

Annual Report

2016

Contents

Letter of Submission	1
Management and Activities	2
Strategic Plan 2016 – 2020	3
Teaching and Learning	4
Research	5
Staff	6
Student Feedback and Consumer Response	9
Governance	10
Financial Services	16
Southern Cross University and Controlled Entities	17
Norsearch	93
Appendices	125
Index of Compliance	136

21 April 2017

The Hon Rob Stokes MP
Minister for Education
Parliament House
Sydney NSW 2000

Dear Minister

The Council of Southern Cross University presents the report of proceedings of the University and the audited financial statements for the year ended 31 December 2016.

This report, including the financial statements, has been prepared and approved in accordance with the Annual Reports (Statutory Bodies) Act 1984 and the Public Finance and Audit Act 1983.

Yours sincerely



Mr Nick Burton Taylor AM
Chancellor Southern Cross University



Professor Adam Shoemaker
Vice Chancellor Southern Cross University

Management and Activities/ Major Works

Southern Cross University achieved a number of milestones in 2016, fulfilling its commitment to provide high quality teaching experiences and cementing its position as a leading regional research institution.

The University was for the first time named among the best young universities globally in The Times Higher Education 150 Under 50 World University Rankings 2016.

Through the International Student Barometer 2016/17, it was again rated in the top two universities in the country for international student support.

The University continued to take a leading role in the sector welcoming priority groups including Indigenous students, those who are first in their family to attend university and those from less advantaged backgrounds, reflected in the achievement of a Five Star rating for social inclusion in the Good Universities Guide 2017.

In 2016 Southern Cross University was the second largest participant in the Australian Indigenous Mentoring Experience program, and achieved the best transition from senior school to University, full-time training or employment in the country.

During 2016, the University commenced a whole-of-university reinvigoration of the suite of courses for undergraduate and postgraduate students, recognising students and prospective employers' changing expectations of what a degree should offer and the role of technology in this delivery.

New undergraduate courses introduced in 2016 included the Bachelor of Engineering (Honours) in Mechanical Engineering, Bachelor of Pedorthics,

Bachelor of Biomedical Science and Bachelor of Indigenous Knowledge. The suite of online postgraduate courses continued to expand with new courses in the areas of engineering, information technology and project management.

The University's capital program included the start of construction at the Gold Coast campus of a building to house a 500-seat lecture theatre, Learning Centre, SCU College and teaching and learning spaces. The project is largely funded through a \$26 million Education Investment grant as part of the Partners for the Future project. The development also includes more than 500 additional car spaces.

In June, the University received the welcome announcement of a \$12 million investment from the federal government for stage one of a new allied health building at the Coffs Harbour campus, an initiative strongly welcomed by the Coffs Harbour community. This investment will enable the University to offer new courses and facilities for students as well as the broader Coffs Harbour community.

The University was also announced as lead for the \$13.8 million federal Farm Co-operatives and Collaboration Pilot Program. The Pilot Program, being delivered across the country, will provide farmers with knowledge and skills to boost their return at the farm gate. The program reflects the University's experience, expertise and links built up over recent years through its partnership with the Northern Rivers Cooperatives Alliance and Regional Development Australia-Northern Rivers.

The New South Wales Minister for Regional Development, Skills and Small Business John Barilaro visited

the Lismore campus to announce a grant of \$1million, through the Boosting Business Innovation Program, to establish the Southern Cross Enterprise Lab.

The Enterprise Lab will facilitate collaborative opportunities between small to medium sized enterprises, students and researchers for mutual benefit in the context of supporting the sustainable development of the Northern Rivers region. It will function as a node of a broader network across the state, focused on building an innovation ecosystem accessible to all communities.

Southern Cross University welcomed Professor Adam Shoemaker as the University's fifth Vice Chancellor. Professor Shoemaker commenced in the role on September 24, following the retirement of Professor Peter Lee. Professor Lee was awarded Emeritus Professorship.

Plans for a new Centre for Organics Research were announced through a new collaboration between Southern Cross University and the NSW Department of Primary Industries (DPI), with a \$2 million contribution from the DPI over five years.

Southern Cross University teamed up with the Liverpool Football Club to launch the Club's first full-time coaching program in Australia, as a Liverpool Football Club International Academy partner. The first youth coaching program took place in August and provided unique opportunities for players aged 5 – 17 to learn to play 'The Liverpool Way'.

Strategic Plan 2016-2020

Vision

Southern Cross University will be recognised for enriching our communities through the excellence of our scholarship and the achievements of our graduates.

Mission

We equip our students to live a life they value and to be effective global citizens. We do this by creating inspirational and engaged learning experiences.

We create and apply knowledge in partnership with our communities in fields that are regionally relevant and globally significant.

Values

Collegiality

We demonstrate collegiality through:

Openness and Respect

Being open with each other and open in our thinking

Saying what we believe and doing it in a constructive and respectful manner

Engaging with diverse cultural and Indigenous perspectives in both global and local settings.

Collaboration and Trust

Working as a team, drawing on combined strengths to meet our shared goals

Trusting our colleagues to challenge us in a positive manner, and supporting each other

Engaging with our local and global communities and partners for mutual benefit.

Integrity

We demonstrate integrity through:

Honesty and Ethical Behaviour

Being truthful in all our dealings

Acting consistently with what is said and the principles held

Pursuing practices that develop the social, economic, cultural and environmental sustainability of our University, and local and global communities

Advancing human rights and our commitment to providing opportunities for students and staff in an inclusive, culturally safe environment.

Drive and Accountability

Striving to ensure the University's ongoing success

Having the drive and commitment to innovate based on rigorous analysis

Being accountable for our individual and collective actions and for the performance of those we lead.

Our Goals

Goal one: We will equip our students for diverse futures and global careers that enrich society.

Goal two: We will strategically grow our research profile, building a sustainable culture of research excellence.

Goal three: We will pursue targeted growth to ensure a sustainable future.

Goal four: We will create distinctive opportunities for engaged learning and research, as a hallmark of the SCU experience.

Goal five: We will transform our service delivery, building a culture among our professional and academic staff of providing the highest level of flexible support.

At a glance 2016

Total number of students

Total (persons)	15967
Total (EFTSL)	9750

Students (persons) by location

Lismore campus	2870
Gold Coast campus	3703
Coffs Harbour campus	1185
Other Australian locations	1553
Distance Education and Online	6078
Offshore	578

International students (persons)

Onshore	2361
Offshore	538

Total staff (FTE)*

Academic staff (FTE)	311
General staff (FTE)	515

*The total staff FTE figure does not include Sessional or Casual FTE

Source: 2016 Government Student Submissions

Teaching and Learning

Introduction

In 2016 the Centre for Teaching and Learning worked with the Chair, Academic Board and the Assessment Working Party on the revision to the Assessment Policy and Procedures. Support for embedding of academic skills in the curriculum was the focus of another HEPP-funded grant within the Centre. Student support after hours continued through the services of YourTutor with Schools nominating first year/foundational units where students could access YourTutor services through their unit's Blackboard site. The Centre for Teaching and Learning launched a new Foundations of University Teaching Practice program in August. This program is modularised and offers flexible start and finish times for academic staff across the University. Staff have enthusiastically embraced the program.

Teaching Symposium

The annual Scholarship of Teaching Symposium was held on 12 October at the Lismore campus with the theme 'Stories of Teaching and Learning'. The Symposium provided an opportunity for staff to focus on their scholarship of teaching through collegial sharing. The full-day Symposium featured keynote presenter Professor Franziska Trede: *Technology, culture and agency: learning professional practice in liquid times* along with 42 staff-led presentations, panel discussions, roundtables and posters.

The 103 delegates voted on two awards. The *Best Presentation* was awarded to Mieke Witsel for *The Happiness Project*. Votes were tied for the *Most thought-*

provoking contribution, with Julia Doyle/ Suzi Hellmundt for *Assessment as a tool for learning*, and Bill Boyd for *Ethics and principle-driven learning* both receiving an award.

Visiting Scholars

A key part of the Teaching and Learning strategy is to bring higher education researchers, thinkers and practitioners to Southern Cross University. In 2016, the University hosted Associate Professors Sophie Karanicolas and Catherine Snelling, *The Flipped Classroom*; Associate Professor Sarah O'Shea, *First-in-family learners*; and Professor Maryellen Weimer, *Active Learning: The Nuts and Bolts of Participation, Discussion and Group Work*.

Australian Awards for University Teaching

Citations for outstanding contributions to student learning

Citations are awarded to individuals and teams demonstrating an outstanding contribution to student learning, student engagement, or the overall student experience.

Associate Professor Marilyn Chaseling, School of Education

For a capstone unit that empowers Bachelor of Education (Primary) pre-service teachers to launch their teaching careers.

Vice Chancellor's Awards for Teaching 2016 Award for Teaching Excellence

Gopi McLeod, School of Health and Human Sciences

For designing and embedding transformative learning strategies into

an osteopathic curriculum from which students emerge as critically reflective health practitioners.

Citations for Outstanding Contributions to Student Learning

Dr Rob Garbutt, School of Arts and Social Sciences

For enabling students in the arts and social sciences to successfully find their way into university culture as beginning students and as beginning researchers.

Dr Hanabeth Luke, Southern Cross GeoScience and School of Environment, Science and Engineering

For opening the world of science to commencing students: Laying powerful foundations in scientific thinking through empowering and inclusive delivery.

Citations for Excellence in Student Engagement

Dr Rebecca Olive, School of Arts and Social Sciences

For generating student engagement in learning about Cultural Studies ideas and theories by applying them in the classroom.

Teacher Commendations

In 2016, staff and students were for the second time invited to submit *Teacher Commendations* of 50-200 words for teachers they considered outstanding. The complimentary comments were forwarded to the individual or team as well as their School. In total, 304 Commendations were received for 150 unique individuals and 28 groups of staff.

Research

Southern Cross University continued to embrace opportunities to be a world leader in research. As the national framework continues to shift, the University responded by laying the foundation for a new strategic direction which will underpin the growth of overall research excellence and impact. The move nationally to formally encourage and measure engagement and impact comes at a critical time in the University's history, and reflects the growth of our research alongside the interests of stakeholders in the regional footprints of the three main campuses.

These foundations, and a commitment to investment in key infrastructure, led to the development of demonstrated research excellence. In the 2015 Excellence in Research for Australia (ERA) National report our research quality was rated at world standard and above in 24 key areas, up from 10 in ERA 2012. These areas include geochemistry, oceanography, environmental science and management, zoology, crop and pasture production, forestry sciences, ecology, fisheries sciences, civil engineering, resources engineering and extractive metallurgy, complementary and alternative medicine, nursing, human movement and sports science, tourism, education and policy and administration.

As a relatively young institution, the University has built a portfolio of quality research outputs, facilitating growth in research income. Simultaneously, stakeholder linkages have been fostered to deliver engaged programs that deliver practical outcomes. During 2016 a suite of professional development opportunities was

offered. These programs were aimed at each career stage, providing the skills and knowledge to develop and manage large collaborative projects which deliver solutions for real world problems. Opportunities to extend the research training programs continues to be central to building a sustainable research environment, and underpinning the capacity of the University as a whole.

In 2016, the University secured income through competitive funding schemes and other sources, to support the human and physical infrastructure necessary to produce research outcomes. The University continued to participate in the Cooperative Research Centre program, and in 2016, was a participant in Wound Management and Innovation, Remote Economic Participation, Contamination Assessment & Remediation of the Environment, and the Capital Markets CRC.

As Southern Cross University prepares for a new phase of growth, research activity was organised under three multi-disciplinary Research Institutes. The following Institutes will provide strategic leadership, to drive our growth and ensure that research is collaborative and delivers real-world solutions. Moving into 2017, the three broad institutes which now provide a strategic framework for our Research Centres are:

- Institute for Regional Futures
- Institute for Development, Environment and Sustainability
- Institute for Innovative Agriculture.

Staff

Staff development and performance

The Southern Cross University Enterprise Agreement 2016 was finalised and implemented following a successful staff vote in May. Three salary increases were subsequently paid to staff throughout 2016. The Agreement nominally expires on 30 June 2018.

The University continued to develop the capabilities of staff through Professional Learning programs, Study Assistance and the Special Studies Leave program.

The University's first Senior Leadership Award for Excellence was launched in March 2016. This Award recognises and rewards the University's outstanding leaders who demonstrate consistent and sustained outstanding leadership behaviour.

Senior positions recruited during 2016 included the Vice Chancellor, Director Technology Services and Dean of Graduate Studies.

The full breakdown of staff is included at *Appendix A*. The number of senior executives is included at *Appendix B*.

Work health and safety

The University continued its focus on improving the health and wellbeing of employees, students and visitors. There was a consistent uptake of Southern Cross University wellbeing initiatives and support with more than 700 employees taking advantage of free flu vaccinations, counselling services, subsidised gym and pool memberships and natural therapy consultations.

15 workers compensation claims were received during the year. A proactive approach by the University to injury

management resulted in only five of the 15 claims incorporating time off work. Support provided to injured workers in the workplace enables a faster return to pre injury duties.

Audits of the University's Work Health and Safety (WHS) Safety Management System were undertaken in 2016 to measure the performance of the health and safety program, implement a cycle of continuous improvement and benchmark health and safety performance.

A new Mental Health Awareness training package was introduced in 2016. Developed by Beyond Blue the training supports supervisors in creating a mentally healthy work environment for staff and students. The program has generated significant interest with 68 attendees across four sessions. The University also provided specialist WHS training to staff working in identified high risk roles and areas, including chemical spill response training, radiation safety, mental health first aid, emergency wardens, laboratory safety, International Air Transport Association shippers and packers for dangerous goods and WHS risk management for managers and supervisors.

Disability action plan

In 2016, the University made significant progress towards the finalisation of the Southern Cross University Disability Action Plan (DAP) 2014-2017, with a number of initiatives being completed.

Inherent requirement statements have now been approved and published for 11 University award programs, with several others awaiting approval.

Comprehensive accessibility audits

were conducted across all campuses, resulting in the commencement of pathway upgrades to ensure universal access to a number of campus facilities. In addition to this, accessible campus maps were developed and published online.

Late 2016 also saw the introduction of Read Speaker, new embedded assistive technology software program which will provide all staff and students with access to screen reader technology to assist in their work and study.

Workforce diversity report 2016

The Southern Cross University Equity and Diversity Plan 2016-2020 was developed during 2016, including goals on diversity and inclusion drawn from an in-depth consultation process with the University community. The plan plays a significant role in leading the University's commitment to address issues of student and staff equity, social inclusion and diversity.

