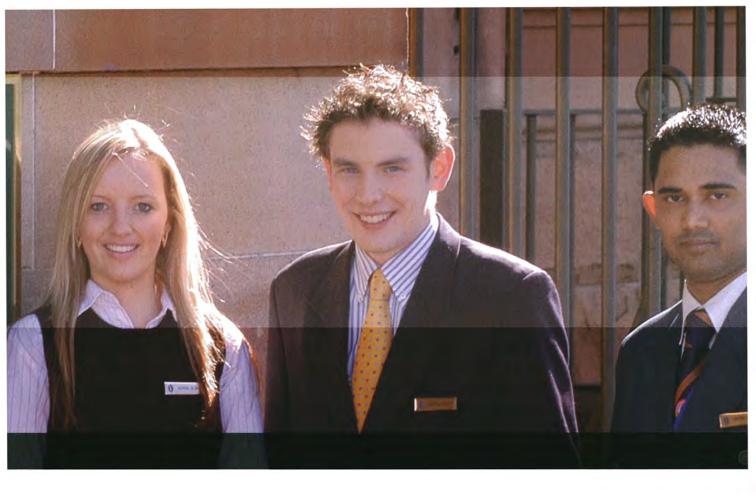
Technical and Applied Studies, and Visual Arts teachers as secondary teachers of Textiles and Design education. The first cohort of 18 students completed their Graduate Certificate in Education (Textiles and Design) in December 2006.

Business

Schools of Commerce and Management, Tourism and Hospitality Management; and Graduate College of Management

Southern Cross University's Doctor of Business Administration (DBA) continued to achieve high results in student surveys undertaken by external bodies. The National 2005 Graduate Careers Australia Report of the Postgraduate Research Experience Questionnaire (PREQ) released in October 2006 ranked the DBA number one in Australia for overall graduate satisfaction.

The success of the DBA was also apparent in doctoral completions with the Business Faculty's Graduate College of Management (GCM) topping the number



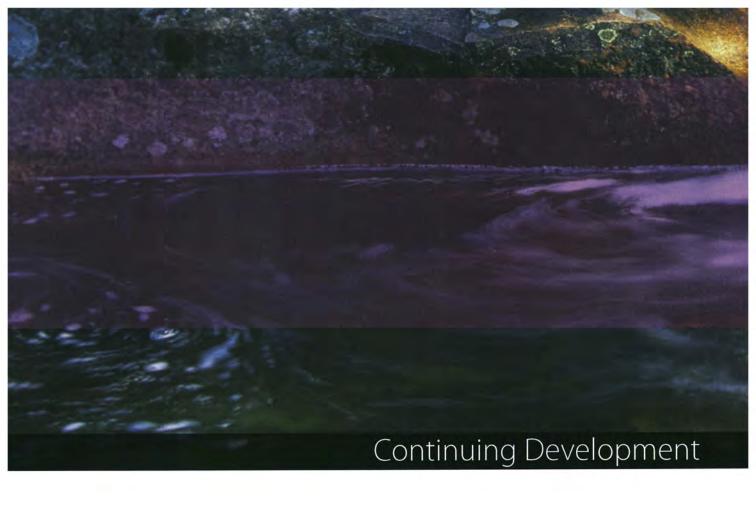
of completions across all Australian universities. This led to a high ranking of research given to the Faculty by the Melbourne Institute, well above many larger and more established universities.

The results of the Masters in Business Administration programs were equally impressive with the Graduate College of Management ranked third in Australia behind Avondale College and Bond University. This makes Southern Cross University's MBA programs the number one ranked from publicly funded universities and Southern Cross University the number one distance learning Masters provider in Australia.

The Graduate College of Management's executive leadership training program commenced with councils in the Northern Rivers region including Tweed Shire Council, Ballina Shire Council, Lismore City Council and Richmond Valley Council, to develop skills and leadership potential among upand-coming managers.

The Faculty research centre, the Enterprise Development Research Institute (EDRI), developed a Software Business Management Course (SBMC) to provide course participants with an introduction to business best practice and planning. In association with a commercial partner, Agitavi Research, final arrangements were put in place for the SBMC to be rolled out in 22 countries in 2007 in association with Microsoft Innovation Centres.

The Centre for Regional Tourism Research at the University was renamed the Australian Regional Tourism Research Centre (ARTRC) and launched by the Honourable Fran Bailey, Federal Minister for Small Business and Tourism, pictured here with Rose Wright, Extension Officer for ARTRC (left), and Meredith Lawrence, Deputy Director (centre). Other highlights of the ARTRC's first year included a regional tourism convention at Norfolk Island, and receiving \$300,000 from the Cooperative Research Centre in Sustainable Tourism for a Sustainable Destinations Project.



The Centre for Gambling Education and Research for 2006 attracted external research grants totalling \$501,841 from industry and the Queensland and Victorian Governments.

Several staff undertook research with an international focus including a joint report for the New Zealand Ministry of Education on international technology collaborations; intergovernmental accounting research measuring performance in the public sector; and accounting for sustainable communities.

The Graduate College of Management made significant inroads into the corporate training and consulting sector with new clients including Pine Rivers, Tweed, and Ballina Shire Councils, Lismore City Council and Richmond Valley Council, North Coast Radiology, Elders Limited, Santos and Australia Post.

A key staff member was invited to become an associate member of the advisory group to a related London University research project and is

presenting at international conferences on the topic of online education. This followed the introduction of the interactive educational tool, Elluminate Live.

The calibre and quality of the University's Business students was showcased through their participation at various events in 2006 including the annual Boston Consulting Group competition, annual Students In Free Enterprise (SIFE) competition and the inaugural Innovate – Northern Rivers Innovation Awards.

Business academic staff also participated in the judging of the Tweed Business Excellence Awards which attracted more than 150 entrants and the Lismore Unlimited Business Awards with 200 nominations.

Health and Applied Sciences

Schools of Health and Human Sciences; Environmental Science and Management; and Gnibi College of Indigenous Australian Peoples

A major initiative in 2006 was the development of undergraduate and postgraduate programs in



Clinical Science. These programs were designed with extensive input from health practitioners and are available to students in 2007.

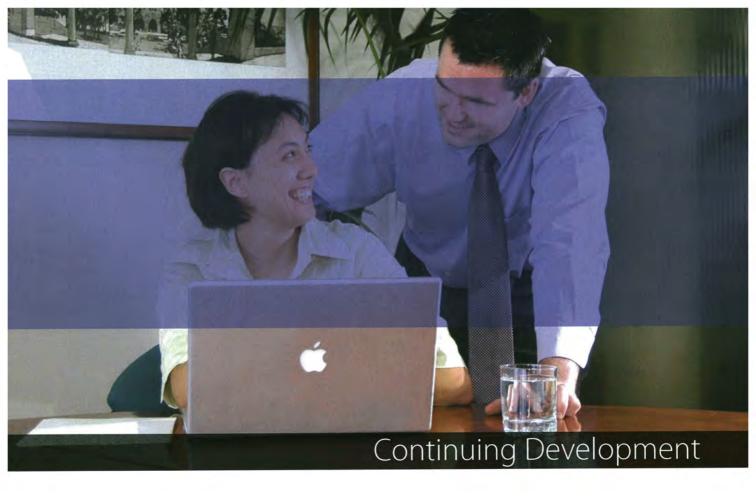
The Bachelor of Clinical Sciences is a clinically oriented health science degree which prepares students for a variety of careers in the health sector and also provides a pathway into graduate entry medicine, physiotherapy and occupational therapy. There is an Osteopathy stream which forms the basis of the five year, two degree sequence necessary to register and practice as an Osteopath. The course content for the undergraduate and Masters components of the sequence requires approval from the NSW Osteopaths Registration Board and an application for accreditation has been submitted by the University.

In postgraduate Clinical Science, a generalist stream and five separate specialist coursework Masters streams were developed in 2006 for delivery in 2007. The specialist streams are Healthy Ageing and Aged Care, Lifestyle Medicine, Leadership in Mental

Health, Peri-operative Nurse/Surgeon's Assistant and Complementary Medicine. All streams are designed for established health professionals and are available through distance education at Graduate Certificate, Graduate Diploma and Masters levels.

With financial support from the Bananacoast Credit Union (BCU), research led by Professor Colleen Cartwright, holder of the BCU Neville Spear Chair in Aged Services, helped to address issues and service gaps for well and frail older people living in regional and rural Australia.

Gnibi College of Indigenous Australian Peoples has a proud record of educational engagement with Indigenous communities in the NSW Northern Rivers region, the Kimberley in WA, the Gulf Country in Queensland and elsewhere in Australia. Gnibi College supports Indigenous students enrolled across the University's academic programs but it also provides encouragement and support to non-Indigenous students who are undertaking Indigenous Studies. The presentation of the 2006 Neville Bonner Teaching



Excellence in Indigenous Education award to Professor Judy Atkinson, Director of the Gnibi College, was a public recognition of this ongoing work.

The University's Department of Psychology ranked first for good teaching and first for generic skills in the 2005 Student Satisfaction survey of 36 universities conducted by Graduate Careers Australia which released its results in 2006.

The Department of Psychology continued its series of annual one day mini-conferences in 2006 with 22 Honours students presenting the findings of their research to the public as part of their course assessment.

The School of Environmental Science and Management is arguably the leader in its field in Australia, with 50 researchers and over 100 PhD candidates. This was acknowledged when two of the School's internationally recognised experts, Professors Leigh Sullivan and Bradley Eyre, won inaugural Vice-Chancellor's Research Fellowships

in 2006. The Fellowships will allow them to concentrate on research full-time.

The School's forestry expertise was acknowledged when, jointly with the Australian National University in Canberra and the Universities of Melbourne and Tasmania, a \$1.58 million grant was made under the Federal Government's Collaboration and Structural Fund (CASR) to develop and deliver a National Professional Forestry Coursework Masters program. This was the largest grant made in the national CASR round.

The School continued to supply environmental services to the private sector and to local, state and national government agencies in 2006. Commercial consultancies were undertaken throughout Australia on projects involving: water quality assessment, seagrass management, acid sulphate discharges, treatment of effluent, surveys of wildlife, estimates of timber resources, wetland management and aquatic ecology. An example was an algal study of the main water source for Lennox Head township,



conducted in conjunction with the local water authority, Rous Water.

NatMed-Research commenced operation in July 2006 as a unit within the University's Department of Natural and Complementary Medicine. It conducted both academic and commercial research with a focus on the newly emerging research discipline of 'whole practice research'; the study of natural and complementary medicine disciplines as they are practised in a community setting. The unit also provides research training for students undertaking higher research degrees in natural and complementary medicine. Two students completed their PhDs under NatMed-Research supervision in 2006.

The commercial focus of the unit is on the clinical pharmacology of natural products. Unit staff have extensive experience in Phase II and Phase III clinical trials. At the end of 2006, the unit was engaged in three commercial clinical trials.

Research

Southern Cross University drew on regional issues to develop internationally significant research capabilities. Formal research partnerships exist with other universities, research organisations and industries in Australia and overseas, and the University was an active participant in eight centres in the Co-operative Research Centre program:

- · Sustainable tourism
- · Innovative grain foods
- Contamination assessment and remediation of the environment
- · Desert knowledge
- · Sugar industry innovation
- · Molecular plant breeding
- Sustainable forest landscapes
- · National plant biosecurity.

The University's recognised areas of research strength included:



- Natural plant products
- · Environmental science and management
- · Tourism research
- Change innovation and organisational development
- Action research: sport, exercise and related health issues, health promotion and disease prevention
- Curriculum innovation and learning technologies
- · Sustainable sound and vision
- Law
- · Politics and culture
- · Indigenous research.

Research funding has become a significant source of funds for the University. Research and Research Training income to Southern Cross University exceeded \$17 million in 2006, the highest on record. The University also had its most successful year in securing highly prestigious Australian Research Council funding.

For the first time the University won two Australian Postdoctoral Fellowships, awarded to environmental scientists, Richard Bush and Dr Jeff Parr.

The University had more than 500 doctoral candidates from throughout Australia and overseas enrolled in its research programs in 2006.

PhD student, Samia Goudie (pictured), won the University's first Fullbright Fellowship, enabling her to spend 12 months in the US to undertake comparative research. Samia is studying resilience and recovery from inter-generational trauma from the perspectives of American First Nation People and Indigenous Australian experiences.

Another PhD student, Louis Bradbury, won the CRC Association Award for Best PhD Student Presentation for his research 'elucidating the molecular genetic basis for Jasmin and Basmati rice'. This technology is now patented, and the intention is to use the technology for improved flavour to foodstuffs; a significant research interest to the worldwide food industry.



In a world first, PhD candidate Anna Scott discovered how to breed the sea anemones that house clown fish in the laboratory. It is hoped that this discovery will put an end to wild-harvesting of these anemones for the aquarium trade, which is impacting clown fish populations in some parts of the world.

The University's Plant Genetics and Environmental Analysis laboratories maintained their premier position in the Australian landscape with the acquisition in 2006 of state-of-the-art equipment worth more than \$2.5 million. The acquisitions were supported by funding from the Sustainable Regions Programme, and the Australian Research Council.

Research projects to receive funding in 2006 also included a study on how diatomaecious earth is formed; ways of controlling acid sulphate soils; the role of music in film; and a flavour study of milk – a joint study with industry organisation, Norco.

International activity

The University's international student enrolments grew during 2006 with student numbers on all three campuses increasing by 11.5 per cent over the previous year.

This also compared well with national data showing the higher education sector experienced an increase in enrolments of just 5.2 per cent for the year. The most significant increases in international student numbers came from China and India.

Rapid growth in the number of students enrolled through associated education providers, particularly through the Sydney College of Business and Information Technology, resulted in almost one third of the University's onshore international students being enrolled in Sydney.

Offshore enrolments, which are mainly delivered through associated education providers in each of eight Asia-Pacific countries, grew by 3.8 per cent to more than 1,400 students.



The University's English language programs, delivered through Centres on the Lismore campus and at the Coffs Harbour Education Campus (CHEC) in conjunction with the North Coast Institute of TAFE also grew. A portfolio of Academic English, General English and English study tour programs was offered to more than 750 students (about 130 EFTSL) during 2006.

The University successfully negotiated an ESOS compliance audit mid-year which demonstrated the satisfactory status of the University's compliance with legislation that regulates the activities of providers of education programs to international students.

Forty Southern Cross students undertook a semester of study abroad during 2006 in Canada, the United Kingdom, Japan, Spain, Hong Kong, the USA or Sweden as part of their degree. Most students were the recipients of some form of Australian Government loan or grant funding to facilitate their exchange studies. The amount of funding available

to students from these sources is significant and helped increase outbound exchange participants by 25 per cent over the previous year.

The University's academic Faculties administered a large and expanding portfolio of offshore programs in partnership with international organisations and universities.

Academic staff also made significant contributions to a wide range of international symposiums, conferences and publications throughout the year.

Partnerships for regional prosperity

Southern Cross University's strategic objective, "to take a prime role in the intellectual, economic, environmental, social and cultural development of our region", demonstrated its commitment to regional economic prosperity, social and cultural wellbeing and environmental sustainability.

The University's Office of Regional Engagement was established in 2005 and in 2006 the Regional



Engagement Functional Plan was developed after extensive consultation with key leaders in the Northern Rivers and Mid North Coast regions.

Aseries of juries, drawn from members of the regional community, met at the Coffs Harbour, Tweed Gold Coast and Lismore campuses to offer suggestions, ideas and issues to facilitate future combined projects. Subsequently, the Regional Engagement Functional Plan identified five key approaches to the achievement of mutual objectives:

- · University teaching and learning and research
- The Office of Regional Engagement (ORE)
- · Partnerships to enhance regional growth
- · Staff engagement
- Whole of university campus and location specific strategies.

These objectives are being met by working closely with business, regional agencies, communities, individuals and government at all levels. An example is the Memorandums of Understanding

with Lismore City, Ballina, Byron Shire and Clarence Valley Councils.

The Office of Regional Engagement provided an effective and systematic gateway for the wider community to access the expertise residing within the University. During 2006 key functions of the Office included the maintenance of a discussion website for stakeholders (http://engagement.scu. edu.au), electronic distribution of information updates for staff, media releases and specific electronic distribution (e.g. http://srn.civiblog.org/blog) for regional roundtables.

Another key function of the Office of Regional Engagement is to monitor and support existing and emerging initiatives being undertaken by the University across the research and teaching platforms and the first audit of staff engagement was conducted in 2006 to inform future activity.

Southern Cross University is a member of the Australian Universities Community Engagement Alliance (AUCEA) and the Head of the University's



Office of Regional Engagement has a place on the national Committee of Management of AUCEA. Staff attended the annual AUCEA conference, presented scholarly papers and worked collaboratively with colleagues at South East Queensland universities through the (Northern) AUCEA consortia.

Scholarships

Each year, Southern Cross University offers Vice-Chancellor's and industry-sponsored scholarships, designed to acknowledge outstanding academic achievement and social responsibility, and to provide the opportunity for people from the Mid-North and North Coast of NSW to pursue tertiary education, irrespective of their socio-economic backgrounds.

The scholarship program reflects the community's desire to offer graduates the opportunity to continue to live and work locally, while providing regional businesses with access to a pool of highly skilled graduates. Since their inception in 1995,

235 students have benefited from the University's scholarship program.

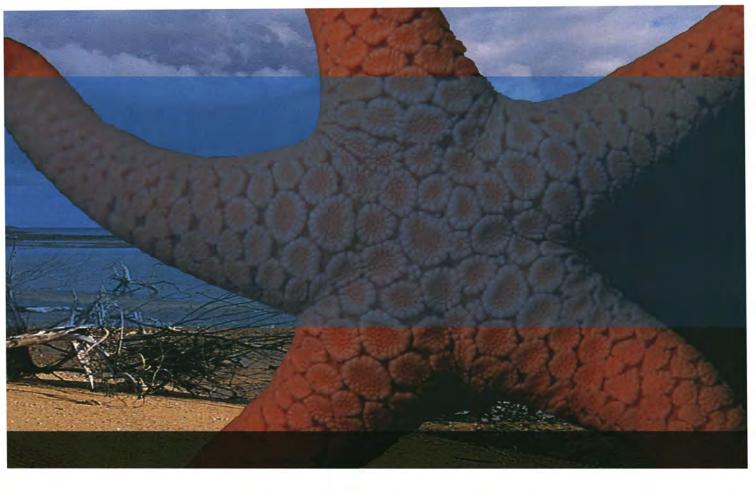
Scholarships are offered across a range of disciplines including business, tourism management, hotel and resort management, environmental science and research – and are made available to school leavers, mature aged students and Honours candidates.

Vice-Chancellor's scholarships

The Southern Cross University Vice-Chancellor's scholarships are awarded to high achieving students. Five new scholarships valued at \$15,000 each and paid over a three year period, were awarded in 2006, bringing to 103 the number of students who have received this prestigious award.

Industry scholarships

In 1995, Summerland Credit Union sponsored the University's first industry scholarships. In 2006, 30 students were awarded industry scholarships, bringing to 135 the number of students who have



benefited from the program. These scholarships represent an important link between the University and local businesses, government and community groups.

Sponsoring organisations in 2006 were: Amlink Technologies; Casino RSM Club; Coffs Ex-Services Club; Coffs Harbour City Council; Enterprise and Training Company of Coffs Harbour; George Lewin Foundation; the Innis Foundation; Kirklands Coaches; The Koori Mail; Lismore City Council; Summerland Credit Union; Environmental Analysis Laboratory; Fletchers Fotographics; Mayne Investments Ltd; Mick Young Scholarships Trust; Uniting Care Aged Care Nursing; Telstra Country Wide Far North Coast; Tweed Heads Bowls Club; Tweed Shire Council; The Ken Orth Restaurant and Catering Company; Tourism NSW; the Xerox Shop Lismore.

The University continues to work collaboratively with industry partners and donors to support student achievement. To better recognise student achievement and increase financial support to

students in need, the University has set an ambitious three-year goal for increasing its scholarship offerings. A recent addition to the program is Macquarie Bank's Indigenous Tourism Scholarship.

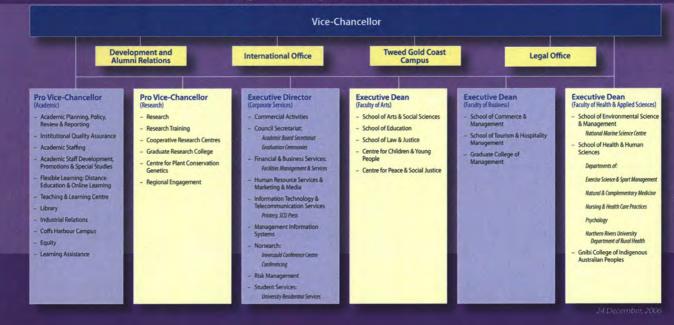
Equity scholarships

Equity scholarships are awarded to help disadvantaged students to access a university education and assist with associated study costs.

In 2006 Equity scholarships offered to students included:

- 67 Commonwealth Accommodation Scholarships (CAS) worth \$4,084 per year for four years
- 78 Commonwealth Education Costs Scholarships (CECS) worth \$2,042 for four years
- 40 SCU Equity Scholarships for first year students worth \$1,500 as a one-off payment
- 100 Equity Book Bursaries worth \$250.

Diagram 1: Organisational structure



Management Functions and Structure

Council Report

THE UNIVERSITY Council Report and financial pages are contained within Part B of this annual report.

Organisational development

An external review conducted in 2004 on the distribution and administrative functions of the University was received in 2005.

This report, combined with the subsequent development of the University's Strategic Plan for 2005–2010, provided a basis for the implementation of a new academic structure in 2006 to enhance productivity.

Structure

(See Diagram 1 above.)

Boards and committees of Council

Under the Southern Cross University Act (1993), the University Council has the power to delegate

functions to an authorised person, or persons, and a number of boards and committees have been established to deal with specific areas of University business.

University Council

(See Diagram 2 on page 33.)

Committees of Council

Chancellor's Committee

This Committee is the executive committee of Council and meets between Council meetings to deal with matters of an urgent nature. The Minutes of Chancellor's Committee meetings are forwarded to the next Council meeting. The Chancellor's Committee met seven times in 2006.

Chancellor (Chair): The Honourable J. Dowd AO QC Deputy Chancellor: Mrs M.E. Rummery AM (to 2 September 2006)

Deputy Chancellor: Dr D.V Cody (from 22 September 2006)

Diagram 2: Council, boards and major committees

UNIVERSITY COUNCIL				
Vice-Chancellor Committees	Committees of Council			
Vice-Chancellor's Executive Committee	Chancellor's Committee	Academic Board		
Equity and Access Committee	Audit Committee	Committees of Academic Board		
Occupational Health & Safety Committee	Appeals Committee	Executive Committee of Academic Board		
	Finance Committee	Programs Committee		
	Governance Committee	Research and Research Training Advisory Committee		
	Honorary Awards Committee	Learning and Teaching Advisory Committee		
	Nominations Committee	Faculty Boards		
	Remuneration Committee	Academic Board Appeals Committee		
	Risk Management Committee			
	Academic Board Appeals Committee			

Vice-Chancellor: Professor P.E. Clark Chair, Academic Board: Associate Professor R. Bronks

Academic Board

The Academic Board is constituted under the *Southern Cross University Act 1993* and By-laws of the University. Its primary functions are to advise the University Council and the Vice-Chancellor on all academic matters, including the formulation of policies and advice on the academic structure and academic development of the University and any matter relating to the University's teaching, learning, research or other academic activity. The Academic Board met six times in 2006.

Chair

Associate Professor R. Bronks DipT, DipPE(Cardiff), MSc, PhD(Oregon), FASMF

Deputy Chair

Professor J. Jackson BCom, LLB(UNSW), LLM(Hons) (Syd), GradDipEd(Tert)DDIAE, PhD(Syd)

Associate Chairs

Associate Professor M.A. Wallace BA(Hons)(Syd),
DipEd(WilliamBalmainCollege), MEd(NE),
PhD(Deakin)
Associate Professor W.F. Royd BS of Chand), PhD(C)

Associate Professor W.E. Boyd BSc(StAnd), PhD(Glas), DSc(St.And)

Members

B. Arnull MEc(NE), DipFinMangt(NE), DBA(SCU)
 Professor V.J. Atkinson BA(Canb), PhD(QUT)
 P. Bakker BCom(SAfrica), MBus(SCU), CA
 Professor P.R. Baverstock BSc(Hons), DSc(Adel), PhD(WAust)

G. Cairncross

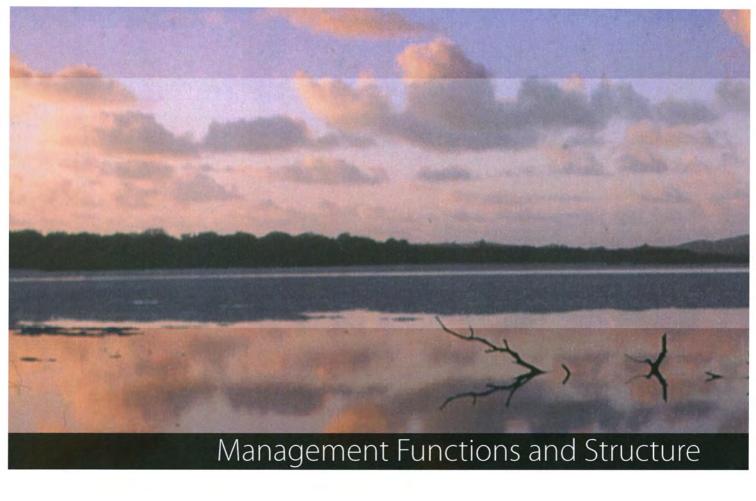
Professor P.E. Clark BSc(Hons), PhD(Exe), DipEd(Tert)(Monash), FAIP, FIICA

S. Darab B Arts (Hons)(UoN), PhD(UoN)

G. Davey

Associate Professor A. Davie DipT(WIE), BPE(WAust), GradDipSptSc(CCHS), MSc(Melb), PhD(Syd)

Associate Professor J.A. Davis DipPEd(Melb), GradDip(FineArt)(PIT), MA(FineArts)



- K. Davis DipNeurosurgical/NeurologicalNursing, BSc(Macq), GradDipEd(SCAE), MSc(Hons), PhD(UWSH)
- R. Dowell GradDipOD(RMIT), AssocDipPersAdmin (PrahranCAE), MBus(VUT)
- Associate Professor A. Ellis MSc, PhD(Syd), GradDipExt(HAC), GradDipEdStud(MCAE), GradDipDistEd(SACAE), BA, DipEd, DipContEd(NE)
- Professor J.M. Graham DipOT(NSWCollOccTher), MSc(Brad)
- Associate Professor M. Evans BEc, MBA, PhD(Adel)
 Professor B. Chen Goh LLB(Hons)(Malaya),
 LLM(CAMB), SJD(BOND)
- A. Graham BEd (Catholic College-Syd), DipT (Catholic Teachers College Syd), MEd (UNENR), PhD (SCU)
- J. Griffiths BA(Qld), GradDipCounselling(BCAE), MNA(UNSW), PhD(Flinders)
- Professor M. Hannan BA, DipMusComp, PhD(Syd)
 R. Harris LLB(ANU), DipEd(Syd), LLM(QUT), BA(ANU)
 Professor P.M. Hayden BA, MEd(Monash), PhD(Melb)

- Professor L.Z. Klich BEd(Hons)(Nott), PhD(NE)
- J. McHenry
- M.H. Marshall BA(CCAE), MBA(CQU), CPA
- Associate Professor S. Parry BBSc, DipEd, PhD(LaT)
- S. Provost BScPysch(Hons), PhD, GradCertHEd (UNSW)
- C. Rallings BCom(Wollongong)
- Professor L.K. Savery MSc(Aston), PhD(W.Aust) (to March 2006)
- B. Smart BAppSc(Hons), GradCert(Higher Education)(SCU)
- D. Stewart BA(LibSc), (KCAE)
- Professor P. Thom MA(Syd), BPhil(Oxon), FAHA
- C. Tideswell BIntBus(Hons), GradCertHigherEd, PhD(Griffiths)
- Associate Professor R.P. Weatherby BPharm(Hons), MSc, PhD(Syd)
- Professor P.H. Wilson BA(Hons), PhD(UNSW) (to June 2006)
- H. Wohlmuth BSc(Macg)
- G. Woods GradDipEd, BAppSc(SCU)



Academic Board Appeals Committee

This Committee is a standing sub-committee of the Academic Board for matters relating to student appeals about grades, exclusion for academic reason and progression.

Audit Committee

This Committee has the primary objective of assisting Council in fulfilling its responsibilities relating to the accounting and reporting practices of Southern Cross University. The Audit Committee met five times in 2006.

Deputy Chancellor (Chair): Mrs M.E. Rummery AM (to 2 September 2006)

(Chair) M Sweeny (from 22 September 2006)

Four/five external members of Council: The Honourable J. Dowd AO QC, Dr D.V. Cody (to 22 September, 2006), Mr W Grimshaw AM (from 22 September 2006) Mr N Newell (from 22 September 2006) Mr T.S. Wilson, Mr J.B. Shanahan.

Commercial Arrangements Committee (discontinued 22 September, 2006)

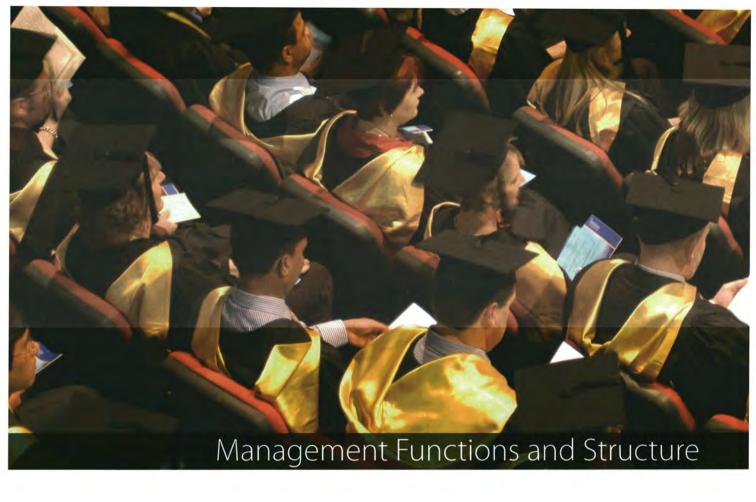
The structure/membership of the Commercial Arrangements Committee is that of the Chancellor's Committee, i.e.

Chancellor (Chair): The Honourable J. Dowd AO QC Deputy Chancellor: Mrs M.E. Rummery AM Vice-Chancellor: Professor P.E. Clark Chair, Academic Board: Associate Professor

plus an external member of Council who preferably has business experience.

Disciplinary Appeals Committee (Reformed as the Appeals Committee of Council 22 September 2006)

The Disciplinary Appeals Committee is an ad hoc committee of Council whose function is to hear and determine any matter referred to it under the Bylaws and related to disciplinary matters.



One member of Council (Chair): Dr D.V. Cody

Four other members of Council, as appropriate (e.g. in the case of a student appeal, the student member of Council should be a member).

Appeals Committee of Council (from 22 September, 2006)

The function of the Appeals Committee of Council is to hear and determine any matter referred to it under the Student Misconduct Rule 2006.

The structure/membership of the Appeals Committee is to consist of not less than three (3) members of Council and not more than five (5), with one being the Student Member of Council. Dr D.V. Cody (Chair)

Ms M. Sweeny Assoc Prof S. Parry Mr N. Newell MP

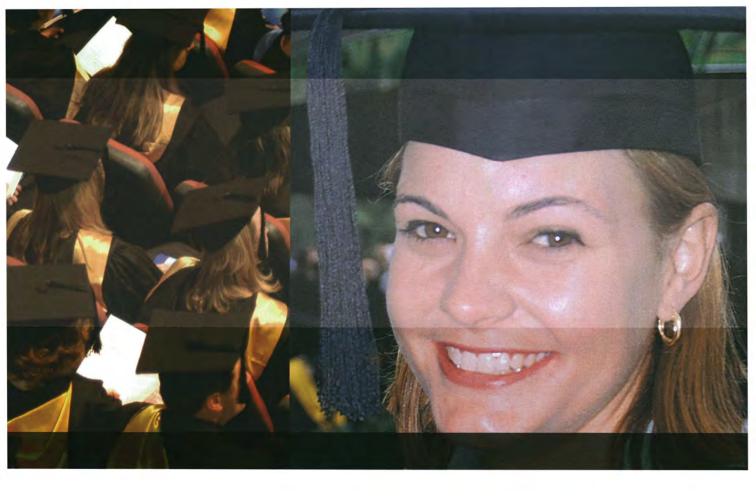
and the student member of Council

Executive Committee of Academic Board

This Committee is the executive committee of the Academic Board. It provides advice and recommendations to the Academic Board on all matters of academic policy, planning, development and quality. The Committee also identifies emerging academic issues.

Faculty Boards

There are three Faculty Boards. They are the principal advisory committee of the Academic Board on academic matters within a Faculty. They provide a forum for the discussion and debate of the academic directions of the Faculty, as well as the quality of its academic programs. They may consider any matter relating to the Faculty's teaching, learning, research or other academic activity, and advise the Academic Board accordingly. In providing this advice, it shall have particular regard to issues of academic accountability, quality assurance, University plans and policy implementation.



Finance Committee

This Committee was established to oversee the capital, financial and budgetary arrangements of the University. The Finance Committee met six times in 2006.