Key achievements in 2016 included:

- A diversity symposium *Transforming Understanding*, in collaboration with and featuring trans-people.
- Continued to deliver the *Understanding Gender and Sexuality Diversity* professional development workshops for all staff.
- Continued to deliver the *Courageous Conversations about Race* program across the University with workshops for supervisors, managers and all staff.
- Continued to deliver equal opportunity and anti-discrimination training as a compulsory part of new staff induction.

- Promoted and affirmed staff and student awareness of equal opportunity and cultural diversity through cultural celebrations, workshops, promotional materials and events.
- Continued to implement key strategies from the University's Disability Action Plan 2014-2017.
- Developed a University Aboriginal and Torres Strait Islander Employment Strategy for implementation from 2017.
- Participated in the Science in Australia Gender Equity (SAGE) pilot of the Athena SWAN Charter Australia.

Key strategies for 2017:

- Continue to implement key strategies from the University's Equity and Diversity Plan 2016-2020 and Disability Action Plan 2014-2017.

The trends in the representation of employees in diversity groups is included at *Appendix C*.

Multicultural plan 2016 report

1. Service delivery

The Academic Culture, Critical Thinking and English Study Skills program (ACCESS) was delivered for the first time in 2016. ACCESS offered Australian permanent residents from non-English speaking backgrounds the opportunity to undertake a specialised preparatory course and potentially qualify for entry to an award course at the University.

The University's students were supported in undertaking international exchange programs at partner

institutions all over the world, providing them with the opportunity to experience life and learning in other cultures. The University also hosted international students from a number of other countries, promoting multiculturalism on campus.

A range of support services was available for students, including counselling, medical services, childcare services, support for students with disability, loans, career advice and pastoral care and support. These services are of particular assistance to students from culturally diverse backgrounds.

The UniMentor peer mentoring program was available to first year students studying on campus or online; students from culturally diverse backgrounds were a target group of this program. UniMentor continued to receive positive feedback in 2016 with 80 per cent of participating students surveyed saying they would recommend the program to other new students.

The Courageous Conversations about Race (CCAR) anti-racism and cultural competency staff training program was held three times in 2016. It specifically addressed a model of cultural competence training for the Australian higher education context. In its fifth year of operation, CCAR continued to examine race, racism, 'whiteness' and 'privilege', and enriched participants' cultural competency to work with people from diverse backgrounds. Evaluations of the CCAR program continued to be positive.

The online Diversity Calendar was actively promoted to the University community. This calendar of events

contained comprehensive information about cultural diversity and social inclusion activities at the University with links to other local, national and international cultural activities.

2. Planning

The University's Strategic Plan 2016 – 2020 reflects our commitment to equity and diversity within its values and goals, with values including:

- Engaging with diverse cultural and Indigenous perspectives in both global and local settings;
- Advancing human rights and our commitment to providing opportunities for students and staff in an inclusive, culturally safe environment;
- Engaging with our local and global communities and partners for mutual benefit.

In alignment with the Strategic Plan, the Equity and Diversity Plan 2016 – 2020 included the following goals that support our commitment to being an inclusive and culturally safe work and study environment where all students and staff are valued:

Goal 1

To improve the access, participation, retention and success of students from low socio-economic backgrounds; students with disability; Aboriginal and Torres Strait Islander students; students from regional and remote areas, and; students from non-English speaking backgrounds.

Goal 2

Continue to build a workplace that promotes and supports diversity, equity and fairness.

Staff

Goal 3

We will provide a diverse, inclusive and respectful work and study environment where students and employees understand and value the benefits of diversity.

The staff profile of people from culturally diverse backgrounds was analysed and is reported in *Appendix C*.

3. Leadership

The Equity and Diversity Committee was responsible for ensuring comprehensive integration of equity and cultural diversity matters across the University in 2016. The committee has diverse membership from across the University and includes student representation. It convenes four times each year and provides a leadership for the University community regarding equity and diversity matters.

The University continued as a member organisation of the Australian Human Rights Commission's 'Racism: It Stops With Me' campaign in 2016.

4. Engagement

Refugee Week 2016 was celebrated in June with displays and Colourfest Diaspora videos at each campus library. A welcome lunch for new English Language program students and their families was held at the Lismore campus, in association with the North Coast Settlement Service and St Vincent de Paul Society. The majority of guests were African refugees who had been settled into the Lismore community. Guest speaker, Southern Cross University graduate Jen-Claude Mapatano, spoke of his student experiences and his hopes to undertake further postgraduate study.

The annual Fusion Festival was held in September, themed *The Coming Together of Cultures and Communities*. The festival provided students, staff and the general public with the opportunity to acknowledge, learn from and celebrate our diverse communities.

Events were held at each campus to celebrate *Harmony Day* in 2016, a day of cultural respect for all which coincides with the United Nations International Day for the Elimination of Racial Discrimination. Students, staff and the wider community were invited to respond to the phrase 'Diversity is our strength because together we...' and post a photo to Instagram at #scuharmonyday.

The University actively sought input and involvement from people from culturally diverse backgrounds. Multicultural community groups were consulted and participated in the Fusion Festival, and students from culturally diverse backgrounds were employed by the University to manage festival events and activities.

Specific strategies for 2017 include:

- Increase the number of students from culturally diverse backgrounds.
- Continue to offer student peer mentoring to support students in their transition to University, particularly students from non-English speaking backgrounds.
- Continue to review our curricula to ensure it is inclusive and considerate of cultural diversity.
- Continue to offer equal opportunity training (*EO Online*) and anti-racism training (*Courageous Conversations about Race*) to all staff.

- Continue to promote a University culture that is free from discrimination and harassment and supportive of diversity, in order to attract and retain staff and students from culturally and linguistically diverse backgrounds.
- Continue to deliver cultural festivals and diversity symposia to students, staff and the wider community to promote and affirm diversity and community harmony. Continue to seek input and involvement from people from culturally diverse backgrounds.
- Through SCU College, continue to expand English language programs and University preparation programs for students from culturally and linguistically diverse backgrounds.
- Enhance and expand academic and non-academic support for students from culturally diverse backgrounds.
- Provide a diverse range of alternative entry pathways and so continue to grow participation rates of students from culturally and linguistically diverse backgrounds.
- Increase the representation of people from culturally diverse backgrounds in the University workforce.
- Incorporate workplace equity and diversity principles into University leadership development training.

Student Feedback and Consumer Response

Student representation committee

The Student Representation Committee is comprised of elected members from the Lismore, Coffs Harbour and Gold Coast campuses, as well as a postgraduate student, an external student and an international student representative.

In addition, the four Student Association presidents are members. The term of office for elected members is two years from 1 January in any year. The Committee normally meets four times per year.

The role of the Student Representation Committee representatives is to:

- develop recommendations for the Vice Chancellor about how the Student Services and Amenities Fee (SSAF) monies should be spent;
- be a recognised means of communication between the student cohort and the University and promote harmonious relations between the student cohort and the University;
- represent the student cohort in matters affecting their educational, social and cultural interests, but excluding those solely or mainly concerned with religious or political interests;
- provide a forum for the dissemination, discussion and debate of information and knowledge about matters of student interest;
- promote the participation of the student cohort in, and the consideration of, matters affecting their interests;

- provide a point of contact for advocacy assistance to the student cohort as required; and
- comply with the *Southern Cross University Act 1993* (NSW), all relevant University rules, policies and procedures and all relevant laws generally.

Complaints framework

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

During 2016, a total of 99 complaints were received by the Complaints Assistance Officer. Of these, 70 complaints were resolved informally and 29 were formalised and actioned pursuant to the Complaints Policy. Of those complaints formalised, nine complaints were resolved to the student's satisfaction and included recommendations made for changes and improvements to University procedures; nine were not upheld and advice and information provided to the complainant as to the reasons for the decision; nine complaints were referred to be dealt with under other policies; one complaint was withdrawn; and one complaint was referred for external investigation and is yet to be finalised.

Student Ombud

The *Student Ombud* policy provides students with a final avenue for internal review if they are unhappy with an earlier decision. During 2016 the Vice Chancellor appointed a Student Ombud to review two matters. In both matters, the findings of the earlier complaint processes were upheld. A third matter involving two students was referred for review; however, the matter was able to be resolved before the formal Ombud processes commenced.

Academic appeals

The Academic Board Appeals Committee is a Committee of Academic Board and a University body that assists in assuring quality and integrity in academic outcomes for students by considering potential irregularities in academic assessment and progression processes.

Academic Appeal Committee Determinations

Appeals	2016
Considered	14
Successful	2

Governance

Charter

Southern Cross University was established under the Southern Cross University Act 1993. Section 6 of the Act identifies the object of the University as ‘the promotion, within the limits of the University’s resources, of scholarship, research, free inquiry, the interaction of research and teaching, and academic excellence’.

The University has the following principal functions for the promotion of its object:

- (a) The provision of facilities for education and research of university standard, having particular regard to the needs of the north coast region of the State
- (b) The encouragement of the dissemination, advancement, development and application of knowledge informed by free inquiry
- (c) The provision of courses of study or instruction across a range of fields, and the carrying out of research, to meet the needs of the community,
- (d) The participation in public discourse,
- (e) The conferring of degrees, including those of Bachelor, Master and Doctor, and the awarding of diplomas, certificates and other awards,
- (f) The provision of teaching and learning that engage with advanced knowledge and inquiry,
- (g) The development of governance, procedural rules, admission policies, financial arrangements and quality assurance processes that are underpinned by the values and goals referred to in the functions set out in this subsection, and that are sufficient to ensure the integrity of the University’s academic programs.

Southern Cross University is governed by a Council to which its Chief Executive Officer, the Vice Chancellor, reports. The major academic body providing advice to Council on academic matters is the Academic Board. The Council, chaired by the Chancellor, has 15 members, including the Vice Chancellor, the Chair of the Academic Board, two members appointed by the Minister, six members appointed by Council, three elected staff members and one elected student member.

Organisational structure

UNIVERSITY COUNCIL

VICE CHANCELLOR

Gold Coast campus

Governance Services

Coffs Harbour campus

Academic Schools and Colleges

DEPUTY VICE CHANCELLOR (ACADEMIC)

Centre for Teaching and Learning

Student Engagement Retention Team (SERT)

Equity and Diversity Office

Planning, Quality and Review

SCU Engagement

PRO VICE CHANCELLOR (INTERNATIONAL AND ENTERPRISE)

SCU International

DEPUTY VICE CHANCELLOR (RESEARCH)

Research at SCU

Southern Cross GeoScience

Graduate School (Higher Degrees Research)

Southern Cross Plant Science

Research Services & Grants

Environmental Analysis Laboratory

EXECUTIVE DIRECTOR (INFORMATION AND PHYSICAL RESOURCES)

Technology Services

Facilities Management and Services

University Library

Student Administration Services

EXECUTIVE DIRECTOR (FINANCIAL AND HUMAN RESOURCES)

Financial Services

HR Services

EXECUTIVE DIRECTOR (COMMUNITY AND CORPORATE RELATIONS)

Development and Alumni Relations

Marketing and Recruitment

Communications and Publications

Future Students Team

Graduation

Management and structure

UNIVERSITY COUNCIL MEMBERS FOR THE PERIOD 1 JANUARY 2016 TO 31 DECEMBER 2016

Chancellor and Chair of Council

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

Current term expires 25 September 2018

Deputy Chancellor

Mr John B Shanahan MCom(Hons)(NSW), FCA, MAICD, SF Fin

Council appointed member

Current term expires 3 September 2017

Vice Chancellor

Professor Adam Shoemaker BA(Hons)(Queen's Canada), PhD (ANU)

From 24 September 2016

Chair of Academic Board

Professor Susan Nancarrow BAppSc(Pod)(QUT), MAppSc (QUT), PhD(ANU), GAICD

Current term expired 31 December 2018

Dr Austin Curtin MB BS(Syd), FRACS

Council appointed member

Current term expires 11 September 2018

Professor William Boyd BSc(Hons)(StAnd), MEdLead(HigherEd)(MACQU), DSc(StAnd), PhD(Glas)

Elected member – academic staff

Current term expires 9 September 2018

Mr Murray d'Almeida

Ministerially appointed member

Current term expires 31 December 2017

Mr Neale Genge BBus(SCU) MPA(SCU)

Council appointed member (Graduate)

Current term expires 9 November 2018

Ms Julie Granger LLM BA LLB(Hons)(SCU)

Council appointed member

Current term expires 9 November 2018

Ms Toni Ledgerwood ADipAppSc(LibTech)(ECU)

Elected member – non-academic staff

Current term expires 9 September 2018

Mr Anthony Matis BBus(SCU), FCPA

Council appointed member (Graduate)

Current term expires 9 November 2018

Ms Margot Sweeny MEc(NE), BBus(NRCAE) CPA, SA Fin, FAMI, MACS CT, JP

Council appointed member

Current term expires 17 February 2017

Associate Professor Adele Wessell BA(Hons)(UNSW), PhD(UNSW)

Elected member – academic staff

Current term expires 9 September 2018

Mr Michael Jones DipCommServ (Mental/Hith) NSW TAFE

Student representative

From 10 September 2016. Current term expires 9 September 2018

Ms Brenda Gradwell BintBus(Griff), GradDipIndLang(Griff)

Council Secretary

To 21 August 2016

Mr Nicholas Hyde BEcSocSc(Hons)(SYDNEY)

Council Secretary

From 22 August 2016

The following members' appointments concluded during 2016

Professor Peter Lee FTSE, BE(Chem)(RMIT), PhD (Monash)

Term expired 23 September 2016

Ms Elizabeth Ruthnam RN, SCM, MA(Glasgow), DipAdvNsc(SA), DipPrMgt(UNE), FACN

Ministerially appointed member

Resigned 28 December 2016

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

Executive Officers

Vice Chancellor

Professor Peter Lee FTSE BE(Chem)(RMIT), PhD(Monash) to 23 September 2016

Professor Adam Shoemaker BA(Hons)(Queen's Canada), PhD (ANU) from 24 September 2016

Senior Deputy Vice Chancellor

Professor William MacGillivray BSc, PhD(Qld) to 30 November 2016

Deputy Vice Chancellor (Research)

Professor Geraldine Mackenzie LLB(QIT), LLM(QUT), PhD(UNSW), Barrister-at-law, FAIM, FQA

Deputy Vice Chancellor (Academic)

Professor Andrew McAuley BA(Hons) PhD (Nottm) HFAM

Pro Vice Chancellor (International and Enterprise)

Mr Chris Patton BA(UBC), MA(Guelph)

Executive Director, Community and Corporate Relations

Ms Helen Hughes BA(Qld)

Executive Director, Information and Physical Resources

Mr Allan Morris GradDiplInfoTech(Monash)

Executive Director, Financial and Human Resources

Travis Walker B Bus(Accounting)(RMIT), MBA(LaT), CPA

Legal change

New legislation and changes to legislation

The *Annual Report (Statutory Bodies) Regulation 2010 (NSW)* requires the University to report on changes to Acts and subordinate legislation and judicial decisions which affect the University or users of the University's services. During 2016 the following changes were made:

Child Protection (Working with Children) and Other Child Protection Legislation Amendment Act 2016 (NSW)

This Act amended the *Child Protection (Working with Children) Act 2012 (NSW)* and other Acts to provide for the exchange of information relating to working with children clearance checks and the disclosure and notification of certain information.