Chancellor (Chair): The Honourable J. Dowd AO QC (to 22 September, 2006)

Deputy Chancellor: Mrs M.E. Rummery AM (to 2 September, 2006)

Chair: Mr J. Shanahan from (22 September, 2006)
Deputy Chancellor: Dr D.V. Cody (from 22 September, 2006)

Vice-Chancellor: Professor P.E. Clark

Three external members of Council:

Mr W.A. Grimshaw AM, Mrs E.A. Trevan BEM (to 22 September, 2006), Ms M.R Sweeny (to 22 September, 2006), Mr P Lewis (from 22 September, 2006)

Chair, Academic Board: Associate Professor R. Bronks Staff member on Council: Mr M. Whelan (to 9 September, 2006); Mr R. Dowell (from 22 September, 2006)

Honorary Awards Committee

This Committee advises, and makes recommendations as appropriate, on matters concerning the conferring and awarding of honorary degrees and honorary titles. The Committee met three times in 2006. Chancellor (Chair): The Honourable J. Dowd AO QC Deputy Chancellor: Mrs M.E. Rummery AM (to 2 September 2006)

Deputy Chancellor: Dr D.V. Cody (from 22 September 2006)

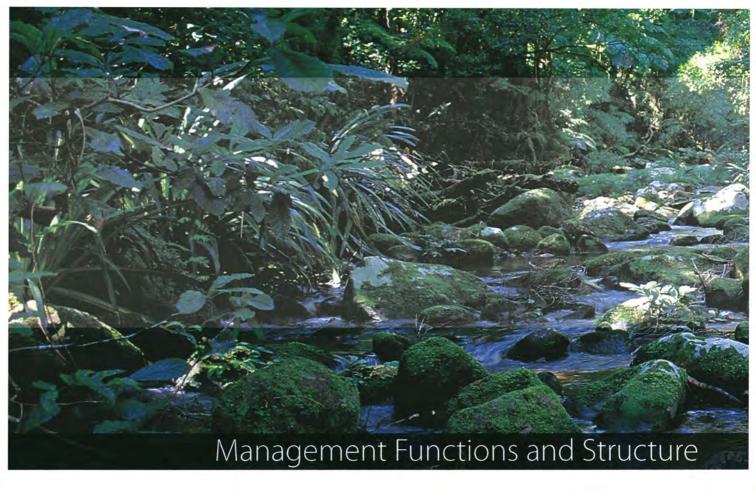
Vice-Chancellor: Professor P.E. Clark

Chair, Academic Board: Associate Professor

Two Pro Vice-Chancellors nominated by the Vice-Chancellor

Learning and Teaching Advisory Committee

This Committee is a sub-committee of Academic Board, with responsibility for advising on matters related to planning, management and development in teaching and learning at the University.



Programs Committee of Academic Board

Programs Committee is a source of advice and reference to Schools and Faculties in course and unit planning, development and review. The Committee ensures that course submissions, unit statements and course reviews conform to the requirements of, and meet the standards established by, the Academic Board.

Remuneration Committee

This Committee performs the annual performance appraisal of the Vice-Chancellor and determines the remuneration of the Vice-Chancellor.

Chancellor (Chair): The Honourable J. Dowd AO QC Deputy Chancellor: Mrs M.E. Rummery AM (to 2 September 2006)

Deputy Chancellor: Dr D.V. Cody (from 22 September 2006)

One external member of Council: Mr T. Wilson

Research and Research Training Advisory Committee

This committee is a sub-committee of the Academic Board and is the principal advisory committee of the Academic Board on issues of research across the University.

Risk Management Committee

This Committee is to ensure that the University and its controlled entities have an effective risk management system; have identified the principal strategic, operational and financial risks to which they are exposed; and that systems are in place to facilitate the effective monitoring and management of the principal risks and that timely and accurate information is presented to Council.

Three members of Council: Dr D. Cody (Chair), Ms I. Harrington and Ms J. Reid (to March 2006), The Hon P. Breen (from April 2006)



Two members of the University management: Mr M. Marshall and Mr P. Cordery

Student Affairs Committee (dissolved and reformed as a Committee of Management – 22 September 2006)

The Student Affairs Committee dealt with student matters as appropriate.

Nominee of Council (Chair): Associate Professor S. Parry

One nominee of the Vice-Chancellor
One nominee of the management
Elected student member on Council
Two Students from Lismore Campus
One Student from Coffs Harbour Campus
One Student from Tweed Heads Campus
One post-graduate student
One external student

Other Committees

Two other committees and the Tender Board also deal with University business and report through the Vice-Chancellor:

Vice-Chancellor's Executive Committee

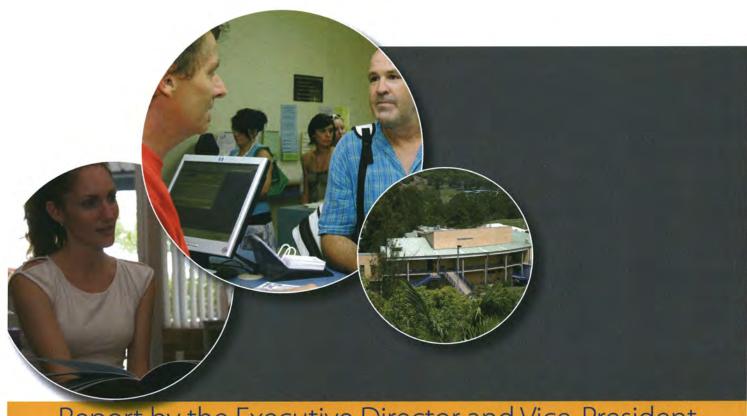
This committee deals with all higher-level management issues at the Cost Centre level and meets weekly.

Occupational Health and Safety Committee

This committee investigates, discusses and makes recommendations on occupational health and safety issues and meets monthly.

Tender Board

This board meets weekly to ensure the University's policies and procedures for the acquisition of goods and services, tendering and quotations, involving amounts in excess of \$25,000, are properly applied.



Report by the Executive Director and Vice-President

Management activities

Services, adopted in 2005, was reviewed during 2006 once it had been operational for twelve months.

An additional Group Director position was established and this role encompassed responsibility for Marketing and Human Resource Services.

The first of the organisational unit reviews was undertaken in preparation for the 2008 AUQA audit.

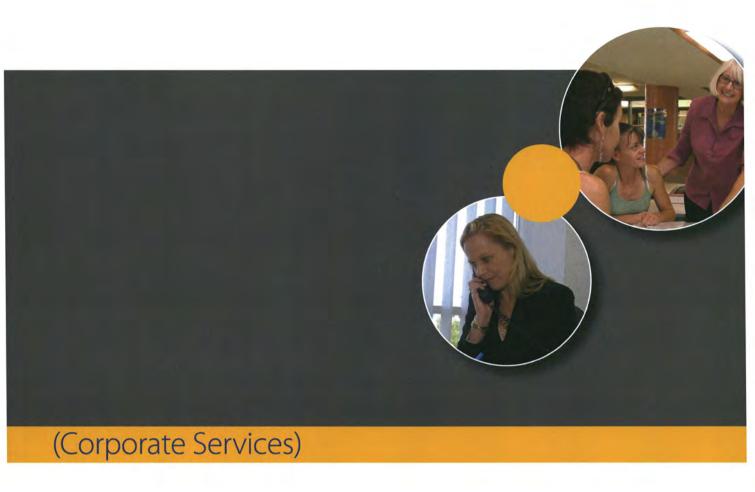
The Finance and University Services Group was reviewed by a panel involving members external to the University and the recommendations of the panel are currently being implemented.

The Management Information Systems Project completed its major activities and all planned objectives were achieved. The level of reporting on load management and student attrition is now timely and reliable.

The University received \$1.36 million from the Commonwealth funded Workplace Productivity Program and this project commenced in late 2006. The project addresses payroll/personnel software requirements and includes workforce, succession and career path planning components.

The Activity Based Costing Project produced its first report reflecting indicative costs of activities across the University for 2005. Staff involved in the project have developed and tested a number of assumptions underpinning the data and the focus of the project will now be on the costing of University activities for 2006.

The University applied for funding from the Commonwealth Government to offset the impact of the Voluntary Student Unionism Legislation. An amount of \$3 million was granted to the University with \$2 million being directed at the Lismore Campus for a recreation centre and \$1 million for Coffs Harbour for a similar capital project.



The University was successful in receiving Capital Development Funding from the Federal Government amounting to \$2 million for building works at the Tweed Gold Coast Campus. This brought the total funding for this project to \$4 million.

The University was again successful in complying with the Federal Government's Protocols on Governance and as a consequence has received additional operating funds.

Student enrolment and services

Enrolments

The University's total enrolment in 2006 was 14,092 students (8,740 equivalent full time student load), which achieved 94 per cent of its enrolment target. The full fee paying enrolments were four per cent above target, and research student enrolment was on target. The University has rearranged its enrolment targets with the Department of Education, Science and Training to align better with enrolment patterns.

Enrolment outcomes by campus showed Coffs Harbour achieved above its enrolment target. Lismore was below target, partly because of an Australia-wide downturn in science and Indigenous Australian student enrolments, and Tweed Gold Coast was hampered by infrastructure constraints.

The University had 9,619 on-campus students and 4,473 studying by distance education.

Voluntary Student Unionism (VSU)

During 2006 the University established a project team to deal with matters subsequent to the introduction of Voluntary Student Unionism (VSU). The University will spend more than \$300,000 a year to maintain student services in the wake of the Federal Government's VSU legislation. The money will be used to provide ongoing essential amenities, services and facilities and maintaining the student experience. The passing of the VSU legislation in late 2005 resulted in the progressive wind up of Union services leading to the Union selling certain parts of



its business (commercial services) to third parties. During the year the University called for expressions of interest to outsource a number of commercial services such as the gym, bar, food outlets and shops.

The University also negotiated Service Agreements with various student organisations across all campuses for the maintenance of non-commercial services. The introduction of VSU resulted in significant restructuring inside the remaining student associations and the emergence of a new student group at the Tweed Gold Coast campus. The former SRC/SCU Dental Service also changed from free consultations to a user-pay system now managed by the University.

Other services

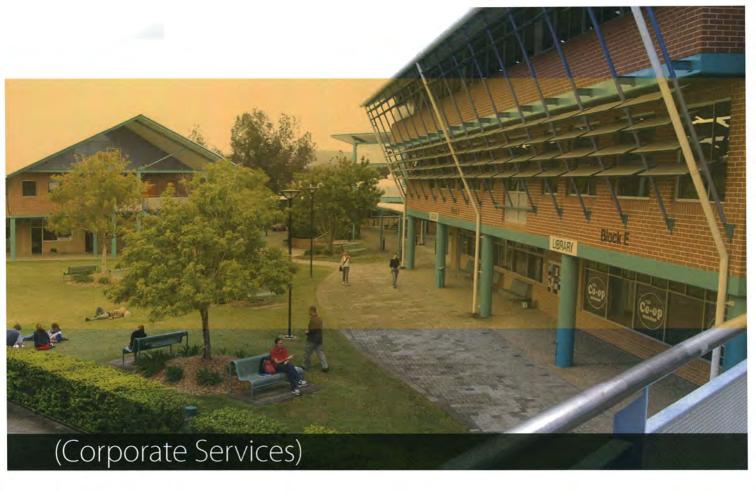
In the latter half of 2006 Student Services implemented 24 hour turnarounds for distance education applications. This means that all applicants for courses by distance education now

receive an offer to a course, or an unsuccessful letter, within 24 hours of application.

2006 was also the transitional year to move away from traditional paper-based enrolment processes to full online enrolment. All domestic students can now enrol, and re-enrol, online using My Enrolment. Many of the transactions that involve students are now provided online to both students and staff. Some students have made a direct application and been fully enrolled, in a 12 month program of study, within one day.

A strategic review of Accommodation Services during 2006 resulted in the proportion of first-year students to be offered on-campus accommodation being increased. The review also led to changes in the College supervision system and an increase in University staff employed to help manage accommodation and College life.

During 2006 the University began to implement a Customer Relationship Management system, the



CRM Project. The CRM project aims to develop a clear and workable CRM Strategy to be adopted by the entire University community as well as a system solution that supports that strategy. The successful implementation of the project will lead to several benefits for the University. The CRM Evaluation Committee has recommended that Southern Cross University adopt Streamline Solutions' eTouchpoint as the preferred CRM System.

Other major achievements for 2006 included:

- The successful establishment of the Office to Support Student Involvement and Success (OASIS) in the Goodman Plaza, on the Lismore campus, which involves a number of student retention services operating from the one location
- Successful implementation of the Equity
 Outreach Project focused on raising awareness of
 the University and its courses with students from
 disadvantaged high schools in the University's
 feeder region

- Successful implementation of electronic grade submission for both academic and general staff across the University
- Improved student accommodation support for international students at the Tweed Gold Coast campus.

Advances in communications technology

The University's communications technology capacity advanced significantly during 2006, building upon advances in the previous year which had overcome what the Commonwealth Higher Education Minister had called "the tyranny of distance" suffered by regional university students.

Connection to the AARNet3 Optical Network, providing Gigabit Ethernet connections to the internet and between all three campuses, had been a significant advancement for Southern Cross University in 2005, providing students, staff and researchers with high speed bandwidth and a network equivalent to that of our metropolitan counterparts.



Subsequently, all outcomes of the 2005 Capital Development Pool (CDP) grant to improve information technology infrastructure at the Coffs Harbour Education Campus and introduce Video Conference Teaching spaces were achieved during 2006.

Some 24 hours per week of teaching was delivered in 2006 via video conference across three campuses – a significant uptake in the first year of this mode of delivery.

Another CDP grant commenced – Port Macquarie Flexible Learning Project – Nursing Education, establishing a video-conference teaching space within Port Macquarie Base Hospital and enabling students and staff to access learning resources from the regional campuses.

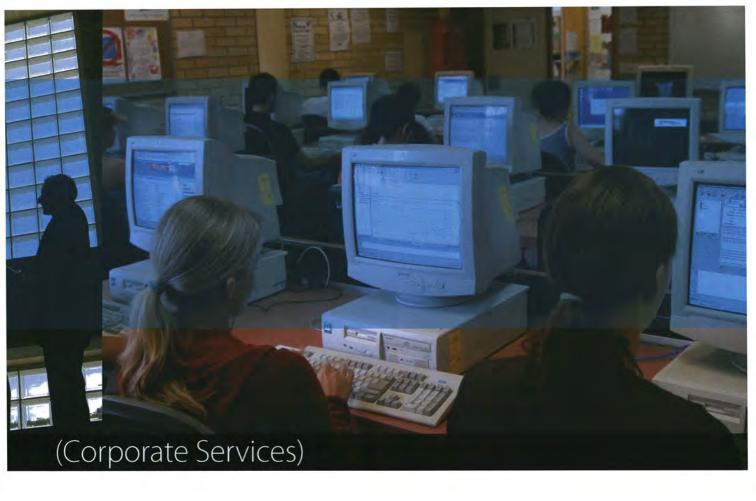
The University's wireless network was broadened across all three campuses in the latter half of the year with further deployment planned for 2007. An upgrade of equipment was completed in the Tweed Gold Coast campus computing labs.

The Student Self Management project achieved many of its goals and infrastructure to support its expansion was also commissioned, considerably boosting availability and reliability of this growing area of demand in electronic service delivery.

Other online systems and services deployed during the year included an online Unit Feedback Questionnaire – used to record and evaluate feedback and meet reporting requirements, and an online Student Placement System – used for the placement of students within Health Care and Education Systems.

Significant improvements were also made to the University's public website to position it as a major source of public information, particularly in the areas of course requirements, unit detail and other prospective student information.

Late in 2006 the University acquired a site licence for a real-time virtual classroom environment designed for distance education and collaboration. This system enables live discussion and dynamic



interaction to asynchronous distance learning and integrates seamlessly with the University's eLearning Management System. The system was piloted, with positive feedback from students and teaching staff, and the uptake will be broadened across the University in 2007.

The Management Information System Project delivered work in the areas of course projections, student performance, tracking advanced standing and phase two of load management. A total of 46 new reports as well as four revamped reports were delivered. The project reviewed progress through surveying the user community as well as implementing some change management strategies to enhance the understanding of existing users and assist new users with their transition. Overall, extremely positive feedback has been received about the system, the usefulness of reports and staff response to enquiries and issues.

Benchmarking activities continued with both Educause and Council of Australian University Directors of Information Technology (CAUDIT).

Promotion

A range of promotional activity was undertaken by the University including presentations to secondary schools; senior schools day catering for students from Tweed Gold Coast, Lismore and the Coffs Coast; tertiary education expos and other markets; information sessions and campus tours conducted by student ambassadors.

Significant marketing campaigns were undertaken in support of the 2006 mid-year and 2007 intakes, featuring electronic and print advertising, the internet, cinema and outdoor advertising.

Marketing publications produced throughout the year included the undergraduate and postgraduate study guides, course brochures and various prospective student information materials.

Events

The University invited the public to experience the works of graduating visual arts, contemporary music and media students in the EXIT showcase



in October and November, with several hundred people attending the Undergraduate Art Exhibition at the Lismore campus. Key sponsorships included the Northern Rivers Performing Arts and the Byron Bay Writers Festival. In conjunction with the Festival, Coffs Harbour campus hosted a talk by renowned environmentalist Dr David Suzuki. Students from primary and high schools from the Coffs Coast region also took part in the Science in the Bush program at the National Marine Science Centre.

Media

Media interest in Southern Cross University reflected its research strength, teaching excellence and active participation in the lives of its communities.

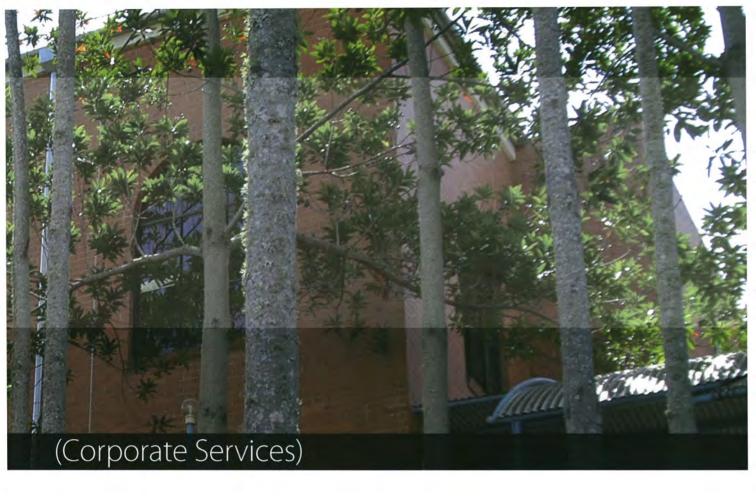
In 2006 there were 2,980 mentions in regional, national and online media recorded through a Media Monitoring Service, including newspapers, television, radio and specialist publications.

Research activities, particularly in the field of environmental science and health-related issues, attracted strong interest across a range of media. Professor Colleen Cartwright, Chair of Aged Services, gained widespread coverage on issues relating to healthy ageing, aged care and the aged services industry. Indigenous issues and the work being done by Professor Judy Atkinson, Head of Gnibi College of Indigenous Australian Peoples, attracted national television and newspaper coverage.

Southern Cross University's Whale Research Centre maintained its high media profile during 2006 along with the Centre for Children and Young People, while the University gained increasing coverage for its research in areas such as climate change, regional tourism and public health leadership.

Issues relating to the University's operations and enrolments, including expansion plans for the Tweed Gold Coast campus and the opening of new facilities at Coffs Harbour, attracted television, radio and print coverage.

Positive media coverage was gained for the introduction of the preparatory program, Preparing



for Success, and the new Bachelor of Clinical Sciences. Staff achievements, including the awarding of national teaching excellence awards, were reported in a variety of media.

New funding, including ARC grants, was widely reported in regional media. The University's high rankings for student satisfaction in surveys conducted by Graduate Careers Australia also gained media attention.

The SCU News website www.scu.edu.au/news had 14,987 page accesses and included, on average, three new media releases a week.

The Discover SCU e-newsletter, launched in October 2005, was distributed monthly from January 2006 to around 5,500 subscribers, including stakeholders and alumni as well as current students and staff.

Human resource services

The University submitted its Higher Education Workplace Relations Requirements (HEWRR)

and National Governance Protocols compliance statement to the Commonwealth Department of Education, Science and Training (DEST). The University was required to provide evidence of compliance with the government's requirements of choice in agreement making, direct relationships with employees, workplace flexibility, organisational productivity and performance, and freedom of association. In November 2006, the Minister advised that the University had been successful in complying with the requirements and as a result, a 7.5 per cent increase was achieved in the 2007 Commonwealth contribution amount for each funding cluster under the Commonwealth Grant Scheme.

In March 2006, the University submitted an application for funding under the Commonwealth Government's Workplace Productivity Programme. The application focused on five areas of workplace flexibility and productivity: the implementation of an integrated human resources information system; strategic workforce planning; performance management and associated reward systems; workload allocation

Table 1: Number and full-time equivalence (FTE) of staff 2002–2006

		Persons					FTE		
2002	2003	2004	2005	2006	2002	2003	2004	2005	2006
246	238	250	253	249	246	238	250	253	249
	33	31		46				22	
269	271	281	289	295	262	260	269	275	277
310	329	357				329	357	371	383
67			109	120	42				
377	408	456	480	503	352	378	419	437	459
556	567	607	624	632	556		607	624	632
90		130	145	166			81	88	104
646	679	737	769	798	614	638	688	712	736
	246 23 269 310 67 377 556 90	246 238 23 33 269 271 310 329 67 79 377 408 556 567 90 112	2002 2003 2004 246 238 250 23 33 31 269 271 281 310 329 357 67 79 99 377 408 456 556 567 607 90 112 130	2002 2003 2004 2005 246 238 250 253 23 33 31 36 269 271 281 289 310 329 357 371 67 79 99 109 377 408 456 480 556 567 607 624 90 112 130 145	2002 2003 2004 2005 2006 246 238 250 253 249 23 33 31 36 46 269 271 281 289 295 310 329 357 371 383 67 79 99 109 120 377 408 456 480 503 556 567 607 624 632 90 112 130 145 166	2002 2003 2004 2005 2006 2002 246 238 250 253 249 246 23 33 31 36 46 16 269 271 281 289 295 262 310 329 357 371 383 310 67 79 99 109 120 42 377 408 456 480 503 352 556 567 607 624 632 556 90 112 130 145 166 58	2002 2003 2004 2005 2006 2002 2003 246 238 250 253 249 246 238 23 33 31 36 46 16 22 269 271 281 289 295 262 260 310 329 357 371 383 310 329 67 79 99 109 120 42 49 377 408 456 480 503 352 378 556 567 607 624 632 556 567 90 112 130 145 166 58 71	2002 2003 2004 2005 2006 2002 2003 2004 246 238 250 253 249 246 238 250 23 33 31 36 46 16 22 19 269 271 281 289 295 262 260 269 310 329 357 371 383 310 329 357 67 79 99 109 120 42 49 62 377 408 456 480 503 352 378 419 556 567 607 624 632 556 567 607 90 112 130 145 166 58 71 81	2002 2003 2004 2005 2006 2002 2003 2004 2005 246 238 250 253 249 246 238 250 253 23 33 31 36 46 16 22 19 22 269 271 281 289 295 262 260 269 275 310 329 357 371 383 310 329 357 371 67 79 99 109 120 42 49 62 66 377 408 456 480 503 352 378 419 437 556 567 607 624 632 556 567 607 624 90 112 130 145 166 58 71 81 88

Report by the Executive Director and Vice-President

and staff cost management; and strengthening leadership and management capability. The University's application was successful and an amount of \$1.3 million was awarded to fund the two-year project.

Recruitment

The University advertised a total of 84 job vacancies in 2006, consistent with recruitment in 2005. Of the 84 vacancies, 23 were academic positions and 61 were general staff positions.

Senior appointments

Senior appointments included the Executive Dean, Faculty of Business; Professor and Head of School, School of Law and Justice; University Librarian; and Executive Officer, Vice-Chancellor's Office.

Staff development

There was a significant increase in the total number of employees attending training during 2006, with the total number of training courses offered remaining

consistent. Compared with 2005, employee participation in software training increased by 93 per cent; participation in development programs increased by 64 per cent, and participation in occupational health and safety programs increased by 114 per cent. The increase is attributed to better targeting of training programs to employees, improved staff development administrative procedures, and an understanding within the University of the benefits of training and the need to assign priority to staff development.

The University's investment in professional development for academic staff through the 'Special Studies Leave Program' was just under \$600,000 for 2006. The formulation of a management development framework for University employees commenced during 2006. Heads of Schools have been identified as a priority group and key competencies will be developed with the view to shaping development activities for Heads of Schools in 2007.

Table 2: Full-time and fractional full-time staff (persons) by gender and level 1997–2006

Year								Cla	ssification	n							
1	Above S	nr Lect.	Senior L	ecturer	Lecti	urer	Below L	ecturer	Acade	mic - Su	btotal		General			TOTAL	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Total	Female	Male	Total	Female	Male	Total
1997	5	38	19	38	41					171	267		146		317		634
1998		44	18			60	37			180	287		143	382	346	323	
1999		37					30						140		336	306	642
2000		35	20			60	40	20	106		266	247	140	387	353	300	
2001							31		107		269	240	157		347		666
2002					50	49	40		115	154		230	147	377	345		646
2003	10	41	19	40		55	35		114			254	154	408	368	311	679
2004	11		20	43		49			124	157	281	290		456	414	323	737
2005	15	45			60	46	43	20	130	159		308	172	480	438	331	769
2006	14	46	16	44	54	49	45	27	129	166	295	320	183	503	449	349	798

Table 3: Full-time and fractional full-time staff (FTE) by gender and level 1997–2006

Year								Cla	ssification	n							
	Above S	nr Lect.	Senior L	ecturer	Lecti	urer	Below L	ecturer	Acade	mic - Su	btotal		General			TOTAL	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Total	Female	Male	Total	Female	Male	Total
1997	4		18						90		256	205	141	347	295	307	602
1998		43		51	43		34		102	177		222					638
1999		36	21							164		222		359	313	300	
2000			20			59				159					326		620
2001		36		45								220				313	634
2002		40	16	43	47		37	22	109	154		208	144	352		298	
2003	10	41	19	40	46			19	106	154	260	229	150	378	335	303	638
2004				43	51			24		154				419	373	316	688
2005		44				46		19	118	157			164		391	321	
2006	14	45		44				23		160	277		174	459	403	333	736

(Corporate Services)

Equal opportunity

The University continued to maintain numbers of Indigenous Australian staff that were significantly above the benchmarks of other NSW Universities. Indigenous Australian staff represented 4.5 per cent of general staff and 3.7 per cent of academic staff. The representation of academic staff from non-English speaking backgrounds was six per cent during 2006 while general staff from non-English speaking backgrounds was recorded at seven per cent. Women comprised 64 per cent of general staff and 44 per cent of academic staff. Women held 26 per cent of senior management positions within the University. In 2006, six per cent of general staff and six per cent of academic staff reported disabilities.

Academic promotion

Promotion rounds for academic staff have been monitored and an Academic Promotions Workshop for Women was held for women staff members.

Merit-based selection and flexible work practices

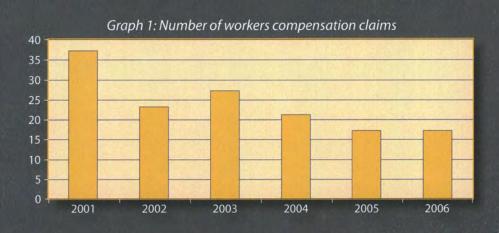
The University has clear guidelines on merit-based selection, including requirement for gender balance on its selection panels, with all staff members serving on selection panels required to have undertaken merit based selection training.

Online EEO training

The Equal Employment Opportunity online training program provides comprehensive information on discrimination and harassment issues in a flexible delivery mode, and is available to all staff via the University web site.

Occupational health and safety (OH&S)

During 2006, nominated Safety Support Officers from the Coffs Harbour Campus participated in Hazard Identification and Risk Assessment training to facilitate workplace safety inspections. This training initiative sought to more effectively eliminate or control hazards on campus and



Report by the Executive Director and Vice-President

enhance the operation of the Coffs Harbour OHS Committee. With the relocation of University staff to the newly renovated M Block at the Coffs Harbour campus, a risk assessment of ergonomics and manual handling responsibilities was carried out and appropriate recommendations put forward to University management.

As part of the University's proactive approach to the health and welfare of employees, an Employee Wellness Program was introduced in 2005. This popular initiative was again embraced by employees in 2006, with large numbers of staff taking up offers of subsidised health and recreational activities on and off campus.

A total of 17 workers compensation claims were received in 2006, which was consistent with 2005. It should be noted that these claims did not include journey claims i.e. claims resulting from travel to and from work.

The above graphs show:

- A comparison of workers compensation claims over the years 2001 to 2006 (Graph 1)
- The number of workers compensation claims by injury type in 2006 (Graph 2).

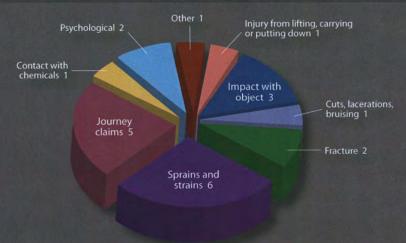
Risk management

The approach to risk management at Southern Cross University is based on the Australian/New Zealand Standard for Risk Management (AS/NZS 4360) which is widely regarded as defining world's best practice.

The University Council's Risk Management Committee ensures the effective governance of the issue, including the oversight of the University's risk management policy and procedures, adopted by Council in 2004.

The end aim is for the University to have in place a strategy, structure and process to effectively

Graph 2: Number of workers compensation claims by injury type, 2006



(Corporate Services)

identify and manage, in a timely fashion and at an appropriate level, its exposure to risk.

The key strategic risks faced by the University have been identified and analysed and, in accordance with the standard, action plans have been developed for the mitigation of all unacceptably high risks.

A Risk Management Report is provided, via the Risk Management Committee, to the University Council for each of its meetings. This report provides a summary of all strategic risks of the University and their current rating. It also contains an extract of the risks rated as High or above, along with the action plan and timeframe for mitigating those risks to an acceptable level.

At the end of 2006, the highest rated risks faced by the University were assessed as:

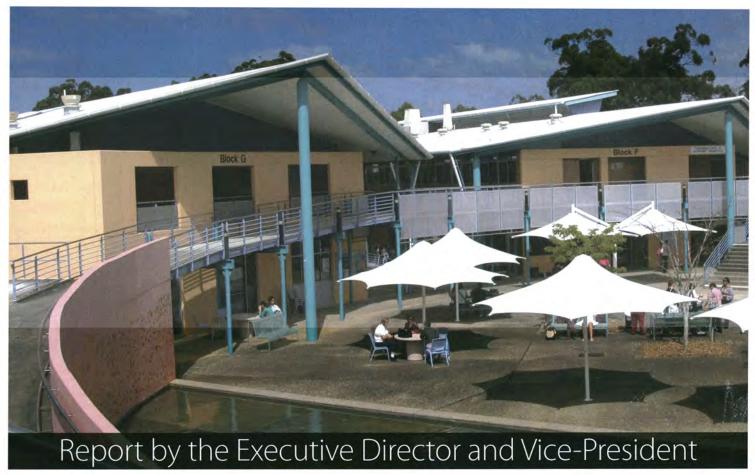
- · Poor quality of student intake
- · Declining demand for programs
- Academic fraud

- · Excessive rates of attrition
- Loss of or damage to a major capital asset
- · Major failure of IT systems
- · IT system security breached, and
- IT business continuity compromised.

In 2006 the University effected the following forms of insurance cover:

- Industrial Special Risk (Property)
- General & Products Liability (including Casual Hirers)
- · Professional Indemnity
- · Directors & Officers
- · Medical Malpractice
- Clinical Trials
- Motor Vehicle
- Corporate Travel
- · Marine Hull.

Prior to renewal of the core protections of Property, General and Products Liability, Professional Indemnity,



Directors and Officers, Medical Malpractice and Clinical Trials insurance, the University requested its broker to take the insurance program 'to the market' in order to test its pricing and breadth of cover.

It was subsequently discovered that the London and US markets were not competitive in comparison to the pricing the University enjoyed through its existing membership of Unimutual Ltd.

It appears that competition in the market has resulted in the University securing wider coverage to many aspects of its Property/Liability Insurance Program as well as receiving substantial reductions in premium costs in recent years.

There has been, for 2006/07, a reduction of more than 16 per cent in the total premium for the University's core Property and Liability protections, due largely to falls in the Property (–14.5%), Medical Malpractice (–40.3%) and General Clinical Trials (–39.3%) premiums. This follows a small fall (0.6%) last year following a 6.0 per cent reduction in 2005.

At the same time, Unimutual has negotiated improved coverage across most forms of its insurance protections.

The University incurred a major property loss in December 2006 due to a fire which destroyed the University Store building and the majority of its contents. This loss, estimated at being around \$500,000, was covered under the Unimutual Property protection, with a minor claim being made under the Motor Vehicle insurance policy for a forklift housed in the building.

Due to a late 2005 review of the Property policy excess, brought about by the prospect of an increase in the frequency and severity of damaging weather events, a lower excess on that policy had been purchased for the 2005/06 protection period, saving the University a considerable loss from the abovementioned fire.

During 2006 a Fraud and Corruption Policy for the University was adopted and a number of University



staff attended Corruption Risk Management training conducted by the NSW Independent Commission Against Corruption. It is planned to roll out the program to managers as part of small group training workshops during 2007.

The extension of the Risk Management Process to include Operational Risk Management Plans for all academic and administrative units of the University is also planned for the coming year.

Generally speaking, the University's claims record remains excellent but risk management issues and the structure of the insurance portfolio continue to be priority areas for consideration during 2007.

Insurance

The mid-December fire, which destroyed the University Store building and the majority of its contents, was prevented from spreading to the adjacent University Printery and Communications buildings. The building was not fitted with automatic

sprinklers. Most of the loss was covered under the University's Property insurance protection.

The University's insurer subsequently acknowledged that "the University acted with great efficiency in mitigating its loss", achieved through the implementation of the University's Disaster Management Plan. In order to reduce the risk of a repeat fire occurrence, the building is to be re-built using tilt concrete slab walls, which will provide much greater heat insulation properties than the steel walls of the original building.

Privacy Management Plan

Section 33(3) of the *Privacy and Personal Information Protection Act 1998* (NSW) requires the University to report on the actions it has taken to comply with the *Act* and to provide statistical details of any review conducted by or on its behalf.

The University's Privacy Management Plan was developed by the University in 2001 and sets out



the policies, procedures and practices to ensure compliance by the University with the requirements of the *Act*.

The Plan provides details on how the policies and procedures in relation to privacy and the protection of personal information are to be disseminated throughout the University. The Plan also provides details of the procedures adopted by the University to deal with applications for internal review of complaints regarding privacy matters.

Privacy legislation

The steps the University has taken to comply with the privacy legislation include:

- Adding privacy notices to electronic and hardcopy forms used to collect personal information
- Adding privacy statements to the University's websites
- Including consideration of privacy issues in the development of University policies, resolutions, rules and procedures

- Adding warnings against the unauthorised disclosure of personal information to login screens of corporate computer systems
- Administering an awareness and training program on privacy legislation and related matters
- Maintaining a privacy website with links to the Privacy Management Plan and other sources of information
- Providing accurate and timely advice on privacy matters to members of the University community.

Reviews conducted under Part 5 of the Act

No reviews were conducted under Part 5 of the *Act* during 2006.

Ethnic affairs

A full report on progress made by Southern Cross University in implementing the agency's Ethnic Affairs Priorities Statement (EAPS) in the past year;



as well as key ethnic affairs strategies proposed for the following year, is provided as Appendix 2.

Facilities management and services

Environmental initiatives

The University has conducted a number of 'community' field days in which several hundred rainforest and other native species of trees were planted in strategic places throughout the Lismore campus.

Energy management

Following an extensive energy audit of the Tweed Gold Coast and Lismore campuses a number of energy saving options were identified. A funding submission has been forwarded to the NSW Department of Energy, Utilities and Sustainability (DEUS) seeking a contribution towards costs.

Waste management

More than 200 tonnes of paper was collected and recycled in 2006 as part of the University's waste minimisation program. Landscape watering was also connected to the new retention pond, eliminating the need to use potable water.

Major works

Coffs Harbour

Construction of an extension to M block to accommodate university staff was completed as well as an extension to Q block to cater for the growth in the Nursing program. Both projects were completed to budget.

Tweed Gold Coast Campus

A Development Application is in the process of being submitted for the construction of an additional building to meet general growth and newly



allocated student loads. To cater for demand in the meantime, demountable buildings were positioned in late January 2006.

Lismore

Planning is underway for the construction of a communications building which will contain a dedicated and secure data centre.

Public access to University publications

Copies of official University documents, publications and other correspondence are held in a number of locations. These include Central File, the University Library, the Vice-Chancellor's Office and the Office of the Executive Director and Vice-President (Corporate Services).

The agendas and minutes of Council, Academic Board, Divisional Boards and other Boards and committees of the University are the major sources of information relating to the policies, procedures and operations of the institution and these are available from the Executive Director and Vice-President (Corporate Services).

The Human Resource Service Directorate maintains personal files of staff.

All the above documents are subject to the relevant legislation, policies and/or procedures on retention periods, disposal schedules or archiving.

A number of papers, including the University's Annual Report are also available on the University's website at www.scu.edu.au/docs.

Freedom of information (FOI)

Under the *Freedom of Information Act 1989* (NSW) the University is required to include in its Annual Report information on the processing of Freedom of Information (FOI) requests received by the University.

Tables providing the FOI statistics for 2006 are attached as Appendix 1.



Financial and resource management

Southern Cross University and its controlled entities (the Economic Entity) comprises:

- · Southern Cross University
- · Norsearch Limited
- · Australian Plant DNA Bank Limited
- · Biobank Pty Limited.

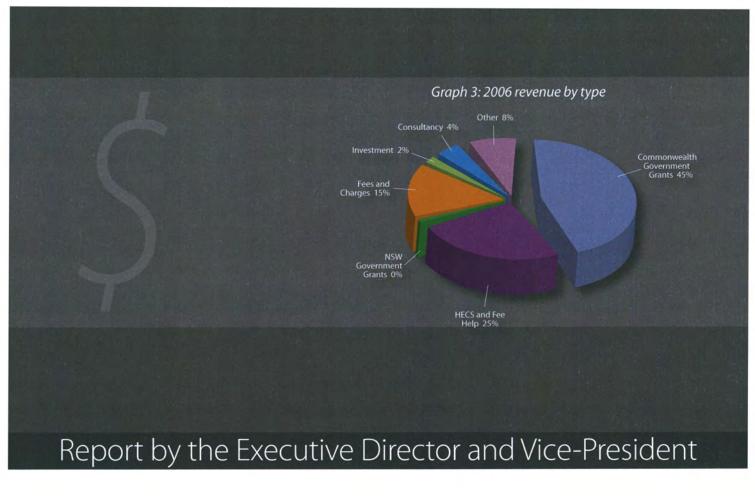
The Financial Statements (Part B of the Annual Report) include the audited financial statements for the economic entity and each of the controlled entities.

Southern Cross University and its controlled entities reported a consolidated net operating surplus of \$5.307 million for the year ending 31 December 2006 (2005 operating surplus of \$1.325 million); the University reported a net operating surplus of \$5.809 million (2005 operating surplus of \$0.882 million).

Total consolidated revenue from continuing operations (excluding deferred superannuation)

was \$120 million, reflecting an increase of nine per cent on 2005. The majority of the increase was due to increased Commonwealth Grants for new places and governance and workplace reform. The University was under-enrolled in 2006 and the financial impact of this under-enrolment of \$3.4 million will be recognised in 2007. Commonwealth Government funding remains an important revenue stream, representing 45 per cent of revenue. Student fees and charges increased by 10 per cent on 2005 due to increased international tuition fees. (See graph 3 on page 58.)

Consolidated expenses from continuing operations (excluding deferred superannuation) ordinary activities increased by five per cent on 2005. Graph 4 (page 59) provides an analysis of expenditure by type. Salary costs represent the most significant item and increased by five per cent mostly due to salary increases and the impact of redundancies. Other expenditure increased slightly on 2005 and reflects the impact of cost increases and increased



fees paid to higher education providers delivering commercial programs.

Investment performance

In 2006, Southern Cross University invested in Interest Bearing Deposits and on-call bank deposits with various financial institutions including National Australia Bank, Suncorp-Metway, Bankwest, Bank of Queensland, Illawarra Mutual Building Society and Summerland Credit Union. In 2006, the average return on investment for Southern Cross University was 6.05 per cent, which was slightly above the Tcorp Cash Hourglass Facility return of 5.96 per cent.

Payment of accounts

Due to timely payment of accounts, no interest was incurred during 2006.

Consultants

The University engaged a range of consultants to provide recommendations or high level specialist or professional advice to assist in decision making by management. Table 4 (page 59) lists the consultants used by the University and the fees paid for their services during the year ended 31 December 2006. Consultancies costing greater than \$30,000 – nil.

Graph 4: 2005–2006 expenses

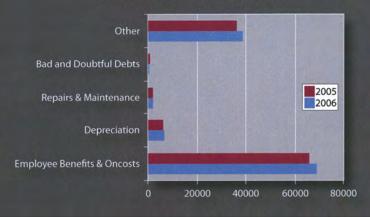


Table 4: Consultancies costing less than \$30,000

Consultant	No	\$
Building Works		5,829
Finance & Accounting		19,302
Information Technology		42,655
Management Services		111,395
Total Consultancy Fees less than \$30,000	30	179,181

(Corporate Services)

Southern Cross University Budget 2007 Statement of Financial Performance

2006–2007 Budget	Actual 2006 \$'000	Budget 2006 \$'000	Budget 2007 \$'000
Southern Cross University Income Statements			
Revenue from continuing operations			
Australian Government financial assistance Australian Government grants HECS-HELP – Australian Government payments FEE-HELP State and local government financial assistance HECS-HELP – Student payments Fees and charges Investment income Royalties, trademarks and licences Consultancy and contracts Other revenue Shares of net results of associates and joint venture partnership accounted for using the equity method Subtotal Deferred Government Superannuation Contributions Total revenue from continuing operations	54,386 23,367 3,649 384 3,229 18,527 1,869 26 5,288 8,129 737 119,591 -7,463 112,128	53,420 29,059 — — 20,889 1,680 — 8,159 6,611 — 119,819 —	57,145 23,062 3,650 — 3,230 22,847 1,730 — 8,884 6,970 — 127,518 —
Expenses from continuing operations			3.50
Employee benefits and on costs Depreciation and amortisation Repairs and maintenance Bad and doubtful debts Other expenses Subtotal Deferred Employee Benefits for Superannuation Total expenses from continuing operations	68,572 6,054 1,416 326 37,917 114,285 -7,463 106,821	71,859 6,800 4,461 — 38,499 121,619 — 121,619	75,176 5,833 2,378 — 43,014 126,400 — 126,400
Operating result from continuing operations	5,307	-1,800	1,119
Net operating result for the year	5,307	-1,800	1,119

2006–2007 Budget	Actual 2006 \$′000	Budget 2006 \$'000	Budget 2007 \$'000
Southern Cross University Balance Sheet			
ASSETS			
Current assets			
Cash and cash equivalents	28,052	26,500	25,700
Trade and other receivables	7,877	5,500	6,400
Inventories	1 704	100	1 000
Other non-financial assets	1,794	1,600	1,800
Total current assets	37,723	33,700	33,900
Non-current assets			
Trade and other receivables	16,897	25,000	16,532
Investments accounted for using the equity method	7,082	7,100	7,200
Property, plant and equipment	147,986	145,000	150,400
Other non-financial assets		1	
Total non-current assets	171,965	177,101	174,132
Total assets	209,688	210,801	208,032
LIABILITIES			
Current liabilities		10727	
Trade and other payables	5,806	6,409	5,500
Provisions	12,167	4,500	11,800
Other liabilities	7,338	5,500	5,900
Total current liabilities	25,311	16,409	23,200
Non-current liabilities			
Payables	313	1,300	296
Borrowings	_	_	-
Provisions	17,647	34,000	17,000
Other liabilities	17.000	35,300	17,296
Total non-current liabilities	17,960		
Total liabilities	43,271	51,709	40,496
Net assets	166,417	159,092	167,536
EQUITY			
Parent entity interest			
Statutory funds	-	_	77
Reserves	166,417	159,092	167,536
Retained surplus	166,417	159,092	167,536
Parent entity interest			
Total equity	166,417	159,092	167,536

2006-2007 Budget	Actual 2006 \$'000	Budget 2006 \$'000	Budget 2007 \$'000
Southern Cross University Cash Flow Statements			
Cash flows from operating activities			
Australian Government CGS and other DEST grants Higher Education Loan Programmes Scholarships DEST Research ARC grants – Discovery ARC grants – Linkages Other Australian Government grants State and local Government financial assistance HECS-HELP – Student payments Receipts from student fees and other customers Interest received Joint venture partnership distributions received Student accommodation Other operating receipts Payments to employees Salary related costs	44,543 26,642 1,833 5,230 289 1,175 2,134 467 3,229 16,982 1,732 856 2,165 11,485 -54,868 -13,558	45,000 26,000 1,500 5,000 200 1,000 1,500 800 3,000 18,000 1,500 500 2,000 11,000 -56,000	46,380 26,277 2,350 5,500 350 1,300 1,700 500 3,200 16,600 1,600 2,100 12,100 -57,900 -14,600
Payments to suppliers (inclusive of goods and services tax) Income taxes paid	-38,905 	-37,000 10,500	-40,400 7,657
Net cash inflow (outflow) from operating activities	11,430	10,500	7,037
Cash flows from investing activities		- marin	
Proceeds from sale of property, plant and equipment Loans to related parties Payments for property, plant and equipment Payments for investment in joint venture partnership Net cash inflow (outflow) from investing activities	1,322 -7,475 0 -6,153	2,000 10,000 	3,391 -13,400 -10,009
Cash flows from financing activities		-	
Dividends paid by controlled entities Repayment of directors loans Net cash inflow (outflow) from financing activities	===	= =	=
Net increase (decrease) in cash and cash equivalents	5,277	2,500	-2.352
Cash and cash equivalents at the beginning of the financial year Effects of exchange rate changes on cash and cash equivalents	22,775	24,000	28,052
Cash and cash equivalents at end of year	28,052	26,500	25,700

	Transport available	Distance from Sydney	Distance from Brisbane	SCU locations Tweed Gold Coast
The same and the same of the same of	International air, interstate coach, intrastate rail and local bus services	12 hrs drive (1200 km)	60 mins drive (100 km)	Tweed Gold Coast
	Interstate air, rail and coach services, local bus services	10 hrs drive (1000 km)	3 hrs drive (300 km)	Lismore
	International air, interstate coach, intrastate rail and local bus services	8 hrs drive (800 km)	5 hrs drive (500 km)	Coffs Harbour



lismore tweed gold coast



coffs harbour



sydney

Appendix 1: Freedom of Information (FOI) Act

Under the *Freedom of Information Act 1989* (NSW) ("the Act") the University is required to include in its Annual Report information on the processing of Freedom of Information (FOI) requests received by the University. The tables below show the FOI statistics for the 2006 year:

SECTION A

Number of new FOI requests – information relating to numbers of new requests received, those processed and those completed from the previous period.

	FOI REQUESTS	PERSONAL	OTHER	TOTAL
A1	New (incl. transferred in)	0	0	0
A2	Brought forward	0	0	0
А3	Total to be processed	0	0	0
A4	Completed	0	0	0
A5	Transferred out	0	0	0
A6	Withdrawn	0	0	0
A7	Total processed	0	0	0
A8	Unfinished (carried forward)	0	0	0

SECTION B

What happened to completed requests? (Completed requests are those on Line A4.)

h.	RESULT OF FOI REQUESTS	PERSONAL	OTHER
B1	Granted in full	0	0
B2	Granted in part	0	0
B3	Refused	0	0
B4	Deferred	0	0
B5	Completed	0	0

SECTION C

Ministerial Certificates – number issued during the period.

		ISSUED	TOTAL
C1	Ministerial Certificates issued	0	0

SECTION D

Formal consultations – number of requests requiring consultations (issued) and total number of FORMAL consultation(s) for the period.

		ISSUED	TOTAL
D1	Number of requests requiring formal consultation(s)	0	0

SECTION E

Amendment of personal records – number of requests for amendment processed during the period.

	RESULT OF AMENDMENT REQUEST	TOTAL
E1	Result of amendment – agreed	0
E2	Result of amendment – refused	0
E3	Total	0

SECTION F

Notation of personal records – number of requests for notation processed during the period.

The	TO STATE OF	ISSUED	TOTAL
F3	Number of requests for notation	0	0

SECTION G

FOI requests granted in part or refused – basis of disallowing access – number of times each reason cited in relation to completed requests which were granted in part or refused.

	BASIS OF DISALLOWING OR RESTRICTING ACCESS	PERSONAL	OTHER
G1	Section 19 [application incomplete, wrongly directed]	0	0
G2	Section 22 [deposit not paid]	0	0
G3	Section 25(1)(a1) [diversion of resources]	0	0
G4	Section 25(1)(a) [Exempt]	0	0
G5	Section 25(1)(b),(c),(d) [Otherwise available]	0	0
G6	Section 28(1)(b) [documents not held]	0	0
G7	Section 24(2) – deemed refused, over 21 days	0	0
G8	Section 31(4) [released to medical practitioner]	0	0
G9	Totals	0	0

SECTION H

Costs and fees of requests processed during the period (i.e. those included in lines A4, A5 and A6).

5		ASSESSED COSTS	FOI FEES RECEIVED
H1	All completed requests	\$0	\$0.00

SECTION I

Discounts allowed – numbers of FOI requests processed during the period where discounts were allowed.

	TYPE OF DISCOUNT ALLOWED	PERSONAL	OTHER
11	Public interest	0	0
12	Financial hardship – Pensioner/Child	0	0
13	Financial hardship – Non profit organisation	0	0
14	Totals	0	0

SECTION J

Days to process – number of completed request (A4) by calendar days (elapsed time) taken to process.

J. 17	ELAPSED TIME	PERSONAL	OTHER
J1	0 – 21 days	0	0
J2	22 – 35 days	0	0
J3	Over 35 days	0	0
J4	Totals	0	0

SECTION K

Processing time – number of completed request (A4) by hours taken to process.

	PROCESSING HOURS	PERSONAL	OTHER
K1	0 – 10 hours	0	0
K2	11 – 20 hours	0	0
КЗ	21 – 40 hours	0	0
K4	Over 40 hours	0	0
K5	Totals	0	0

SECTION L

Reviews and appeals – number finalised during the period.

L1	Number of internal reviews finalised	0	0
L2	Number of Ombudsman reviews finalised	0	0
L3	Number of District Court appeals finalised	0	0

Details of internal review results – in relation to internal reviews finalised during the period.

	BASES OF INTERNAL REVIEW	PERSONAL		OTHER	
	Grounds on which Internal Review Requested	Upheld	Varied	Upheld *	Varied
L4	Access refused	0	0	0	0
L5	Deferred	0	0	0	0
L6	Exempt	0	0	0	0
L7	Unreasonable charges	0	0	0	0
L8	Charge unreasonably incurred	0	0	0	0
L9	Amendment refused	0	0	0	0
L10	Totals	0	0	0	0

^{*} Note: Relates to whether or not the original agency decision was upheld or varied by the internal review.

Access to documents is generally granted at times on the basis of informal administrative processes.

Appendix 2: Ethnic Affairs Priorities Statement 2006

The University complies with the Ethnic Affairs Priorities Statement (EAPS), as required by the NSW Community Relations Commission. The following provides a summary of the University activities in 2006, and highlights specific examples of School-based initiatives, demonstrating compliance with the Government's Ethnic Affairs Priority Standards Framework under the relevant sections of Program and Service Delivery, Staffing, Communications, and Planning and Evaluation.

As reflected in its mission statement, Southern Cross University enhances the cultural, social, economic and intellectual development of the region. The University is committed to fostering equity for all members of its staff and student community and to reflecting the cultural diversity of Australia.

1. PROGRAM and SERVICE DELIVERY

Objective 1.1

Ensure that curricula are inclusive and considerate of cultural diversity

The University has a strategic commitment which is reflected in its graduate attributes, to provide courses that equip students with a cultural awareness global world view encompassing a cosmopolitan outlook as well as a local perspective on social and cultural issues, together with an informed respect for cultural and indigenous identity.

Outcome 2006

- All University courses being reviewed are required to indicate how cultural diversity is recognised
 and addressed within the course and units, including how the course exposes students to a variety
 of cultural perspectives.
- A working party on International and Intercultural Perspectives at Southern Cross University, has
 recently reported to the Academic Board and members of the University Executive a number of
 recommendations for implementation in 2007.
- In the School of Law and Justice all first year Bachelor of Laws students are exposed to cross cultural
 curriculum materials in the Legal Process unit. The School's mission aims to graduate students who
 are "gender, culturally, socially, politically,...and ethically aware".
- The School of Tourism and Hospitality Management continued the six month student exchange program, and had 10 students in four different countries during 2006.
- The School of Arts and Social Sciences has embedded cross cultural perspectives in the curricula
 of the Bachelor of Social Sciences, Bachelor of Arts and Bachelor of Media, that include cultural
 diversity, refugee populations, intercultural communications, diversity in the workplace, and social
 inequality and social justice.
- The Graduate College of Management has included ethics and diversity issues in the core curriculum of the Master of Business Administration.

Objective 1.2

Provide information and support for students and access to language resources of staff.

Outcome 2006

- Equity Student Peer Mentor programs were extended and standardised. Programs were implemented across a number of Schools on both the Lismore and Coffs Harbour campuses. A specific target group was Australian students from non-English speaking backgrounds.
- A list of languages spoken by staff is maintained, updated annually, and accessible to all staff via the University Intranet. It is used as a resource to support students, via the Student Support Centre and Schools.
- The International Office offers language courses to staff, to assist in the development of language skills.
- The English Language Centre runs Intercultural Communication Sessions with the University community and student volunteers and students from non-English speaking backgrounds throughout the year.

Objective 1.3

Social harmony - multiculturalism

Outcome 2006

- The University presents an Annual Cultural Diversity Lecture. The guest speaker in 2006 was Lillian Holt. This is a public lecture, open to all students, staff and the community.
- The worship needs of students are accommodated with the provision of an appropriate multi-faith space on campus. A multi-faith advisory committee has been formed to oversee the coordination and facilitation of Chaplaincy activities.
- The University Centre for Peace and Social Justice is an interdisciplinary community of scholars,
 focussing on difference that potentially contributes to the inclusion or exclusion in full citizenship.
 Markers include race and ethnicity, with researchers in the Centre committed to strengthening core
 values of diversity including tolerance, mutual respect and mutual recognition. The Centre publishes
 a newsletter, and presents research seminars which are publicised and available to staff, students
 and the community.
- A series of three free workshops open to staff, students and the community was hosted during 2006 by the School of Arts and Social Sciences and The Centre for Cultural Diversity and Social Justice (changed to Centre for Peace and Social Justice) about "colour", "race" and citizenship in Australia, 2006, by using "whiteness" as a frame for engagement and enquiry.
- A seminar outreach program called Passion for Peace World Peace and Harmony wishful
 thinking or an accessible reality? was held on 31 July 2006. A tree planting ceremony was held on
 this day and a "Tree of Peace" planted in SCU's Widjabul Park.
- The School of Arts and Social Sciences and the Centre for Peace and Social Justice co-presented the third part to the cross-disciplinary symposia Landscapes of Exile. The third symposium extended earlier explorations on the theme of landscapes of exile into questioning how space becomes place through cultural, artistic, intellectual and ethical practices.
- A celebration of the diverse nationalities and cultures within the University's student population was
 celebrated by staff and students on International Students Day.

Plan for 2007

- Continuation of curricula that are inclusive and considerate of cultural diversity.
- Annual Cultural Diversity Lecture in 2007.
- The University has developed and implemented Student Peer Mentoring Programs which are being extended across all schools targeting specific equity groups, including people from non-English speaking backgrounds.
- The School of Tourism and Hospitality Management offers a Bachelor of Business in International
 Tourism Management. As a component of this program Australian students will have to spend at
 least one year in a foreign country (or six months in two countries) to expose them to different
 cultures, with students encouraged to spend a period of time in a non-English speaking country.
- Continue to celebrate and recognise cultural diversity by holding cultural celebrations during the year with staff, students and the community.

2. STAFFING

Objective 2.1

Provide ongoing training and education in cultural diversity to university staff.

Outcome 2006

- The Recruitment and Appointment Policy requires that all staff participating on staff selection
 panels must have completed training in staff selection and interviewing. This training includes antidiscrimination and cultural diversity segments, with an emphasis on the principles of merit selection
 and highlighting the value of a culturally diverse workplace.
- Position descriptions for staff include selection criteria "A commitment to staff and student equity and cultural diversity within the workplace" (general staff positions) and "an awareness of equal opportunity and the principles of equity and access as they pertain to staff and students" (academic positions)
- Staff selection panels may include a representative from Human Resources or Equity Services which is a resource that provides additional support in ensuring that staff selection is based on merit.
- All advertised vacancies express the University's commitment to equal opportunity, occupational health and safety and cultural diversity.
- The University provides Intranet based anti-discrimination training modules for all staff, plus an additional module for Managers.
- The University's Teaching and Learning Centre provides workshops and learning opportunities
 for staff focussing on teaching and learning methods for students from non-English speaking
 backgrounds. In 2006 the centre held a number of workshops and seminars including: Teaching
 Issues in a Multicultural Context (which includes a resource guide for staff); Cultural Safety Program
 and Teaching International Students Program.

Plan for 2007

- Aim to improve the University's Equity profile (as per the University's Strategic Plan)
- Continue to promote a positive culture that is free of discrimination and harassment and recognises and values cultural diversity.
- An International and Intercultural Perspectives website for staff will be developed that contains
 resources that pertain to international and intercultural competencies and other online educational
 support for staff in the area of cultural diversity. As part of the website a Cultural Diversity Annual
 Calender will be developed containing links to cultural community activities, locally and regionally.
- A Cultural Diversity Training Program, incorporating the elements of cultural awareness, cultural sensitivity and cultural safety will be developed and implemented across the University.
- The implementation of a more comprehensive induction and orientation program for new employees
- Establish a program for the annual recruitment of trainees and explore the possibility of targeting EEO groups to fill trainee positions.

Objective 2.2

Ensure staffing profile is analysed and reported annually.

Outcome 2006

• The staffing profile of people from culturally diverse backgrounds was analysed and reported to the University Executive.

Objective 2.3

Continue to promote a positive culture that is free from discrimination and harassment.

Outcome 2006

The University provides Intranet based anti-discrimination training modules for all staff, plus an
additional module for Managers. Half day sessions of EEO/Harassment training were held for staff,
supervisors and managers during the year.

Plan 2007

- The University will continue to promote a culture that is supportive of diversity in order to attract and retain staff from culturally and linguistically diverse backgrounds.
- Provision of cultural diversity training is an ongoing commitment of the University.
- Establish a program for the annual recruitment of trainees, exploring the possibility of targeting equity groups, including people from culturally diverse backgrounds.
- Analyse and report on the staffing profile of people from culturally diverse backgrounds.
- Continue to provide on-line and face to face training to promote a culture free from discrimination and harassment.

3. COMMUNICATION

Objective 3.1

Communicate the University's objective to develop a culture of knowledge and respect for equity and cultural diversity.

Outcome 2006

- The University displays posters for international, national and local multi-cultural events, and promotes events that support intercultural understanding. Relevant culturally diverse event information is also placed on the University Website.
- · Cultural diversity resources and electronic links are available via the Equity Website.
- All externally advertised staff vacancies express the University's commitment to cultural diversity.

Plan 2007

- Continue to review and revise the Equity Website to ensure the continued inclusion of relevant information related to cultural diversity.
- Continue to build on successes in diversity initiatives and achievements and publicise these within the University and in the local community.

4. PLANNING AND EVALUATION

Objective 4.1

Incorporate cultural diversity into University plans.

Outcome 2006

 Cultural Diversity is incorporated in the University's Strategic Plan 2005–2010, with one objective being to take a prime role in the intellectual, economic, environmental, social and cultural development of our region.

Plan 2007

- Review the Equity and Access Plan and develop a plan for the University for 2007–2010, ensuring
 inclusion of cultural diversity strategies for Faculties, Schools and Departments.
- Continue to monitor and review all University plans and policies to identify opportunities to embed
 relevant cultural diversity strategies and targets to progress the University's commitment to cultural
 diversity, and evaluate progress made towards creating an environment that supports diversity.

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Southern Cross University Annual Report 2006
Parts A and B
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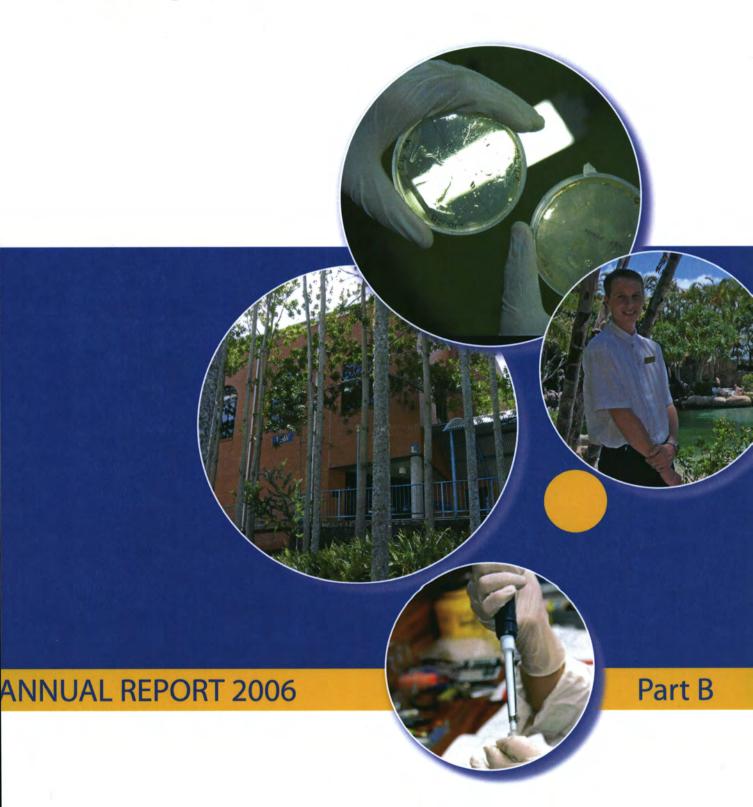


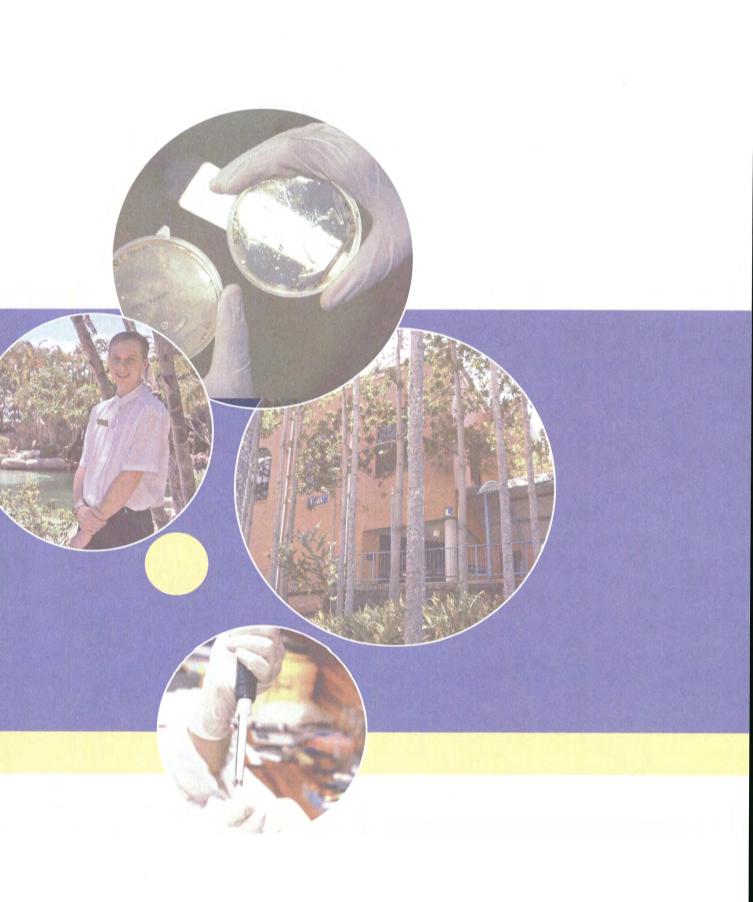
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* Southern Cross UNIVERSITY

A new way to think





Report by Members of the University Council

THE MEMBERS of Southern Cross University Council present their report on the consolidated entity consisting of Southern Cross University and the entities it controlled during the year ended 31 December 2006.

Members

The following persons were members of Southern Cross University Council during the whole of the year and up to the date of this report:

Chancellor and Chair of Council

The Honourable John Robert Arthur Dowd AO QC

Deputy Chancellor and Deputy Chair of Council

David Vincent Cody MB BS(Syd), PhD, FRACP, FCSANZ, FACC, FAHA, FAFRM (elected Deputy Chancellor for two year term to 22 September 2008)

Vice-Chancellor

Professor Paul Ernest Clark BSc(Hons), PhD(Exe), DipEd(Tert)(Monash), FAIP, FIICA

Chair of Academic Board

Professor Jim Jackson BCom, LLB(UNSW), LLM(Hons)(Syd), GradDipEd(Tertiary)(DDIAE), PhD(Syd) (elected 15 February, 2007)

Other Members

Warren Albert Grimshaw AM, BBus(NSWIT), ASTC Irene Harrington

Neville Newell MLA

Associate Professor Sharon Parry BBSc, DipEd, PhD(LaT) John B Shanahan MCom(Hons)(NSW), FCA, MAICD, FFin Margot Ruth Sweeny BBus(NRCAE), MEc(NE), CPA, ACS, SIA(AFF)

Trevor Stanley Wilson BSc(Griff)

The following members were elected or appointed as indicated and continue in office at the date of this report:

Sally M Blackadder BCom(NSW) (elected 9 September, 2006) Glenn Davey (elected 9 September, 2006) Ronald J. Dowell GradDipOD(RMIT), MBus(VUT) (elected 9 September, 2006)

Peter Lewis BTch, BEd, MMgmt(UTS), MAICD (appointed 3 September, 2006)

Janelle Anne Saffin DipT(NRCAE), BLegS(Macq) (appointed 3 September, 2006)

The following were members from the beginning of the year until their resignation or expiry of term of office on the date indicated:

Neil Duncan Black BScAgr(Syd), DipEd(Tech)(SCAE), HortCert(Hons)(SydTC) (term expired 2 September, 2006)

The Honourable Peter Breen MLC (resigned 16 February, 2007)

Associate Professor Roger Bronks DipT, DipPE(Cardiff), MSc, PhD(Oregon), FASMF (Chair of Academic Board until term expired on 15 February, 2007)

Toni Ledgerwood (term expired 9 September, 2006) Neville Neal (resigned 26 May, 2006)

Judith Madeline Reid BLegS(Macq) (resigned 10 March, 2006)

Mary Elizabeth Rummery AM

(Deputy Chancellor to 2 September, 2006) (term expired 2 September, 2006)

Elizabeth Trevan BEM, GradDipHealthSc(QUT), MBA(SCU) (resigned 22 September 2006)

Michael Whelan BAgrSc(Qld), MSc (term expired 9 September, 2006)

The following member held a casual vacancy.

Megan Harris (casual vacancy appointment from 21 July to 9 September 2006)

Council Secretary

Malcolm Hugh Marshall BA(CCAE), MBA(CQU), CPA

Meetings of Members

The numbers of meetings of the members of Southern Cross University Council and of each Council Committee held during the year ended 31 December 2006, and the numbers of meetings attended by each member are given in the tables below.

Principal Activities

During the year, the principal continuing activities of the consolidated entity consisted of:

 The provision of educational facilities of university standard, having particular regard

- to the needs of the North Coast region of the State
- The preservation, extension and dissemination of knowledge through scholarship, research, creative works, consultancy and internal and external teaching
- The conferring of the Degrees of Bachelor, Master, and Doctor, and the awarding of diplomas, certificates and awards.