Civil Aviation Legislation Amendment (Part 101) Regulation 2016 (Cth)

The *Civil Aviation Act 1988 (Cth)* provides the framework for ensuring the safety of civil aviation. The key outcomes arising from the introduction of the Regulation are:

- simplified regulatory requirements for lower risk 'remotely piloted aircraft' (RPA) operations;
- permission for private landowners to carry out commercial-like operations on their own land under the 'standard RPA operating conditions' without requiring an Unmanned Aircraft Operator's Certificate;
- requirement for persons operating very small RPA for hire to notify CASA; and
- case-by-case approval by CASA for autonomous flight.

Commonwealth Scholarships Guidelines (Research) 2017

On October 10 2016 the *Commonwealth Scholarships Guidelines (Research) 2017* came into effect. The Guidelines were made pursuant to section 238-10 of the Higher Education Support Act 2003 (Cth). The Guidelines revoke the *Commonwealth Scholarships Guidelines (Research) 2012* and set out the purpose and the programs under which grants may be made for postgraduate research scholarships.

Higher Education Standards Framework (Threshold Standards) 2015

The *Higher Education Standards Framework (Threshold Standards) 2015* made under the *Tertiary Education Quality Standards Agency Act (2011) (Cth)* sets out the new requirements that a higher education provider must meet in order to be registered by the Tertiary Education Quality and

Standards Agency to operate in Australia as a provider of higher education.

The revised standards framework, which took effect from 1 January 2017, prescribes requirements for the provision of higher education in or from Australia. The standards also provide a model framework for managing internal monitoring, quality assurance and quality improvement.

Higher Education Support Legislation Amendment (2016 Measures No. 1) Bill 2016

This Bill amended the *Higher Education Support Act 2003 (Cth)* to improve the administration of assistance for Indigenous students. The amendments also provide for the use and disclosure of information, including Tax File Numbers, in relation to the administration of HELP debts.

Labor 2013-14 Budget Savings (Measures No. 2) Act 2015 (Cth)

This Act amended the *Higher Education Support Act 2003 (Cth)* to remove the upfront HECS-HELP discount of 10 per cent for eligible students that pay their student contributions upfront and the voluntary HELP repayment bonus of five per cent.

These changes took effect from 1 January 2017.

Southern Cross University Amendment By Law 2016

In 2015, Southern Cross University Council, pursuant to section 30(1A) of the *Southern Cross University Act 1993*, made Rules regarding the University's Council election provisions, including:

- changes to the Rules governing the distribution of preferences; and
- electronic election procedures.

In 2016, amendments were made to the Southern Cross University By-law 2015 to reflect these changes.

Workers Compensation Regulation 2016 (NSW)

The *Workers Compensation Regulation 2016 (NSW)* is a remake of the provisions of the *Workers Compensation Regulation 2010 (NSW)*. The changes align the 2016 Regulation with legislative reforms that have occurred over the previous six years. The 2016 Regulations commenced on 1 September 2016.

Privacy and personal information

The University is committed to ensuring a culture of understanding and compliance with its obligation under the *Privacy and Personal Information Protection Act 1998 (NSW)* ("PPIP Act") and the *Health Records and Information Privacy Act 2002 (NSW)* ("HRIP Act"). During 2016, the following measures were taken to support compliance:

- providing staff information sessions on the operation of the PPIP and HRIP Acts; and
- providing advice to staff on the application of the PPIP and HRIP Acts.

The University received three applications for internal review under Part 5 of the *Privacy and Personal Information Protection Act 1998 (NSW)* ("PPIP Act") in the 2016 calendar year. The reviews were completed within 60 days from the date of application. The University kept the Privacy Commissioner informed of the conduct of the reviews.

An application for administrative review of one of the decisions referred to above was made to the *NSW Civil and Administrative Tribunal (NCAT)*. The matter is currently being considered by NCAT.

Government information and public access

Program for the release of information

In compliance with the *Government Information (Public Access) Act 2009 (NSW)* ("GIPA Act") the University conducted a review in 2016 of its program for the proactive release of information. The outcome of the review was a decision that the information currently made available by the University is appropriate. However, the University has determined that the information available via its website could be more accessible for users. Accordingly, the University's website has been re-designed with a user focus and will be available in 2017.

Number of access applications received

In 2016, the University received seven valid applications under the GIPA Act. Statistical information relating to the number and type of applications received by the University within the reporting period is provided in *Appendix E* to this Annual Report.

The University did not refuse any application on the basis that the subject matter of the information requested fell within the categories of information described in Schedule 1 of the GIPA Act (i.e. information for which there is conclusive presumption of overriding public interest against disclosure).

Public interest disclosures

The *Public Interest Disclosures Act 1994 (NSW)* ("PID Act") establishes a formal system to encourage public officials to report serious wrongdoing. The University is subject to the PID Act and, accordingly, is required to:

- have in place policies and procedures for receiving, assessing and dealing with reports of wrongdoing. The University meets this requirement through its Public Interest Disclosures Policy.
- report annually to Parliament on its obligations under the PID Act.

Accordingly, the following is the University's report for 2016:

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

The Vice Chancellor also has specific obligations under the PID Act in his capacity as the Chief Executive Officer of the University. These include:

- an obligation to ensure that staff are appropriately aware of the University's processes for receiving and dealing with reports. The PID Policy, as revised and communicated in 2015, is available to staff on the University's policy website;
- a New Disclosures Officer and a new Disclosures Coordinator were appointed and provided training on the legislation, the University's PID Policy, and their respective obligations; and
- educational emails sent to existing Disclosures Officers to further develop their understanding of the reporting framework.

Risk management

The University adopts the Australian Standard for Risk Management (AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines) which emphasises the importance of ongoing monitoring, review and continual improvement of an organisation's risk management framework. The University commenced a review of the University's risk management framework in late 2016, with a view to clarifying risk indicators and reporting lines.

In 2016, the University completed its review of the strategic risk register which had commenced in 2015. Additionally, all operational risk registers were reviewed and, where appropriate, refreshed by their respective work units as part of the University's annual planning cycle.

In accordance with the Auditor-General's Report to Parliament Volume Two 2015 – Focusing on Universities, the University Council approved a *Political Donations Policy* in June 2016, to minimise the risk of inappropriate use of Southern Cross University funds in relation to political parties and entities.

Insurance

The University maintained appropriate insurances for its operations throughout 2016 and, in a number of cases, increased the level of coverage to better manage its risk in identified areas.

The University held the following forms of insurance cover in 2016:

- Property
- General & Products Liability (including Casual Hirers Liability)
- Professional Liability
- Medical Malpractice
- Clinical Trials
- Cyber Liability
- Environmental Liability
- Active Assailant (from November 2016)
- Motor Vehicle
- Corporate Travel
- Marine Hull
- Group Personal Injury
- Workers' Compensation
- Marine Transit.

The Premium for the University's core insurance increased as a result of a rise in declared property values and an increase in the level of coverage for Property, Cyber and Environmental Liability Protections.

Premiums for ancillary classes remained relatively unchanged for the 2016/17 protection period.

New and emerging risks and the degree to which the University is exposed to such risks are taken into account when determining the limits of insurance, policy deductibles and classes of cover during the annual renewal process.

Voluntary Code of Best Practice for the Governance of Australian Universities

The *Voluntary Code of Best Practice for the Governance of Australian Universities (The Code)* was approved by the Ministerial Council for Tertiary Education and Employment in 2011. The Code details the best practice requirements for University governance. Southern Cross University has adopted the *Voluntary Code of Best Practice for the Governance of Australian Universities* and regularly monitors its standing against all aspects of the Code.

Financial Services

Southern Cross University and its controlled entities (the economic entity) is comprised of the following:

- Southern Cross University
- Norsesearch Limited

Norsesearch Limited's objective is to provide services and amenities to students and staff of the University. Its principal activities are to provide a licenced bar and on-campus catering service; gymnasium and pool; and conferencing facilities.

The Financial Statements include the audited financial statements for the economic entity.

Review of operations

Southern Cross University and its controlled entities reported a consolidated net profit of \$16.8 million for the year ending 31 December 2016 (2015: \$3.7 million loss). The University reported a net profit of \$17 million (2015: \$4.8 million loss).

The 2016 result includes capital grant revenue from the Education Investment Fund of \$15.7 million (2015: \$2.3 million) relating to the construction of a third building at the Gold Coast campus.

Excluding capital grants and other non-recurring items the net result for the University was a loss of \$2.1 million (2015: \$7.5 million).

Net cash from Operating activities was \$28.2 million (2015: \$10.7 million). However there was a net decrease in cash of \$0.4 million reflecting progress payments for the construction of the new building. This is reflected in payments from Property, Plant & Equipment of \$28.7 million.

Total University Revenue excluding capital grants and other non-recurring items grew by 10% compared to the previous year while total expenses rose by 7%. Total Salaries & Wages grew by 3%.

Cash and cash equivalents at year end were \$20.4 million (2015: \$20.8 million).

See *Appendix H* for supplementary financial information.

Southern Cross University and Controlled Entities

ABN 41 995 651 524

Financial Statements for the 2016 Reporting Period

Contents

Financial Statements	Page
Southern Cross University	18
Norsearch	93

Financial Statements for the 2016 Reporting Period

Contents

31 December 2016

Financial Statements	Page
Statement by the Members of Council	19
Income Statement	20
Statement of Comprehensive Income	21
Statement of Financial Position	22
Statement of Changes in Equity	23
Statement of Cash Flows	24
Notes to the Financial Statements	25-90
Independent Auditor's Report	91-92

Statement by the Members of Council

31 December 2016

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

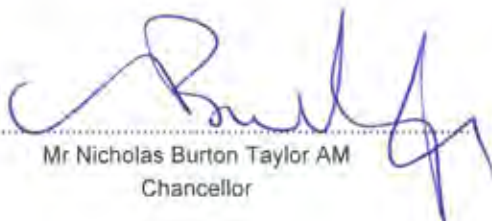
(a) The financial statements of Southern Cross University exhibit a true and fair view of the financial position as at 31 December 2016 and financial performance of the University for the financial year ended on that date;

(b) The amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended and Southern Cross University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure;

(c) The financial statements have been prepared in accordance with Australian Accounting Standards, other mandatory professional reporting requirements, the provisions of the *Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015*, *Australian Charities and Not-for-profits Commission Act (2012)*, *Australian Charities and Not-for-profits Commission Regulation 2013* and the Financial Statement Guidelines for Australian Higher Education Providers 2016;

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

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



Mr Nicholas Burton Taylor AM
Chancellor



Professor Adam Shoemaker
Vice Chancellor

Dated 7 April 2017

Income Statement

For the Year Ended 31 December 2016

	Note	Consolidated		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income from continuing operations					
Australian Government financial assistance					
Australian Government grants	2	117,505	96,985	117,505	96,985
HELP - Australian Government payments	2(b)	55,691	51,929	55,691	51,929
State and local government financial assistance	3	2,143	1,476	2,143	1,476
HECS-HELP - Student payments		2,249	2,535	2,249	2,535
Fees and charges	4	41,420	28,721	41,420	28,721
Investment revenue		750	906	749	905
Royalties, trademarks and licences		590	587	590	587
Consultancy and contracts	5	5,006	4,703	5,006	4,703
Other revenue	6	10,501	11,375	9,187	10,120
Total income from continuing operations		235,855	199,217	234,540	197,961
Share of profit/(loss) on investments accounted for using the equity method	13	(4)	(6)	-	-
Gain on exchange differences		-	126	-	126
Total revenue and income from continuing operations		235,851	199,337	234,540	198,087
Expenses from continuing operations					
Employee related expenses	7	126,647	122,761	125,254	121,615
Depreciation and amortisation	8	12,714	11,728	12,681	11,709
Repairs and maintenance		3,089	3,130	3,077	3,117
Borrowing costs		768	812	768	812
Impairment of assets	9	323	528	323	1,661
Losses on disposal of assets		396	49	402	49
Loss on exchange differences		138	-	138	-
Other expenses	10	75,007	63,993	74,886	63,932
Total expenses from continuing operations		219,082	203,001	217,529	202,895
Net result from continuing operations		16,769	(3,664)	17,011	(4,808)
Net result from continuing operations attributable to members of Southern Cross University		16,769	(3,664)	17,011	(4,808)

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

Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	Consolidated		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Net result from continuing operations		16,769	(3,664)	17,011	(4,808)
Items that may be reclassified to profit or loss					
Gain on revaluation of available for sale financial assets	20(a)	1,829	9,198	1,829	9,198
Total		1,829	9,198	1,829	9,198
Items that will not be reclassified to profit or loss					
Remeasurement relating to defined benefit plans	32(e)	(2)	(122)	(2)	(122)
Total		(2)	(122)	(2)	(122)
Total other comprehensive income		1,827	9,076	1,827	9,076
Total comprehensive income		18,596	5,412	18,838	4,268
Total comprehensive income attributable to members of Southern Cross University		18,596	5,412	18,838	4,268

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

Statement of Financial Position

As At 31 December 2016

		Consolidated		Parent	
	Note	2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Assets					
Current assets					
Cash and cash equivalents	11	20,404	20,773	20,334	20,684
Receivables	12	14,612	10,154	14,780	10,149
Inventories		129	25	99	7
Other assets		3,028	2,539	3,024	2,535
Total current assets		38,173	33,491	38,237	33,375
Non-current assets					
Receivables	12	87,061	86,459	87,061	86,459
Investments accounted for using the equity method	13	312	316	175	175
Other financial assets	14	11,027	9,198	11,027	9,198
Property, plant and equipment	15	260,991	245,630	260,851	245,457
Intangible assets		73	187	73	187
Other assets		942	1,116	942	1,116
Total non-current assets		360,406	342,906	360,129	342,592
Total assets		398,579	376,397	398,366	375,967
Liabilities					
Current liabilities					
Trade and other payables	16	14,873	11,453	14,770	11,376
Borrowings	17	2,440	2,440	2,440	2,440
Provisions	18	24,916	23,707	24,842	23,646
Other liabilities	19	13,083	13,543	13,054	13,503
Total current liabilities		55,312	51,143	55,106	50,965
Non-current liabilities					
Borrowings	17	10,020	12,460	10,020	12,460
Provisions	18	90,673	90,292	90,655	90,271
Other liabilities	19	1,597	-	1,597	-
Derivative financial instrument		295	416	295	416
Total non-current liabilities		102,585	103,168	102,567	103,147
Total liabilities		157,897	154,311	157,673	154,112
Net assets		240,682	222,086	240,693	221,855
Equity					
Reserves	20	11,027	9,198	11,027	9,198
Retained earnings	20	229,655	212,888	229,666	212,657
Total equity		240,682	222,086	240,693	221,855