Review of Operations

Southern Cross University and its controlled entities reported a consolidated net operating surplus of

Members	Council N	Neetings	s Meetings of Committees						
			Chanc	ellor's	Au	Audit		Finance	
	Α	В	Α	В	Α	В	Α	В	
J R Dowd AO QC	6	6	7	7	5	6	6	6	
P E Clark	6	6	7	7			6	6	
N D Black	2	4							
S M Blackadder	2	2							
P Breen	4	6							
R Bronks	6	6	7	7			6	6	
D V Cody	5	6	1	1	3	5	1	1	
G Davey	2	2							
R J Dowell	2	2					0	1	
W A Grimshaw AM	4	6			1	1	5	6	
I Harrington	1	6							
M Harris	1	1							
T Ledgerwood	3	4							
P Lewis	2	2					0	1	
N Neal	2	2							
N Newell	6	6			1	1			
S Parry	5	6							
J M Reid	0	1							
M E Rummery AM	4	4	6	6	4	4	4	4	
J A Saffin	2	2					1	1	
J B Shanahan	3	6			4	5	1	1	
M R Sweeny	4	6			1	1	3	5	
E Trevan BEM	4	4					5	5	
M Whelan	4	4					5	5	
T S Wilson	6	6			4	5			

A = Number of meetings attended

B = Number of meetings held during the time the member held office or was a member of the committee during this year.

\$5.307 million for the year ending 31 December 2006 (2005 operating surplus of \$1.325 million), the University reported a net operating surplus of \$5.809 million (2005 operating surplus of \$.882 million). The University was under-enrolled in 2006 and the financial impact of this under-enrolment of \$3.4 million will be recognised in 2007.

This financial performance supported Southern Cross University's success against key objectives outlined in its Strategic Plan 2005–2010. The University achieved strong performance in key measures, including graduate satisfaction, growth

in international student enrolments and research income, and streamlining of academic structures. In 2006 Southern Cross University secured its first Fulbright scholar, launched its new preparatory program, Preparing for Success, and developed a new undergraduate award, the Bachelor of Clinical Science.

Voluntary Student Unionism (VSU) was introduced in 2006 and Southern Cross University responded with associated management of transitional arrangements, the introduction of new service delivery mechanisms and the preparation of the VSU transition fund bid.

Members	Council I	Meetings			Meeting	s of Con	mittees	continue	d	
	Governance		vernance Honorary Awards		Nominations		Remuneration		Risk Management	
	Α	В	Α	В	Α	В	Α	В	A	В
J R Dowd AO QC			3	3	1	1	1	1		
P E Clark			3	3	1	1				
N D Black										
S M Blackadder										
P Breen									0	1
R Bronks			3	3						
D V Cody			1	1	0	1			2	2
G Davey										
R J Dowell										
W A Grimshaw AM	1	3								
I Harrington									0	2
M Harris										
T Ledgerwood										
P Lewis										
N Neal										
N Newell										
S Parry										
J M Reid										
M E Rummery AM	3	3	2	2			1	1		
J A Saffin										
J B Shanahan										
M R Sweeny					1	1				
E Trevan BEM	3	3			1	1				
M Whelan										
T S Wilson							1	1		

A = Number of meetings attended

B = Number of meetings held during the time the member held office or was a member of the committee during this year.

Southern Cross University continued its program of regional engagement with an ambitious community consultation process to inform the development of the University's Regional Plan. A campus-based input output analysis in 2006 found that the Lismore, Coffs Harbour and Tweed Gold Coast campuses were responsible for a regional output of \$276.32 million and 2486 jobs within the University's footprint.

Evaluation of Council Performance

The performance of the University Council is evaluated periodically and any findings or recommendations are implemented. In 2006, induction for new Council members was enhanced with the provision of a comprehensive, tailored training package.

Significant Changes in State of Affairs

During the year there was no significant change in the state of affairs of the University or economic entity other than referred to in the financial statements or notes thereto.

Subsequent Matters Affecting Operations

Southern Cross University and its controlled entity Norsearch Limited are currently negotiating the acquisition of a number of business operations at the Lismore Campus that were operated by the Southern Cross University Student Union Limited until 31 December 2006. At the date of this report these negotiations were continuing with no signed agreement in place.

Future Developments

Disclosure of information regarding likely developments, future prospects and business strategies of the operations of the University in future financial years and the expected results of those operations is likely to result in unreasonable

prejudice to the University. Accordingly, this information has not been disclosed in this report.

Environmental Regulation and Performance

The University's operations are not regulated by any significant environment regulation under a law of the Commonwealth or a State or Territory.

Insurance of Officers

During or since the financial period Southern Cross University has insured all of the Council Members previously listed against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Council member or director of a controlled entity, other than conduct involving a wilful breach of duty in relation to the University or a controlled entity.

Legal Proceedings on behalf of Southern Cross University

No person has applied for leave of the Court to bring proceedings on behalf of the University or intervene in any proceedings to which the University is a party for the purpose of taking responsibility on behalf of the University for all or any part of those proceedings. The University was not a party to any such proceedings during the period.

Universities are not insured against breach of contract, class actions or breaches of the Trade Practices Act as such insurance is not generally available.

This report is made in accordance with a resolution of the members of the Council of Southern Cross University.

The Honourable John Dowd AO QC Chancellor, Southern Cross University 13 April 2007

SOUTHERN CROSS UNIVERSITY

FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006

Statement by Members of the Council

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

- The attached is a general purpose financial report and presents a true and fair view of the University's and Consolidated Entity's financial position as at 31 December 2006 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date;
- The financial reports have been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005 and the Commonwealth Guidelines for the Preparation of Annual Financial Reports for the 2006 Reporting Period by Australian Higher Education Providers;
- The financial reports have been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations);
- 4. We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate;
- At the time of this certificate there are reasonable grounds to believe that the University and Consolidated Entity will be able to pay their debts as and when they become due and payable;
- The amount of Commonwealth financial assistance expended during the reporting period was for the purposes for which it was provided.

J.R/ Dowd

P. Clark Vice-Chancellor

13th April 2007



GPO BOX 12 Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Southern Cross University

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of Southern Cross University (the University):

- presents fairly the University's and the consolidated entity's financial position as at 31 December 2006 and their performance for the year ended on that date, in accordance with Accounting Standards (including Australian Accounting Interpretations), and
- complies with:
 - section 41B of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2005, and
 - the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2006 Reporting Period', issued by the Australian Government Department of Education, Science and Training, pursuant to the Higher Education Support Act 2003, the Higher Education Funding Act 1988 and the Australian Research Council Act 2001.

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

Scope

The Financial Report and Council's Responsibility

The financial report comprises the balance sheets, income statements, statements of changes in equity, cash flow statements and accompanying notes to the financial statements for the University and the consolidated entity, for the year ended 31 December 2006. The consolidated entity comprises the University and the entities it controlled during the financial year.

The members of the Council of the University are responsible for the preparation and true and fair presentation of the financial report in accordance with the PF&A Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides reasonable assurance to Members of the New South Wales Parliament that the financial report is free of material misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that members of the Council had not fulfilled their reporting obligations.

My opinion does not provide assurance:

- about the future viability of the University or its controlled entities,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

G J Gibson, FCA

Assistant Auditor-General

SYDNEY 16 April 2007

ABN 41 995 651 524



Income Statements for the year ended 31 December 2006

		Consolid	ated	Parent er	ntity
	Notes	2006	2005	2006	2005
		\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	3	54,386	50,244	54,386	50,244
HECS-HELP - Australian Government payments	3	23,367	20,716	23,367	20,716
FEE-HELP	3	3,649	2,780	3,649	2,780
State and local Government financial assistance	4	384	783	384	783
HECS-HELP - Student Payments		3,229	3,462	3,229	3,462
Fees and charges	5	18,527	16,800	18,527	16,243
Investment income	6	1,869	1,434	1,770	1,335
Royalties, trademarks and licences	7	26	26	26	26
Consultancy and contracts	8	5,288	5,773	5,046	5,381
Other revenue	9	8,129	7,172	8,199	5,419
Shares of net results of associates and joint venture					
partnership accounted for using the equity method	36	737	785	938	526
Subtotal		119,591	109,975	119,521	106,915
Deferred Government Superannuation Contributions	_	(7,463)	(53)	(7,463)	(53)
Total revenue from continuing operations	_	112,128	109,922	112,058	106,862
Expenses from continuing operations					
Employee benefits and on costs	10	68,572	65,296	68,173	63,524
Depreciation and amortisation	11	6,054	5,451	6,048	5,354
Repairs and maintenance	12	1,416	1,474	1,416	1,474
Bad and doubtful debts	13	326	465	326	465
Other expenses	14	37,917	35,964	37,749	35,216
Subtotal		114,285	108,650	113,712	106,033
Deferred Employee Benefits for Superannuation	10	(7,463)	(53)	(7,463)	(53)
Total expenses from continuing operations	_	106,821	108,597	106,249	105,980
Operating result before income tax		5,307	1,325	5,809	882
Income tax expense	15				
Operating result from continuing operations	_	5,307	1,325	5,809	882
Net operating result for the year		5,307	1,325	5,809	882

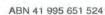
The above income statement should be read in conjunction with the accompanying notes.



Balance Sheets as at 31 December 2006

		Consolid	ated	Parent e	ntity
	Notes	2006	2005	2006	2005
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and cash equivalents	16	28,052	22,775	26,575	21,025
Trade and other receivables	17	7,877	5,300	7,863	5,021
Inventories	18	2.24	66	-	
Available-for-sale financial assets	20				
Other non-financial assets	23	1,794	1,543	1,794	1,519
Total current assets	_	37,723	29,684	36,232	27,565
Non-current assets					
Trade and other receivables	17	16,897	24,245	16,897	24,245
Investments accounted for using the equity method	19	7,082	7,199	656	572
Deferred tax assets	21				
Property, plant and equipment	22	147,986	148,237	147,969	147,998
Total non-current assets	100	171,965	179,681	165,522	172,815
Total assets	_	209,688	209,365	201,754	200,380
LIABILITIES					
Current liabilities					
Trade and other payables	24	5,806	5,271	5,665	5,060
Provisions	25	12,167	5,868	12,103	4,788
Other liabilities	26 _	7,338	5,408	7,338	5,037
Total current liabilities		25,311	16,547	25,106	14,885
Non-current liabilities					
Payables	24	313	392	313	392
Borrowings					
Provisions	25	17,647	31,262	17,641	32,163
Other liabilities	26	-		•	
Total non-current liabilities	-	17,960	31,654	17,954	32,555
Total liabilities	-	43,271	48,201	43,060	47,440
Net assets	_	166,417	161,164	158,694	152,940
EQUITY					
Parent entity interest					
Statutory funds			4	-	
Reserves		2.1	2	-	
Retained surplus	27	166,417	161,164	158,694	152,940
Parent entity interest	_	166,417	161,164	158,694	152,940

The above balance sheet should be read in conjunction with the accompanying notes.





Statement of changes in equity for the year ended 31 December 2006

	Con		ated	Parent e	ntity
	7.10	2006	2005	2006	2005
	Notes	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the financial year		161,110	159,839	152,885	152,058
Gain on revaluation of land and buildings, net of tax		-		-	-
Share of revaluation of land of associate, net of tax			- 1	•	
Share of revaluation of land and buildings by joint venture, no of tax	et				
Available for sale financial assets, net of tax			2		
Exchange differences on translation of foreign operations			3.		1,2
Net income recognised directly in equity					
Operating result for the year		5,307	1,325	5,809	882
Total recognised income and expense for the year	-	5,307	1,325	5,809	882
Dividends paid	_	- 4		1.0	G.
Total equity at the end of the financial year		166,417	161,164	158,694	152,940
Effect of correction of error in previous year, being a reduction (addition) in retained surplus, attributable to members of Southern Cross University	n 41	(56)	127	(56)	

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

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Cash flow statements for the year ended 31 December 2006

40.1 40.2 40.3 40.4 40.5(a) 40.5(b)	2006 \$'000 44,543 26,642 1,833 5,230	2005 \$'000 41,735 25,223 1,375	2006 \$'000 44,543 26,642	2005 \$'000
40.2 40.3 40.4 40.5(a)	44,543 26,642 1,833	41,735 25,223	44,543	
40.2 40.3 40.4 40.5(a)	26,642 1,833	25,223		41,735
40.2 40.3 40.4 40.5(a)	26,642 1,833	25,223		41,735
40.2 40.3 40.4 40.5(a)	26,642 1,833	25,223		41,735
40.3 40.4 40.5(a)	1,833		26.642	
40.4 40.5(a)		1,375		25,223
40.5(a)	5,230		1,833	1,375
2000		4,888	5,229	4,888
40.5(b)	289	172	289	172
	1,175	902	1,175	902
	2,134	1,415	2,134	1,415
	467	797	467	797
		3.263	3,229	3,263
		6.555.257		16,460
				1,335
			1,000	500
		100		2,166
	44-66-6	A PER CAPE I		8,344
				(49,837
				(12,115
				14.2
	(38,905)	(36,167)	(38,762)	(35,467)
_			-	
38	11,430	10,822	11,920	11,156
	1.322	1.940 ·	1.322	1,192
	.,	119.79	,,,,,,,	
	(7.475)	(7.210)	(7.692)	(6,446
	(.,		(,,,,	1-1
	(6,153)	(5,279)	(6,370)	(5,254
		(22)	1.2	
		(22)		
		(22)		
	5 277	5 521	5 550	5,902
	57.5			
	22,775	17,254	21,025	15,123
		1,4		
16	28,052	22,775	26,575	21,025
	38	3,229 16,982 1,732 856 2,165 11,485 (54,868) (13,558) (38,905)	3,229 3,263 16,982 14,851 1,732 1,434 856 500 2,165 2,166 11,485 11,994 (54,868) (51,317) (13,558) (12,409) (38,905) (36,167) (9) (6,153) (5,279) 5,277 5,521 22,775 17,254	3,229 3,263 3,229 16,982 14,851 19,147 1,732 1,434 1,629 856 500 654 2,165 2,166 2,165 11,485 11,994 9,461 (54,868) (51,317) (54,435) (13,558) (12,409) (13,480) (38,905) (36,167) (38,762)

The above cash flow statements should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements for the year ended 31 December 2006

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Notes to the Financial Statements for the year ended 31 December 2006

Note 1. Summary of Significant Accounting Policies

The principle accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial report includes separate financial statements for Southern Cross University as an individual entity and the consolidated entity consisting of Southern Cross University and its subsidiaries. Southern Cross University is a Higher Education Provider which has been established under the Southern Cross University Act 1993. The financial report was authorised for issue by the Members of the Council on 13 April 2007.

a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2006 and, the requirements of the Department of Education, Science and Training and other State / Australian Government legislative requirements.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial statements and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements

Historical Cost Convention

These financial statements have been prepared on an accruals basis and are based on the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss, certain classes of property plant and equipment and investment property.

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 the accounting policies. These areas require a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements. No critical accounting estimates have been identified in this financial report.

Going Concern Principle

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.

b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Southern Cross University ("parent entity") as at 31 December 2006 and the results of all subsidiaries for the year then ended. Southern Cross University and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Inter-entity transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset

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Notes to the Financial Statements for the year ended 31 December 2006

transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet, respectively.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Joint ventures

Joint venture operations

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in note 36.

Joint venture entities

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Details relating to the partnership are set out in note 36.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the Group's ownership interest, until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group'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.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency (\$AUD) at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance sheet date.

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Notes to the Financial Statements for the year ended 31 December 2006

d) Significant revenues & expenses

Where an item of revenue or expense from ordinary activities is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Government grants

The University treats operating grants received from Australian Government entities as income in the year of receipt.

Grants from the government are recognised at their fair value where the entity obtains control of the right to receive the grant, it is likely that economic benefits will flow to the entity and it can be reliably measured.

Student fees and charges

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

Human resources

Contract revenue is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract.

Other human resources revenue is recognised when the service is provided.

Interest

Interest revenue is recognised as it accrues.

Dividends

Revenue from dividends is recognised when the shareholders' right to receive a dividend is established.

Lease income

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

f) Student associations

The financial activities of student associations related to the functioning of the University or providing services to the student body have not been consolidated with or included in the financial statements of the institution as they are not considered to be controlled entities.

g) Cash and cash equivalents

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 balance sheet.

h) Property, Plant and Equipment

Land, buildings and infrastructure

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

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Notes to the Financial Statements for the year ended 31 December 2006

The consolidated entity has elected to recognise all land, building and infrastructure at deemed cost. The deemed cost of the non-current assets is the carrying value at 1 January 2004. These values were based on the 2002 independent valuation prepared by a member of the Australian Property Institute.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Plant and equipment

Plant and equipment are measured at cost. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Plant, equipment and vehicles with an acquisition cost of \$5,000 or greater are capitalised and are recognised in the balance sheet at cost (being purchase price plus incidental costs directly attributable to the acquisition). Individual items of plant and equipment costing less than \$5,000 are treated as an expense in the year of acquisition.

Library collection

The library book collection is measured at cost. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

The University has a rare book collection, which has been capitalised but has not been depreciated due to the unique nature of the collection.

i) Depreciation of non-current assets

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

The annual rates for depreciation are:

	%p.a.
Buildings	1-15
Infrastructure	1-10
Plant & equipment	%p.a.
Research equipment	33.3
Vehicles	15
Computer equipment	33.3
Medical, audio visual equipment	15
Boats and associated	25
General equipment	10
Library general collection	20

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

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

j) Impairment of Assets

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. Southern Cross University is classified as a not-for-profit entity under AIFRS. Value in use for not-for-profit entities is deemed to be depreciated replacement cost. At each reporting date the economic entity assesses whether there is an indication that an asset may be impaired. Where an indicator of impairment exists, the economic entity will perform a recoverable amount test. Impairment losses are recognised in the income statement.

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Notes to the Financial Statements for the year ended 31 December 2006

k) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long term payables. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. The University currently has no finance leases. All other leases are classified as operating leases.

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

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

Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(u)). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

m) Non-current assets (or disposal groups) held for sale and discontinued operations

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

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

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

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Notes to the Financial Statements for the year ended 31 December 2006

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

n) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is not material. The amount of the provision for impairment is recognised in the balance sheet as a deduction from receivables.

o) Inventories

Inventories have been valued at lower of cost or net realisable value, on a first in first out basis (FIFO).

p) Investments and other financial assets

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

i) Financial assets at fair value through profit or loss

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive

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Notes to the Financial Statements for the year ended 31 December 2006

cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

q) Fair value estimation

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

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

r) Trade and other payables

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

s) Employee benefits

(i) Wages and salaries and sick leave

Liabilities for wages and salaries, including non-monetary benefits and vesting sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the

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Notes to the Financial Statements for the year ended 31 December 2006

reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled after 12 months of the reporting date are discounted. The discount rate used as at 31 December 2006 was 6.22%.

(ii) Long service and annual 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. 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.

The liability for annual leave is recognised in the provision for employee benefits. The entire annual leave liability is disclosed as current. The amounts expected to be taken in the next 12 months and expected to be taken later than 12 months have been identified. The component which is expected to be taken later than 12 months has been 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.

(iii) Retirement benefit obligations

All employees of the group are entitled to benefits on retirement, disability or death from the group's superannuation plan. The group has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from group companies and the group's legal or constructive obligation is limited to these contributions. The employees of the parent entity are all members of the defined contribution section of the group's plan.

A liability or asset in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. 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 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives.

Past service costs are recognised immediately in income, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation (eg taxes on investment income and employer contributions) are taken into account in measuring the net liability or asset.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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Notes to the Financial Statements for the year ended 31 December 2006

(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 entity 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 falling due more than 12 months after balance date are discounted to present value.

t) Unfunded superannuation

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as the Department of Education, Science and Training (DEST) the effects of the unfunded superannuation liabilities of the University and its controlled entities were recorded in the Income statement and the balance sheet for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements.

The unfunded liabilities recorded in the Balance Sheet under Provisions have been determined by independent actuaries appointed by each defined benefit plan and relate to the assessment of the gross superannuation liabilities for the defined benefits scheme administered by the SAS Trustee Corporation for the year ended 31 December 2006. These schemes include the State Superannuation Scheme (SSS), the State Authorities Superannuation Scheme (SASS) and the State Authorities Non-Contributory Superannuation Scheme (SANCS).

The details of the actuarial assessment at 31 December 2006 are disclosed in note 25.

Contributions are made by the university to employee superannuation funds and are expensed when incurred.

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the University's beneficiaries of the State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the State Grants (General Revenue) Amendment Act 1987, Higher Education Funding Act 1988 and subsequent amending legislation. Accordingly the unfunded liabilities have been recognised in the balance sheet under Provisions with a corresponding asset recognised under Receivables. The recognition of both the asset and the liability consequently does not affect the year end net asset position of the University and its controlled entities.

u) Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense, when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which varies from 3 to 5 years.

Goodwil

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. Each of those cashgenerating units represents the Group's investment in each country of operation by each primary reporting segment.

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Notes to the Financial Statements for the year ended 31 December 2006

v) Trademarks and licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives, which vary from 3-5 years.

w) Provisions

Provisions for legal claims and service warranties are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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.

x) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

y) Web site costs

Costs in relation to web sites controlled by a subsidiary arising from development are recognised as an intangible asset if, and only if, in addition to complying with the general requirements described in AASB 138.21 for recognition and initial measurement, the subsidiary can satisfy the requirements in AASB 138.57. When these criteria cannot be satisfied, all expenditure on developing such a web site shall be recognised as an expense when incurred. Expenditure on start-up activities is recognised as an expense when incurred.

z) Comparative amounts

The consolidated entity's interest in assets employed in the World Purchasing Research Institute and the Centre for Professional Development have been included in Note 36: Interests in joint ventures in these 2006 financial statements as they are joint venture operations of Southern Cross University. The presentation of the financial balances relating to the share of assets employed in joint ventures in the 2005 financial statements has been amended for the incorrect exclusion of the World Purchasing Research Institute and the Centre for Professional Development. Details of the correction of the prior period error are detailed in Note 41: Correction of prior period error.

aa) Income Tax

Southern Cross University, Norsearch Limited and Australian Plant DNA Bank Limited are exempt from the payment of income tax, and accordingly, no provision for income tax liability or future income tax benefit has been included in the consolidated financial report.

The subsidiary Biobank Pty Ltd is subject to income tax, and a provision for income tax has been made in respect of their profit / loss for 2006.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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Notes to the Financial Statements for the year ended 31 December 2006

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and
 interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the
 temporary differences will reverse in the foreseeable future and taxable profit will be available against which the
 temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Current and deferred taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

ab) Goods and services tax

Revenues, 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables in the balance sheet and commitments are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables.

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

ac) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to settle. The asset or liability is classified as current if it is expected to settle within the next 12 months, being the company's operational cycle. In the case of liabilities where the company does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

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Notes to the Financial Statements for the year ended 31 December 2006

ad) Rounding of amounts

The company is of a kind referred to in Class order 04 / 667, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

ae) Arrangements containing a lease

Interpretation 4 Determining whether an arrangement contains a lease is applicable to annual periods beginning on or after 1 January 2006. The University has elected to adopt Interpretation 4 from 1 January 2006. The University has determined that there are no arrangements which convey the right to use an asset and are therefore accounted for in accordance with AASB 117 Leases:

af) New Australian Accounting Standards issued but not effective

- (i) The University did not early adopt any new accounting standards that are not yet effective.
- (ii) The following new Accounting Standards have not been adopted and are not yet effective:
- AASB 7 Financial Instruments: Disclosures (1 January 2007)
- AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 2008)
- UIG Interpretation 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies (1 March 2006)
- UIG Interpretation 8 Scope of AASB 2 (1 May 2006)
- UIG Interpretation 9 Reassessment of Embedded Derivatives (1 June 2006)
- AASB Interpretation 10 Interim Financial Reporting and Impairment (1 November 2006)

The University has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant.



Note 2. Disaggregated information

Geographical [Consolidated Entity]

	Rever	Revenue		S	Assets		
	2006	2005	2006	2005	2006	2005	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Australia	107,918	106,712	4,952	1,129	209,688	209,365	
Asia	3,707	2,753	233	100		4	
Other	503	457	122	96		-	
	112,128	109,922	5,307	1,325	209,688	209,365	



	Notes	Consolid	100	Parent e	the second second
		2006 \$'000	2005 \$'000	2006 \$'000	\$'000
Note 3. Australian Government financial		4 000	4000	4000	
assistance including HECS-HELP and other					
Australian Government Ioan programmes					
(a) Commonwealth Grants Scheme and Other	er				
Grants	40.1				
Commonwealth Grants Scheme #		42,565	38,849	42,565	38,849
Indigenous Support Fund		715	659	715	659
Equity Programmes +		401	405	401	405
Workplace Reform Programme		601	566	601	566
Workplace Productivity Programme		261	•	261	- 17
Learning & Teaching Performance Fund			*		
National Institutes Funding		-			10.5
Capital Development Pool			1,256		1,256
Superannuation Programme		- 2			
Collaboration & Structural Reform Programme		-			- 3
Total Commonwealth Grants Scheme and Other	r Grants	44,543	41,735	44,543	41,735
(b) Higher Education Loan Programmes	40.2				
HECS-HELP		23,367	20,716	23,367	20,716
FEE-HELP*		3,649	2,780	3,649	2,780
Total Higher Education Loan Programmes	- 2	27,016	23,496	27,016	23,496
(c) Scholarships	40.3				
Australian Postgraduate Awards		711	668	711	668
International Postgraduate Research Scholarsh	ip	51	88	51	88
Commonwealth Education Cost Scholarships		401	235	401	235
Commonwealth Accommodation Scholarships		670	384	670	384
Indigenous Staff Scholarships					
Total Scholarships	7	1,833	1,375	1,833	1,375
(d) DEST - Research	40.4				
Institutional Grants Scheme		1,416	1,336	1,416	1,336
Research Training Scheme		3,315	3,077	3,315	3,077
Systemic Infrastructure Initiative			1-	-	
Research Infrastructure Block Grants		498	476	498	476
Regional Protection Scheme		-	140	1.3	- 4
Total DEST - Research Grants		5,229	4,889	5,229	4,889
(e) Australian Research Council	40.5				
(i) Discovery	40.5(a)				
Project		289	172	289	172
Fellowships			-		1.5
Indigenous Researchers Development			16.7		
Total Discovery		289	172	289	172
The state of the s	_				



Notes	Consolidated		Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
40.5(b)				
		-		- 4
	274		274	-
	•			3.
	-	€ €		1.4
	901	902	901	902
14	1,175	902	1,175	902
40.5(c)				
1,100		- 6	-	-
		- 2	9	- 4
	25.			-
	40.5(b)	2006 \$'000 40.5(b) 274 - - 901 1,175	2006 \$'000 \$'000 40.5(b) 274 - 901 902 1,175 902	2006 \$'000 \$'000 \$'000 40.5(b) 274 - 274 - 274 - 274 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1

[#] Includes the basic CGS grant amount, CGS - Regional Loading and CGS - Enabling Loading.

(f) Other Australian Government financial

170

1,001

73,740

assistance			
Department Employment Science and Training (ATAS)	231	170	231
Regional Universities Network			
Other	1,086	1,001	1,086
Total other Australian Government financial assistance	1,317	1,171	1,317
Total Australian Government financial assistance	81,402	73,740	81,402
Reconciliation			

Total Australian Government financial assistance	81,402	73,740	81,402	73,740
Other Australian Government loan programmes [FEE-HELP]	3,649	2,780	3,649	2,780
HECS-HELP - Australian Government payments	23,367	20,716	23,367	20,716
Australian Government grants [a + c + d + e + f]	54,386	50,244	54,386	50,244
Reconciliation				

^{*} For 2005, FEE-HELP would include PELS and BOTPLS

⁺ Includes amounts for Higher Education Equity Support Programme and Students with Disabilities Programme



Notes		Consolidated		entity
	2006 \$'000	2005 \$'000	2006 \$'000	\$'00
Note 4. State and Local Government financia	l assistano	е		
New South Wales State and Local Government	287	577	287	577
Queensland Government	80	154	80	154
Western Australian Government	3	14	3	14
Victorian Government	5	22	5	22
Tasmanian Government	3	5	3	
South Australian Government	4	6	4	6
Northern Territory Government	2	5	2	
Revenue received this period Add:	384	783	384	783
Grants unexpended in prior year brought forward	-	÷.		
Total income available Less:	384	783	384	783
Unexpended funds carried forward to following year		1.14	•	
	384	783	384	783
Other State Government Financial Assistance		2		
Total State and Local Government financial assistance	384	783	384	783
Course fees and charges	40.074		40.074	
Fee-paying overseas students	12,374	9,946	12,374	9,946
Continuing education	67	921	67	365
Fee-paying domestic postgraduate students	3,071	2,795 166	3,071 5	2,795
Fee-paying domestic undergraduate students Fee-paying domestic non-award students	5 329	432	329	432
Other domestic course fees and charges	329	432	329	432
_	15,846	14,260	15,846	10.704
Total course fees and charges	15,846	14,260	15,646	13,704
Other non course fees and charges				
Amenities and service fees	44	42	44	42
Examination fees		1		
Late fees	137	114	137	114
Library fines		-		
Parking fees	-	-	•	
Registration fees				
Rental charges	25	25		
Student accommodation	2,165	2,166	2,165	2,166
Other fees and charges	335	218	335	217
Total other fees and charges	2,681	2,540	2,681	2,539
Total fees and charges	18,527	16,800	18,527	16,243



Notes	Notes Consolidated		Parent e		
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	
Note 6. Investment income	\$ 000	φ 000	\$ 000	φοσο	
Extraction of the second of th	1111		122	4 005	
Interest income	1,869	1,434	1,770	1,335	
Total investment income	1,869	1,434	1,770	1,335	
Note 7. Royalties, trademarks and licences					
Royalties, trademarks & licenses	26	26	26	26	
Total royalties, trademarks and licences	26	26	26	26	
Note 8. Consultancy and contracts					
Consultancy	728	556	486	164	
Contract research	4,560	5,217	4,560	5,217	
Total consultancy and contracts	5,288	5,773	5,046	5,381	
Note 9. Other revenue					
Donations and bequests	48	64	265	92	
Scholarships and prizes	217	124	217	124	
Net gain on disposal of property, plant &					
equipment		17		-	
Fair value gains on other financial assets at fair				- 1	
value through profit or loss	-	1	-	1	
Net gain on sale of available-for-sale financial					
asset	-				
Non-government grants Scientific Testing	1,851	541	1,851	541	
Sale of goods	142	453	142	232	
Cost Recoveries	3,617	3,078	3,472	3.053	
Miscellaneous Sales	1,253	711	1,253	711	
Printery sales	260		260	- 1	
Conferences and workshops	745	77	140	77	
Facilities hire	97	69	97	69	
Non-government grants				-	
Other revenue	(101)	2,054	502	519	
Total other revenue	8,129	7,172	8,199	5,419	



	Consoli	idated	Parent	entity
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Note 10. Employee benefits and on costs				
Academic				
Salaries	26,421	25,386	26,378	25,344
Contribution to superannuation and pension schemes:				
Emerging cost	916	792	916	792
Funded	2,904	2,528	2,900	2,524
Provisions for future emerging costs		2.5		
Payroll tax	1,862	1,511	1,860	1,508
Worker's compensation	132	36	131	36
Long service leave expense	279	1,475	279	1,475
Annual leave	615	199	615	199
Other	297	291	297	291
Total academic	33,426	32,218	33,376	32,169
Non-academic				
Salaries	28,447	25,933	28,056	24,503
Contribution to superannuation and pension schemes:		4.45	47.1	7.5
Emerging cost	515	493	515	493
Funded	3,329	2,760	3,290	2,611
Provisions for future emerging costs	4.05			
Payroll tax	2,006	1,526	1,978	1,458
Worker's compensation	142	31	140	35
Long service leave expense	189	1,391	248	1,319
Annual leave	110	587	165	589
Other	408	357	405	347
Total non-academic	35,146	33,078	34,797	31,355
Total academic and non-academic employee benefits				
and on costs	68,572	65,296	68,173	63,524
Deferred government employee benefits for superannuation	(7,463)	(53)	(7,463)	(53)
Total employee benefits and on costs	61,109	65,243	60,710	63,471
Note 11. Depreciation and amortisation				
Depreciation				
Buildings and infrastructure	3,582	3,492	3,582	3,492
Plant and equipment	1,781	1,445	1,775	1,348
Library collection	691	514	691	514
Total depreciation and amortisation	6,054	5,451	6,048	5,354



	Consolidated		Parent entity		
	2006	2005	2006	2005	
	\$'000	\$'000	\$'000	\$'000	
Note 12. Repairs and maintenance					
Buildings and grounds	1,416	1,474	1,416	1,474	
Total repairs and maintenance	1,416	1,474	1,416	1,474	
Note 13. Bad and doubtful debts					
Bad and doubtful debts	326	465	326	465	
Total bad and doubtful debts	326	465	326	465	
Note 14. Other expenses					
Scholarships, grants and prizes	4,064	3,656	4,064	3,656	
Non-capitalised equipment	1,953	2,237	1,953	2,158	
Equipment maintenance, rental and hire charges	296	377	296	344	
Advertising, marketing and promotional expenses	1,872	1,221	1,871	1,220	
Audit fees, bank charges, legal costs, insurance and taxes	1,566	1,570	1,539	1,518	
Printing and stationery	985	732	978	2,26	
Postage, freight and courier	677	677	679	66	
Property and facility costs	2,761	2,569	2,761	2,57	
Subscriptions	354	302	353	30	
Software purchases, licences, consultancy	1,327	965	1,324	95	
Books, serials and subscriptions	1,815	1,230	1,814	1,23	
Rental, hire and other leasing fees	2,012	1,858	2,006	1,10	
Telecommunications	1,367	1,241	1,157	1,23	
Travel and related staff development and training	3,660	3,601	3,567	3,60	
Net loss on disposal of property plant and equipment	289	133	289	13	
Loss on sale of investments	200	227	200	19	
Fees paid	8,031	8,059	7,707	7,33	
Contributions to CRCs	715	858	715	85	
Education providers	1,977	608	1,976	60	
Laboratory consumables	446	629	446	55	
Other expenses	1,550	3,214	2,054	2,70	
Total other expenses	37,917	35,964	37,749	35,216	



	Consolidated		Parent entity		
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	
Note 15. Income tax					
(a) Income tax expense					
Current tax		-		-	
(b) Numerical reconciliation of income tax expense to prima facie tax payable					
Operating result from continuing operations before income tax expense	(6)	(15)	1	4	
Operating result from discontinuing operations before income tax expense					
Tax at the Australian tax rate of 30% (2005 30%)	(2)	(1)		4	
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	i				
Write-off of deferred income tax asset as it is not probable that they will be recovered by future operations	i	i			
Depreciation and amortisation			13	Ü	
Share of net operating result of associates			-	1/2	
Tax offset for franked dividends		-		-	
Non-taxable dividends	•				
Sundry items			-	*	
Difference in overseas tax rates		- 1:	- 6		
Under (over) provision in prior years			- 0		
Prior year tax losses not recognised now recouped	-			12	
Income tax expense		3.2		4.0	
Weighted average tax rate		•			
Income tax expense is attributable to:					
Surplus from continuing operations		8			

The controlled entity, Biobank Pty Limited is not exempt from income tax. The tax provision is based on the company tax rate for 2006.

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.



	Notes	Consol	lidated	Parent	entity
		2006	2005	2006	2005
		\$'000	\$'000	\$'000	\$'000
Note 16. Cash and cash equivalents					
Cash at bank		2,232	1,210	2,062	1,011
Petty cash		14	15	13	14
Bank interest bearing and at call deposits		25,806	21,550	24,500	20,000
Total cash and cash equivalents		28,052	22,775	26,575	21,025

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

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

Balances as above	28,052	22,775	26,575	21,025
Balance per statement of cash flows	28,052	22,775	26,575	21,025

(b) Cash at bank

These are variable interest rates.

(c) Interest bearing deposits and deposits at

The deposits are bearing interest rates between 5.5% and 6.25% (2005 – 5.75% and 5.95%).

Note 17. Trade and other receivables

Current				
Student fees	1,304	1,283	1,304	1,283
Trade debtors	3,936	3,423	3,921	3,144
Less: Provision for doubtful receivables	(577)	(584)	(577)	(584)
	4,663	4,122	4,648	3,843
Other debtors	3,214	1,178	3,215	1,178
Total current receivables	7,877	5,300	7,863	5,021
Non-current				
Deferred government contribution for				
superannuation	16,294	23,758	16,294	23,758
Other debtors	153	16	153	16
Tweed Heads land	450	471	450	471
Total non-current receivables	16,897	24,245	16,897	24,245
Total trade and other receivables	24,774	29,545	24,760	29,266

(a) Bad and doubtful trade receivables

The Group has recognised a loss of \$328,461 (2005: \$465,400) in respect of bad and doubtful trade receivables during the year ended 31 December 2006.

(b) Effective interest rates and credit risk

Information concerning the effective interest rate and credit risk of both current and non-current receivables is set out in the Financial Instruments note in Note 39.



Note 18. Inventories Current At cost - 66 - Note 19. Investments accounted for using the equity method Current Interest in joint venture entity 36 7,082 7,199 656 5 Total investments accounted for using the equity method (a) Shares in joint venture partnership The interest in joint venture partnerships is accounted for in the consolidated financial statements using the method of accounting and is carried at cost by the parent entity (refer to note 36). (b) Non-current assets pledged as security The economic entity and parent entity have not pledged any non-current assets as security for its liabilities. Note 20. Available-for-sale financial assets Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 - 410 - 4 Additions		Notes		lidated	Parent	
Current At cost			2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Current At cost - 66 Note 19. Investments accounted for using the equity method Current Interest in joint venture entity 36 7,082 7,199 656 5 Total investments accounted for using the equity method 7,082 7,199 656 5 (a) Shares in joint venture partnership The interest in joint venture partnerships is accounted for in the consolidated financial statements using the emethod of accounting and is carried at cost by the parent entity (refer to note 36). (b) Non-current assets pledged as security The economic entity and parent entity have not pledged any non-current assets as security for its liabilities. Note 20. Available-for-sale financial assets Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139	Nils de familiates				15.777	
Note 19. Investments accounted for using the equity method Current Interest in joint venture entity 36 7,082 7,199 656 5 Total investments accounted for using the equity method 7,082 7,199 656 5 (a) Shares in joint venture partnership The interest in joint venture partnerships is accounted for in the consolidated financial statements using the emethod of accounting and is carried at cost by the parent entity (refer to note 36). (b) Non-current assets pledged as security The economic entity and parent entity have not pledged any non-current assets as security for its liabilities. Note 20. Available-for-sale financial assets Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 Additions Disposals (sale and redemption) At end of year At end of year Note 21. Deferred tax assets Deferred tax asset not brought to account, the benefits of which will only be realised if the	Note 18. Inventories					
Current Interest in joint venture entity 36 7,082 7,199 656 5 Total investments accounted for using the equity method 7,082 7,199 656 5 (a) Shares in joint venture partnership The interest in joint venture partnerships is accounted for in the consolidated financial statements using the emethod of accounting and is carried at cost by the parent entity (refer to note 36). (b) Non-current assets pledged as security The economic entity and parent entity have not pledged any non-current assets as security for its liabilities. Note 20. Available-for-sale financial assets Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 Additions Disposals (sale and redemption) Pisposals (sale and redemption) Revaluation surplus transfer to equity At end of year Note 21. Deferred tax assets Non-current Deferred tax asset not brought to account, the benefits of which will only be realised if the	- T-771 - T-77	_	1.5	66	Q.	_
Total investments accounted for using the equity method 7,082 7,199 656 5 (a) Shares in joint venture partnership The interest in joint venture partnerships is accounted for in the consolidated financial statements using the emethod of accounting and is carried at cost by the parent entity (refer to note 36). (b) Non-current assets pledged as security The economic entity and parent entity have not pledged any non-current assets as security for its liabilities. Note 20. Available-for-sale financial assets Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 Additions 139 4 410 140 151 161 172 173 174 174 175 175 175 175 175 175 175 175 175 175		using th	e equity n	nethod		
(a) Shares in joint venture partnership The interest in joint venture partnerships is accounted for in the consolidated financial statements using the emethod of accounting and is carried at cost by the parent entity (refer to note 36). (b) Non-current assets pledged as security The economic entity and parent entity have not pledged any non-current assets as security for its liabilities. Note 20. Available-for-sale financial assets Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 Additions Disposals (sale and redemption) Cisposals (sale	Interest in joint venture entity	36	7,082	7,199	656	572
The interest in joint venture partnerships is accounted for in the consolidated financial statements using the emethod of accounting and is carried at cost by the parent entity (refer to note 36). (b) Non-current assets pledged as security The economic entity and parent entity have not pledged any non-current assets as security for its liabilities. Note 20. Available-for-sale financial assets Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 - 410 - 4 Additions Disposals (sale and redemption) - (410) - (410) - (420) - (410) - (430) - (440)	이 사이 살아왔다면 되는 사람이 없는 사람들이 되었다면 하는 사람들이 하는 사람들이 얼마나 되었다면 모든 사람이다.		7,082	7,199	656	572
method of accounting and is carried at cost by the parent entity (refer to note 36). (b) Non-current assets pledged as security The economic entity and parent entity have not pledged any non-current assets as security for its liabilities. Note 20. Available-for-sale financial assets Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 - 410 - 4 Additions Disposals (sale and redemption) Revaluation surplus transfer to equity At end of year Note 21. Deferred tax assets Non-current Deferred tax asset Deferred tax asset not brought to account, the benefits of which will only be realised if the	(a) Shares in joint venture partnership					
(b) Non-current assets pledged as security The economic entity and parent entity have not pledged any non-current assets as security for its liabilities. Note 20. Available-for-sale financial assets Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 Additions - 410 Disposals (sale and redemption) - (410) Revaluation surplus transfer to equity At end of year Note 21. Deferred tax assets Non-current Deferred tax asset Deferred tax asset not brought to account, the benefits of which will only be realised if the					tatements usi	ing the equi
The economic entity and parent entity have not pledged any non-current assets as security for its liabilities. Note 20. Available-for-sale financial assets Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 - 410 - 4 Additions Disposals (sale and redemption) Revaluation surplus transfer to equity At end of year Note 21. Deferred tax assets Non-current Deferred tax asset not brought to account, the benefits of which will only be realised if the	method of accounting and is carried at cost by the	ie parent en	uty (refer to r	1010 36).		
Note 20. Available-for-sale financial assets Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 - 410 - 4 Additions Disposals (sale and redemption) Revaluation surplus transfer to equity At end of year Note 21. Deferred tax assets Non-current Deferred tax asset not brought to account, the benefits of which will only be realised if the	(b) Non-current assets pledged as security					
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At beginning of year Adjustment on adoption of AASB 132 and AASB 139 - 410 - 4 Additions Disposals (sale and redemption) Revaluation surplus transfer to equity At end of year Note 21. Deferred tax assets Non-current Deferred tax asset not brought to account, the benefits of which will only be realised if the					inty for its nac	mues.
Additions - 410 - 4 Additions Disposals (sale and redemption) - (410) - (4 Revaluation surplus transfer to equity At end of year Note 21. Deferred tax assets Non-current Deferred tax asset not brought to account, the benefits of which will only be realised if the	Note 20. Available-for-sale financial	assets			inty for its flat.	mues.
Additions - 410 - 4 Additions		assets			inty for its flac	miles.
Additions Disposals (sale and redemption) Revaluation surplus transfer to equity At end of year Note 21. Deferred tax assets Non-current Deferred tax asset Deferred tax asset not brought to account, the benefits of which will only be realised if the	Current	assets			-	miles.
Disposals (sale and redemption) - (410) - (4 Revaluation surplus transfer to equity At end of year Note 21. Deferred tax assets Non-current Deferred tax asset Deferred tax asset not brought to account, the benefits of which will only be realised if the	Current At beginning of year Adjustment on adoption of AASB 132 and AASB			17	-	
Revaluation surplus transfer to equity At end of year Note 21. Deferred tax assets Non-current Deferred tax asset Deferred tax asset not brought to account, the benefits of which will only be realised if the	Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139			17	-	410
Note 21. Deferred tax assets Non-current Deferred tax asset Deferred tax asset not brought to account, the benefits of which will only be realised if the	Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 Additions			410	-	410
Non-current Deferred tax asset Deferred tax asset not brought to account, the benefits of which will only be realised if the	Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 Additions Disposals (sale and redemption)			410	-	
Deferred tax asset Deferred tax asset not brought to account, the benefits of which will only be realised if the	Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 Additions Disposals (sale and redemption) Revaluation surplus transfer to equity			410 (410)		410
Deferred tax asset Deferred tax asset not brought to account, the benefits of which will only be realised if the	Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 Additions Disposals (sale and redemption) Revaluation surplus transfer to equity At end of year			410 (410)		410
benefits of which will only be realised if the	Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 Additions Disposals (sale and redemption) Revaluation surplus transfer to equity At end of year Note 21. Deferred tax assets			410 (410)		410
conditions for deductibility set out in Note 1 are	Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 Additions Disposals (sale and redemption) Revaluation surplus transfer to equity At end of year Note 21. Deferred tax assets Non-current			410 (410)		410
satisified	Current At beginning of year Adjustment on adoption of AASB 132 and AASB 139 Additions Disposals (sale and redemption) Revaluation surplus transfer to equity At end of year Note 21. Deferred tax assets Non-current Deferred tax asset Deferred tax asset not brought to account, the			410 (410)		410



Note 22. Property, plant and equipment

	Construction in progress	Freehold land	Freehold buildings	Plant and equipment	Leasehold Improvements	Leased plant & equipment	Library	Other plant and equipment	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Conconducto									
At 1 January 2005									
Cost	271	11,827	121,321	18,288		1.8	7,538	12,420	171,665
Accumulated depreciation		-	(3,979)	(12,804)			(5,927)	(405)	(23,115)
Net book amount	271	11,827	117,342	5,484	-		1,611	12,015	148,550
Year ended 31 December 2005									
Opening net book amount	271	11,827	117,342	5,484		1.5	1,611	12,015	148,550
Additions	3,187	29	77	2,345	-	1.2	868	68	6,574
Assets included in a disposal group classified as held for sale						14			
and other disposals	(4)	8	1	(1,334)			1.0	100	(1,334)
Depreciation charge	1.0	2	(3,266)	(1,444)		1.9	(514)	(227)	(5,451)
Write-offs			(102)			16			(102)
Closing net book amount	3,458	11,856	114,051	5,051	72	d alx	1,965	11,856	148,237
At 31 December 2005									
Cost	3,458	11,856	121,296	18,560	-	-	8,407	12,487	176,064
Accumulated depreciation			(7,245)	(13,509)			(6,442)	(631)	(27,827)
Net book amount	3,458	11,856	114,051	5,051	-		1,965	11,856	148,237

	Construction in progress	Freehold land	Freehold buildings	Plant and equipment	Leasehold improvements	Leased plant & equipment	Library	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated									
Year ended 31 December 2006									
Opening net book amount	3,458	11,856	114,051	5,051	6	-	1,965	11,856	148,237
Additions		(60)	3,432	5,271	£	-	355	2,151	11,149
Assets classified as held for sale									
and other disposals			1.4	(2,439)		-	-		(2,439)
Depreciation charge		(4)	(3,317)	(1,781)			(691)	(265)	(6,054)
Transfers	(2,907)				Ų.	15	-	1000	(2,907)
Write-offs	-						-	-	
Closing net book amount	551	11,796	114,166	6,102			1,629	13,742	147,986
At 31 December 2006									
Cost	551	11,796	124,728	19,494	÷.	1.5	8,762	14,638	179,969
Accumulated depreciation			(10,562)	(13,392)	÷.	10	(7,133)	(896)	(31,983)
Net book amount	551	11,796	114,166	6,102			1,629	13,742	147,986

Note 22. Property, plant and equipment (continued)

	Construction in progress	Freehold land	Freehold buildings	Plant and equipment	Leasehold Improvements	Leased plant & equipment	Library	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Parent entity									
At 1 January 2005									
Cost	271	11,827	121,321	17,299	- 9	1.0	7,538	12,420	170,676
Accumulated depreciation			(3,979)	(12, 134)			(5,927)	(405)	(22,444
Net book amount	271	11,827	117,342	5,165		-	1,611	12,015	148,231
Year ended 31 December 2005	5								
Opening net book amount	271	11,827	117,342	5,165		-	1,611	12,015	148,231
Additions	3,187	29	77	2,328			868	68	6,557
Disposals			4.	(1,325)					(1,325
Depreciation charge			(3,266)	(1,347)	-		(514)	(227)	(5,354
Transfers	+				*			10.50	
Write-offs			(102)	(9)			-		(111
Closing net book amount	3,458	11,856	114,051	4,812			1,965	11,856	147,998
At 31 December 2005									
Cost	3,458	11,856	121,296	16,589			8,407	12,487	174,093
Accumulated depreciation			(7,245)	(11,777)		4	(6,442)	(631)	(26,095
Net book amount	3,458	11,856	114,051	4,812	-		1,965	11,856	147,998

	Construction in progress	Freehold land	Freehold buildings	Plant and equipment	Leasehold improvements	Leased plant & equipment	Library	Other plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Parent entity									
Year ended 31 December 2006									
Opening net book amount	3,458	11,856	114,051	4,812	2		1,965	11,856	147,998
Additions			3,432	5,271		4.7	355	2,151	11,209
Disposals		1-		(2,213)		-			(2,213)
Depreciation charge		19	(3,317)	(1,775)		-	(691)	(265)	(6,048)
Transfers	(2,907)				- 4	6.		-	(2,907)
Write-offs		(60)		(9)		-	-		(69)
Closing net book amount	551	11,797	114,166	6,086	-		1,629	13,741	147,970
At 31 December 2006									
Cost	551	11,796	124,728	18,394		- 21	8,762	14,637	178,868
Accumulated depreciation			(10,562)	(12,308)			(7,133)	(896)	(30,899)
Net book amount	551	11,796	114,166	6,086		- 4	1,629	13,741	147,969

(a) Valuations of land and buildings
The valuation basis of land and buildings is deemed cost. Refer to Note 1.



Not			Parent entity		
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	
	\$ 000	\$ 000	\$ 000	\$ 000	
Note 23. Other non-financial assets					
Current	V 400	N. 513.	10543	5.249	
Prepayments	1,794	1,543	1,794	1,519	
Total current other non-financial assets	1,794	1,543	1,794	1,519	
Note 24. Trade and other payables					
Current					
Payables and accrued expenses	5,806	5,271	5,665	5,060	
Total current trade and other payables	5,806	5,271	5,665	5,060	
Non-current					
Student assistance fund - Commonwealth	306	308	306	308	
Government Funds held in trust	7	84	7	84	
Total non-current trade and other payables	313	392	313	392	
Total trade and other payables	6,119	5,663	5,978	5,452	
Note 25. Provisions					
Current provisions expected to be settled					
within 12 months					
Employee benefits Annual leave	3,385	3,040	3,362	2,987	
Long service leave	904	1,120	864	117	
Deferred benefits for superannuation	-	1,120			
Subtotal	4,289	4,160	4,226	3,104	
Current provisions expected to be settled after					
more than 12 months					
Employee benefits	4 007	740	4 007	693	
Annual leave Long service leave	1,097 6,781	716 991	1,097 6,780	991	
Subtotal	7,878	1,707	7,877	1,684	
	12,167	5,867	12,103	4,788	
Total current provisions	12,107	5,007	12,103	4,700	
Non-current					
Employee benefits					
Annual leave Long service leave	1,353	7,504	1,347	8,404	
Deferred benefits for superannuation	16,294	23,758	16,294	23,758	
Total non-current provisions	17,647	31,262	17,641	32,162	
Total provisions	29,814	37,129	29,744	36,950	

Southern Cross University and Controlled Entities

ABN 41 995 651 524



Note 25. Provisions (cont)

Provisions for Annual Leave and Long Service Leave

Long service leave

As discussed in the accounting policy note 1s(ii) the liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future cashflows to be made in respect of services provided by employees at reporting date. In determining the present value of the liability, attrition rates, pay increases and inflation have been taken into account. 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.

Annual Leave

The liability for annual leave is recognised in the provision for employee benefits. The entire annual leave liability is disclosed as current. The amounts expected to be taken in the next 12 months and expected to be taken later than 12 months have been identified. The component which is expected to be taken later than 12 months has been 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.

Accounting policy for recognising actuarial gains/losses

Actuarial gains and losses are recognised in profit or loss in the year they occur.



Note 25. Provisions (cont)

General description of the type of plan

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)
Police Superannuation Scheme (PSS)

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.

All the Schemes are closed to new members.

Reconciliation of the present value of the defined benefit obligation

	SASS Financial Year to 31 Dec 2006	SANCS Financial Year to 31 Dec 2006	SSS Financial Year to 31 Dec 2006
	A\$	A\$	A\$
Present value of defined benefit obligations at beginning of the			
year	13,043,019	3,081,778	49,077,378
Current service cost	595,037	180,213	499,297
Interest cost Contributions by	673,760	156,262	2,558,008
fund participants Actuarial	259,252	0	374,700
(gains)/losses	26,449	(247,085)	(4,021,393)
Benefits paid	(781,692)	(46,549)	(2,131,840)
Past service cost		4 12	
Curtailments		15	
Settlements	3	H (3)	14
Business			
Combinations	-		3
Exchange rate			
changes			
Present value of			
defined benefit obligations at end			
of the year	13,815,825	3,124,618	46,356,150



Note 25. Provisions (cont)

Reconciliation of the fair value of fund assets

	SASS Financial Year to 31 Dec 2006 A\$	SANCS Financial Year to 31 Dec 2006 A\$	SSS Financial Year to 31 Dec 2006 A\$
Fair value of Fund			
assets at beginning	40 000 750	0.015.000	
of the year Expected return on	12,099,758	2,645,926	26,698,564
fund assets	893,966	237,744	1,966,421
Actuarial	000,000	207,744	1,000,421
gains/(losses)	902,549	195,851	2,516,343
Employer			(55,00
contributions	536,832	206,676	427,654
Contributions by	-120		
Fund participants	259,252	0	374,700
Benefits paid	(781,692)	(46,549)	(2,131,840)
Settlements			
Business combinations			10
Exchange rate	7	-	-
changes	12		
Fair value of Fund	3	S .	
assets at end of the			
year	13,910,665	3,239,647	29,851,842

	SASS Financial Year to 31 Dec 2006 A\$	SANCS Financial Year to 31 Dec 2006 A\$	SSS Financial Year to 31 Dec 2006 A\$
Present value of funded defined benefit obligations at end of year	13,815,825	3,124,618	46,356,150
Fair value of fund assets at end of			
year	(13,910,665)	(3,239,647)	(29,851,842)
Subtotal	(94,840)	(115,029)	16,504,308
Unrecognised past service cost Unrecognised gain/(loss)			



Note 25. Provisions (cont)

	SASS Financial Year to 31 Dec 2006 A\$	SANCS Financial Year to 31 Dec 2006 A\$	SSS Financial Year to 31 Dec 2006 A\$
Adjustment for limitation on net asset			
Net Liability/(Asset) recognised in balance sheet at end of year	(94,840)	(115,029)	16,504,308

Expense recognised in income statement

Components Recognised in Income Statement	SASS Financial Year to 31 Dec 2006	SANCS Financial Year to 31 Dec 2006	SSS Financial Year to 31 Dec 2006	
Current service cost	595,037	180,213	499,297	
Interest cost	673,760	156,262	2,558,008	
Expected return on Fund assets (net expenses)	(893,966)	(237,744)	(1,966,421)	
Actuarial losses/(gains) recognised in year	(876,100)	(442,936)	(6,537,736)	
Past service cost	-	7		
Movement in adjustment for limitation on net asset				
settlement (gain)/loss				
Expense/(income) recognised	(501,269)	(344,205)	(5,446,852)	



Note 25. Provisions (cont)

Amounts recognised in the statement of recognised income and expense

	SASS Financial Year to 31 Dec 2006 A\$	SANCS Financial Year to 31 Dec 2006 A\$	SSS Financial Year to 31 Dec 2006 A\$
Actuarial (gains)/losses	-	1	
Adjustment for limit on net asset			

Fund assets

The percentage invested in each asset class at the balance sheet date:

	31-Dec-06
Australian equities	35%
Overseas equities	28%
Australian fixed	9%
interest securities	
Overseas fixed	6%
interest securities	
Property	9%
Cash	7%
	6%
ATT-11	

Other

Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets

	SASS Financial Year to 31	SANCS Financial Year to 31	SSS Financial Year to 31	
	Dec 2006	Dec 2006	Dec 2006	
	A\$	A\$	A\$	
Actual return on Fund assets	1,626,893	433,594	3,554,229	



Note 25. Provisions (cont)

Valuation method and principal actuarial assumptions at the balance sheet date

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

b) Economic Assumptions

	31-Dec-06
Salary increase rate	4.0% pa to
(excluding	June 2008;
promotional	3.5% pa
increases)	thereafter
Rate of CPI	
Increase	2.5% pa
Expected rate of	
return on assets	7.6%
Discount rate	6.0% pa

c) Demographic Assumptions

The demographic assumptions at 31 December 2006 are those used in the 2006 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

(i) SASS Contributors - the number of SASS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the fund as a result of death, disability, resignation, retirement and redundancy. Promotional salary increase rates are also shown.

Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:

Age nearest	Death	Total &	Retirement		Resignation		Redundancy		Additional
Birthday		Permanent Disabilty	Part 1	Part 3	Part 1	Part 3	Part 1	Part 3	promotional salary increase
Males		1							% 2.9
30	4	8		-	- 280	395	150	-	1.8
40	6	10		-	- 150	285	150	- 4	
50	11	30			- 112	172	150		
60 Females	30		1400	950			- 150	1	
30	2	2		-	- 372	700	150	1.2	2.9
40	3	6		-	- 175	320	150		1.8
50	7	28			- 144	270	150		
60	18	4	1500	1500			- 150		

(ii) SSS Contributors - the number of SSS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the fund as a result of death, disability, resignation, retirement and preservation. Promotional salary increase rates are also shown.



Note 25. Provisions (cont)

Number of members expected in any one year, out of 10,000 at the age shown, to leave fund as a result of:

Age Nearest Birthday	Death	III-Health Retirement	Retirement (R60 for females)	Cash resignation (R60 for Females)	Preservation (R60 for females)	Additional promotional salary increase rate %
Males						-
30	4	42		178	95	2.9
40	6	54		80	140	1.8
50	11	144		20	50	
60	30		6500			
Females	- 7	100				
30	2	6		204	124	2
40	3	21		72	105	1.8
50	7	103		30	90	
60	18	-	6300	1 4	1/2	12

(iii) SSS Commutation - the proportion of SSS members assumed to commute their pension to a lump sum in any one year.

Age	Retirement	Breakdown
Later commencement or age 55	0.15	0.2
	Widow	Widower
55	0.25	0.25
65	0.538	0.58
75	0.4825	0.516
85	0.3928	0.3728

(iv) SSS Pensioner Mortality - assumed mortality rates (in 2006/2007) for SSS pensioners (separately for normal retirement/spouses and invalidity)

Age	Retirement P		Invalidity P	ensioners
	Male	Female	Male	Female
55	0.0025	0.0014	0.0081	0.0066
65	0.007	0.0055	0.0112	0.0125
75	0.0194	0.0157	0.0505	0.0314
85	0.0945	0.0634	0.1134	0.1268

(v) SSS Pensioner Mortality Improvements - per annum assumed rates of mortality improvement for SSS pensioners

Age	Short term in rates (for ye	ears 2002 -	Long term in	
	Males	Females	Males	Females
	5 0.0342	0.0231	0.0152	0.0113
	5 0.023	0.0174	0.0101	0.0065
7	5 0.0188	0.0144	0.0087	0.0068
8	5 0.0062	0.0065	0.0052	0.008



Note 25. Provisions (cont)

Historical Information

	SASS Financial Year to 31 Dec 2006 A\$	SANCS Financial Year to 31 Dec 2006 A\$	SSS Financial Year to 31 Dec 2006 A\$
Present value of			
defined benefit obligation	13,815,825	3,124,618	46,356,150
Fair value of Fund	13,013,023	5,124,016	40,000,100
assets	(13,910,665)	(3,239,647)	(29,851,842)
(Surplus)/Deficit in			
Fund	(94,840)	(115,029)	16,504,308
Experience	1		
adjustments - Fund	00.140	(0.47.005)	(4 004 000)
liabilities Experience	26,449	(247,085)	(4,021,393)
adjustments - Fund	(902,549)	(195,851)	(2,516,343)

Expected contributions

	SASS	SANCS	SSS
	Financial	Financial	Financial
	Year to 31	Year to 31	Year to 31
	Dec 2006	Dec 2006	Dec 2006
	A\$	A\$	A\$
Expected employer contributions		1,235,985	

Aus121.1 Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 31 December 2006 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 31-Dec-06 A\$	SANCS 31-Dec-06 A\$	SSS 31-Dec-06 A\$
Accrued benefits	13,491,213	3,016,151	39,877,372
Net market value of Fund assets	(13,910,665)	(3,239,647)	(29,851,842)
Net (surplus)/deficit	(419,452)	(223,496)	10,025,530

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	multiple of member contributions
-	17.00	-



Note 25. Provisions (cont)

(c) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the Aggregate Funding method.

The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

(d) Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-Average Assumptions	
Expected rate of return on Fund assets	7.3% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

Aus121.2 Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the

required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.

Reconciliation of the present value of the defined benefit obligation

	SASS Financial Year to 31 Dec 2005	SANCS Financial Year to 31 Dec 2005	SSS Financial Year to 31 Dec 2005
	A\$	A\$	A\$
Present value of defined benefit obligations at beginning of the			
year	9,330,672	2,957,481	45,867,855
Current service cost	579,943	181,826	565,257
Interest cost	529,979	152,459	2,571,246
Contributions by	050 577		000 005
fund participants Actuarial	258,577		383,395
(gains)/losses	3,094,492	240,667	705,678
Benefits paid	(750,645)	(450,655)	(1,016,053)
Past service cost	10000	-	the second second
Curtailments	-51	-	
Settlements	7	-	
Business Combinations	- 2	2	
Exchange rate			
changes	- 4		
Present value of			
defined benefit			
obligations at end of the year	13,043,019	3,081,778	49,077,378



Note 25. Provisions (cont)

Reconciliation of the fair value of fund assets

	SASS Financial Year to 31 Dec 2005 A\$	SANCS Financial Year to 31 Dec 2005 A\$	SSS Financial Year to 31 Dec 2005 A\$
Fair value of Fund			
assets at beginning of the year	8,167,170	2,455,704	23,721,983
Expected return on	0,107,170	2,455,704	23,721,903
fund assets	579,911	215,412	1,686,219
Actuarial	21.562.7		Market and
gains/(losses)	3,270,227	201,229	1,451,101
Employer	1000000	10000	12.56
contributions	574,518	224,236	471,919
Contributions by	111 .20	1 12	******
Fund participants	258,577	0	383,395
Benefits paid	(750,645)	(450,655)	(1,016,053)
Settlements	7	17	100
Business			
combinations Exchange rate	1	3	
changes		- 3	
assets at end of the	12,099,758	2,645,926	26,698,564

Reconciliation of the assets and liabilities recognised in

the balance sheet

	SASS Financial Year to 31 Dec 2005 A\$	SANCS Financial Year to 31 Dec 2005 A\$	SSS Financial Year to 31 Dec 2005 A\$
Present value of funded defined			
benefit obligations		100	
at end of year	13,043,019	3,081,778	49,077,378
Fair value of fund	73,000	12.77	20,200
assets at end of		10.2 Sec. 11	VII. 124 353
year	(12,099,758)	(2,645,926)	(26,698,564)
Subtotal	943,261	435,852	22,378,814
Unrecognised past			
service cost	-	7	
Unrecognised	-		
gain/(loss) Adjustment for		-	
limitation on net			
asset		1	
43301	100	10.00	
Net Liability/(Asset)			
recognised in			
balance sheet at	253591	100	1000
end of year	943,261	435,852	22,378,814



Note 25. Provisions (cont)

Expense recognised in income statement

Components Recognised in Income Statement	SASS Financial Year to 31 Dec 2005	SANCS Financial Year to 31 Dec 2005	SSS Financial Year to 31 Dec 2005
Current service cost	579,943	181,826	565,257
Interest cost	529,979	152,459	2,571,246
Expected return on Fund assets (net expenses)	(579,911)	(215,412)	(1,686,219)
Actuarial losses/(gains) recognised in year	(175,735)	39,437	(745,423)
Past service cost		-	
Movement in adjustment for limitation on net asset			
Curtailment or settlement (gain)/loss			
Expense/(income) recognised	354,277	158,311	704,861

Amounts recognised in the statement of recognised income and expense

	SASS	SANCS	SSS
	Financial	Financial	Financial
	Year to 31	Year to 31	Year to 31
	Dec 2005	Dec 2005	Dec 2005
	A\$	A\$	A\$
Actuarial (gains)/losses Adjustment for limit on net asset			



Note 25. Provisions (cont)

Fund assets

The percentage invested in each asset class at the balance sheet date:

	31-Dec-05
Australian equities	36%
Overseas equities	28%
Australian fixed	10%
interest securities	
Overseas fixed	7%
interest securities	
Property	9%
Cash	6%
Other	4%

Fair value of Fund assets

All Fund assets are invested by STC at arm's length through independent fund managers.

Expected rate of return on assets

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

Actual Return on Fund Assets

	SASS Financial Year to 31 Dec 2005	SANCS Financial Year to 31 Dec 2005	SSS Financial Year to 31 Dec 2005
	A\$	A\$	A\$
Actual return on Fund assets	1,201,971	416,641	3,584,484

Valuation method and principal actuarial assumptions at the balance sheet date

a) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.



Note 25. Provisions (cont)

b) Economic Assumptions

	31-Dec-05
Salary increase rate	4.0% pa
Increase	2.5% pa
Expected rate of	2000
return on assets	7.3%
Discount rate	5.3% pa

c) Demographic Assumptions

The demographic assumptions at 31 December 2005 are those used in the 2003 triennial actuarial valuation. A selection of the most financially significant assumptions is shown below:

(i) SASS Contributors - the number of SASS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the fund as a result of death, disability, resignation, retirement and redundancy. Promotional salary increase rates are also shown.

Number of members expected in any one year, out of 10,000 members at the age shown, to leave the fund as a result of:

Age Nearest Birthday	Death	Total & Permanent Disability	Retire	ement	Resig	nation	Redun	dancy	Additonal promotional salary increase rate %
			Part 1	Part 3	Part 1	Part 3	Part 1	Part 3	
Males									
30	5	10	- 4	19	280	395	150		2.9
40	6	13	100		145	285	150	1.5	1.8
50	12	41	100		88	172	150	15	
60	36	-	1600	1300			150		
Females				2.20					1 5 5 6
30	2	2	1.2		372	700	150	1.5	2.9
40	3	7	1.2	-	190	320	150	1.4	1.8
50	8	41	-		172	270	150	1.0	
60	20	-	1800	1600			150		

(ii) SSS Contributors - the number of SSS contributors expected in any one year (out of 10,000 members), at the ages shown, to leave the fund as a result of death, disability, resignation, retirement and preservation. Promotional salary increase rates are also shown.