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

Statement of Changes in Equity

For the Year Ended 31 December 2016

	Note	Parent		
		Retained Earnings \$'000	Reserves \$'000	Total \$'000
Balance at 1 January 2015		217,587	-	217,587
Net result		(4,808)	-	(4,808)
Gain on revaluation of available for sale financial assets		-	9,198	9,198
Remeasurements of defined benefit plans		(122)	-	(122)
Total comprehensive income		(4,930)	9,198	4,268
Balance at 31 December 2015		212,657	9,198	221,855
Balance at 1 January 2016		212,657	9,198	221,855
Net result		17,011	-	17,011
Gain on revaluation of available for sale financial assets		-	1,829	1,829
Remeasurements of defined benefit plans		(2)	-	(2)
Total comprehensive income		17,009	1,829	18,838
Balance at 31 December 2016	20(a)	229,666	11,027	240,693

	Note	Consolidated		
		Retained Earnings \$'000	Reserves \$'000	Total \$'000
Balance at 1 January 2015		216,674	-	216,674
Net result		(3,664)	-	(3,664)
Gain on revaluation of available for sale financial assets		-	9,198	9,198
Remeasurements of defined benefit plans		(122)	-	(122)
Total comprehensive income		(3,786)	9,198	5,412
Balance at 31 December 2015		212,888	9,198	222,086
Balance at 1 January 2016		212,888	9,198	222,086
Net result		16,769	-	16,769
Gain on revaluation of available for sale financial assets		-	1,829	1,829
Remeasurements of defined benefit plans		(2)	-	(2)
Total comprehensive income		16,767	1,829	18,596
Balance at 31 December 2016	20(a)	229,655	11,027	240,682

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

Statement of Cash Flows

For the Year Ended 31 December 2016

	Note	Consolidated		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash flows from operating activities:					
Australian Government Grants	2(h)	170,155	148,105	170,155	148,105
OS-HELP (net)	2(h)	(103)	32	(103)	32
State Government Grants		2,143	1,476	2,143	1,476
HECS-HELP - Student payments		2,249	2,535	2,249	2,535
Receipts from student fees and other customers		56,853	47,103	55,566	45,677
Dividends received		-	263	-	263
Payments to suppliers and employees		(209,924)	(194,330)	(208,497)	(193,163)
Interest received		747	666	746	665
Interest and other costs of finance		(877)	(865)	(877)	(864)
GST recovered/paid		6,968	5,711	6,854	5,772
Net cash provided by operating activities	29	28,211	10,696	28,236	10,498
Cash flows from investing activities:					
Proceeds from sale of property, plant and equipment		2,551	1,106	2,545	1,106
Payments for property, plant and equipment		(28,691)	(22,570)	(28,691)	(22,391)
Net cash used in investing activities		(26,140)	(21,464)	(26,146)	(21,285)
Cash flows from financing activities:					
Proceeds from borrowings		-	5,000	-	5,000
Repayment of borrowings		(2,440)	(2,440)	(2,440)	(2,440)
Net cash provided by/(used in) financing activities		(2,440)	2,560	(2,440)	2,560
Net increase / (decrease) in cash and cash equivalents		(369)	(8,208)	(350)	(8,227)
Cash and cash equivalents at beginning of the financial year		20,773	28,981	20,684	28,911
Cash and cash equivalents at the end of the financial year	11	20,404	20,773	20,334	20,684

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

Contents

PAGE

Notes to the Financial Statements

Note 1 Summary of Significant Accounting Policies.....	26
Note 2 Australian government financial assistance including Australian government loan programs (HELP).....	42
Note 3 State and local government financial assistance.....	45
Note 4 Fees and charges.....	46
Note 5 Consultancy and contracts.....	46
Note 6 Other revenue and income.....	46
Note 7 Employee related expenses.....	47
Note 8 Depreciation and amortisation.....	47
Note 9 Impairment of assets.....	48
Note 10 Other expenses.....	48
Note 11 Cash and cash equivalents.....	49
Note 12 Receivables.....	49
Note 13 Investments accounted for using the equity method.....	51
Note 14 Other financial assets.....	51
Note 15 Property, plant and equipment.....	52
Note 16 Trade and other payables.....	56
Note 17 Borrowings.....	56
Note 18 Provisions.....	58
Note 19 Other liabilities.....	58
Note 20 Reserves and retained earnings.....	59
Note 21 Key management personnel disclosures.....	60
Note 22 Remuneration of auditors.....	63
Note 23 Contingencies.....	63
Note 24 Commitments.....	64
Note 25 Related Parties.....	65
Note 26 Subsidiaries.....	66
Note 27 Joint Operations.....	67
Note 28 Events occurring after the reporting date.....	68
Note 29 Reconciliation of net result to net cash provided by / (used in) operating activities.....	68
Note 30 Financial risk management.....	68
Note 31 Fair value measurement.....	71
Note 32 Defined benefits plans.....	76
Note 33 Acquittal of Australian government financial assistance.....	83

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied for all years reported unless otherwise stated.

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

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

(a) Basis of Preparation

The annual financial statements represent the audited general purpose financial statements of Southern Cross University. They have been prepared on an accrual basis and comply with the Australian Accounting Standards.

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

- Higher Education Support Act 2003 (Financial Statement Guidelines)
- Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2015
- Australian Charities and Not-for-profits Commission Act (2012).

Southern Cross University is a not-for-profit entity and these financial statements have been prepared on that basis. The Australian Accounting Standards include requirements for not-for-profit entities which are inconsistent with International Financial Reporting Standards (IFRS) and to the extent these inconsistencies are applied, these financial statements do not comply with IFRS. The main impact is in the following accounting treatments:

- the offsetting of impairment losses within a class of assets
- the timing of the recognition of non-reciprocal revenue.

Date of authorisation for issue

The financial statements were authorised for issue by the members of Southern Cross University on 7 April 2017.

Historical cost convention

These financial statements have been prepared under 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, where applicable.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Southern Cross University's accounting policies.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

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

- Estimated useful life assessments of property, plant and equipment assets (note 1(m))
- Measurement and recognition of employee benefits provisions (note 1(s))
- Impairment of trade and other receivables (note 1(h))
- Impairment of property, plant and equipment assets (note 1(m))
- Measurement and recognition of derivative financial instruments (note 1(k))
- Measurement of financial assets (note 1(j))

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the subsidiary of Southern Cross University ('parent entity') as at 31 December 2016 and the results of the subsidiary for the year then ended. Southern Cross University and its subsidiary together are referred to in this financial report as the University or the Consolidated Entity.

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

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

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of financial position and statement of changes in equity respectively.

(ii) Associates

Associates are all entities over which the University 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 University's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 13).

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(b) Basis of Consolidation (continued)

The University'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.

Gains or losses resulting from 'upstream' and 'downstream' transactions, involving assets that do not constitute a business, are recognised in the parent's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Gains or losses resulting from the contribution of non-monetary assets in exchange for an equity interest are accounted for in the same method.

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

(iii) Joint arrangements

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

Joint operations

The University's interests in the assets, liabilities, income and expenses of joint operations are incorporated into the financial statements under the appropriate headings. Details of joint operations are set out in note 27.

Joint ventures

The interest in a joint venture entity 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 entity is recognised in the income statement and the share of movements in reserves is recognised in reserves in the statement of comprehensive income and statement of changes in equity.

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

If gains or losses on non-monetary items are recognised in other comprehensive income, translation gains or

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(c) **Foreign currency translation (continued)**

losses are also recognised in other comprehensive income. Similarly, if gains or losses on non-monetary items are recognised in the net result, translation gains or losses are also recognised in the net result.

(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 rebates.

The University recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the University and specific criteria have been met for each of the University's activities as described below. In some cases this may not be probable until consideration is received or an uncertainty is removed. The University bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Government Grants

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

(ii) HELP payments

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

(iii) 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 receipts (or portion thereof) are treated as income in advance in other liabilities.

(iv) Royalties, trademarks and licences

Revenue from royalties, trademarks and licences is recognised as income when earned.

(v) Consultancy and contracts

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.

(vi) Other income

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the group obtains control over them. Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(d) Revenue Recognition (continued)

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

Miscellaneous revenue is brought to account as it is earned and is recognised when the goods and services are provided.

(e) Leases

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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 24). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis, over the period of the lease.

The University has recognised lease incentives as other liabilities on the statement of financial position.

(f) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Alternatively, intangible assets are carried at a revalued amount after initial recognition and are revalued by reference to an active market on a regular basis, so that the carrying amount of the asset does not differ materially from its fair value at reporting date.

(g) Cash and cash equivalents

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

(h) Trade and other receivables

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(h) Trade and other receivables (continued)

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

(i) Inventories

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

(j) Investments and other assets

Classification

The University 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, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(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 are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the University'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 end of the reporting period.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(j) Investments and other assets (continued)

Classification (continued)

Regular purchases and sales of financial assets are recognised on trade date - the date on which the University commits to purchase or sell the asset. Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of 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 University has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in the statement of profit or loss as gains and losses from investment securities.

(v) Other assets

Other assets represent prepayments for goods and services to be delivered in future periods.

Subsequent measurement

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. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of profit or loss within other income or other expenses in the period in which they arise.

Changes in the fair value of monetary security denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security (other than interest). The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount (other than interest) are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Fair value

The fair values of investments and other financial assets are based on quoted prices in an active market. If the market for a financial asset is not active (and for unlisted securities), the University establishes fair value by using valuation techniques that maximise the use of relevant data. These include reference to the estimated price in an orderly transaction that would take place between market participants at the measurement date. Other valuation techniques used are the cost approach and the income approach based on characteristics of the asset and the assumptions made by market participants.

Impairment

The University assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses recognised in the income statement on loans and receivables and held-to-maturity investments are reversed through the income statement where objective evidence exists indicating that they are no longer impaired.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(k) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The University designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts that have been recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'borrowing costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the income statement within 'sales'.

However, when the forecast cash flow that is hedged, results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously recognised in other comprehensive income are either reclassified as a reclassification adjustment to the income statement or are included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in other comprehensive income shall be reclassified to profit or loss as a reclassification adjustment.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income or borrowing costs.

(l) Fair value measurement

The fair value of certain assets and liabilities must be measured for recognition and disclosure purposes.

The University classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the reporting date (Level 1). The quoted market price used for assets held by the University is the most representative of fair value in the circumstances within the bid-ask spread.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(l) Fair value measurement (continued)

The fair value of assets or liabilities that are not traded in an active market (for example, over-the-counter-derivatives) is determined using valuation techniques.

The University 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 (Level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (Level 3) such as estimated discounted cash flows, are used to determine fair value for the remaining assets and liabilities. The 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 reporting date. The level in the fair value hierarchy shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement of non-financial assets is based on the highest and best use of the asset. The University considers market participants use of, or purchase price of the asset, to use it in a manner that would be highest and best use.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. 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 University for similar financial instruments.

(m) Property, plant and equipment

All property, plant and equipment items are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition, incidental costs directly attributable to the acquisition and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which occurs either when the item is acquired or as a consequence of having used the item for purposes other than to produce inventories during that period.

The consolidated entity elected historically to recognise land, building and infrastructure assets acquired prior to 1 January 2004 at deemed cost. The deemed cost of the non-current assets is the carrying value at 1 January 2004, being \$152,096,000. 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 University and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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:

Class	2016	2015
Buildings	10-60	10-60
Plant and equipment	2-30	2-30
Improvements	5	5
Infrastructure	7-70	7-70

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(m) Property, plant and equipment (continued)

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

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

(n) Intangible Assets

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between two and five years.

(o) Trade and other payables

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

(p) Borrowings

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

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

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

(q) 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.

(r) Provisions

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(r) Provisions (continued)

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.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting 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 changes in the discount rate and the passage of time are recognised as a finance cost.

(s) Employee benefits

(i) Short-term obligations

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

(ii) Other long-term obligations

The liability for other long-term benefits is recognised in current provisions for employee benefits if they are not expected to be settled wholly before twelve months after the end of the annual reporting period. Other long-term employee benefits include such things as annual leave, accumulating sick leave and long service leave liabilities.

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

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

(iii) Retirement benefit obligations

All employees of the University are entitled to benefits on retirement, disability or death from the Superannuation plans contributed to by the University. The plans have both defined benefit sections and defined contribution sections. The defined benefit sections provide defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the University's and its legal or constructive obligation is limited to these contributions.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(s) Employee benefits (continued)

A liability or asset in respect of defined benefit superannuation plans is recognised in the statement of financial position and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries 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.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in the retained earnings in the statement of changes in equity and in the statement of financial position.

Past service costs are recognised in income immediately.

Contributions to the defined contributions section of Southern Cross University's superannuation fund and other independent defined contribution superannuation funds are recognised as an expense as they become payable.

(iv) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment.

The University recognises termination benefits either when it can no longer withdraw the offer of those benefits or when it has recognised costs for restructuring within the scope of AASB 137 that involves the payment of termination benefits. The expense and liability are recognised when the university 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. Termination benefits are measured on initial recognition and subsequent changes are measured and recognised in accordance with the nature of the employee benefit. Benefits expected to be settled wholly within twelve months are measured at the undiscounted amount expected to be paid. Benefits not expected to be settled before twelve months after the end of the reporting period are discounted to present value.

(v) Deferred government benefit for 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 (Education), the effects of the unfunded superannuation liabilities of Southern Cross University and its controlled entities were recorded in the income statement and the statement of financial position 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 statement of financial position 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 2016.

These schemes include the State Superannuation Scheme (SSS), the State Authorities Superannuation Scheme (SASS) and the State Authorities Non-Contributory Superannuation Scheme (SANCS).

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(s) Employee benefits (continued)

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.

The arrangement is evidenced by the Higher Education Funding Act 1988 and subsequent amending legislation. Accordingly, the unfunded liabilities have been recognised in the statement of financial position under Provisions with a corresponding asset recognised under Receivables. For specific disclosures refer to note 32.

(t) Rounding of amounts

Amounts have been rounded off to the nearest thousand dollars.

(u) Goods and Services Tax (GST)

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

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

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

(v) Comparative Amounts

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

(w) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The University has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the University where the standard is relevant:

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(w) New Accounting Standards and Interpretations (continued)

Standard Name	Mandatory Application Date	Requirements	Impact
AASB 15 Revenue from Contracts with customers and amending standards AASB 2014-5 / AASB 2016-3	1 January 2018	On 12 December 2014, the AASB approved AASB 15 Revenue from Contracts with Customers, incorporating IFRS 15 Revenue from Contracts with Customers which had been published by the IASB on 28 May 2014. AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue related Interpretations and establishes a new control-based revenue recognition model. The standard also changes the basis for deciding whether revenue is to be recognised over time or at a point in time. In addition, the standard expands and improves disclosures about revenue. However, AASB 1004 Contributions will continue to apply to nonexchange transactions until the Income from Transactions of NFP Entities project is completed.	The University anticipates an impact on the treatment of revenue from contracts relating to grants received from entities within both the Not-For-Profit and For Profit sector whereby the arrangements are reciprocal in nature.
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2014-7	1 January 2018	Changes to the classification and measurement requirements for financial assets and financial liabilities. There will be no impact on the University's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the University does not have any such liabilities. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.	The University has not yet assessed how its own hedging arrangements would be affected by the new rules, and it has not yet decided whether to adopt any parts of AASB 9 early. In order to apply the new hedging rules the University would have to adopt AASB 9 and the consequential amendments to AASB 7 and AASB 139 in their entirety.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(w) New Accounting Standards and Interpretations (continued)

Standard Name	Mandatory Application Date	Requirements	Impact
AASB 16 Leases	1 January 2019	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.	The standard will affect primarily the accounting for the University's operating leases. As at the reporting date, the University has non-cancelable operating lease commitments of \$80,486,000, see note 24. However, the University has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the University's net result and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16. At this stage, the group does not intend to adopt the standard before its effective date.
AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB to AASB 107	1 January 2019	This amendment requires disclosure of changes in liabilities arising from financing activities.	The University has elected not to adopt the standard before its effective due to the limited nature and value of its borrowing facilities.
AASB 2015-7 Fair Value Disclosures of Not-for-Profit Public Sector Entities	1 January 2017	This standard makes amendments to AASB 13 Fair Value Measurement to exempt not-for-profit public sector entities from disclosure requirements applying to property, plant and equipment measured at fair value and categorised within Level 3 of the fair value hierarchy.	The impact of this standard is expected to be minimal.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(w) New Accounting Standards and Interpretations (continued)

Standard Name	Mandatory Application Date	Requirements	Impact
AASB 2016-3 Amendments to Australian Accounting Standards - Clarification to AASB 15	1 January 2018	Clarifies the requirements on identifying performance obligations, principal vs agent considerations and the timing of recognising revenue from granting a licence. In addition, it provides further practice expedients on transition to AASB 15.	The potential impact of this standard is currently being determined.
AASB 1058 Income of Not-for-Profit Entities	1 January 2019	This standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15 Revenue from Contracts with Customers.	The potential impact of this standard is currently being determined.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Australian government financial assistance including Australian government loan programs (HELP)

(a) Commonwealth Grants Scheme and Other Grants

	Note	Consolidated		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Commonwealth Grants Scheme		79,320	72,769	79,320	72,769
Indigenous Support Program		1,053	951	1,053	951
Higher Education Participation Program		3,763	4,466	3,763	4,466
Disability Support Program		95	111	95	111
Australian Maths & Science Partnership Program		390	242	390	242
Improving the Quality of Maths & Science Teaching		282	248	282	248
Promotion of Excellence in Learning and Teaching		10	20	10	20
Total Commonwealth Grants Scheme and Other Grants	33(a)	84,913	78,807	84,913	78,807

(b) Higher Education Loan Programs

HECS - HELP		46,271	44,901	46,271	44,901
FEE - HELP		8,312	5,992	8,312	5,992
SA-HELP payments		1,108	1,036	1,108	1,036
Total Higher Education Loan Programs	33(b)	55,691	51,929	55,691	51,929

(c) Scholarships

Australian Postgraduate Awards		1,391	1,472	1,391	1,472
International Postgraduate Research Scholarships		118	135	118	135
Commonwealth Education Costs Scholarship		177	59	177	59
Commonwealth Accommodation Scholarships		67	(4)	67	(4)
Indigenous Access scholarships		73	120	73	120
Total Scholarships	33(c)	1,826	1,782	1,826	1,782

Notes to the Financial Statements

For the Year Ended 31 December 2016

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

(d) Education Research

	Note	Consolidated		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Joint Research Engagement Program		1,732	1,767	1,732	1,767
Research Training Scheme		3,171	3,283	3,171	3,283
Research Infrastructure Block Grants		532	612	532	612
Sustainable Research Excellence in Universities		903	890	903	890
Joint Research Engagement Engineering Cadetships		34	29	34	29
Total Education Research	33(d)	6,372	6,581	6,372	6,581

(e) Other Capital Funding

Education Investment Fund		15,688	2,306	15,688	2,306
Total Other Capital Funding	33(e)	15,688	2,306	15,688	2,306

(f) Australian Research Council

(i) Discovery

Projects		744	859	744	859
Fellowships		103	301	103	301
Total Discovery	33(f)(i)	847	1,160	847	1,160

(ii) Linkages

Infrastructure		-	170	-	170
Projects		659	493	659	493
Total Linkages	33(f)(ii)	659	663	659	663
Total ARC		1,506	1,823	1,506	1,823

Notes to the Financial Statements

For the Year Ended 31 December 2016

**2 Australian government financial assistance including Australian government loan programs (HELP)
(continued)**

(g) Other Australian Government Financial Assistance

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-capital				
Department of Education	484	730	484	730
Department of Health	94	1,756	94	1,756
Department of Prime Minister & Cabinet	450	488	450	488
Aust'n Health Practitioner Regulation Agency	-	336	-	336
Department of Agriculture and Water Resources	3,944	-	3,944	-
Aust'n Ctr for International Agricultural Research	982	827	982	827
Horticultural Innovation Australia Ltd	140	20	140	20
Rural Industries Research & Dev Corporation	156	194	156	194
Other	950	1,335	950	1,335
Total non-capital	7,200	5,686	7,200	5,686
Total Other Australian Government Financial Assistance	7,200	5,686	7,200	5,686
Total Australian Government Financial Assistance	173,196	148,914	173,196	148,914
Reconciliation				
Australian Government Grants (a + c + d + e + f +g)	117,505	96,985	117,505	96,985
HECS - HELP payments	46,271	44,901	46,271	44,901
FEE - HELP payments	8,312	5,992	8,312	5,992
SA-HELP payments	1,108	1,036	1,108	1,036
Total Australian Government Financial Assistance	173,196	148,914	173,196	148,914

Notes to the Financial Statements

For the Year Ended 31 December 2016

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

(h) Australian Government Grants received - cash

	Note	Consolidated		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
CGS and Other EDUCATION Grants	33(a)	84,120	78,679	84,120	78,679
Higher Education Loan Programmes	33(b)	53,704	51,588	53,704	51,588
Scholarships	33(c)	1,826	1,782	1,826	1,782
EDUCATION research	33(d)	6,372	6,581	6,372	6,581
Other Capital Funding	33(e)	15,688	2,306	15,688	2,306
ARC grants - Discovery	33(f)(i)	847	1,160	847	1,160
ARC grants - Linkages	33(f)(ii)	659	663	659	663
Other Australian Government Grants		6,939	5,346	6,939	5,346
Total Australian Government Grants received - cash basis		170,155	148,105	170,155	148,105
OS-HELP (Net)	33(g)	(103)	32	(103)	32
Total Australian Government funding received - cash basis		170,052	148,137	170,052	148,137

3 State and local government financial assistance

Government grants were received during the reporting period for the following purposes:

Non-capital

New South Wales	758	425	758	425
Queensland	157	174	157	174
Victoria	255	787	255	787
South Australia	90	90	90	90
Western Australia	3	-	3	-
Total	1,263	1,476	1,263	1,476

Capital

New South Wales	880	-	880	-
Total	880	-	880	-

Total State and Local Government Financial Assistance

2,143	1,476	2,143	1,476
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Notes to the Financial Statements

For the Year Ended 31 December 2016

4 Fees and charges

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Course Fees and Charges				
Fee-paying onshore overseas students	34,367	21,975	34,367	21,975
Fee-paying offshore overseas students	2,039	2,488	2,039	2,488
Continuing education	124	32	124	32
Fee-paying domestic postgraduate students	2,736	2,058	2,736	2,058
Fee-paying domestic undergraduate students	540	652	540	652
Fee-paying domestic non-award students	25	59	25	59
Total Course Fees and Charges	39,831	27,264	39,831	27,264
Other Non-Course Fees and Charges				
Student Services and Amenities Fees from students	848	880	848	880
Late fees	94	83	94	83
Student accommodation	438	340	438	340
Other services	209	154	209	154
Total Other Fees and Charges	1,589	1,457	1,589	1,457
Total Fees and Charges	41,420	28,721	41,420	28,721

5 Consultancy and contracts

Consultancy	2,158	2,219	2,158	2,219
Contract research	2,848	2,484	2,848	2,484
Total consultancy and contracts	5,006	4,703	5,006	4,703

6 Other revenue and income

Other revenue				
Donations and bequests	28	-	28	-
Scholarships and prizes	208	189	208	189
Sale of goods	725	804	213	233
Rental and facilities hire	774	761	771	760
Cost recoveries	3,393	4,534	3,392	4,533
Memberships & registrations	870	616	153	1
Laboratory services	3,507	3,370	3,507	3,370
Conferences and workshops	62	238	62	238
Other revenue	934	863	853	796
Total other revenue	10,501	11,375	9,187	10,120

Notes to the Financial Statements

For the Year Ended 31 December 2016

7 Employee related expenses

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Academic				
Salaries	46,559	45,298	46,559	45,298
Contributions to superannuation and pension schemes:				
Contributions to funded schemes	7,024	6,887	7,024	6,887
Payroll tax	3,063	2,961	3,063	2,961
Worker's compensation	390	315	390	315
Long service leave	1,223	1,967	1,223	1,967
Annual leave	3,005	2,848	3,005	2,848
Other	558	705	558	705
Total academic	61,822	60,981	61,822	60,981
Non-academic				
Salaries	47,602	44,410	46,457	43,435
Contributions to superannuation and pension schemes:				
Contributions to funded schemes	7,724	7,267	7,613	7,175
Payroll tax	3,161	3,038	3,088	2,995
Worker's compensation	406	327	392	314
Long service leave	1,636	2,371	1,624	2,377
Annual leave	3,218	3,334	3,180	3,305
Other	1,078	1,033	1,078	1,033
Total non-academic	64,825	61,780	63,432	60,634
Total employee related expenses	126,647	122,761	125,254	121,615

8 Depreciation and amortisation

Depreciation				
Buildings	5,936	5,736	5,936	5,736
Plant and equipment	5,825	5,211	5,792	5,192
Infrastructure	836	643	836	643
Leasehold improvements	3	2	3	2
Total depreciation	12,600	11,592	12,567	11,573
Amortisation				
Computer software	114	136	114	136
Total depreciation and amortisation	12,714	11,728	12,681	11,709

Notes to the Financial Statements

For the Year Ended 31 December 2016

9 Impairment of assets

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Trade receivables	491	528	491	528
Related party receivables	-	-	-	1,133
Infrastructure	(168)	-	(168)	-
Total impairment of assets	323	528	323	1,661

10 Other expenses

Advertising, marketing and promotional expenses	3,913	3,731	3,908	3,721
Audit fees, bank charges, insurance & taxes	1,539	1,616	1,473	1,565
Books and subscriptions	3,514	3,223	3,514	3,223
Cleaning	1,281	1,169	1,281	1,169
External education services	19,297	8,480	19,297	8,480
Consulting and professional fees	12,231	12,177	12,227	12,174
Leased equipment charges	1,511	1,387	1,511	1,387
Non-capitalised equipment	2,311	2,088	2,311	2,088
Printing and stationery	1,173	1,060	1,173	1,060
Property and facilities costs	4,080	3,880	4,081	3,882
Scholarships, grants and prizes	5,141	5,286	5,141	5,284
Security costs	1,634	1,653	1,634	1,653
Software expenses	3,729	4,248	3,729	4,248
Telecommunications	1,086	1,109	1,086	1,109
Travel, entertainment and staff development	4,719	4,800	4,851	4,917
Utilities	2,339	2,623	2,109	2,493
Other expenses	5,509	5,463	5,560	5,479
Total other expenses	75,007	63,993	74,886	63,932

Notes to the Financial Statements

For the Year Ended 31 December 2016

11 Cash and cash equivalents

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	4,854	3,215	4,784	3,126
Short term deposits at call	15,550	17,558	15,550	17,558
Total cash and cash equivalents	20,404	20,773	20,334	20,684

(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	20,404	20,773	20,334	20,684
Balance as per cash flow statement	20,404	20,773	20,334	20,684

(b) Cash at bank and on hand

Cash on hand is non-interest bearing. Cash at bank earns floating interest rates between 1.30% and 1.80% (2015:1.80% and 2.30%).

(c) Deposits at call

The deposits are bearing floating interest rates between 1.50% and 2.75% (2015: 2.00% and 2.74%). These deposits have an average maturity of 64 days.

12 Receivables

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Current					
Trade receivables		4,146	5,993	4,130	5,988
Student fees		4,224	3,026	4,224	3,026
Less: Provision for impaired receivables		(1,870)	(1,846)	(1,870)	(1,846)
		6,500	7,173	6,484	7,168
Related party receivables	25(e)(f)	16	16	205	16
Other receivables		8,096	2,965	8,091	2,965
Total current receivables		14,612	10,154	14,780	10,149
Non-current					
Deferred government benefit for superannuation	32(d)	87,061	86,459	87,061	86,459
Total non-current receivables		87,061	86,459	87,061	86,459
Total receivables		101,673	96,613	101,841	96,608

Notes to the Financial Statements

For the Year Ended 31 December 2016

12 Receivables (continued)

As at 31 December 2016 current receivables of \$327,044 (2015: \$1,979,882) were past due but not impaired. These relate to a number of student fees not yet collected and trade debtors for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
3 to 6 months	322	113	322	113
6 to 12 months	-	818	-	818
Over 12 months	5	1,049	5	1,049
Total past due but not impaired current receivables	327	1,980	327	1,980

(a) Impaired receivables

As at 31 December 2016 current receivables of the University with a nominal value of \$1,870,139 (2015: \$1,845,845) were impaired. The amount of the provision was \$1,870,139 (2015: \$1,845,845). The individually impaired receivables mainly relate to student fees not yet collected and a wide variety of trade debtors. It was assessed that a portion of the receivables is expected to be recovered.