Age Nearest Birthday	Death	III-Health Retirement	Retirement (R6O for females)	Cash resignation (R60 for Females)	Preservation (R60 for females)	Additional promotional salary increase rate %
Males						
30	5	30		178	92	2.9
40	6	39		52	63	1.8
50	12	103		23	80	7.
60	36	-	6800		- ¥	
Females						
30	2	6		204	124	2
40	3	21		72	105	1.8
50	8	103		30	90	0
60	20	9	6400			11 11 9



Note 25. Provisions (cont)

(iii) SSS Commutation - the proportion of SSS members assumed to commute their pension to a lump sum in any one

Age	Retirement	Breakdown
commencement or age 55	0.2	0.25
	Widow	Widower
55	0.25	0.25
65	0.538	0.58
75	0.4825	0.516
85	0.3928	0.3728

(iv) SSS Pensioner Mortality - assumed mortality rates (in 2003/2004) for SSS pensioners (separately for normal

	Age	Retirement Pensioners		Invalidity Pensioners		
-		Male	Female	Male	Female	
1	55	0.0025	0.0015	0.0093	0.0092	
	65	0.0072	0.0051	0.0158	0.0152	
	75	0.0232	0.0145	0.0371	0.0275	
	85	0.1063	0.0487	0.1063	0.0681	

(v) SSS Pensioner Mortality Improvements - per annum assumed rates of mortality improvement for SSS pensioners

Age		Short term im rates (for ye 200	ars 2002 -	Long term improvement rates (for years post 2006)		
		Males	Females	Males	Females	
	55	0.0342	0.0231	0.0152	0.0113	
	65	0.023	0.0174	0.0101	0.0065	
	75	0.0188	0.0144	0.0087	0.0068	
	85	0.0062	0.0065	0.0052	0.008	

Historical Information

	SASS Financial Year to 31 Dec 2005 A\$	SANCS Financial Year to 31 Dec 2005 A\$	SSS Financial Year to 31 Dec 2005 A\$
Present value of			
defined benefit	102 (C02-241)	15.75	102.52555
obligation	13,043,019	3,081,778	49,077,378
Fair value of Fund			444 344 24 0
assets	(12,099,758)	(2,645,926)	(26,698,564)
(Surplus)/Deficit in	040.004	405.050	00 070 014
Fund	943,261	435,852	22,378,814
Experience adjustments – Fund liabilities Experience	3,094,492	240,667	705,678
adjustments – Fund assets	(3,270,227)	(201,229)	(1,451,101)



Note 25. Provisions (cont)

Expected contributions

	SASS	SANCS	SSS
	Financial	Financial	Financial
	Year to 31	Year to 31	Year to 31
	Dec 2005	Dec 2005	Dec 2005
	A\$	A\$	A\$
Expected employer contributions		1,263,253	

Aus121.1 Funding arrangements for employer contributions

(a) Surplus/deficit

The following is a summary of the 31 December 2005 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

	SASS 31-Dec-05 A\$	SANCS 31-Dec-05 A\$	SSS 31-Dec-05 A\$
Accrued benefits	12,171,456	2,788,200	39,235,488
Net market value of Fund assets	(12,099,758)	(2,645,926)	(26,698,564)
Net (surplus)/deficit	71,698	142,274	12,536,924

(b) Contribution recommendations

Recommended contribution rates for the entity are:

SASS	SANCS	SSS
multiple of member contributions	% member salary	
0.00	17.00	0.00

(c) Funding method

The method used to determine the employer contribution recommendations at the last actuarial review was the *Aggregate Funding* method. The method adopted affects the timing of the cost to the employer.

Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.



Note 25. Provisions (cont)

(d) Economic assumptions

The economic assumptions adopted for the last actuarial review of the Fund were:

Weighted-Average Assumptions	
Expected rate of return on Fund assets	7.0% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

Aus121.2 Nature of asset/liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of fund assets and the defined benefit obligation.



	Notes	Conso	lidated	Parent	entity
		2006	2005	2006	2005
		\$'000	\$'000	\$'000	\$'000
Note 26. Other liabilities					
Current					
Australian Government unspent financial					
assistance		1,966	1,067	1,966	1,067
Student fees & other income in advance		5,372	4,341	5,372	3,970
Total current other liabilities		7,338	5,408	7,338	5,037
Total other liabilities		7,338	5,408	7,338	5,037
Note 27. Retained surplus					
(a) Retained surplus					
Movements in retained surplus were as follows: Retained surplus at 1 January		161,110	159,839	152,885	152,058
Adjustment on adoption of AASB132 and					
AASB139, net of tax	20	- 2			
Net operating result for the year		5,307	1,325	5,809	882
Retained surplus at 31 December	_	166,417	161,164	158,694	152,940

Note 28. Monies held on behalf of third parties

The parent entity holds money on behalf of parties involved in the Coffs Harbour Education Campus (CHEC).

These monies are excluded from the financial report as the parent entity cannot use them for the achievement of its objectives.

The consolidated entity holds money in trust on behalf of the parties involved in the World Purchasing Research Institute and the Centre for Professional Development in Club management.

These monies are excluded from the financial report as the consolidated entity cannot use them for the achievement of its objectives.

The following is a summary of the transactions in the monies held on behalf of third parties account:

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Cash at the beginning of the financial year	1,789	770	1,580	493
Add: Receipts	328	1,685	68	1,559
Less: Expenditure	(797)	(666)	(502)	(472)
Closing cash balance at the end of the financial				THE
year	1,320	1,789	1,146	1,580

ABN 41 995 651 524



Notes to the Financial Statements for the year ended 31 December 2006

Note 29. Key management personnel disclosures

(a) Names of responsible persons and executive officers

The following persons were responsible persons and executive officers of Southern Cross University during the year:

Responsible Persons

The Honourable Justice John Robert Arthur Dowd Mary Elizabeth Rummery (term expired 2 September 2006)

Professor Paul Clark

Associate Professor Roger Bronks The Honourable Peter Breen The Honourable Neville Newell

Neil Duncan Black (term expired 2 September 2006)

Warren Albert Grimshaw Irene Caroline Harrington

Judith Madeline Reid (resigned 10 March 2006)

Trevor Stanley Wilson David Vincent Cody

Elizabeth Anne Trevan (resigned 22 September 2006)

Sharon Parry

Michael Whelan (term expired 9 September 2006)

Toni Ledgerwood (term expired 9 September 2006)

Margot Ruth Sweeny

Neville Neal (resigned 26 May 2006)

John B Shanahan

Megan Harris (casual vacancy from 21 July to 9 September 2006

Peter Lewis (appointed 3 September 2006)

Janelle Saffin (appointed 3 September 2006)

Ronald Dowell (elected 9 September 2006)

Sally Blackadder (elected 9 September 2006)

Glenn Davey (elected 9 September 2006)

Executive Officers

Malcolm Marshall

Professor Paul Clark Professor Peter Baverstock

Professor Jenny Graham Professor Zbys Klich Professor Lawson Savery Associate Professor Mike Evans Professor Paul Thom

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

(b) Other key management personnel

The executive officers listed above represent other key management personnel.



Key management personnel compensation

Short-term employee benefits

Post-employment benefits

Other long-term benefits

Share-based payments

Termination benefits

Note 29. Key management personnel disclosures (cont)

(c) Remuneration of Board Members and Executives				
	Consoli	dated	Parent e	entity
	2006	2005	2006	2005
	Num	ber	Numi	per
Remuneration of Board Members				
Nil to \$14,999	18	14	18	14
\$15,000 to \$29,999	1	2	1	1
\$30,000 to \$44,999	2	4	2	8
\$45,000 to \$59,999	1	1	1	1
\$60,000 to \$74,999	9,1	1	1.3	1
\$75,000 to \$89,999	0.7	1	4.0	1
\$90,000 to \$104,999	3.4	1	.2.	1
\$120,000 to \$134,999	2	-	2	
\$180,000 to \$194,999	4	4		1
\$195,000 to \$209,999		4.1	4.1	1
\$360,000 to \$374,999	2	1	4	1
\$410,000 to \$424,999	1	-	1	A =
	Consoli	dated	Parent e	entity
	2006	2005	2006	2005
Board member compensation	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	737	589	737	589
Post-employment benefits	104	61	104	61
Other long-term benefits		14	10	0.00
Termination benefits	-	*	-	1.4.
Share-based payments		-		
8-3-4-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	841	650	841	650
	Consoli		Parent e	
	2006	2005	2006	2005
Remuneration of executive officers	Num	ber	Numb	ber
\$135,000 to \$149,999	1	2	1	
\$150,000 to \$164,999	1		1	2.0
\$190,000 to \$204,999		3	2	3
\$205,000 to \$219,999	2	1	2	1
\$220,000 to \$234,999		2		2
\$235,000 to \$249,999	2		2	
\$285,000 to \$299,999	1	1	1	1
\$370,000 to \$384,999	24	1	4.2	1
\$400,000 to \$414,999	1		1	13
	Consoli	dated	Parent e	entity

2005

\$'000

1,454

243

226

1,923

2006

\$'000

237

41

1,633

1,911

2005

\$'000

243

226

1,923

1,454

2006

\$'000

237

41

1,633

1,911



Note 30. Remuneration of auditors

Notes	Conso	lidated	Parent entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:				
Assurance services				
1. Audit services				
Fees paid to The Audit Office of New South Wales:				
Audit and review of financial reports and other audit work under the Corporations Act 2001	143	150	119	122
Total remuneration for audit services	143	150	119	122
2. Fees paid to internal audit service providers				
Fees paid to non- The Audit Office of New South Wales audit firms	74	73	74	73
Total remuneration for other assurance services	74	73	74	73
Total remuneration for assurance services	217	223	193	195
Advisory services				
Fees paid to The Audit Office of New South Wales				
Fees paid to non- The Audit Office of New South Wales audit firms	21	14	21	14
Total remuneration for advisory services	21	14	21	14
· · · · · · · · · · · · · · · · · · ·				

Note 31. Contingencies

Contingent liabilities

The University currently has a number of legal matters outstanding none of which are expected to result in material claims against the University.



Note 32. Commitments

(d) Remuneration commitments

recognised as liabilities, payable:

Within one year

Later than five years

Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at the reporting date but not

Later than one year but not later than five years

(a) Capital commitments

Capital expenditure contracted for at the reporting date but	e but not recognised as liabilities is as follows: Consolidated Parent entity			
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Building Works	\$ 000	φοσσ	\$ 000	φοσσ
Payable:				
Within one year	171	1,766	171	1,766
Later than one year but not later than five years				101.55
Later than five years	-			
300000000000000000000000000000000000000	171	1,766	171	1,766
Property, Plant and Equipment				
Payable:				
Within one year	51		51	1.2
Later than one year but not later than five years				15
Later than five years			-	3.6
AND	51	3.0	51	
(b) Lease commitments				
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	1,327	1,535	1,327	1,179
Later than one year but not later than five years	1,965	2,538	1,965	2,314
Later than five years				
	3,292	4,073	3,292	3,493
Representing:				
Cancellable operating leases	3,292	4,073	3,292	3,493
Non-cancellable operating leases		-	-	1.3
Future finance charges on finance leases		-	-	
	3,292	4,073	3,292	3,493
(c) Other expenditure commitments				
Joint venture commitments				
Within one year	996	985	996	985
Later than one year but not later than five years	2,824	3,611	2,824	3,611
Later than five years	110	385	110	385
Purchase orders placed with suppliers as at 31 December for goods and services (other than inventories) receivable within twelve months of				
year end	1,256	2,335	1,253	2,156
			6.555	

7,137

7,316

5,187

5,184



Note 33. Related parties

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

(a) Parent entities

The ultimate parent entity within the group is Southern Cross University which is incorporated in Australia. The ultimate Australian parent entity is Southern Cross University.

(b) Subsidiaries

Interests in subsidiaries are set out in note 35.

(c) Directors and key management personnel

Disclosures relating to directors and specified executives are set out in note 29.

(d) Transactions with related parties

The following transactions occurred with related parties:

The fall of the fa	Conso	lidated	Parent	entity
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Revenue:				
Administration fees	-			239
Donation		-	217	28
Other costs recovered	•	- 4	424	198
Expenses:				
Printing charges		1.50		1,540
Salary and related costs	•			155
Purchase of plant and equipment		1.0	217	0
Other costs paid			252	100
(e) Outstanding balances The following balances are outstanding at the reporting				
date in relation to transactions with related parties:				
Current receivables (sale of goods and services)	595	237		100
Subsidiaries	149	88	149	88

No provision for doubtful debts 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) Guarantees

There have been no guarantees given.

(g) 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.



Note 34. Business combinations

(a) Summary of acquisition

On 1 January 2006, Southern Cross University acquired the Printery & Environmental Analysis Lab from Norsearch Limited.

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

	\$'000
Purchase consideration (refer to (b) below):	5,000
Cash paid	217
Direct costs relating to the acquisition	
Total purchase consideration	217

Fair value of net identifiable assets acquired (refer to (c) below)

(b) Purchase consideration

	Consolidated		Parent entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Outflow of cash to acquire subsidiary/business,				
net of cash acquired				
Cash consideration		10	217	
Less: Balance acquired				
Cash		-		12
Bank overdraft	-	-		- 6
Outflow of cash	- ·	10	217	

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount	Fair value
	\$'000	\$'000
Net assets	217	217
Net identifiable assets acquired	217	217

Note 35. Subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity	holding
			2006	2005
Norsearch Limited	Australia	Limited by Guarantee	100%	100%
Australian Plant DNA Bank Limited	Australia	Limited by Guarantee	100%	100%
Biobank Pty Ltd	Australia	Ordinary	100%	100%



Note 36. Interests in joint ventures

(a) Joint venture operations

Name of Entity Principal Activity		Output Interest	
		2006 %	2005 %
Coffs Harbour Education Campus (CHEC)	A joint educational precinct	38	38
Australian Centre for Complimentary Medicine Education and Research (ACCMER)	Research, teaching and training in the field of complimentary medicine	50	50
Co-operative Research Centre for Sugar- Industry Innovation through Biotechnology	Research and development in molecular biology and chemical engineering of sugarcane. Commenced operation on 1 July 2003	8.67	10
World Purchasing Research Institute	Centre for Professional Development in Purchasing Research	50	50
CPD for Club Management	Centre for Professional Development in Club Management	33	33

The consolidated entity's interest in non-current assets employed in the above joint venture operations are included in the consolidated statement of financial position as part of cash and property, plant and equipment.

Consolid	Parent entity		
2006	2005 \$1000	2006	2005 \$'000
4000	Ψ 000	. 4000	\$ 000
120	160	-	
120	160		-
24,609	21,150	-	
(1,469)	(976)	-	
23,140	20,174	1.40	
55	16	1.0	
(17)	(16)		
38			-
23,178	20,174		1.
23,298	20,334		
	2006 \$'000 120 120 24,609 (1,469) 23,140 55 (17) 38 23,178	\$'000 \$'000 120 160 	2006

For capital expenditure commitments relating to Southern Cross University refer to Note 32.



Note 36. Interests in joint ventures (cont)

(b) Joint venture partnership / entities

Name of Entity	Principal Activity	Output Interest		
		2006 %	2005 %	
Australasian Institute of Hotel Management	Professional development services for participants in the hotel industry	43	50	
National Marine Science Centre Pty Limited	Marine science research and education	50	50	
CHEC English Language Centre	Provide language training packages	50	50	
Coffs Harbour Technology Park Limited *	Real estate development	33	33	
CRC for Sustainable Tourism Pty Ltd	Research and development to improve the sustainability of the tourism industry in Australia.	7.2	8.5	
Puragrain Pty Limited *	Create, develop and exploit intellectual property connected with the growing and processing of grain products	50	50	
Grain Foods CRC Limited*	Research and development in grain	37.34	28.4	
CRC Care Pty Ltd	Research and development in contamination assessment and remediation of the environment. Commenced operation in July '2006	12.3	10	
CRC Forestry Limited	Research and development in forestry management. Commenced operation in July '2006	2.37	3.8	

^{*} The reporting date of the entity is 30 June and the amounts disclosed below have been adjusted to report on a 31 December basis.

The interest in the Partnership is accounted for in the consolidated financial statements using the equity method of accounting and is carried at cost by the parent entity (refer to notes 22 and 24). Information relating to the joint venture partnership is set out below.



Note 36. Interests in joint ventures (cont)

	Consolidated		Parent entity		
	2006	2005	2006	2005	
	\$'000	\$'000	\$'000	\$'000	
Carrying amount of investment in					
partnership	7,082	7,199	656	572	
Share of partnerships' assets and liabilities					
Current assets	4,784	4,479	2,257	3,058	
Non-current assets	7,042	6,376	26	48	
Total assets	11,826	10,855	2,282	3,106	
Current liabilities	3,293	2,986	1,639	2,534	
Non-current liabilities	5	28			
Total liabilities	3,298	3,014	1,639	2,534	
Net assets	8,528	7,841	643	572	
Share of partnership's revenues, expenses and results					
Revenues	7,162	6,268	2,502	1,725	
Expenses	(6,425)	(5,483)	(1,564)	(1,199)	
Net operating result before income tax	737	785	938	526	
Share of partnership's commitments					
Lease commitments		15.0	1.0	10.2	
Other commitments (other than for the					
supply of inventories)	3,930	4,980	3,930	4,980	
Total expenditure commitments	3,930	4,980	3,930	4,980	
Capital commitments				100	
La Transport Control and Solid	3,930	4,980	3,930	4,980	

(C) Contingent liabilities relating to joint ventures

To the best of our knowledge and after having taken reasonable steps, there are no known material contingent liabilities relating to joint ventures.



Note 37. Events occuring after balance sheet date

The Group is currently negotiating the acquisition of a number of business operations at the Lismore Campus that were operated by the Southern Cross University Student Union Limited until 31st December 2006. At the date of this report these negotiations were continuing with no signed agreement in place.

Note 38. Reconciliation of operating result after income tax to net cash inflow from operating activities

	Notes	Consoli	idated	Parent entity		
		2006	2005	2006	2005	
		\$'000	\$'000	\$'000	\$'000	
Operating result for the year		5,307	1,325	5,809	882	
Write-down investment to recoverable amount		200	410	200	410	
Depreciation and amortisation		6,054	5,451	6,048	5,354	
Net (gain) loss on sale of non-current assets Other Adjustment	14	289	133	289	133	
Write-down of goodwill			11		1.5	
Superannuation			53		53	
Increase/(Decrease) in provisions		(7,316)	1,477	(7,205)	1,508	
(Increase)/Decrease in inventories		66	6		1.0	
(Increase)/Decrease in other assets		(251)	(308)	(276)	(323)	
Increase/(Decrease) in other liabilities		1,931	1,632	2,302	1,796	
(Increase)/Decrease in joint venture investments		(83)	(285)	(284)	(26)	
Change in operating assets and liabilities, net of effects from purchase of controlled entity			(22)	12	10	
(Increase)/Decrease in trade and other receivables		4,776	(751)	4,512	(307)	
Increase/(Decrease) in trade and other payables		457	1,705	525	1,676	
Increase /(Decrease) in provision for income taxe payable	- -		(15)		- 12	
Net cash inflow (outflow) from operating activities		11,430	10,822	11,920	11,156	



Note 39. Financial instruments

(A) Financial risk management

The Group's activities exposes it to a variety of financial risks, as follows:

(i) Market risk

The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

(ii) Credit risk

Trade accounts receivable consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Normal business trading terms are payment in 30 days.

(iii) Liquidity risk

The consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and continuously monitoring forecast and actual cash flows.

(iv) Cash flow and fair value interest rate risk

The consolidated entity invests in term deposits with financial institutions and is exposed to normal interest rate variation risks. Interest is paid on maturity.

(B) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

				Fixed i	nterest matu	uring in:			
2006	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non- interest bearing	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets Cash and cash equivalents	2,232	25,806	2	-		4		14	28,052
Receivables							•	24,774	24,774
	2,232	25,806				•	-191	24,788	52,826
Weighted average interest rate	4.18%	6.05%							
Financial liabilities Trade & other creditors	4	1.2		- 13		3	4	6,119	6,119
Other liabilities	- 1	1-1	-		12)÷(-	7,338	7,338
						-	- 2	13,457	13,457
Weighted average interest rate	N/A	N/A							
Net financial assets/(liabilities)	2,232	25,806	1 = 3	- /.		10.0	4	11,331	39,369



Note 39. Financial instruments (cont)

				Fixed i	nterest matu	uring in:			
2005	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non- interest bearing	Total
Sales College (1985)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets									
Cash and cash equivalents	1,210	21,550						15	22,775
Receivables	1.0	- 2	-	1.4	1.3			29,545	29,545
Other financials assets - Investments	0	(L	~	119	-	+	-		
	1,210	21,550	- 2		12		- 2	29,560	52,320
Weighted average interest rate	4.00%	5.54%							
Financial liabilities									
Trade & other creditors	8	15		1.4				5,664	5,664
Other liabilities			4		4	-	4	5,408	5,408
		- 3			- 9		. 8	11,072	11,072
Weighted average interest rate	N/A	N/A							
Net financial assets/(liabilities)	1,210	21,550		- 1.				18,488	41,248

(C) Fair value of financial assets and liabilities

The carrying amounts and fair values of financial assets and liabilities at balance date are:

	20	006	20	005
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Non-traded financial assets	52,826	52,826	52,320	52,320
Traded financial assets	-			-
	52,826	52,826	52,320	52,320
Financial liabilities				
Non-traded financial liabilities	13,457	13,457	11,072	11,072
Traded financial assets	-	•		
	13,457	13,457	11,072	11,072

The fair values of non-current receivables are based on expected cash flows.

Note 40. Acquittal of Australian Government financial assistance

40.1 DEST - CGS and Other DEST Grants

and Students with Disabilities Programme.

Parent entity ONLY

		Commonwe		Indigenous Fun	and the second second second	Equity Prog	grammes*	Workplace Progra		Workplace F Progra	
	Notes	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the programmes)		42,565	38,849	715	659	401	405	601	566	261	
Net accrual adjustments			4				1				
Revenue for the period	3(a)	42,565	38,849	715	659	401	405	601	566	261	-
Surplus / (deficit) from the previous year						37		566			
Total revenue including accrued revenue		42,565	38,849	715	659	438	405	1,167	566	261	
Less expenses including accrued expenses		(42,565)	(38,849)	(715)	(659)	(412)	(368)	(1,167)		(4)	
Surplus for reporting period					1.5	26	37		566	257	
# Includes the basic CGS grant amount, CGS- Regional Loading and CGS-Enabling Loading.											
* Includes Higher Education Equity Programme											

Parent entity ONLY

		Learning & Performan		National Instit	utes Funding	Capital Develo	opment Pool	Superan		Collaboration Reform Pr	& Structural ogramme	То	tal
	Notes	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)		****				1777				100	1,121		4 175
					1.5		1,256				-	44,543	41,735
Net accrual adjustments			- 3					-		-			
Revenue for the period	3(a)	-		-			1,256	-		-		44,543	41,735
Surplus / (deficit) from the previous year						778	-					1,380	_
Total revenue including accrued revenue				*	~	778	1,256	-			1.0	45,923	41,735
Less expenses including accrued expenses		-				(723)	(478)		- 4			(45,586)	(40,354)
Surplus for reporting period			- 7	- 12		55	778	*	-	-		337	1,381

Note 40. Acquittal of Australian Government financial assistance (cont)

40.2 Higher Education Loan Programmes

Parent entity ONLY

-						
	HECS-	HELP				
			FEE-H	ELP*	To	tal
Notes	2006	2005	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	24,901	22,089	2,666	2,177	27,567	24,266
	(1,534)	(1,373)	983	603	(550)	(770)
3(b)	23,367	20,716	3,649	2,780	27,016	23,496
					-	
	23,367	20,716	3,649	2,780	27,016	23,496
	(23,367)	(20,716)	(3,649)	(2,780)	(27,016)	(23,496)
		-				-
		(Australian of payment) Notes 2006 \$'000 24,901 (1,534) 3(b) 23,367	\$'000 \$'000 24,901 22,089 (1,534) (1,373) 3(b) 23,367 20,716 23,367 20,716	(Australian Government payments only) Notes 2006 2005 2006 \$'000 \$'000 24,901 22,089 2,666 (1,534) (1,373) 983 (1,534) 23,367 20,716 3,649	(Australian Government payments only) Notes 2006 2005 2006 2005 \$'000 \$'000 \$'000 24,901 22,089 2,666 2,177 (1,534) (1,373) 983 603 3(b) 23,367 20,716 3,649 2,780	(Australian Government payments only) Notes 2006 2005 2006 2005 2006 \$'000 \$'

^{*} For 2005, FEE-HELP figures will equal PELS and BOTPLS amounts

40.3 Scholarships

Parent entity ONLY

		Australian Po Awar		International F Research Sc		Commonwealt Cost Scho		Accommo Scholar	odation	Indigeno		Tot	al
	Notes	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)		7.4	* ***		****		****	.,		V 555	****		
		711	668	51	88	401	235	670	384	11.4	- 2	1,833	1,375
Net accrual adjustments					75			-			4		
Revenue for the period	3(c)	711	668	51	88	401	235	670	384		•	1,833	1,375
Surplus / (deficit) from the previous year		(3)	39	16	54	21	(2)	71	40	44	1.6	105	131
Total revenue including accrued revenue		708	707	67	142	422	233	741	424	- 13		1,938	1,506
Less expenses including accrued expenses		(794)	(710)	(153)	(126)	(296)	(212)	(490)	(353)			(1,733)	(1,401)
Surplus / (deficit) for reporting period	- 7	(86)	(3)	(86)	16	126	21	251	71		-	205	105

Note 40. Acquittal of Australian Government financial assistance (cont)

40.4 DEST Research

Parent entity ONLY

		Institution Sche		Research Sche		Systemic Infi		Research Inf		Regional F		Tot	al
	Notes	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$,000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)													
		1,416	1,336	3,315	3,077	-	-	498	476		-	5,229	4,888
Net accrual adjustments					-				1		1.2	0.000	
Revenue for the period	3(d)	1,416	1,336	3,315	3,077	•		498	476	•	3.0	5,229	4,88
Surplus / (deficit) from the previous year			- 4					(158)	109	4	-	(158)	10
Total revenue including accrued revenue		1,416	1,336	3,315	3,077			340	585	0.0		5,071	4,99
Less expenses including accrued expenses		(1,416)	(1,336)	(3,315)	(3,077)			(285)	(743)	- 5	-	(5,016)	(5,15
Surplus / (deficit) for reporting period	0-		7					55	(158)	10		55	(159

40.5 Australian Research Council Grants

Parent entity ONLY

(a) Discovery		Proje	ects	Fellow	ships	Indige Resear Develop	chers	Tot	tal
	Notes	2006	2005	2006	2005	2006	2005	2006	2005
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)									
		289	172		1.5		-	289	172
Net accrual adjustments					- é-	- 2	4.		
Revenue for the period	3(e)(i)	289	172		-	-		289	172
Surplus / (deficit) from the previous year		261	328					261	328
Total revenue including accrued revenue		550	500		•	19.5		550	500
Less expenses including accrued expenses	-	(423)	(239)				9-3	(423)	(239)
Surplus for reporting period		127	261					127	261

Note 40. Acquittal of Australian Government financial assistance (cont)

40.5 Australian Research Council Grants Parent entity ONLY Special Research (b) Linkages Infrastructure Learned Academies International **Projects** Total Initiatives 2006 2005 2006 2005 2005 2006 2005 Notes 2005 2006 2006 2005 2006 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes) 274 901 902 1,175 902 Net accrual adjustments Revenue for the period 274 901 3(e)(ii) 902 1,175 902 Surplus / (deficit) from the previous year 132 (404)132 (404)Total revenue including accrued revenue 274 1,033 498 1,307 498 Less expenses including accrued expenses (274)(1,033)(366)(1,307)(366)Surplus for reporting period 132 132

(c) Networks and Centres Parent entity ONLY Research Networks Centres Total Notes 2005 2006 2005 2006 2005 2006 \$'000 \$'000 \$'000 \$'000 \$'000 \$'000 Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes) Net accrual adjustments Revenue for the period 3(e)(iii) Surplus / (deficit) from the previous year Total revenue including accrued revenue Less expenses including accrued expenses Surplus / (deficit) for reporting period

ABN 41 995 651 524



Notes to the Financial Statements for the year ended 31 December 2006

Note 41. Correction of prior period errors

Joint venture operations

The consolidated entity's interest in assets employed in the World Purchasing Research Institute and the Centre for Professional Development have been correctly included in Note 36: Interests in joint ventures in these 2006 financial statements.

An adjustment was made to Joint Venture Entities for 2005 to include a higher percentage in equity for the CRC Sustainable Tourism Pty Ltd.

The financial impact was to increase the value of "Investments accounted for using the equity method" by \$126.879.

Comparative and current year financial results have been amended to correct the error.

Tweed Land Purchase

The accounting treatment of the Tweed Land purchase has been revisited in 2006 resulting in a new accounting approach. The financial impact of correcting the accounting treatment of the Tweed Land purchase has been to reduce the carrying value of the asset land by \$60,281, increase the receviable by \$3,968 and adjust retained surplus by \$56,313.

Comparative and current year financial results have been amended to correct the error.

CHEC balances

Funds held in trust on behalf of Coffs Education Campus (CHEC) were incorrectly included in the 2005 financial report in cash and current payables. Only the parent entity's share in these funds as part of the joint venture operations should be shown.

The financial impact of correcting the prior period error has been to reduce cash at bank by \$1,580,529, payables and accrued expenses by \$658,957 and funds held in trust by \$921,572.

Comparative and current year financial results have been amended to correct the error.

End of Audited Accounts

NORSEARCH LIMITED ABN 57 003 082 406

A CONTROLLED ENTITY OF SOUTHERN CROSS UNIVERSITY

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2006



DIRECTORS' REPORT

The directors of the company present their report on the company for the year ended 31 December 2006.

DIRECTORS

The directors in office during or since the end of the financial year are:

Sally Blackadder BCom (UNSW),CA

Appointed 21 February 2006

Angela Delves BSc(Hons),DipEd(Bath),Phd(Hull)

Resigned 2 February 2006

Malcolm Marshall BA(CCAE),MBA(CQU),CPA,FTIA

Lionel Phelps AM,BA,MEd,DUNIV(NE),DUNIV(SC)

Jean Griffith BA (Qld), Grad Dip Counselling, (BCAE), MNA(UNSW)

The directors have been in office since the start of the financial year unless otherwise indicated.

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were:

a) continuing education, skills development and training courses;

b) development of education modules and units for professional development, university and continuing education;

c) university enterprise activities; and

d) conference services.

OPERATING RESULTS

The net operating result of the company was a loss of \$286,596 (prior year profit \$204,579) after providing \$5,894 (prior year \$96,741) for depreciation.

REVIEW OF OPERATIONS

During the financial year there were no significant changes in the state of affairs of the company.

TAXATION

The company is a non-profit organisation and claims exemption from the payment of income tax under Div 50-5 & 50-65 of the Income Tax Assessment Act 1997(ITAA).

DIVIDENDS PAID OR RECOMMENDED

The company does not issue shares or debentures. No dividends were declared or payable by the company in the financial year.

SUBSEQUENT EVENTS

The company is currently negotiating the acquisition of some of the operations of the Southern Cross University Student Union Ltd. However contracts have yet been signed as at the date of this report.



DIRECTORS' REPORT

No other matter or circumstance has arisen since the end of the financial year and at the date of this report, that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to 31 December, 2006.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

INFORMATION ON DIRECTORS

Sally Blackadder, BCom(UNSW),CA Group Director Finance & University Services at Southern Cross University Appointed 21 February 2006

Professor Angela Delves, BSc(Hons), DipEd(Bath), Phd(Hull)
Former Pro-Vice-Chancellor of Southern Cross University and a Director since 2000.
Resigned 2 February 2006.

Malcolm Marshall, BA(CCAE), MBA(CQU), CPA, FTIA

Executive Director (Corporate Services) Southern Cross University and a Director since 1991.

Lionel Phelps, AM, BA, MEd, DUNIV(NE), DUNIV(SC)

Former Chancellor of Southern Cross University and Director since 1989.

Jean Griffiths.BA(Qld), Grad Dip Counselling, (BCAE), MNA(UNSW) Head of the School of Arts and Social Sciences at Southern Cross University and a Director since 1996.

MEETINGS OF DIRECTORS

The numbers of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Number eligible to attend	Number attended		
Sally Blackadder	4		4	
Jean Griffiths	4		4	
Malcolm Marshall	4		4	
Lionel Phelps	4		4	
Angela Delves	0		0	



DIRECTORS' REPORT

DIRECTORS' BENEFITS

During or since the financial year, no director of the company has received or become entitled to receive a benefit, because of a contract that:

- (a) the director; or
- (b) a firm of which the director is a member; or
- (c) an entity in which the director has a substantial financial interest;
 has made with the company, an entity controlled by the company or a related body corporate, other than:
 - a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the company, and
 - the fixed salary of a full time employee of the company, controlled entity or related body corporate.

During or since the financial year the parent entity has insured all of the directors previously listed against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or related corporate:

- (a) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceeding; or
- (b) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

AUDITORS INDEPENDENCE DECLARATION

The auditors independence declaration for the year ended 31 December 2006 has been received and is on the next page.

Signed in accordance with a resolution of directors made pursuant to S298(2) of the Corporations Act 2001.

On behalf of the Directors

Director

Dated this 15th day of April 2007.

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GPO BOX 12 Sydney NSW 2001

To the Directors Norsearch Limited

Auditor's Independence Declaration

As auditor for the audit of Norsearch Limited for the year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Greg Gibson, FCA

Assistant Auditor-General

SYDNEY 11 April 2007



DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Norsearch Limited and pursuant to Section 41C (1B) and (1C) of the Publi Finance and Audit Act 1983, we state:

- 1 The attached is a general purpose financial report and presents a true and fair view of the financial position as at 31 December 2006 and the performance for the year ended 31 December 2006;
- 2 The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2005, the Corporations Regulations 2001 and the Corporations Act 2001;
- 3 The financial report has been prepared in accordance with Australian Accounting Standards, (including the Australian Accounting Interpretations), and authoritative pronouncements of the Australian Accounting Standards Board;
- 4 We are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate; and,
- 5 There are reasonable grounds to believe that the company will be able to pay their debts as and when they become c and payable.

Signed this 3/4 day of April, 2007 in accordance with a resolution of the directors, made pursuant to S295(5) of the Corporations Act 2001.

On behalf of the Directors.