The ageing of these receivables is as follows:

0 to 3 months	7	302	7	302
3 to 6 months	603	576	603	575
6 to 12 months	467	405	467	405
Over 12 months	793	563	793	563
	1,870	1,846	1,870	1,845

Movements in the provision for impaired receivables are as follows:

At 1 January	1,846	1,788	1,845	1,788
Provision for impairment recognised during the year	1,870	1,844	1,870	1,844
Receivables written off during the year as uncollectible	501	464	501	464
Unused amount reversed	(2,347)	(2,250)	(2,346)	(2,251)
At 31 December	1,870	1,846	1,870	1,845

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

13 Investments accounted for using the equity method

Associates

Name of Entity	Place of business/ Country of incorporation	Measurement method	Ownership Interest %	
			2016	2015
Coffs Harbour Technology Park Ltd	Coffs Harbour, Australia	At Cost	33.30	33.30

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

	2016 \$'000	2015 \$'000
Financial Position		
Current assets	104	95
Non-current assets	954	982
Total assets	1,058	1,077
Current liabilities	(27)	(33)
Non-current liabilities	(96)	(96)
Total liabilities	(123)	(129)
Net assets	935	948
Share of associates' net assets	312	316
Reconciliation of carrying amounts:		
Balance at 1 January	316	322
Share of profit/(loss) for year	(4)	(6)
Balance at 31 December	312	316
Financial Performance		
Income	102	103
Expenses	(115)	(121)
Profit/(loss) from continuing operations	(13)	(18)
Total comprehensive income	(13)	(18)
Share of profit/(loss) on investments accounted for using the equity method	(4)	(6)

14 Other financial assets

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Non-current				
Available for sale				
- Shares in unlisted entities	11,027	9,198	11,027	9,198
Total non-current other financial assets	11,027	9,198	11,027	9,198

The University measures the above financial asset at fair value on a recurring basis under Level 2 of the fair value hierarchy. Refer to Note 31(b).

Notes to the Financial Statements

For the Year Ended 31 December 2016

15 Property, plant and equipment

Parent	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure \$'000	Improvements \$'000	Library collections \$'000	Capital Works in Progress \$'000	Total \$'000
At 1 January 2015								
At cost	12,224	199,797	49,899	22,692	43	8,827	24,217	317,699
Accumulated depreciation	-	(41,733)	(23,755)	(3,795)	(2)	(8,027)	-	(77,312)
Accumulated impairment	-	(228)	-	(1,431)	-	(683)	-	(2,342)
Net book amount	12,224	157,836	26,144	17,466	41	117	24,217	238,045
Year ended 31 December 2015								
Opening net book amount	12,224	157,836	26,144	17,466	41	117	24,217	238,045
Additions	-	883	5,972	83	-	-	12,482	19,420
Disposals	-	(50)	(385)	-	-	-	-	(435)
Depreciation charge	-	(5,736)	(5,192)	(643)	(2)	-	-	(11,573)
Transfers	-	22,164	6,302	2,855	-	-	(31,321)	-
Closing net book amount	12,224	175,097	32,841	19,761	39	117	5,378	245,457
At 31 December 2015								
At cost	12,224	222,647	60,810	25,630	43	8,827	5,378	335,559
Accumulated depreciation	-	(47,438)	(27,969)	(4,438)	(4)	(8,027)	-	(87,876)
Accumulated impairment	-	(112)	-	(1,431)	-	(683)	-	(2,226)
Net book amount	12,224	175,097	32,841	19,761	39	117	5,378	245,457

Notes to the Financial Statements

For the Year Ended 31 December 2016

15 Property, plant and equipment (continued)

Parent	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure \$'000	Improvements \$'000	Library collections \$'000	Capital Works in Progress \$'000	Total \$'000
Year ended 31 December 2016								
Opening net book amount	12,224	175,097	32,841	19,761	39	117	5,378	245,457
Additions	-	23	4,014	56	-	-	26,647	30,740
Disposals	(250)	(1,983)	(365)	(349)	-	-	-	(2,947)
Depreciation expense	-	(5,936)	(5,792)	(836)	(3)	-	-	(12,567)
Impairment (loss)/income	-	-	-	168	-	-	-	168
Transfers	-	113	413	561	-	-	(1,087)	-
Closing net book amount	11,974	167,314	31,111	19,361	36	117	30,938	260,851
At 31 December 2016								
At cost	11,974	220,036	62,105	25,790	43	8,827	30,938	359,713
Accumulated depreciation	-	(52,610)	(30,994)	(5,166)	(7)	(8,027)	-	(96,804)
Accumulated Impairment	-	(112)	-	(1,263)	-	(683)	-	(2,058)
Net book amount	11,974	167,314	31,111	19,361	36	117	30,938	260,851

Notes to the Financial Statements For the Year Ended 31 December 2016

15 Property, plant and equipment (continued)

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure \$'000	Improvements \$'000	Library collections \$'000	Capital Works in Progress \$'000	Total \$'000
Consolidated								
At 1 January 2015								
At cost	12,224	199,797	49,952	22,692	43	8,827	24,221	317,756
Accumulated depreciation	-	(41,733)	(23,799)	(3,795)	(2)	(8,027)	-	(77,356)
Accumulated impairment	-	(228)	-	(1,431)	-	(683)	-	(2,342)
Net book amount	12,224	157,836	26,153	17,466	41	117	24,221	238,058
Year ended 31 December 2015								
Opening net book amount	12,224	157,836	26,153	17,466	41	117	24,221	238,058
Additions	-	883	6,151	83	-	-	12,482	19,599
Disposals	-	(50)	(385)	-	-	-	-	(435)
Depreciation expense	-	(5,736)	(5,211)	(643)	(2)	-	-	(11,592)
Transfers	-	22,164	6,306	2,855	-	-	(31,325)	-
Closing net book amount	12,224	175,097	33,014	19,761	39	117	5,378	245,630
At 31 December 2015								
At cost	12,224	222,647	61,047	25,630	43	8,827	5,378	335,796
Accumulated depreciation	-	(47,438)	(28,033)	(4,438)	(4)	(8,027)	-	(87,940)
Accumulated impairment	-	(112)	-	(1,431)	-	(683)	-	(2,226)
Net book amount	12,224	175,097	33,014	19,761	39	117	5,378	245,630

Notes to the Financial Statements

For the Year Ended 31 December 2016

15 Property, plant and equipment (continued)

Consolidated Year ended 31 December 2016	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Infrastructure \$'000	Improvements \$'000	Library collections \$'000	Capital Works in Progress \$'000	Total \$'000
Opening net book amount	12,224	175,097	33,014	19,761	39	117	5,378	245,630
Additions	-	23	4,014	56	-	-	26,647	30,740
Disposals	(250)	(1,983)	(365)	(349)	-	-	-	(2,947)
Depreciation expense	-	(5,936)	(5,825)	(836)	(3)	-	-	(12,600)
Impairment (loss)/income	-	-	-	168	-	-	-	168
Transfers	-	113	413	561	-	-	(1,087)	-
Closing net book amount	11,974	167,314	31,251	19,361	36	117	30,938	260,991
At 31 December 2016								
At cost	11,974	220,036	62,313	25,790	43	8,827	30,938	359,921
Accumulated depreciation	-	(52,610)	(31,062)	(5,166)	(7)	(8,027)	-	(96,872)
Accumulated impairment	-	(112)	-	(1,263)	-	(683)	-	(2,058)
Net book amount	11,974	167,314	31,251	19,361	36	117	30,938	260,991

Valuations of land and buildings

The valuation basis of land and buildings is historical cost as outlined in note 1(m).

Notes to the Financial Statements

For the Year Ended 31 December 2016

16 Trade and other payables

	Note	Consolidated		Parent	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Current					
Trade creditors		14,697	11,174	14,594	11,097
OS-HELP liability to Australian Government	33(g)	176	279	176	279
Total current trade and other payables		14,873	11,453	14,770	11,376

(a) Foreign currency risk

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

Australian Dollars	14,867	11,426	14,764	11,349
US Dollars	6	27	6	27

For an analysis of the sensitivity of trade and other payables to foreign currency risk, refer to note 30.

17 Borrowings

Current Borrowings

Unsecured

Bank loans	2,440	2,440	2,440	2,440
Total current borrowings	2,440	2,440	2,440	2,440

Non-current Borrowings

Unsecured

Bank loans	10,020	12,460	10,020	12,460
Total non-current borrowings	10,020	12,460	10,020	12,460
Total borrowings	12,460	14,900	12,460	14,900

(a) Assets pledged as security

The University has no assets pledged as security for borrowings drawn during the year ended 31 December 2016 (2015: Nil).

Notes to the Financial Statements

For the Year Ended 31 December 2016

17 Borrowings (continued)

(b) Financing arrangements

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

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Credit standby arrangements				
Bank loan facilities				
Total facilities	36,460	38,900	36,460	38,900
Used at balance date	(12,460)	(14,900)	(12,460)	(14,900)
Unused at balance date	24,000	24,000	24,000	24,000

(c) Bank loans

On 27 February 2012, Southern Cross University signed an agreement with the ANZ Banking Group Limited for the provision of a \$45 million loan facility for a term of 7 years.

(d) Fair value

The carrying amounts and fair values of borrowings at reporting date are:

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
On-balance sheet				
Bank loans	12,460	12,460	14,900	14,900
Total borrowings	12,460	12,460	14,900	14,900

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

(e) Risk exposures

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Between one and five years	12,460	14,900	12,460	14,900
Total borrowings	12,460	14,900	12,460	14,900
Current borrowings	2,440	2,440	2,440	2,440
Non-current borrowings	10,020	12,460	10,020	12,460
Total borrowings	12,460	14,900	12,460	14,900

The carrying amounts of the University's borrowings are denominated in Australian dollars. For an analysis of the sensitivity of borrowings to interest rate risk, refer to note 30.

Notes to the Financial Statements

For the Year Ended 31 December 2016

18 Provisions

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current provisions expected to be settled within 12 months				
Employee benefits				
Annual leave	6,617	6,397	6,581	6,365
Long service leave	4,349	3,916	4,346	3,916
	10,966	10,313	10,927	10,281
Current provisions expected to be settled after more than 12 months				
Employee benefits				
Annual leave	1,906	1,981	1,882	1,953
Long service leave	12,044	11,413	12,033	11,412
	13,950	13,394	13,915	13,365
Total current provisions	24,916	23,707	24,842	23,646
Non-current provisions				
Employee benefits				
Long service leave	3,565	3,711	3,547	3,690
Defined benefit obligation	87,108	86,581	87,108	86,581
Total non-current provisions	90,673	90,292	90,655	90,271
Total provisions	115,589	113,999	115,497	113,917

19 Other liabilities

Current

Lease incentive	54	-	54	-
Income received in advance	9,553	9,390	9,524	9,350
Australian Government unspent financial assistance	3,476	4,153	3,476	4,153
Total current other liabilities	13,083	13,543	13,054	13,503

Non-current

Lease incentive	1,597	-	1,597	-
Total non-current other liabilities	1,597	-	1,597	-
Total other liabilities	14,680	13,543	14,651	13,503

Notes to the Financial Statements

For the Year Ended 31 December 2016

20 Reserves and retained earnings

(a) Reserves

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Reserves				
Available-for-sale investments revaluation surplus	11,027	9,198	11,027	9,198
Total reserves	11,027	9,198	11,027	9,198
Movements				
Available-for-sale investments revaluation surplus				
Balance 1 January	9,198	-	9,198	-
Gain on revaluation of available for sale financial assets	1,829	9,198	1,829	9,198
Balance 31 December	11,027	9,198	11,027	9,198
Total reserves	11,027	9,198	11,027	9,198
Retained earnings at 1 January	212,888	216,674	212,657	217,587
Net result for the period	16,769	(3,664)	17,011	(4,808)
Actuarial changes for defined benefit schemes 32(e)	(2)	(122)	(2)	(122)
Retained earnings at 31 December	229,655	212,888	229,666	212,657

(b) Nature and purpose of reserves

Available-for-sale investments revaluation reserve

The reserve reflects the difference between the carrying cost and market value of available-for-sale investments.

Notes to the Financial Statements

For the Year Ended 31 December 2016

21 Key management personnel disclosures

(a) Names of responsible persons

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

Official Council Members

Mr Nicholas Burton Taylor AM, Chancellor
Professor Peter Lee, Vice Chancellor
Professor Adam Shoemaker, Vice Chancellor
Professor Susan Nancarrow, Chair Academic Board

Ministerial Appointments

Murray d'Almeida
Elizabeth Ruthnam

Elected Council Members

Professor William Boyd
Associate Professor Adele Wessell
Toni Ledgerwood
Michael Jones

Council Appointed Members

Dr Austin Curtin
Neale Genge
Julie Granger
Anthony Matis
John Shanahan
Margot Sweeny

Council members whose term concluded in 2016 are as follows

Professor Peter Lee, Vice Chancellor
Elizabeth Ruthnam

Notes to the Financial Statements

For the Year Ended 31 December 2016

21 Key management personnel disclosures (continued)

(b) Names of executive officers

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

Professor Peter Lee	Vice Chancellor
Professor Adam Shoemaker	Vice Chancellor
Professor William MacGillivray	Senior Deputy Vice Chancellor
Professor Geraldine Mackenzie	Deputy Vice Chancellor (Research)
Professor Andrew McAuley	Deputy Vice Chancellor (Academic)
Chris Patton	Pro Vice Chancellor (International and Enterprise)
Helen Hughes	Executive Director, Community and Corporate Relations
Allan Morris	Executive Director, Information and Physical Resources
Travis Walker	Executive Director, Financial and Human Resources

At the reporting date of 31 December 2016, Professor Peter Lee and Professor William MacGillivray were no longer executive officers.