Director



GPO BOX 12 Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Norsearch Limited

To Members of the New South Wales Parliament and Members of Norsearch Limited

Audit Opinion

In my opinion, the financial report of Norsearch Limited (the Company) is in accordance with:

- the Corporations Act 2001, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2006 and its performance for the year ended on that date, and
 - complying with Accounting Standards in Australia (including Australian Accounting Interpretations) and the Corporations Regulations 2001,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements and directors' declaration for the Company, for the year ended 31 December 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with both the PF&A Act and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of the Company that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Company's directors had not fulfilled their reporting obligations.

My opinion does not provide assurance:

- about the future viability of the Company,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision
 of non-audit services, thus ensuring the Auditor-General and the Audit Office are not
 compromised in their role by the possibility of losing clients or income.

My Declaration of Independence dated 11 April 2007 would have been made on the same terms if it had been made at the date of this report.

G J Gibson, FCA

Assistant Auditor-General

SYDNEY 16 April 2007



Income statement for the year ended 31 December 2006

		2006	2005
	Notes	\$	\$
Revenue from continuing operations			
Consultancy income	3	242,056	365,673
Tuition and course fees			175,426
Printery income		1,300	1,760,844
Sales of modules			22
Sponsorship and promotion		59,042	45,591
Interest		99,563	97,959
Scientific testing		-	1,112,463
Conference fees		605,169	668,458
Other revenue		192,608	178,039
Total revenue from continuing operations		1,199,738	4,404,475
Expenses from continuing operations			
Employee benefits	4.1	398,703	1,765,591
Consultancy fees	4.2	324,321	369,367
Minor equipment		429	73,961
Depreciation on plant and equipment		5,894	96,741
Travel, accommodation and hospitality		97,655	200,093
Borrowing costs		12,682	14,363
Company fees and legals		3,042	693
Audit fees	5	20,000	22,000
Writedown of investments			30,000
Income related costs		479,077	628,141
Equipment leasing costs			750,075
Other expenses		144,531	248,871
Total expenses from continuing operations		1,486,334	4,199,896
Operating result before income tax expense		(286,596)	204,579
Income tax expense			12
Operating result from continuing operations	-	(286,596)	204,579
Operating result from discontinued operations	22		15
Operating result for the year		(286,596)	204,579
Operating result attributable to members of Norsearch Limited	÷	(000 500)	004 570
Norsearch Limited	_	(286,596)	204,579

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

A controlled entity of Southern Cross University



Balance sheet as at 31 December 2006

		2006	2005
	Notes	\$	\$
Current assets			
Cash and cash equivalents	6	1,445,516	1,337,245
Trade and other receivables	7	162,635	362,556
Inventories	8		66,359
Other non-financial assets	9		22,471
Total current assets	100	1,608,151	1,788,631
Non-current assets			
Property, plant and equipment	10	16,253	239,204
Total non-current assets	14	16,253	239,204
Total assets	_	1,624,404	2,027,835
Current liabilities			
Trade and other payables	11	284,504	288,310
Provisions	12	62,757	88,611
Total current liabilities	_	347,261	376,921
Non-current liabilities			
Provisions	12	5,982	93,157
Total non-current liabilities	_	5,982	93,157
Total liabilities		353,243	470,078
Net assets		1,271,161	1,557,757
Equity			
Retained earnings	13	1,271,161	1,557,757
Total equity		1,271,161	1,557,757

The above balance sheet should be read in conjunction with the accompanying notes.

A controlled entity of Southern Cross University



Statement of changes in equity for the year ended 31 December 2006

	2006 \$	2005 \$
Total equity at the beginning of the financial year	1,557,757	1,353,178
Net operating result for the year	(286,596)	204,579
Total equity at the end of the financial year	1,271,161	1,557,757
Total recognised income and expense for the year is attributable to:		
Members of Norsearch Limited	(286,596)	204,579
	(286,596)	204,579

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



Cash flow statement for the year ended 31 December 2006

		2006	2005
	Notes	\$	\$
Cash flows from operating activities			
Tuition fees and charges			186,011
Interest received		93,966	97,959
Other operating receipts		1,305,693	4,504,597
Salaries and wages		(511,732)	(1,748,086)
Interest paid		(12,682)	(14,363)
Other operating payments		(984,031)	(3,668,784)
Net cash provided by/(used in) operating activities	21	(108,786)	(642,666)
Cash flows from investing activities			
Plant and equipment		217,057	(16,882)
Acquisition of shares			(10,000)
Net cash provided by/(used in) investing activities		217,057	(26,882)
Net increase/ (decrease) in cash and cash			
equivalents		108,271	(669,548)
Cash and cash equivalents at the beginning of the financial year		1,337,245	2,006,793
Cash and cash equivalents at the end of the			
financial year	6	1,445,516	1,337,245

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



Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Norsearch Limited is a company limited by guarantee, which is incorporated and domiciled in Australia. The company's principal activities are event management and consulting services. The financial report was authorised for issue by the directors on 13 April 2007.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2006 and the Corporations Act 2001. The financial report is presented in Australian dollars.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial statements and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements

Historical Cost Convention

These financial statements have been prepared on an accruals basis and are based on the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss, certain classes of property plant and equipment and investment property.

Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. These areas require a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements. No critical accounting estimates have been identified in this financial report.

Going Concern Principle

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.

b) Principles of consolidation

Subsidiaries

The controlled entity Southern Cross Human Resource Development Pty. Ltd. was deregistered on 4 April 2006.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that controls ceases.

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



c) Significant revenues & expenses

Where an item of revenue or expense from ordinary activities is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised by the company as follows:

Government grants

Grants from the government are recognised at their fair value where the entity obtains control of the right to receive the grant, it is likely that economic benefits will flow to the entity and it can be reliably measured.

Rendering of services

Revenue from sales of services is recognised in the period in which the service is provided.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery to the customer.

Interes

Interest revenue is recognised as it accrues.

Dividends

Revenue from dividends is recognised when the shareholders' right to receive a dividend is established.

Asset sales

The net gain on the sale of assets, not originally purchased for the intention of resale, are included as revenue in the income statement at the date of disposal. Net losses on disposal are recognised as an expense in the income statement.

e) Cash and cash equivalents

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 balance sheet.

f) Property, Plant and Equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains / losses 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 income statement during the financial period in which they are incurred.



g) Depreciation of non-current assets

Depreciation is calculated using the straight line method to allocate their costs, net of residuals, over their estimated useful lives to the consolidated entity.

The annual rates for depreciation are:

Computer equipment 33.3
General equipment 10
Motor vehicle 15

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

h) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company currently has no finance leases. All leases are operating leases where the company does not assume the risks and benefits of ownership. Lease payments for operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

i) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

i) Trade and other receivables

Trade receivables are recognised at the original invoice amount less a provision for impairment. Trade receivables are due for settlement generally no more than 30 days from invoice date.



Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision for impairment is recognised as a deduction to the carrying value of receivables in the balance sheet.

k) Inventories

Raw materials and stores, work in progress and finished goods

Inventories include goods and other property held either for sale or for distribution at no or nominal cost in the ordinary course of business. Raw materials and stores, work in progress and finished goods are stated at the lower of cost or net realisable value, on a first in first out basis (FIFO). Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated costs of completion and the estimated costs necessary to make the sale

I) Investments and other financial assets

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Norsearch Limited

ABN 57 003 082 406

A controlled entity of Southern Cross University



Notes to the financial statements For the year ended 31 December 2006

Purchases and sales of investments are recognised on trade-date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Norsearch Limited

ABN 57 003 082 406

A controlled entity of Southern Cross University



Notes to the financial statements For the year ended 31 December 2006

n) Non-current assets (or disposal groups) held for sale and discontinued operations

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

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

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

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

o) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid on the creditors' payment terms.

p) Employee benefits

(i) Wages and salaries and annual and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled after 12 months of the reporting date are discounted. The discount rate used as at 31 December 2006 was the Treasury long-term bond rate.

(ii) 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. 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.



(iii) Retirement benefit obligations

All employees of the company are entitled to benefits on retirement, disability or death from the company's superannuation plan. The company has a defined benefit section and a defined contribution section within its plan.

The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the company and the company's legal or constructive obligation is limited to these contributions.

The employees of the company are all members of the defined contribution section of the company's plan.

A liability or asset in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

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 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives.

Past service costs are recognised immediately in income, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation (e.g. taxes on investment income and employer contributions) are taken into account in measuring the net liability or asset.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(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 entity 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 falling due more than 12 months after balance date are discounted to present value.

q) Provisions

Provisions for legal claims and service warranties are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.



Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. 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. The increase in the provision due to the passage of time is recognised as interest expense.

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.

r) Income tax

Norsearch Limited is exempt from the payment of income tax and accordingly no provision for inocome tax liability has been included in the company's financial report.

s) Goods and services tax

Revenues, 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables in the balance sheet and commitments are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables.

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

t) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to settle. The asset or liability is classified as current if it is expected to settle within the next 12 months, being the company's operational cycle. In the case of liabilities where the company does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

u) New Australian Accounting Standards issued but not effective

- (i) The Company did not early adopt any new accounting standards that are not yet effective.
- (ii) The following new Accounting Standards have not been adopted and are not yet effective:
 - AASB 7 Financial Instruments : Disclosures (1 January 2007)
 - AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 2008)
 - UIG Interpretation 7 <u>Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies</u> (1 March 2006)
 - UIG Interpretation 8 Scope of AASB 2 (1 May 2006)
 - UIG Interpretation 9 Reassessment of Embedded Derivatives (1 June 2006)
 - AASB Interpretation 10 Interim Financial Reporting and Impairment (1 November 2006)

The Company has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant.

v) Comparative amounts

Financial balances relating the World Purchasing Research Institute (WPRI) and the Centre for Professional Development (CPD) have been excluded from these 2006 financial statements as they are joint venture operations of the parent entity, Southern Cross University. The presentation of balances in relation to the World

Norsearch Limited

ABN 57 003 082 406

A controlled entity of Southern Cross University



Notes to the financial statements For the year ended 31 December 2006

Purchasing Research Institute and the Centre for Professional Development in the 2005 financial statements has been amended for the previously incorrect accounting treatment. Details of the correction of the prior period error are detailed in Note 24: Correction of prior period error. The Comparative amounts are the same as the prior year with the exception of The WPRI and CPD balances.

Note 2. General

- a) The company operates from premises owned by Southern Cross University at no charge, and Norsearch Limited is unable to determine the value for this charge.
- b) Research and consulting work is primarily carried out by academic staff employed by the University, or staff employed directly by the company for the term of the consultancy or project. Academic staff are entitled to undertake external consultancy work as a percentage of normal working hours in accordance with University policy.



22,000

20,000

Notes to the financial statements for the year ended 31 December 2006

	2006	2005
	\$	\$
Note 3. Revenue from continuing operations		17.0
Consultancy and contract research	242,056	365,673
Note 4. Expenses from continuing operations		
Note 4.1. Employee benefits		
Academic		
Salaries	42,612	35,078
Superannuation	3,757	3,960
Payroll tax	2,782	2,756
Workers' compensation	426	(137)
Total academic	49,577	41,657
Non-academic		
Salaries	390,436	1,407,408
Superannuation	39,025	148,839
Payroll tax	28,443	67,939
Workers' compensation	1,910	(4,808)
Long service leave expense	(58,626)	71,988
Annual leave	(54,403)	21,246
Maternity leave		30.5
Leave loading	2,341	11,322
Total non-academic	349,126	1,723,934
	398,703	1,765,591
Note 4.2 Consultancy fees paid		
The group as part of its normal activities engages consultants		747.137
to provide services not available within its own resources	324,321	369,367
Note 5. Remuneration of auditors		
During the year the following fees were paid for services provided by the auditor, its related practices and non-related audit firms:		

Fees paid to The Audit Office of New South Wales:

Audit of financial report



	2006	2005
	\$	\$
Note 6. Cash and cash equivalents		
Cash at bank	139,019	155,235
Petty cash	500	1,300
Bank interest bearing and at call deposits	1,305,997	1,180,710
Total cash and cash equivalents	1,445,516	1,337,245
(a) Reconciliation to cash at the end of the year The above figures are reconciled to cash at the end of the year as shown in the cash flow statement as follows:		
Balances as above	1,445,516	1,337,245
Balance per cash flow statement	1,445,516	1,337,245
(b) Cash at bank		
These are subject to variable interest rates		
(c) Interest bearing deposits		
These deposits are bearing floating interest rates of 4.79% (2005 5.74%)		
Note 7. Trade & Other Receivables		
Current		
Trade debtors	154,142	359,660
Provision for impairment		
Net debtors	154,142	359,660
Accrued interest income	8,493	2,896
	162,635	362,556
Note 8. Inventories		
Current		
Printery raw materials at cost		66,359
Note 9. Other non-financial assets		
Current		



	2006	2005
	\$	\$
Note 10. Plant and equipment		
Plant and equipment	area.	1023 012
At cost	72,862	951,247
Accumulated depreciation	(56,609) 16,253	(712,043)
Movement in the carrying amounts		
Movement in the carrying amounts of plant and equipment between the beginning and the end of the current financial year		
Carrying amount as at 1 January 2006	239,204	319,064
Additions		16,881
Disposals	(217,057)	(7,937)
Other adjustments		7,937
Depreciation expense	(5,894)	(96,741)
Carrying amount as at 31 December 2006 =	16,253	239,204
Note 11. Trade and other payables		
Current		
Payables and accrued expenses	54,579	94,207
Amounts payable to related parties	146,797	85,040
Academic pursuit funds	-	35,521
Consultancies and contracts	83,128 284,504	73,542 288,310
Note 12. Provisions		
Provisions for Annual Leave and Long Service Leave		
A provision has been recognised for employee benefits relating to annual leave and long service leave. The company has measured its liabilities relating to annual leave and long service leave in accordance with the criteria described in note 1 to the financial statements.		
Current provisions expected to be settled within 12 months		
Employee benefits Annual Leave	17,238	52,605
Long Service leave	4,627	1,300
Europ del vice leave	21,865	53,905
Current provisions expected to be settled after more than 12 months Employee benefits		
Annual Leave	4,682	23,718
Long service leave	36,210	10,988
	40,892	34,706
Non-current		
Employeee benefits Annual leave		
Long service leave	5,982	93,157
Long correct learn	5,982	93,157



	2006	2005	
	\$	\$	
	Annual Leave	Long Service leave	
Movement in Provisions		-	
Carrying Amounts as at 1 January 2006	52,605	94,457	
Additional provisions			
Amounts paid	(54,403)	(58,626)	
Balance at 31 December 2006	(1,798)	35,831	



	2006	2005
	\$	\$
Note 13. Retained earnings		
note 10. Hetanica carmings		
Balance at the beginning of year	1,557,757	1,353,178
Net operating result attributable to members of the parent entity for		001.570
the year	(286,596)	204,579
Balance at the end of year	1,271,161	1,557,757

Note 14. Related party transactions

Ultimate parent entity

Southern Cross University is the controlling entity of Norsearch Limited. Transactions with Southern Cross University for services provided are fully re-imbursed by the Company.

Revenue

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

Printing charges	1.5	1,540,246
Southern Cross University cost recoveries	247,865	255,463
Sale of plant and equipment	217,057	4
Expenditure		
Southern Cross University service fees	(338,310)	(382,679)
Donation to Southern Cross University	(217,057)	
	(90,445)	1,413,030
Outstanding halances		

Outstanding balances

Aggregate amounts receivable from, and payable to related parties at balance date are as follows:

Ultimate parent entity	146,797	85,040
Current payables		

Terms and Conditions

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



	2006	2005
	\$	\$
Note 15. Responsible persons and executive officers		
Directors		
Names of directors who have held office during the financial year were: Angela Delves (Resigned February 2006)		
Jean Griffiths		
Malcolm Marshall		
Lionel Phelps		
Sally Blackadder (Appointed 21 February 2006)		
The above persons have been in office since the start of the year unless otherwise stated.		
Directors' remuneration		
Income paid or payable, or otherwise made available, to all board members by the Company in connection with the management of affairs of the Company:	445,678	602,359
VER LEVIET	Numb	
\$0 to \$9,999	1	1
\$90,000 to \$99,999	1	1
\$100,000 to \$109,999	1	7.0
\$220,000 to \$229,999		1
\$230,000 to \$239,999	1	1.3.1
\$280,000 to \$289,999		1
Responsible Officer Remuneration		
Income paid or payable to a staff member employed by Southern		
Cross University whose duties includes management responsibilities for the Company's operations.	93,410	87,935
\$80,000 to \$89,999		1
\$90,000 to \$99,999	1	-



		2006	2005
		\$	\$
	Note 16. Commitments for expenditure		
3	(a) Capital expenditure commitments		
	There were no commitments for capital expenditure as at 31 December 2006.		
	(b) Operating lease commitments		
	Future minimum lease payments under non-cancellable operating leases for each of the following periods:		
	not later than one year	1.4	355,964
	later than one year and not later than two years		81,384
	later than two years and not later than three years	7.0	142,422
			579,770
	c) Other expenditure commitments		
	Purchase orders placed with suppliers as at 31 December		
	for goods and services (other than inventories)		
	receivable within twelve months of year end	3,035	178,990
		3,035	178,990

All commitments include GST which is expected to be recoverable in the normal course of operations.

Note 17. Contingent liabilities

The directors are not aware of any material contingent liabilities at balance date. Norsearch Limited currently has no legal matters outstanding which are expected to result in material claims against Norsearch Limited.

Note 18. Controlled Entities

	Country of Incorporation	% Ownership	
		2006	2005
Parent entity			
Norsearch Limited	Australia		
Controlled entities			
Southern Cross Human Resource Development Pty Ltd	Australia		100%

Minority interests	Parent Entity		
	Norsearc	h Limited	
	2006 \$	2005 \$	
Minority interests in controlled entities comprises:			
Issued capital	1.8	100	
Retained earnings prior year		21,724	
Less dividend paid		(22,449)	
Operating result for the period	11.0	(626)	
Minority interest sold to parent entity 1 June 2005		1,251	



2006 2005 \$ \$

Disposal of controlled entities

The controlled enitity Southern Cross Human Resource Development Pty. Ltd was deregistered on 7 April 2006.

Parent Entity Details:

The Registered Office and principle place of business of the company is: Southern Cross University Campus Miltary Road EAST LISMORE NSW 2480

The company is domiciled and incorporated in Australia

Note 19. Members Guarantee

The company is limited by guarantee. If the company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company. As at December 2006 the number of members was 4 (2005: 4).

The company was incorporated on 11 July 1986 and commenced trading on 1 January 1987. The company can make donations and gifts to Southern Cross University from time to time as well as other organisations and bodies which may be related to the work of Southern Cross University. In the event of winding up or dissolution of the company any property shall be given to some other institution or institutions, which may include Southern Cross University.

Note 20. Subsequent events

The Company is currently negotiating the acquisition of a number of business operations at the Lismore Campus that were operated by the Southern Cross University Student Union Limited until 31st December 2006. At the date of this report these negotiations were continuing with no signed agreement in place. The financial effect has not been recognised in the financial statements.



	2006	2005
	\$	\$
Note 21. Reconciliation of net operating result for the		
year after income tax to net cash flows from		
operations		
Net operating result for the year	(286,596)	204,579
Add: Depreciation	5,894	96,741
Add: Write-down of investment in subsidiary	-	30,000
Less: Profit on disposal of assets		
Change in operating assets and liabilities		
(Increase)/Decrease in receivables	199,921	118,046
(Increase)/Decrease in other assets	22,471	17,170
(Increase)/Decrease in inventories	66,359	6,285
Increase/(Decrease) in provision for employee benefits	(113,029)	24,407
Increase/(Decrease) in payables and other liabilities	(3,806)	(1,139,894)
Net cash provided by/(used in) operating activities	(108,786)	(642,666)
Business acquisition		
Norsearch Limited acquired 50% of Southern Cross Human Resource		
Development Pty. Ltd. on 6th June 2005. Norsearch Limited then became the		
sole owner of Southern Cross Human Resource Development Pty. Ltd. This		
company was deregistered in 2006 refer to note 18		
Consideration		10,000
Fair value of net assets acquired.	1	1,251
Cash flow on acquisition net of cash acquired		10,000
The state of the s		



Note 22. Discontinued Operations

The Printery and Environmental Analysis Laboratory operations were transferred to Southern Cross University on 1 January 2006. As a result there is no financial performance or cashflow information for the discontinued operations for the year ended 31 December 2006.

	2006	2005
	\$	\$
Details on sale of division		
Consideration received	217,057	
Cash	4	
Total disposal consideration	217,057	
Carrying amount of net assets sold	217,057	- :
Gain on sale before income tax	÷	
Income tax	2.	12
Gain on sale after income tax		

Note 23. Financial instruments

(A) Financial risk management

Financial instruments give rise to positions that are a financial asset of either the company or its counterparty and a financial liability (or equity instrument) of the other party. For the company these include cash at bank, receivables, other financial assets, payables, other liabilities and interest bearing liabilities.

In accordance with Australian Accounting Standards Information is disclosed below and all such accounts are carried at net fair value unless otherwise stated. The specific accounting policy of each class of such financial instrument is stated below.

The following is the company's accounting policies and terms and conditions for each class of financial asset, financial liability and equity instruments:

Recognised financial instruments	Notes	Accounting policies	Terms and conditions
Financial assets	5		
Cash and cash equivalents	6	All instruments are recorded at cost	Interest is paid on maturity
Trade and other receivables	7	All are carried in the accounts at net	Normal business trading terms are
	13	value unless otherwise stated	payment in 30 days
Other financial assets	9	All are recorded in the accounts at cost	Non-tradable
Financial liabilities		unless otherwise stated	
Trade and other payables	11	All are carried in the accounts at net	Normal business trading terms apply
rigot and outer payables	1.00	fair value unless otherwise stated	to the payment of suppliers accounts



(B) Interest rate risk exposures

The company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the company intends to hold fixed rate assets and liabilities to maturity

		Average Interest Rate	Floating Inte	rest Rate	Fixed Interest Rate		Non-interes	st Bearing	Total \$	Total \$
	2006 %	2005 %	2006	2005	2006 \$	2005	2006	2005 \$	2006	2005 \$
Financial assets Cash at bank and on hand	3.44%	3.55%	139,019	155,235			500	1,300	139,519	156,535
Bank interest bearing deposits Trade and other receivables	5.79%	5.74%	1,305,997	1,180,710		۵.	162,635	362,555	1,305,997 162,635	1,180,710 362,555
			1,445,016	1,335,945	-		163,135	363,855	1,608,151	1,699,800
Financial liabilities Payables	N/A	N/A			-		284,504	288,310	284,504	288,310
			-		-		284,504	288,310	284,504	288,310

Note 23. Financial instruments (continued)

(C) Credit risk by classification of counterparty

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation there under. The economic entity's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the balance sheet.

Credit Risk by Classification	Banks	Other	Total
	\$	\$	\$
Cash at bank and on hand	139,019	500	139,519
Bank interest bearing deposits	1,305,997		1,305,997
Trade and other receivables	1	162,635	162,635
	1,445,016	163,135	1,608,151

(D) Fair value of financial assets and liabilities

The carrying amounts of each assets and liability as stated in the balance sheet approximates their fair value.

Note 24. Correction of prior period error

Financial balances relating to the World Purchasing Research institute and the Centre for Professional Development in Club management were incorrectly included in the 2005 financial report. These entitles are joint venture operations of Southern Cross University, and have been correctly accounted for as such in 2006.

The financial impact of correcting the prior period error has been to reduce both cash at bank and industry partnership funds payable by \$369,290. Comparative and current year financial results have been amended to correct the error.

Note 25. Monies held on behalf of third parties

The consolidated entity holds money in trust on behalf of the parties involved in the World Purchasing Research Institute and the Centre for Professional Development in Club management.

These monies are excluded from the financial report as the company cannot use them for the achievement of its objectives.

The following is a summary of the transactions in the monies held on behalf of third parties account:

	2006	2005
	\$	\$
Cash at the beginning of the financial year	369,290	526,701
Add: Receipts	493,378	215,562
Less: Expenditure	(568,665)	(372,973)
Closing cash balance at the end of the financial year	294,003	369,290

"End of Audited Accounts"

A CONTROLLED ENTITY OF SOUTHERN CROSS UNIVERSITY

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

DIRECTORS' REPORT

The directors of the company present their report on the company for the year ended 31 December 2006:

DIRECTORS

The directors in office during or since the end of the financial period are:

Peter Baverstock BSc(Hons), DSc(Adel), PhD(WAust)

Robert Henry (CEO) BSc(Hons)(Qld),MSc(Hons)(Macq),

PhD(LaTrobe), DSc(Qld)

Steve Williams BAppSc(QUT)

Paul Clark BSc(Hons), PhD, DipTEd(Monash), FAIP, FIICA

Robert Jemison BSc(Hons), PhD(Flinders), Post Doc(Sheffield)

(appointed 22 April 2006)

The directors have been in office since the start of the financial year unless otherwise indicated.

PRINCIPAL ACTIVITES

The principal activities of the economic entity during the year were holding and maintaining the DNA of native Australian plants and other species of economic significance and enabling research and development into Australian plant DNA.

OPERATING RESULTS

The net operating result of the economic entity for the year ended 31 December 2006 was a loss of \$12,019 (2005 loss: \$2,843). The net operating result of the company for the year ended 31 December 2006 was a loss of \$6,199 (2005 profit: \$1,940).

REVIEW OF OPERATIONS

Income for the period was derived from storage of materials.

CHANGES IN STATE OF AFFAIRS

During the year there was no significant change in the state of affairs of the company or economic entity other than referred to in the financial statements or notes thereto.

SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company or economic entity, the results of those operations or the state of affairs of the company in future financial years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments, future prospects and business strategies of the operations of the company in future financial years and the expected results of those

operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

INFORMATION ON DIRECTORS

Professor Peter R. Baverstock, BSc(Hons), DSc(Adel), PhD(WAust).

Professor Baverstock is Pro Vice-Chancellor (Research) at Southern Cross University.

Appointed 24 March 2004.

Professor Robert J. Henry, BSc(Hons)(Qld) MSc(Hons)(Macq), PhD(LaTrobe),DSc(Qld) Professor Henry is Head of the Centre for Plant Conservation Genetics at Southern Cross University.

Appointed 24 March 2004.

Doctor Robert William Jemison BSc(Hons), PhD(Flinders), Post Doc(Sheffield U.K) Doctor Bob Jemison acts as a consultant for Southern Cross University.

Appointed 22 April 2006.

Steve Williams, BAppSc(QUT)

Steve Williams is the Business Manager within the Graduate Research College at Southern Cross University.

Appointed 30 April 2004.

Professor Paul Clark, BSc(Hons),PhD,DipTEd(Monash),FAIP,FIICA Professor Clark is Vice-Chancellor of Southern Cross University.

Appointed 11 January 2005.

MEETINGS OF DIRECTORS

The numbers of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Number eligible to attend	Number attended
Peter Baverstock	2	2
Robert Henry	2	2
Robert Jemison	1	1
Steve Williams	2	2
Paul Clark	2	2

DIRECTORS' REPORT

DIRECTORS' BENEFITS

During or since the financial year, no director of the company has received or become entitled to receive a benefit, because of a contract that:

- (a) the director; or
- (b) a firm of which the director is a member; or
- an entity in which the director has a substantial financial interest;
 has made with the company, an entity controlled by the company or related body corporate,
 other than:
 - a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company, and
 - the fixed salary of a full time employee of the company, controlled entity or related body corporate.

During or since the financial year the controlling entity has insured all of the directors previously listed against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company or related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceeding; or
- (b) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

AUDITORS INDEPENDENCE DECLARATION

The auditors independence declaration for the year ended 31 December 2006 has been received and is on the next page.

Signed in accordance with a resolution of the directors made pursuant to S298(2) of the Corporations Act 2001.

On behalf of the Directors

Director

Dated this 13th day of April 2007



GPO BOX 12 Sydney NSW 2001

To the Directors Australian Plant DNA Bank Limited

Auditor's Independence Declaration

As auditor for the audit of Australian Plant DNA Bank Limited for the year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

the independence requirements of the Corporations Act 2001 in relation to the audit, and

any applicable code of professional conduct in relation to the audit.

Greg Gibson, FCA

Assistant Auditor-General

SYDNEY 11 April 2007

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Australian Plant DNA Bank Limited and of the economic entity and pursuant to section 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we state:

- 1 The attached is a general purpose financial report and presents a true and fair view of the financial position as at 31 December 2005 and the performance for the year ended 31 December 2006;
- 2 The financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting interpretations), the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2006 and the Corporations Act 2001;
- 3 We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and,
- 4 There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed this 3/hday of April, 2007 in accordance with a resolution of the directors, made pursuant to S295(5) of the Corporations Act 2001.

On behalf of the Directors

Director



GPO BOX 12 Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Australian Plant DNA Bank Limited

To Members of the New South Wales Parliament and Members of Australian Plant DNA Bank Limited

Audit Opinion

In my opinion, the financial report of Australian Plant DNA Bank Limited (the Company) is in accordance with:

- the Corporations Act 2001, including:
 - giving a true and fair view of the Company's and consolidated entity's (defined below) financial position as at 31 December 2006 and their performance for the year ended on that date, and
 - complying with Accounting Standards in Australia (including Australian Accounting Interpretations) and the Corporations Regulations 2001,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheets, income statements, statements of changes in equity, cash flow statements, accompanying notes to the financial statements and directors' declaration for the Company and consolidated entity, for the year ended 31 December 2006. The consolidated entity comprises the Company and the entities it controlled during the financial year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with both the PF&A Act and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to enable me to express an opinion on the financial report. My audit provides reasonable assurance to Members of the New South Wales Parliament and the members of the Company that the financial report is free of material misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Company's directors had not fulfilled their reporting obligations.

My opinion does not provide assurance:

- about the future viability of the Company or its controlled entities,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

My Declaration of Independence dated 11 April 2007 would have been made on the same terms if it had been made at the date of this report.

G J Gibson, FCA

Assistant Auditor-General

SYDNEY 16 April 2007

ABN 95 108 486 791

A controlled entity of Southern Cross University



Income statements for the year ended 31 December 2006

		Consoli	dated	Parent e	ntity
	Notes	2006	9 Feb to 31 Dec 2005	2006	2005
		\$	\$	\$	\$
Revenue from continuing operations	3	1,795	26,390	1,795	26,390
Expenses from continuing operations	4 _	13,814	29,233	7,994	24,450
Operating result before income tax expense		(12,019)	(2,843)	(6,199)	1,940
Income tax expense	5 _		1		
Operating result from continuing operations	_	(12,019)	(2,843)	(6,199)	1,940
Operating result for the year		(12,019)	(2,843)	(6,199)	1,940
Operating result attributable to members of the parent entity	11	(12,019)	(2,843)	(6,199)	1,940

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

ABN 95 108 486 791

A controlled entity of Southern Cross University



Balance sheets as at 31 December 2006

as at 31 December 2006							
		Consolic		Parent e			
	Notes	2006	2005	2006	2005		
		\$	\$	\$	\$		
ASSETS							
Current assets							
Cash and cash equivalents	6	31,426	43,293	31,326	43,193		
Trade and other receivables	7	1,428	4,248	1,018	4,248		
Other current assets	8	2,244	1,705	2,244	1,705		
Total current assets	-	35,097	49,246	34,587	49,146		
Non-current assets							
Trade and other receivables	7			6,513	2,783		
Other financial assets	9		-	100	100		
Total non-current assets	-			6,613	2,883		
Total assets	12	35,097	49,246	41,200	52,029		
LIABILITIES							
Current liabilities							
Trade and other payables	10	6,800	8,930	2,300	6,930		
Total current liabilities	-	6,800	8,930	2,300	6,930		
Total liabilities		6,800	8,930	2,300	6,930		
Net assets	_	28,297	40,316	38,900	45,099		
Equity							
Retained earnings	11 -	28,297	40,316	38,900	45,099		
Total equity	_ =	28,297	40,316	38,900	45,099		

The above balance sheet should be read in conjunction with the accompanying notes.



Statement of changes in equity for the year ended 31 December 2006

		Consolid		Parent e	entity
		2006	9 Feb to 31 Dec 2005	2006	2005
	Notes	\$	\$	\$	\$
Total equity at the beginning of the financial year	_	40,316	43,159	45,099	43,159
Operating result		(12,019)	(2,843)	(6,199)	1,940
Total recognised income and expense for the year	_	(12,019)	(2,843)	(6,199)	1,940
Total equity at the end of the financial year	11	28,297	40,316	38,900	45,099
Total recognised income and expense for the year is attributable to:					
Members of Australian Plant DNA Bank Limited	100	(12,019)	(2,843)	(6,199)	1,940

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



Cash flow statements for the year ended 31 December 2006

		Consolic	lated	Parent e	entity
	Alexander .		9 Feb to 31 Dec	1244	
	Notes	2006	2005	2006	2005
		\$	\$	\$	\$
Cash flows from operating activities					
Receipts from customers		2,094	26,091	2,094	26,091
Payments to suppliers and employees		(14,687)	(30,844)	(11,367)	(28,061)
Net GST paid / (received)	-	726	(1,954)	1,136	(1,954)
Net cash provided by/(used in) operating activities	19 _	(11,867)	(6,707)	(8,137)	(3,924)
Cash flows from investing activities					
Loans to related parties		-	4	(3,730)	(2,783)
Purchase of shares in wholly-owned subsidiary	-	•	-		(100)
Net cash inflow / (outflow) from investing activities	-			(3,730)	(2,883)
Net increase/(decrease) in cash and cash equivalents		(11,867)	(6,707)	(11,867)	(6,807)
Cash and cash equivalents at the beginning of the financial year	_	43,293	50,000	43,193	50,000
Cash and cash equivalents at the end of the financial year	6	31,426	43,293	31,326	43,193

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

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Notes to the financial statements for the financial year ended 31 December 2006

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Australian Plant DNA Bank Limited as an individual entity and the consolidated entity consisting of Australian Plant DNA Bank Limited and its subsidiary.