(c) Remuneration of board members and executives

	Consolidated		Parent	
	2016 Number	2015 Number	2016 Number	2015 Number
Remuneration of Board Members				
Nil to \$14,999	10	10	10	10
\$105,000 to \$119,999	1	-	1	-
\$120,000 to \$134,999	-	1	-	1
\$135,000 to \$149,999	1	-	1	-
\$150,000 to \$164,999	-	1	-	1
\$180,000 to \$194,999	2	-	2	-
\$195,000 to \$209,999	-	1	-	1
\$210,000 to \$224,999	1	-	1	-
\$225,000 to \$239,999	-	1	-	1
\$495,000 to \$509,999	1	-	1	-
\$690,000 to \$704,999	-	1	-	1

Notes to the Financial Statements

For the Year Ended 31 December 2016

21 Key management personnel disclosures (continued)

(c) Remuneration of board members and executives (continued)

	Consolidated		Parent	
	2016 Number	2015 Number	2016 Number	2015 Number
Remuneration of executive officers				
\$180,000 to \$194,999	1	-	1	-
\$300,000 to \$314,999	-	2	-	2
\$315,000 to \$329,999	2	1	2	1
\$330,000 to \$344,999	3	2	3	2
\$390,000 to \$404,999	-	1	-	1
\$405,000 to \$419,999	1	-	1	-
\$435,000 to \$449,999	-	1	-	1
\$450,000 to \$464,999	1	-	1	-
\$495,000 to \$509,999	1	-	1	-
\$690,000 to \$704,999	-	1	-	1

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

Two executive officers retired in 2016 and a new executive officer commenced. These have been shown separately above.

(d) Key management personnel compensation

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Short-term employee benefits	3,314	3,302	3,314	3,302
Post-employment benefits	486	486	486	486
Other long-term benefits	33	80	33	80
Termination benefits	61	-	61	-
	3,894	3,868	3,894	3,868

Notes to the Financial Statements

For the Year Ended 31 December 2016

22 Remuneration of auditors

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

	Consolidated		Parent	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Audit of the Financial Statements				
Fees paid to the Audit Office of NSW	197	196	170	168
Total paid for audit	197	196	170	168
Other audit and assurance services				
Fees paid to the Audit Office of NSW	11	11	11	11
Fees paid to firms unrelated to the Audit Office of NSW	112	122	112	122
Total paid for audit and assurance	123	133	123	133

23 Contingencies

(a) Contingent liabilities

Bank Guarantees

The University has entered into bank guarantees with ANZ Banking Group Limited for \$168,520. These guarantees are in respect of leased premises at the University's Gold Coast and Sydney campuses.

Excess Salaries under closed State superannuation schemes

The University contributes to a number of superannuation schemes. Three of these schemes, namely the State Authorities Superannuation Scheme (SASS), the State Superannuation Scheme (SSS) and the State Authorities Non-contributory Superannuation Scheme (SANCS), are State schemes and are subject to reimbursement arrangements under the Higher Education Support Act 2003. In 2014 the Commonwealth and New South Wales Governments signed a memorandum of understanding to establish cost sharing arrangements for the State Schemes between the Commonwealth and the State Government respectively. In order to facilitate payments in accordance with this arrangement, Amendment No.3 to the Other Grants Guidelines (Education) 2012 under the Higher Education Support Act 2003 was registered on the Federal Register of Legislative Instruments on 4 December 2014 and is now in effect.

As a result, the University has an emerging contingent liability to the State Trustee of the State Superannuation Scheme (SSS) and State Authorities Superannuation Scheme (SASS) when members of these schemes retire with a pensionable salary at exit that is higher than the notional salary, as defined under the above legislation.

The potential future liability of staff in these schemes cannot be accurately quantified at the reporting date as it will be impacted by future events, including future salary increases above the prescribed thresholds agreed by the Commonwealth and New South Wales Governments. This potential liability relates only to those scheme members that have not retired. At the reporting date there were 28 members of the SASS scheme and SSS scheme.

Claims

There are no litigation claims in progress against the parent entity or the group at balance date.

Notes to the Financial Statements

For the Year Ended 31 December 2016

23 Contingencies (continued)

(b) Contingent assets

Bonds and guarantees

The University entered into a construction contract in 2015. The parties agreed to enter into a performance bond up to \$816,031 and a maintenance bond up to \$816,031, both in favour of the University. These performance bonds are in respect to obligations for the construction of a building.

The University has entered into a bank guarantee with Commonwealth Bank of Australia for \$24,708 in favour of the University. This bank guarantee is in respect of obligations for the provision of a laboratory.

24 Commitments

(a) Capital commitments

Capital expenditure contracted for purpose of acquiring property, plant and equipment assets at the reporting date, but not recognised as liabilities are:

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment				
Within one year	16,897	33,436	16,897	33,436
Between one and five years	459	2,901	459	2,901
Total capital commitments	17,356	36,337	17,356	36,337

(b) Lease commitments

The University leases office space, equipment, carparks and premises under non-cancelable operating leases expiring within one to thirty years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

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

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Within one year	3,579	4,016	3,579	4,016
Between one and five years	8,386	9,282	8,386	9,282
Later than five years	68,521	70,894	68,521	70,894
Total future minimum lease payments	80,486	84,192	80,486	84,192

Notes to the Financial Statements

For the Year Ended 31 December 2016

25 Related Parties

(a) Parent entities

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 26.

(c) Key management personnel

Disclosures relating to directors and specified executives are set out in note 21.

(d) Transactions with related parties

The following transactions occurred between related parties:

	Parent	
	2016	2015
	\$'000	\$'000
Sale of goods and services		
Recoveries for other expenses	3	27
Purchase of goods		
Catering and accommodation	165	133
Salary and related costs	597	475
Management fees	21	111
Other transactions		
Debts forgiven	-	1,133
Other costs	31	56

(e) Loans to related parties

	Consolidated		Parent	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Loans to associated companies				
Beginning of the year	16	16	16	16
End of year	16	16	16	16

Notes to the Financial Statements

For the Year Ended 31 December 2016

25 Related Parties (continued)

(f) Outstanding balances

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

	Parent	
	2016	2015
	\$'000	\$'000
Current receivables		
Subsidiary	189	-

No provisions 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.

(g) Guarantees

There have been no guarantees given by the parent entity to its subsidiary as at balance date (2015: Nil)

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

(h) Terms and Conditions

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

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

26 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	Principle place of business	Ownership interest	
		2016	2015
		%	%
Norsearch Limited	Australia	100.00	100.00

Notes to the Financial Statements

For the Year Ended 31 December 2016

27 Joint Operations

The University has entered into the following joint operations.

Name of joint operation	Nature of relationship	Principle place of business	Ownership interest/ voting rights held	
			2016	2015
The Hotel School	Represents a partnership with Mulpha Education Group Pty Ltd for the purpose of the education and development of students who are either employed, or wishing to be employed, in the hotel and tourism industries.	Sydney & Melbourne	50.00	50.00
Coffs Harbour Education Campus	Represents the development and continued operation of a joint educational precinct with Coffs Harbour Senior College and North Coast TAFE at the Coffs Harbour campus	Coffs Harbour	33.33	33.33

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

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

	2016	2015
	\$'000	\$'000
Assets (including share of jointly held assets)	21,109	19,935
Liabilities (including jointly incurred)	772	353

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

	2016	2015
	\$'000	\$'000
Share of revenue from the sale of output by joint operation	4,096	2,655
Expenses (including jointly incurred)	2,918	2,119

Notes to the Financial Statements

For the Year Ended 31 December 2016

28 Events occurring after the reporting date

There has not occurred in the period between the balance date of 31 December 2016 and the date of this report, any item, transaction or event of a material nature that could significantly affect the financial position of the University.

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

	Note	Consolidated		Parent	
		2016	2015	2016	2015
		\$'000	\$'000	\$'000	\$'000
Net result for the period		16,769	(3,664)	17,011	(4,808)
Depreciation and amortisation	8	12,714	11,728	12,681	11,709
Impairment loss on assets	9	323	528	323	1,661
Net loss on sale of non-current assets		396	49	402	49
Net exchange differences		138	(126)	138	(126)
Share of associate net profit after income tax and dividends		4	6	-	-
Fair value adjustments to derivative financial liabilities		(121)	2	(121)	2
Change in operating assets and liabilities, net of effects from purchase of controlled entity:					
(Increase) / decrease in trade and term receivables		(5,689)	(1,868)	(5,862)	(1,876)
(Increase) / decrease in inventories		(104)	-	(92)	3
(Increase) / decrease in other assets		(315)	(881)	(315)	(883)
Increase / (decrease) in trade payables and accruals		1,369	181	1,343	36
Increase / (decrease) in other provisions		1,590	3,075	1,580	3,067
Increase / (decrease) in other operating liabilities		1,137	1,666	1,148	1,664
Net cash provided by / (used in) operating activities		28,211	10,696	28,236	10,498

30 Financial risk management

The University's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the University.

The University uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. The University uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

30 Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

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

(ii) Price risk

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The University is not exposed to price risk.

(iii) Cash flow and fair value interest rate risk

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

The University's exposure to market interest rates relates primarily to the University's long term borrowings and investments held as interest bearing deposits and on-call bank deposits.

It is policy to protect part of the borrowings from exposure to increasing interest rates. Accordingly, the University has entered into an interest rate swap contract under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

The University entered into the interest rate swap on 23 May 2014, for a term of 4 years. This amounts to \$15 million at a fixed interest rate of 3.16%. The contracts require settlement of net interest receivable or payable each 30 days. At 31 December 2016 the interest rate swap liability had a market value of \$294,613 (2015: \$416,203). This liability is recorded in other financial liabilities in the statement of financial position.

The interest rate swap currently in place covers approximately 120% (2015 – 100%) of the variable loan principal outstanding. The fixed interest rate is 3.16% (2015 – 3.16%) and the variable rates is set at the 1 month AUD-BBR-BBSW (pay) rate which at the end of the reporting period was 1.62% (2015 – 2.07%).

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

The swap noted above is not effective for hedge accounting, and remeasurements to fair value have therefore been recognised in the income statement as borrowing costs.

(iv) Summarised sensitivity analysis

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

30 Financial risk management (continued)

(a) Market risk (continued)

31 December 2016	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-1%		+1%		-10%		+10%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets													
Cash and cash equivalents	20,404	(156)	(156)	156	156	-	-	-	-	-	-	-	-
Receivables	100,977	-	-	-	-	3	3	(3)	(3)	-	-	-	-
Other financial assets - Available for sale	11,027	-	-	-	-	-	-	-	-	-	(1,103)	-	1,103
Financial liabilities													
Trade and other payables	(12,390)	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	(12,460)	125	125	(125)	(125)	-	-	-	-	-	-	-	-
Derivative financial instrument	(295)	(3)	(3)	3	3	-	-	-	-	-	-	-	-
Total		(34)	(34)	34	34	3	3	(3)	(3)	-	(1,103)	-	1,103

31 December 2015	Carrying amount	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-1%		+1%		-10%		+10%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets													
Cash and cash equivalents	20,773	(176)	(176)	176	176	-	-	-	-	-	-	-	-
Receivables	96,090	-	-	-	-	17	17	(17)	(17)	-	-	-	-
Other financial assets - Available for sale	9,198	-	-	-	-	-	-	-	-	-	(920)	-	920
Financial liabilities													
Trade and other payables	(9,200)	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	(14,900)	149	149	(149)	(149)	-	-	-	-	-	-	-	-
Derivative financial instrument	(416)	(4)	(4)	4	4	-	-	-	-	-	-	-	-
Total		(31)	(31)	31	31	17	17	(17)	(17)	-	(920)	-	920

(b) Credit risk

Trade accounts receivable consist of a large number of customers, spread across diverse industries and geographical areas. The receivables are assessed after 90 days and action taken to collect the debt.

Impairment and provision against debtors has been duly considered in determining the carrying amounts of financial assets.

There has been no change in managing credit risk since the prior year.

The carrying amount of financial assets (as contained in the table in subnote 31(a)) represents the University's maximum exposure to credit risk.

Notes to the Financial Statements

For the Year Ended 31 December 2016

30 Financial risk management (continued)

(c) Liquidity risk

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

The interest bearing deposits and deposits at call have an average maturity of 64 days.

There has been no variation to the objectives, policies and processes for liquidity risk since the prior period.

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

	Average		Variable		Non Interest		Within 1 year		1 - 5 years		Total	
	Interest rate		interest rate									
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
				\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:												
Cash and cash equivalents	2.28	2.74	20,373	20,675	31	40	-	58	-	-	20,404	20,773
Receivables	-	-	-	-	100,977	96,090	-	-	-	-	100,977	96,090
Total financial assets			20,373	20,675	101,008	96,130	-	58	-	-	121,381	116,863
Financial Liabilities:												
Payables	-	-	-	-	12,390	9,200	-	-	-	-	12,390	9,200
Borrowings	4.17	4.26	-	-	-	-	2,440	2,440	10,020	12,460	12,460	14,900
Derivative financial instrument	3.16	3.16	-	-	-	-	-	-	295	416	295	416
Total financial liabilities			-	-	12,390	9,200	2,440	2,440	10,315	12,876	25,145	24,516

31 Fair value measurement

(a) Fair value measurements

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

31 Fair value measurement (continued)

(a) Fair value measurements (continued)

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

	Carrying Amount		Fair Value	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Consolidated				
Financial assets				
Cash and cash equivalents	20,404	20,773	20,404	20,773
Receivables	100,977	96,090	100,977	96,090
Investments using the equity method	312	316	312	316
Other financial assets	11,027	9,198	11,027	9,198
Total financial assets	132,720	126,377	132,720	126,377
Financial Liabilities				
Payables	12,390	9,200	12,390	9,200
Borrowings	12,460	14,900	12,460	14,900
Derivative financial instrument	295	416	295	416
Total financial liabilities	25,145	24,516	25,145	24,516
Parent				
Financial assets				
Cash and cash equivalents	20,334	20,684	20,334	20,684
Receivables	100,961	96,086	100,961	96,086
Investments using the equity method	175	175	175	175
Other financial assets	11,027	9,198	11,027	9,198
Total financial assets	132,497	126,143	132,497	126,143
Financial Liabilities				
Payables	12,328	9,154	12,328	9,154
Borrowings	12,460	14,900	12,460	14,900
Derivative financial instrument	295	416	295	416
Total financial liabilities	25,083	24,470	25,083	24,470

The University measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Investments using the equity method
- Other financial assets
- Derivative financial instruments

Notes to the Financial Statements

For the Year Ended 31 December 2016

31 Fair value measurement (continued)

(b) Fair value hierarchy

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

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

(i) Recognised fair value measurements

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

Fair value measurements at 31 December 2016

	Note	2016 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial assets					
Available-for-sale financial assets	14				
- Equity securities		11,027	-	11,027	-
Investments using the equity method	13				
- Associated companies		312	-	-	312
Total financial assets		11,339	-	11,027	312
Financial liabilities					
Derivatives financial instrument		295	-	295	-
Total financial liabilities		295	-	295	-

Fair value measurements at 31 December 2015

	Note	2015 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial assets					
Available-for-sale financial assets	14				
- Equity securities		9,198	-	9,198	-
Investments using the equity method	13				
- Associated companies		316	-	-	316
Total financial assets		9,514	-	9,198	316
Financial liabilities					
Derivatives financial instrument		416	-	416	-
Total financial liabilities		416	-	416	-

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

31 Fair value measurement (continued)

(b) Fair value hierarchy (continued)

(ii) Disclosed fair values

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

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant (level 2).