Australian Plant DNA Bank Limited is a company limited by guarantee which is incorporated and domociled in Australia. The company's principal activities are holding and maintaining the DNA of native Australian plants and other species of economic significance and enabling research and development into Australian plant DNA. The financial report was authorised for issue by the Directors on 13th April 2007.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting interpretations), the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2006 and the Corporations Act 2001. The financial report is presented in Australian Dollars.

Compliance with IFRSs

The financial statements and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

Historical Cost Convention

These financial statements have been prepared on an accruals basis and are based on the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss, certain classes of property plant and equipment and investment property.

Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. These areas require a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements. No critical accounting estimates have been identified in these financial statements.

Going Concern Principle

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.

b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries controlled by Australian Plant DNA Bank Limited as at 31 December 2006 and the results of all subsidiaries for the year then ended. Australian Plant DNA Bank Limited and its subsidiaries are referred to in this financial report as the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that controls ceases.

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All controlled entities are audited by The Audit Office of New South Wales.

Minority interests in the equity and results of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

c) Significant revenues & expenses

Where an item of revenue or expense from ordinary activities is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised by the Group as follows:

Government grants

Grants from the government are recognised at their fair value where the entity obtains control of the right to receive the grant, it is likely that economic benefits will flow to the entity and it can be reliably measured.

Rendering of services

Revenue from sales of services is recognised in the period in which the service is provided.

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery to the customer.

Interest

Interest revenue is recognised as it accrues.

Dividends

Revenue from dividends is recognised when the shareholders' right to receive a dividend is established.

Asset sales

The net gain on the sale of assets, not originally purchased for the intention of resale, are included as revenue in the income statement at the date of disposal. Net losses on disposal are recognised as an expense in the income statement.

e) Cash and cash equivalents

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 balance sheet.

f) Basis of valuation of non-current assets

Plant and Equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains / losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

g) Depreciation of non-current assets

Plant and equipment is depreciated over their estimated economic useful lives to the consolidated entity using the straight-line method.

The annual rates for depreciation are:

	%p.a.
Research equipment	33.3
Computer equipment	33.3
General equipment	10

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

h) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company currently has no finance leases. All leases are operating leases where the consolidated entity does not assume the risks and benefits of ownership. Lease payments for operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

i) Trade and other receivables

Trade receivables are recognised at the original invoice amount less a provision for impairment. Trade receivables are due for settlement generally no more than 30 days from invoice date.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision for impairment is recognised as a deduction to the carrying value of receivables in the balance sheet.

j) Investments and other financial assets

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

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to

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designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

k) Fair value estimation

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

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

I) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid on the creditors' payment terms.

m) Employee benefits

(i) Wages and salaries and annual and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled after 12 months of the reporting date are discounted. The discount rate used as at 31 December 2006 was the Treasury long-term bond rate.

(ii) 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. 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.

(iii) Retirement benefit obligations

All employees of the company are entitled to benefits on retirement, disability or death from the company's superannuation plan. The company has a defined benefit section and a defined contribution section within its plan.

The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the company and the company's legal or constructive obligation is limited to these contributions.

The employees of the company are all members of the defined contribution section of the company's plan.

A liability or asset in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised

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actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

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 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives.

Past service costs are recognised immediately in income, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Future taxes that are funded by the entity and are part of the provision of the existing benefit obligation (e.g. taxes on investment income and employer contributions) are taken into account in measuring the net liability or asset.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(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 entity 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 falling due more than 12 months after balance date are discounted to present value.

n) Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense, when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the period of the expected benefit, which varies from 3 to 5 years.

o) Provisions

Provisions for legal claims and service warranties are recognised when: the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. 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. The increase in the provision due to the passage of time is recognised as interest expense.

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.

p) Income tax

Australian Plant DNA Bank Limited is exempt from the payment of income tax, and accordingly, no provision for income tax liability or future income tax benefit has been included in the parent entity's financial report.

The controlled entity is subject to income tax.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and
 interests in joint ventures, except where the timing of the reversal of the temporary differences can be
 controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and
 interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the
 temporary differences will reverse in the foreseeable future and taxable profit will be available against
 which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Current and deferred taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

q) Goods and services tax

Revenues, 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

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Receivables and payables in the balance sheet and commitments are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables.

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

r) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to settle. The asset or liability is classified as current if it is expected to settle within the next 12 months, being the company's operational cycle. In the case of liabilities where the company does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

s) New Australian Accounting Standards issued but not effective

- (i) The Company did not early adopt any new accounting standards that are not yet effective.
- (ii) The following new Accounting Standards have not been adopted and are not yet effective:
- AASB 7 Financial Instruments: Disclosures (1 January 2007)
- AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 2008)
- UIG Interpretation 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies (1 March 2006)
- UIG Interpretation 8 Scope of AASB 2 (1 May 2006)
- UIG Interpretation 9 Reassessment of Embedded Derivatives (1 June 2006)
- AASB Interpretation 10 Interim Financial Reporting and Impairment (1 November 2006)

The Company has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant.

t) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year. Comparative information for the consolidated entity relates to the period 9 February 2005 to 31 December 2005.



Note 2. Members' Guarantee

The parent entity 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 \$100 each towards meeting any outstanding obligations of the company. At 31 December 2006, the number of members was 1 (2005: 1).

	Consolio	lated	Parent entity		
	9	Feb to 31 Dec			
	2006	2005	2006	2005	
	\$	\$	\$	\$	
Note 3. Revenue from continuing operations					
Consulting fees	4	26,290	100	26,290	
Storage Fees	1,795	100	1,795	100	
Donations received from ultimate parent entity					
	1,795	26,390	1,795	26,390	
No. 1 February 100 Control Control					
Note 4. Expenses from continuing operations					
Accounting and audit fees	4,180	4,100	2,090	2,100	
Collection activity	3,757		3,757		
Domain name fees	193	189	(62)	189	
Legal fees	3,263	2,346		363	
Licences and subscriptions	692	2,146	480	1,346	
Other expenses	24	164	24	164	
Storage Costs	1,705		1,705		
Cost of services		20,288	-	20,288	
	13,814	29,233	7,994	24,450	
Note 5. Income tax					
Income tax expense					
Income tax on loss from continuing operations at 30%	(1,746)	(1,435)			
Add back non deductible expenses	979	-			
Write-off deferred income tax as it is not probable that					
it will be recovered by future operations	767	1,435			
Income tax attributable to the entity	-				
The controlled entity, Biobank Pty Ltd is not exempt from income tax. The tax expense is based on the company tax rate for 2006.					
Deferred tax assets					
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 are satisfied.					
- operating losses	2,202	1,435	- 1	- 4	
operating record		.,,			



	Consolidated		Parent entity	
	2006	2005	2006	2005
Franking account	\$	\$	\$	\$
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.		34		
Note 6. Cash and cash equivalents				
	7,50		2,500	.000
Cash at bank	31,326	43,193	31,326	43,193
Cash on hand	100	100		10 100
Total cash and cash equivalents	31,426	43,293	31,326	43,193
(a) Reconciliation to cash at the end of the year The above figures are reconciled to cash at the end of the year as shown in the cash flow statement as follows:				
Balances as above	31,426	43,293	31,326	43,193
Balance per cash flow statement	31,426	43,293	31,326	43,193
(b) Cash at bank These bank accounts are non-interest bearing.				
Note 7. Trade and other receivables				
Current				
Trade receivables	1.3	2,094		2,094
Amounts receivable from parent entity	210	100	210	342
Net goods and services tax receivable	1,218	2,154	808	2,154
	1,428	4,248	1,018	4,248
Non-current				
Amounts receivable from wholly-owned subsidiary			6,513	2,783
Note 8. Other non-financial assets				
Current				
Prepayments	2,244	1,705	2,244	1,705



	Consolidated		Parent e	ntity
	2006	2005	2006	2005
	\$	\$	\$	\$
Note 9. Other financial assets				
Non-current				
Shares in wholly-owned subsidiary (unlisted)		-	100	100
These financial assets are carried at cost. There are no fixed returns or fixed maturity dates attached to these investments.				
Note 10. Trade and other payables				
Current				
Payables and accrued expenses	4,600	5,146	2,300	3,146
Amounts payable to ultimate parent entity	2,200	1,989	1.05	1,989
Revenue received in advance		1,795		1,795
	6,800	8,930	2,300	6,930
Note 11. Retained earnings				
Balance at beginning of financial year	40,316	43,159	45,099	43,159
Net operating result for the year	(12,019)	(2,843)	(6,199)	1,940
Balance at end of financial year	28,297	40,316	38,900	45,099



Consolidated

Parent entity

Notes to the financial statements for the year ended 31 December 2006

Note 12. Key management personnel disclosures

Directors

The names of directors who held office during the financial year are:

Professor Paul Clark

Doctor Robert Jemison (Appointed 22 April 2006)

Stephen Williams

Robert Henry

Professor Peter Baverstock

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

Directors remuneration Income paid or payable, or otherwise made available, to board members by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities: Remuneration of directors whose income was within the following bands: Nil to \$9,999 \$10,000 to \$19,999 \$110,000 to \$19,999	Consoli	dated	Parent entity	
	2006	9 Feb to 31 Dec 2005	2006	2005
Directors remuneration	\$	\$	\$	\$
Income paid or payable, or otherwise made available, to board members by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities: Remuneration of directors whose income was within the following bands: Nil to \$9,999	1,026,101	1,107,755	1,026,101	1,107,755
	Num	ber	Numb	er
Nil to \$9,999	1		1	
\$10,000 to \$19,999	1.5	1		1
\$110,000 to \$119,999		1		1
\$120,000 to \$129,999	1	(2)	1	-
\$170,000 to \$179,999		1	-	1
\$200,000 to \$209,999	1	(20)	1	1.15
\$210,000 to \$219,999		1	11.5	1
\$220,000 to \$229,999		1.		1
\$280,000 to \$289,999	1	1	1	1
\$370,000 to \$379,999		1	1.0	1
\$410,000 to \$419,999	1		1	



Note 13. Related party transactions

Related parties

Ultimate parent entity

Southern Cross University is the ultimate parent entity.

Wholly-owned subsidiary

Biobank Pty Limited is the company's wholly-owned subsidiary. Biobank Pty Limited was incorporated in Australia, on 9 February 2005.

	Cons	Consolidated		entity
		9 Feb to 31 Dec		
	2006	2005	2006	2005
	\$	\$	\$	\$
Related party transactions				

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

Transactions with related parties:

i) Ultimate parent entity

Transactions with Southern Cross University for services provided are fully reimbursed by the company as charged however, financial services and administration assistance are provided by the University at no cost. The value of these costs are not readily quantified.

Expenditure				
Purchase of storage space	1,705	104	1,705	104
Payment of audit Fee	2,200		12	-
Purchase of analysis consulting services		20,387		20,387
ii) Wholly-owned subsidiary				
During the year the parent entity paid all costs on behalf Biobank Pty Ltd. Loan funds are provided on interest-free terms.	- 6-	12	6,513	2,783
On 9 February 2005 the parent entity purchased 100 ordinary shares at \$1 each in the wholly-owned subsidiary. Details of the wholly-owned subsidiary are disclosed at note 17.			100	100



for the year ended 31 December 2000				
	Conso	lidated	Parent entity	
	2006	9 Feb to 31 Dec 2005	2006	2005
	\$	\$	\$	\$
Note 13. Related party transactions cont'd				
Outstanding balances				
The following balances are outstanding at the reporting date in relation to transactions with related parties:				
Current receivables				
Ultimate parent entity =	210		210	-
Man a second as a				
Non-current receivables			0.540	2,783
		-	6,513	2,700
Non-current receivables Subsidiaries — Current payables	-		6,513	2,700

or doubtful debts due from related parties.

Terms and Conditions

balance date.

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.

Note 14. 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:

Fees paid to The Audit Office of New South Wales

And the second of the second o				
Audit of financial report	4,180	4,100	2,090	2,100
Note 15. Contingent liabilities and contingent assets				
Contingent liabilities				
The company is not aware of any contingent liabilities as at				



	Consolidated		Parent e	ntity
	2006	9 Feb to 31 Dec 2005	2006	2005
	\$	\$	\$	\$
Note 16. Commitments for expenditure				
(a) Capital expenditure commitments				
There were no commitments for capital expenditure as at 31 December 2006.		i	4	
(b) Other expenditure commitments There were no other expenditure commitments as at 31 December 2006.		7		

Note 17. Subsidiaries

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

Name of entity	Country of incorporation	Equity holding 2006	Equity holding 2005
		%	%
Biobank Pty Ltd	Australia	100%	100%

Acquisition of controlled entity

The subsidiary was incorporated on 9 February 2005.

The parent entity purchased 100 ordinary shares at \$1 each in the company on the date of incorporation.

Parent Entity Details:

The Registered office and principle place of business of the company is:
Australian Plant DNA Bank Limited
Centre for Plant Conservation Genetics
Southern Cross University Campus
Military Road
EAST LISMORE NSW 2480

Note 18. Subsequent events

There were no events subsequent to balance date that would have a material financial effect on the financial report as presented.



Note 19. Reconciliation of operating result for the year after income tax to net cash flows from operations

	Consolida	Parent entity		
		9 Feb to 31 Dec		
	2006	2005	2006	2005
	\$	\$	\$	\$
Net operating result for the year	(12,019)	(2,843)	(6,199)	1,940
Change in operating assets and liabilities				
(Increase) / decrease in receivables	1,884	(2,094)	1,884	(2,094)
(Increase) / decrease in financial assets	(538)	(1,705)	(538)	(1,705)
Increase / (decrease) in GST receivable	936	(1,954)	1,346	(1,954)
Increase/(Decrease) in payables and other liabilities	(2,130)	1,889	(4,630)	(111)
Net cash provided by/(used in) operating activities	(11,867)	(6,707)	(8,137)	(3,924)

Note 20. Economic dependency

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



Note 21. Financial instruments

(a) Financial risk management

The Group's activities exposes it to a variety of financial risks, as follows:

Credit risk

The company's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

(b) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

	Fixed interest maturing in:								
2006	Floating interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non- interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets									
Cash assets	31,326	4	1.		-	-		100	31,426
Receivables				2				1,428	1,428
	31,326						/• //	1,528	32,854
Weighted average interest rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Financial liabilities									
Payables		- 2		-		-		6,800	6,800
								6,800	6,800
Weighted average interest rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Net financial assets/(liabilities)	31,326			- 10			¥	(5,272)	26,054



Note 21. Financial instruments (continued)

				Fixed in	nterest matur	ing in:			
2005	Floating	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non- interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets									
Cash assets	43,193	4	-			17	10.5	100	43,293
Receivables					- 7		_	4,248	4,248
	43,193	- 20						4,348	47,541
Weighted average interest rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Financial liabilities									
Payables		4			9.1	4	- 12	8,930	8,930
		- 9	- 4	(9)	-2	- 2	0.0	8,930	8,930
Weighted average interest rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Net financial assets/(liabilities)	43,193						. 41	(4,582)	38,61

(c) Credit risk by classification of counterparty

Credit risk is the risk of financial loss arising from another party to a contract or financial position falling to discharge a financial obligation thereunder. The company's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the balance sheet.

Credit Risk by Classification	Governments \$	Banks \$	Other \$	Total \$
Cash		31,426	-	31,426
Receivables			1,428	1,428
		31,426	1,428	32,854

(d) Fair value of financial assets and liabilities

The carrying amounts of each asset and liability as stated in the balance sheet approximates their fair values.

(e) Other unrecognised financial assets and liabilities

The company has a contingent asset of \$100 arising from each member's guarantee in the event of winding-up the company's operations. Refer to note 2.

"End of Audited Accounts"

A CONTROLLED ENTITY OF AUSTRALIAN PLANT DNA BANK LIMITED

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

DIRECTORS' REPORT

The directors of the company present their report on the company for year ended to 31 December 2006:

DIRECTORS

The directors in office during or since the end of the financial period are:

Peter Baverstock BSc(Hons), DSc(Adel), PhD(WAust)

Robert Henry (CEO) BSc(Hons)(Qld),MSc(Hons)(Macq),

PhD(LaTrobe), DSc(Qld)

Steve Williams BAppSc(QUT)

The directors have been in office since the start of the financial year unless otherwise indicated.

PRINCIPAL ACTIVITES

The company has not traded since it incorporated on 9 February 2005.

OPERATING RESULTS

The operating result for the year ended to 31 December 2006 was a loss of \$5,820 (2005 loss: \$4,783).

CHANGES IN STATE OF AFFAIRS

During the period there was no significant change in the state of affairs of the company.

SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments, future prospects and business strategies of the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Professor Peter R. Baverstock, BSc(Hons), DSc(Adel), PhD(WAust). Professor Baverstock is Pro Vice-Chancellor (Research) at Southern Cross University.

Appointed 9 February 2005.

Professor Robert J. Henry, BSc(Hons)(Qld) MSc(Hons)(Macq), PhD(LaTrobe), DSc(Qld) Professor Henry is Head of the Centre for Plant Conservation Genetics at Southern Cross University.

Appointed 9 February 2005.

Steve Williams, BAppSc(QUT)

Steve Williams is the Business Manager within the Graduate Research College at Southern Cross University.

Appointed 9 February 2005.

MEETINGS OF DIRECTORS

The numbers of meetings of directors held during the period and the number of meetings attended by each director were as follows:

	Number eligible to attend	Number attended
Peter Baverstock	1	1
Robert Henry	1	1
Steve Williams	-1	1

DIRECTORS' REPORT

DIRECTORS' BENEFITS

During or since the financial period, no director of the company has received or become entitled to receive a benefit, because of a contract that:

- (a) the director; or
- (b) a firm of which the director is a member; or
- (c) an entity in which the director has a substantial financial interest; has made with the company, an entity controlled by the company or related body corporate, other than:
 - a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company, and
 - the fixed salary of a full time employee of the company, controlled entity or related body corporate.

During or since the financial period the controlling entity has insured all of the directors previously listed against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company.

INDEMNIFICATION OF OFFICERS AND AUDITORS

The company has not, during or since the financial period, in respect of any person who is or has been an officer or auditor of the company or related body corporate:

- (a) indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceeding; or
- (b) paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

AUDITORS INDEPENDENCE DECLARATION

The auditors independence declaration for the year ended 31 December 2005 has been received and is on the next page.

Signed in accordance with a resolution of the directors made pursuant to S298(2) of the Corporations Act 2001.

On behalf of the Directors

Director

Dated this 13th day of April 2007



GPO BOX 12 Sydney NSW 2001

To the Directors Biobank Pty Limited

Auditor's Independence Declaration

As auditor for the audit of Biobank Pty Limited for the year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Greg Gibson, FCA

Assistant Auditor-General

SYDNEY 11 April 2007

BIOBANK PTY LTD ABN 27 112 877 442

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Biobank Pty Ltd and pursuant to section 41C (1B) and (1C) of the Public Finance and Audit Act 1983, we state:

- 1 The attached is a general purpose financial report and presents a true and fair view of the financial position as at 31 December 2006 and the performance for the year ended 31 December 2006;
- 2 The financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting interpretations), the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2006 and the Corporations Act 2001;
- 3 We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and,
- 4 There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed this 13th day of April, 2007 in accordance with a resolution of the directors, made pursuant to S295(5) of the Corporations Act 2001.

On behalf of the Directors

Director



GPO BOX 12 Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Biobank Pty Limited

To Members of the New South Wales Parliament and Members of Biobank Ptv Limited

Audit Opinion

In my opinion, the financial report of Biobank Pty Limited (the Company) is in accordance with:

- the Corporations Act 2001, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2006 and its performance for the year ended on that date, and
 - complying with Accounting Standards in Australia (including Australian Accounting Interpretations) and the Corporations Regulations 2001,
- other mandatory financial reporting requirements in Australia, and
- section 41B of the Public Finance and Audit Act 1983 (the PF&A Act) and the Public Finance and Audit Regulation 2005.

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

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements and directors' declaration for the Company, for the year ended 31 December 2006.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with both the PF&A Act and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament and the members of the Company that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing Standards and statutory requirements, and I:

- assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors in preparing the financial report, and
- examined a sample of evidence that supports the amounts and disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Company's directors had not fulfilled their reporting obligations.

My opinion does not provide assurance:

- about the future viability of the Company,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Augitor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision
 of non-audit services, thus ensuring the Auditor-General and the Audit Office are not
 compromised in their role by the possibility of losing clients or income.

My Declaration of Independence dated 11 April 2007 would have been made on the same terms if it had been made at the date of this report.

G J Gibson, FCA

Assistant Auditor-General

SYDNEY 16 April 2007



Income statement for the year ended 31 December 2006

		2006	9 Feb to 31 Dec 2005
	Notes	\$	\$
Expenses from continuing operations			
Audit Fees	4	2,090	2,000
Legal fees		3,263	1,983
Fees and licenses		467	800
Total expenses from continuing operations	-	5,820	4,783
Operating loss before income tax expense		(5,820)	(4,783)
Income tax expense	3		-
Operating loss for the year		(5,820)	(4,783)
Operating loss attributable to members of Biobank Pty Ltd		(5,820)	(4,783)

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



Balance sheet as at 31 December 2006

		2006	2005
	Notes	\$	\$
Current assets			
Cash and cash equivalents	5	100	100
Trade and other receivables	6	410	
Total current assets	-	510	100
Total assets		510	100
Current liabilities			
Trade and other payables	7	4,500	4,783
Total current liabilities		4,500	4,783
Non-current liabilities			
Trade and other payables	7	6,513	
Total non-current liabilities		6,513	3
Total liabilities	=	11,013	4,783
Net liabilities	<u> </u>	(10,503)	(4,683)
Equity			
Contributed equity	16	100	100
Accumulated losses	8	(10,603)	(4,783)
Total equity		(10,503)	(4,683)

The above balance sheet should be read in conjunction with the accompanying notes.



Statement of changes in equity for the year ended 31 December 2006

	Notes	2006 \$	9 Feb to 31 Dec 2005 \$
Total equity at the beginning of the financial year	_	(4,683)	
Net operating loss		(5,820)	(4,783)
Total recognised income and expense for the year	_	(5,820)	(4,783)
Issue of share capital	16		100
Total equity at the end of the financial year		(10,503)	(4,683)
Total recognised income and expense for the year is attributable to:			
Members of Biobank Pty Ltd	8	(10,503)	(4,683)
		(10,503)	(4,683)

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



Cash flow statement for the year ended 31 December 2006

	2006	9 Feb to 31 Dec 2005
Notes	\$	\$
	(-	1.7
		-
15	•	-
		100
-	*	100
	1	100
-	100	<u> </u>
5	100	100
	15	Notes \$

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



Notes to the financial statements for the financial year ended 31 December 2006

Note 1. Summary of significant accounting policies

The principle accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Biobank Pty Limited is a small proprietary company limited by shares which is incorporated and domociled in Australia. The company has not traded since it incorporated on 9 February 2005. The financial report was authorised for issue by the Directors on 13th April 2007.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting interpretations), the Public Finance and Audit Act 1983, Public Finance and Audit Regulation 2006 and the Corporations Act 2001. The financial report is presented in Australian Dollars.

Compliance with IFRSs

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial statements and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements

Historical Cost Convention

These financial statements have been prepared on an accruals basis and are based on the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss, certain classes of property plant and equipment and investment property.

Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. These areas require a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements. No critical accounting estimates have been identified in these financial statements.

Going Concern Principle

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.

b) Significant revenues & expenses

Where an item of revenue or expense from ordinary activities is of such a size, nature or incidence, that its disclosure is relevant in explaining the financial performance of the entity, its nature and amount have been disclosed separately in the notes.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised by the Group as follows:

Government grants

Grants from the government are recognised at their fair value where the entity obtains control of the right to receive the grant, it is likely that economic benefits will flow to the entity and it can be reliably measured.

Rendering of services

Revenue from sales of services is recognised in the period in which the service is provided.

*
*
* Southern Cross
UNIVERSITY

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery to the customer.

Interest

Interest revenue is recognised as it accrues.

Dividends

Revenue from dividends is recognised when the shareholders' right to receive a dividend is established.

Asset sales

The net gain on the sale of assets, not originally purchased for the intention of resale, are included as revenue in the income statement at the date of disposal. Net losses on disposal are recognised as an expense in the income statement.

d) Cash and cash equivalents

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 balance sheet.

e) Basis of valuation of non-current assets

Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains / losses 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 income statement during the financial period in which they are incurred.

f) Depreciation of non-current assets

Depreciation is calculated using the straight line method to allocate their costs, net of residuals, over their estimated useful lives to the company.

The annual rates for depreciation are:

	%p.a.
Computer equipment	33
General equipment	10

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.



g) Fair value estimation

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

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

h) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company currently has no finance leases. All leases are operating leases where the company does not assume the risks and benefits of ownership. Lease payments for operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

i) Trade and other receivables

Trade receivables are recognised at the original invoice amount less a provision for impairment. Trade receivables are due for settlement generally no more than 30 days from invoice date.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision for impairment is recognised as a deduction to the carrying value of receivables in the balance sheet.

j) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid on the creditors' payment terms.

k) Income tax

Biobank Pty Ltd is subject to income tax.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.



Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and
 interests in joint ventures, except where the timing of the reversal of the temporary differences can be
 controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial
 recognition of an asset or liability in a transaction that is not a business combination and, at the time of the
 transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and
 interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the
 temporary differences will reverse in the foreseeable future and taxable profit will be available against
 which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Current and deferred tax balances relating to items recognised directly in equity are recognised in equity and not in the income statement.

Goods and services tax

Revenues, 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables in the balance sheet and commitments are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables.

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

m) Provisions

Provisions for legal claims and service warranties are recognised when: the company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. 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. The increase in the provision due to the passage of time is recognised as interest expense.

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.

n) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to settle. The asset or liability is classified as current if it is expected to settle within the next 12 months, being the company's operational cycle. In the case of liabilities where the company does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

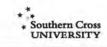
o) New Australian Accounting Standards issued but not effective

- (i) The Company did not early adopt any new accounting standards that are not yet effective.
- (ii) The following new Accounting Standards have not been adopted and are not yet effective:
- AASB 7 Financial Instruments: Disclosures (1 January 2007)
- AASB 1049 Financial Reporting of General Government Sectors by Governments (1 July 2008)
- UIG Interpretation 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies (1 March 2006)
- UIG Interpretation 8 Scope of AASB 2 (1 May 2006)
- UIG Interpretation 9 Reassessment of Embedded Derivatives (1 June 2006)
- AASB Interpretation 10 Interim Financial Reporting and Impairment (1 November 2006)

The Company has assessed the impact of these new Standards and Interpretations and considers the impact to be insignificant.

p) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current year. Comparative information relates to the period 9 February 2005 to 31 December 2005.



Notes to the financial statements for the year ended 31 December 2006

	2006	9 Feb to 31 Dec 2005
	\$	\$
Note 2. Company details		
Biobank Pty Ltd is a small proprietary company, limited by shares which is incorporated and operates in Australia.		
The registered office and principal place of business of the company is:		
Centre for Plant Conservation Genetics "Y" Block		
Southern Cross University		
Military Road		
LISMORE NSW 2480 Tel: (02) 66203458		
Note 3, Income tax		
Income tax expense	Water 1	455
Income tax on loss from continuing operations at 30%	(1,746)	(1,435)
Add back non deductible expenses Write-off deferred income tax as it is not probable that it will be	979	
recovered by future operations	767	1,435
Income tax attributable to the entity		7
Deferred tax assets		
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1 are satisfied.		
- operating losses	2,202	1,435
Franking account		
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and any credits that may be prevented from distribution in subsequent years.		4
Note 4. Remuneration of auditors		
During the year the following fees were paid/payable for services provided by the auditor of the company, its related practices and non-related audit firms:		
Fees paid to the Audit Office of New South Wales		
Audit of financial report	2,090	2,000
	2006	2005
	\$	\$
Note 5. Cash and cash equivalents		
Current		
Cash at bank and on hand	100	100
Reconciliation to cash at the end of the year		
The above figures are reconciled to cash at the end of the year		
as shown in the cash flow statement as follows:		
Balances as above	100	100
Balance per cash flow statement	100	100



Notes to the financial statements for the year ended 31 December 2006

	2006	2005
	\$	\$
Note 6. Trade and other receivables		
Current		
Net goods and services tax receivable	410	
-	410	
Note 7. Trade and other payables		
Note 7. That and other payables		
Current		
Accounts payable to parent entity		2,783
Accounts payable to ultimate parent entity	2,200	-
Payables and accrued expenses	2,300	2,000
	4,500	4,783
Non-current		
Accounts payable to parent entity	6,513	
	6,513	
Note 8. Accumulated losses		
Balance at the beginning of year	(4,783)	
Net operating loss for the year	(5,820)	(4,783)
Balance at the end of year	(10,603)	(4,783)
Note 9. Related party information		
Related parties		
Ultimate parent entity		
Southern Cross University is the ultimate parent entity.		
Parent entity		
Australian Plant DNA Bank Limited is the parent entity		
Related party transactions		
Transactions between related parties are on normal commercial terms and		
conditions no more favourable than those available to other parties unless otherwise stated.		
Parent entity		
During the year the parent entity paid all costs on behalf of Biobank Pty Ltd. Loan		
funds are provided on interest-free terms. Opening balance	2,783	
Movement during year	3,730	2,783
Balance at the end of year	6,513	2,783
Salation at the end of your		2,700
Ultimate Parent entity		
During the year Southern Cross University paid audit fees on behalf of Biobank Pty		
Ltd. Loan funds are provided on interest-free terms.	2,200	ω)



Notes to the financial statements for the year ended 31 December 2006

Note 9. Related party information cont'd

	2006	2005
	\$	\$
Outstanding balances		
The following balances are outstanding at the reporting date in relation to transactions with related		
parties:		
Payables		
Parent entity	6,513	2,783
Southern Cross University	2,200	
	8,713	2,783

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.

Note 10. Key management personnel disclosures

Directors

The names of directors who have held office during the financial period are:

Peter Baverstock

Robert Henry

Steve Williams

\$

Directors remuneration

Income received or due and receivable by all directors from the company and any related bodies corporate

Number of directors whose income was within the following bands:	Number	Number
\$110,000 to \$119,999	-	1
\$120,000 to \$129,999	i e	-
\$170,000 to \$179,999	45	1
\$200,000 to \$209,999	1	*
\$210,000 to \$219,999	*	1
\$280,000 to \$289,999	1	

613,428

504.221

During me period Southern Cross University paid directors and omicers liability insurance in respect of the university and its wholly owned controlled entities. The amount paid in respect of directors of Biobank Pty Ltd cannot be reliably determined.

Note 11. Commitments for expenditure

(a) Capital expenditure commitments

There were no commitments for capital expenditure as at 31 December 2006.

(b) Other expenditure commitments

There were no expenditure commitments contracted as at 31 December 2006.

Note 12. Contingent liabilities and contingent assets

Biobank Pty Ltd currently has no legal matters outstanding or other contingent liabilities which are expected to result in material claims against it.



2006

2005

Notes to the financial statements for the year ended 31 December 2006

Note 13. Segment reporting

a) Industry segments

The company operates within the one industry for holding and maintaining the DNA of native Australian Plants and other species of economic significance.

b) Geographic segments

The company operates solely within Australia.

Note 14. Subsequent events	•	φ
There were no events subsequent to reporting date that would have a material financial effect on the financial report.		
Note 15. Reconciliation of net operating loss for the year		
after income tax to net cash flows from operations		
Net operating loss for the period	(5,820)	(4,783)
Change in operating assets and liabilities		
(Increase) in receivables	(410)	
Increase in payables	6,230	4,783
Net cash provided by/(used in) operating activities		•
Note 16. Contributed equity		
Opening balance	100	1.5
Shares issued during the financial period		
100 ordinary shares fully paid @ \$1 each issued on 9 February 2005	4	100
Closing balance	100	100

Fully paid shares

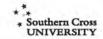
Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The company has the power to forfeit any shares upon which the call remains unpaid for a period specified by the directors.

The company has a first and paramount lien on every share not fully paid for all money, whether presently payable or not, called or payable at a fixed time in respect of that share.

Note 17. Economic dependency

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



Notes to the financial statements for the year ended 31 December 2006

Note 18. Financial instruments

(a) Financial risk management

Financial instruments give rise to positions that are a financial asset of either the company or its counterparty and a financial liability (or equity instrument) of the other party. For the company this includes payables.

The following is the company's accounting policies and terms and conditions for each class of financial liability:

Recognised financial instruments	Notes	Accounting policies	Terms and conditions
Financial liabilities Payables		All are carried in the financial statements at net fair value unless otherwise stated.	Normal business trading terms apply to the payment of suppliers accounts.

(b) Interest rate risk exposures

The company's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial instruments.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the company intends to hold fixed rate assets and liabilities to maturity.

2006	Weighted Average Effective Interest Rate		Fixed Interest Rate	Non-interest Bearing	Total
	2006 %	2006 \$	2006	2006	2006
Financial assets					
Cash	N/A			100	100
Receivables	N/A	20	-	410	410
		+		510	510
Financial liabilities	100			10000	
Payables	N/A			11,013	11,013
				11,013	11,013

2005	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non-interest Bearing	Total	
	2005 %	2005 \$	2005	2005 \$	2005	
Financial assets Cash	N/A			100	100	
Odsii	N/A	-		100	100	
Financial liabilities Payables	N/A		- 2	4,783	4,783	
	La vey			4,783	4,783	



Note 18. Financial instruments cont'd

(c) Credit risk by classification of counterparty

Credit risk is the risk of financial loss arising from another party to a contract or financial position failing to discharge a financial obligation thereunder. The company's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the balance sheet.

Credit risk by classification	Governments \$	Banks \$	Other \$	Total \$
Cash		-	100	100
Receivable	and the second		410	410
	-	- 4	510	510

(d) Fair value of financial assets and liabilities

The fair value of the company's financial assets and liabilities as presented in the balance sheet approximate their fair value.

"End of Audited Accounts"

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