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

Recurring fair value measurements

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

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

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

- The use of quoted market prices discounted to reflect the limited liquidity in the market for shareholders to sell their holding and the likely impact of a trade sale should the shareholders realise the value of their equity interests;
- Share of the net assets of unlisted entities;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

All of the resulting fair value estimates are included in level 2 except for unlisted associated companies.

(i) Non-recurring fair value measurement

Non-current assets (or disposal groups) classified as held for sale during the reporting period were measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification.

Notes to the Financial Statements

For the Year Ended 31 December 2016

31 Fair value measurement (continued)

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

The following table is a reconciliation of level 3 items for the periods ended 31 December 2016 and 2015.

	Associated companies
	\$'000
Level 3 Fair Value Measurement 2016	
Opening balance	316
Recognised in net result	(4)
Closing balance	<u>312</u>
	Associated companies
	\$'000
Level 3 Fair Value Measurement 2015	
Opening balance	322
Recognised in net result	(6)
Closing balance	<u>316</u>

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

There were no transfers of assets/liabilities between levels 2 and 3 during the financial year ended 31 December 2016.

(ii) Valuation inputs and relationships to fair value

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

(iii) Valuation processes

All property, plant and equipment are stated at either deemed cost or historical cost less depreciation. Refer to Note 1(m).

Notes to the Financial Statements

For the Year Ended 31 December 2016

32 Defined benefits plans

(a) Fund specific disclosure

i) Nature of the benefits provided

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

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

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

ii) Description of the regulatory framework

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

- Superannuation Act 1916
- State Authorities Superannuation Act 1987
- Police Regulation (Superannuation) Act 1906
- State Authorities Non-Contributory Superannuation Scheme Act 1987, and their associated regulations

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

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

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

An actuarial investigation of the Pooled Fund is performed every three years. The last actuarial investigation was performed as at 30 June 2015. The next actuarial investigation will be performed at 30 June 2018.

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

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

32 Defined benefits plans (continued)

(a) Fund specific disclosure (continued)

iv) Description of risks

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

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

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

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

v) Description of any plan amendments, curtailments and settlements

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

vi) Expected Contributions

The University expects to make a contribution of \$456,875 (2015: \$479,009) to the defined benefit plan during the next financial year.

vii) Maturity Profile

The weighted average duration of the defined benefit obligation is 12.9 years (2015 13.1 years). The expected maturity analysis of undiscounted benefit obligations is as follows:

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Defined benefit obligations - 31 December 2016	5,523	5,615	16,846	121,113	149,097
Defined benefit obligations - 31 December 2015	5,098	5,285	16,334	121,285	148,002

Notes to the Financial Statements

For the Year Ended 31 December 2016

32 Defined benefits plans (continued)

(b) Categories of plan assets

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

	2016 (%)		2015 (%)	
	Active Market	No Active Market	Active Market	No Active Market
Short term securities	5.70	-	7.50	-
Australian fixed interest	5.60	-	6.70	-
International fixed interest	1.90	-	2.10	-
Australian equities	24.70	-	24.00	-
International equities	28.40	2.60	28.90	2.50
Property	3.90	5.10	4.40	4.30
Alternatives	12.40	9.70	9.20	10.40
Total	82.60	17.40	82.80	17.20

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

	2016	2015
	%	%
Discount rate(s)	2.78	2.90
Expected rate of return on fund assets backing current pension liabilities	7.4	7.80
Expected rate of return on fund assets backing other liabilities	6.4	6.80
Expected rate(s) of salary increase	2.7 to 3.2	3.0 to 3.5
Expected rate of CPI increase	2.2	2.50

(c) Actuarial assumptions and sensitivity

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

	Change in assumption	Impact on defined obligation	
		Increase in assumption	Decrease in assumption
Discount rate	1.00 %	Increase by 15%	Decrease by -11%
Rate of CPI	0.50 %	Increase by 6%	Decrease by -6%
Salary inflation rate	0.50 %	Increase by 0.4%	Decrease by -0.4%
Pensioner mortality	5.00 %	Decrease by 1%	Increase by -1%

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

32 Defined benefits plans (continued)

(d) Statement of financial position amounts

		\$'000 SASS	\$'000 SANCS	\$'000 SSS	\$'000 Total
Liabilities					
Provision for deferred government benefits for superannuation	18	4,267	630	82,211	87,108
Assets					
Receivable for deferred government benefit for superannuation	12	4,266	626	82,169	87,061
Net liability recognised in the statement of financial position		1	4	42	47
Net liability reconciliation - 2016					
Defined benefit obligation		9,070	1,891	100,906	111,867
Fair value of plan assets		(4,803)	(1,261)	(18,695)	(24,759)
Net liability		4,267	630	82,211	87,108
Reimbursement right	12	4,266	626	82,169	87,061
Total net liability/(asset) in statement of financial position		1	4	42	47
Reimbursement rights - 2016					
Opening value of reimbursement right		4,382	671	81,405	86,458
Return on reimbursement rights		169	19	2,523	2,711
Remeasurements		(285)	(64)	(1,759)	(2,108)
Closing value of reimbursement right	12	4,266	626	82,169	87,061
Present value of obligation - 2016					
Opening defined benefit obligation		10,477	2,081	102,213	114,771
Current service cost		350	80	289	719
Interest expense		288	57	2,911	3,256
		11,115	2,218	105,413	118,746
Remeasurements					
Actuarial losses/(gains) arising from changes in financial assumptions		38	12	573	623
Experience (gains)/losses		(279)	(102)	(2,027)	(2,408)
		(241)	(90)	(1,454)	(1,785)
Contributions					
Plan participants		149	-	95	244
Payments from plan					
Benefits paid		(1,898)	(217)	(3,563)	(5,678)
Taxes, premiums and expenses		(56)	(18)	415	341
		(1,954)	(235)	(3,148)	(5,337)
Closing defined benefit obligation		9,069	1,893	100,906	111,868

Notes to the Financial Statements

For the Year Ended 31 December 2016

32 Defined benefits plans (continued)

\$'000 SASS \$'000 SANCS \$'000 SSS \$'000 Total

(d) Statement of financial position amounts (continued)

Present value of plan assets - 2016

Opening fair value of plan assets	6,017	1,366	20,807	28,190
Interest (income)	163	37	552	752
	<u>6,180</u>	<u>1,403</u>	<u>21,359</u>	<u>28,942</u>

Remeasurements

Return on plan assets, excluding amounts included in net interest expense	124	13	264	401
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Contributions

Employers	305	81	125	511
Plan participants	149	95	-	244
	<u>454</u>	<u>176</u>	<u>125</u>	<u>755</u>

Payments from plan

Benefits paid	(1,898)	(217)	(3,563)	(5,678)
Taxes, premiums and expenses	(56)	(18)	415	341
	<u>(1,954)</u>	<u>(235)</u>	<u>(3,148)</u>	<u>(5,337)</u>

Closing fair value of plans assets

	<u>4,804</u>	<u>1,357</u>	<u>18,600</u>	<u>24,761</u>
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Amounts recognised in the statement of financial position - 2015

Note

Liabilities

Provision for deferred government benefits for superannuation	18	4,461	714	81,406	86,581
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Total liabilities

	<u>4,461</u>	<u>714</u>	<u>81,406</u>	<u>86,581</u>
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Total pension entitlements (incl on-costs)

	<u>4,461</u>	<u>714</u>	<u>81,406</u>	<u>86,581</u>
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Assets

Receivable for deferred government contribution for superannuation	12	4,382	671	81,406	86,459
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Net liability recognised in the statement of financial position

	<u>79</u>	<u>43</u>	<u>-</u>	<u>122</u>
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Net liability reconciliation - 2015

Note

Defined benefit obligation	18	10,477	2,081	102,212	114,770
Fair value of plan assets		(6,017)	(1,365)	(20,808)	(28,190)

Net liability

	<u>4,460</u>	<u>716</u>	<u>81,404</u>	<u>86,580</u>
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Reimbursement right

12	4,382	671	81,406	86,459
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Total net liability/(asset) in statement of financial position

	<u>78</u>	<u>45</u>	<u>(2)</u>	<u>121</u>
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Notes to the Financial Statements

For the Year Ended 31 December 2016

32	Defined benefits plans (continued)	\$'000 SASS	\$'000 SANCS	\$'000 SSS	\$'000 Total
	(d) Statement of financial position amounts (continued)				
	Reimbursement rights - 2015				
	Opening value of reimbursement right	4,206	909	76,301	81,416
	Expected return on reimbursement rights	179	56	2,293	2,528
	Remeasurements	(3)	(294)	2,812	2,515
	Closing value of reimbursement right	4,382	671	81,406	86,459
	Present value obligations - 2015				
	Opening defined benefit obligation	9,781	2,127	99,604	111,512
	Current service cost	345	88	262	695
	Interest expense/(income)	262	58	2,768	3,088
		10,388	2,273	102,634	115,295
	Remeasurements				
	Actuarial losses/(gains) arising from changes in demographic assumptions	199	(21)	3,352	3,530
	Actuarial losses/(gains) arising from changes in financial assumptions	(4)	1	(1,057)	(1,060)
	Experience (gains)/losses	8	(222)	701	487
		203	(242)	2,996	2,957
	Contributions				
	Plan participants	122	-	114	236
	Payments from plan				
	Benefits paid	(175)	-	(3,822)	(3,997)
	Taxes, premium and expenses	(61)	50	290	279
		(236)	50	(3,532)	(3,718)
	Closing defined benefit obligation	10,477	2,081	102,212	114,770
	Present value of plan assets - 2015				
	Opening fair value of plan assets	5,575	1,217	23,304	30,096
	Interest expense/(income)	147	33	611	791
		5,722	1,250	23,915	30,887
	Remeasurements				
	Return on plan assets, excluding amounts included in interest expense	127	8	184	319
	Contributions				
	Employers	281	57	127	465
	Plan participants	122	-	114	236
		403	57	241	701
	Payments from plan				
	Benefits paid	(175)	-	(3,822)	(3,997)
	Taxes, premiums and expenses	(60)	50	290	280
		(235)	50	(3,532)	(3,717)
	Closing fair value of plans assets	6,017	1,365	20,808	28,190

Notes to the Financial Statements

For the Year Ended 31 December 2016

32 Defined benefits plans (continued)

(e) Amounts recognised in other statements

The amounts recognised in the statement of profit or loss are restricted to the SANCS in accordance with note 1(s). The amounts are included in employee related expenses (note 7).

	2016	2015
	\$'000	\$'000
Amounts recognised in the Income Statement		
Current service cost	719	696
Contributions received for super schemes	(3,223)	(2,994)
Interest expense	3,256	3,088
Interest income	(752)	(790)
Total expense recognised in the Income Statement	<u>-</u>	<u>-</u>

The amounts recognised in the statement of comprehensive income are restricted to the SANCS in accordance with note 1(s). The amounts are included in retained earnings (note 20(a)).

Amounts recognised in other comprehensive income	Note		
Remeasurements			
Actuarial (losses) gains arising from changes in demographic assumptions		-	(3,530)
Actuarial losses (gains) arising from changes in financial assumptions		(623)	1,061
Actuarial (losses) gains arising from liability experience		2,408	(487)
Remeasurement of reimbursement right		(2,187)	2,515
Actual return on plan assets less interest income		400	319
Total amounts recognised in the Statement of Comprehensive Income	20(a)	<u>(2)</u>	<u>(122)</u>

Notes to the Financial Statements
For the Year Ended 31 December 2016

33 Acquittal of Australian government financial assistance

(a) Education - CGS and other Education grants

	Commonwealth Grants Scheme #1		Indigenous Support Program		Partnership & Participation Program #2		Disability Support Program		Diversity and Structural Adjustment Fund #3	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Parent Entity (University) Only										
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)	78,758	73,186	1,053	951	3,610	3,739	95	111	-	-
Net accrual adjustments	562	(417)	-	-	153	727	-	-	-	-
Revenue for the period	79,320	72,769	1,053	951	3,763	4,466	95	111	-	-
Surplus/(deficit) from the previous year	-	-	-	-	-	-	-	-	-	410
Total revenue including accrued revenue	79,320	72,769	1,053	951	3,763	4,466	95	111	-	410
Less expenses including accrued expenses	(79,320)	(72,769)	(1,053)	(951)	(3,763)	(4,466)	(95)	(111)	-	(410)
Surplus/(deficit) for the reporting period	-	-	-	-	-	-	-	-	-	-

Note 2(h)

2(a)

Notes to the Financial Statements

For the Year Ended 31 December 2016

33 Acquittal of Australian government financial assistance (continued)

(a) Education - CGS and other Education grants (continued)

Parent Entity (University) Only	Australian Maths & Science Partnership Program		Improving the Quality of Maths & Science Teaching Program		Promo of Exc in Learning and Teaching		Total
	2016	2015	2016	2015	2016	2015	
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2(h)							
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)	332	332	262	340	10	20	78,679
Net accrual adjustments	58	(90)	20	(92)	-	-	128
Revenue for the period	390	242	282	248	10	20	84,913
Surplus/(deficit) from the previous year	-	332	-	88	16	62	16
Total revenue including accrued revenue	390	574	282	336	26	82	84,929
Less expenses including accrued expenses	(390)	(574)	(282)	(336)	(2)	(66)	(79,683)
Surplus/(deficit) for the reporting period	-	-	-	-	24	16	24

#1 Includes the basic CGS grant amount, CGS – Regional Loading, CGS – Enabling Loading, Maths and Science Transition Loading and Full Fee Places Transition Loading

#2 Includes Equity Support Program

#3 Includes Collaboration and Structural Adjustment Program

Notes to the Financial Statements
For the Year Ended 31 December 2016

33 Acquittal of Australian government financial assistance (continued)

(b) Higher education loan programs (excl OS-HELP)

	HECS-HELP (Aust. Government payments only)		FEE-HELP #4		SA-HELP		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Parent Entity (University) Only								
Cash Payable/(Receivable) at the beginning of the year	(1,711)	(1,229)	(30)	(218)	(48)	(1)	(1,789)	(1,448)
Financial assistance received in cash during the reporting period	46,539	44,418	6,058	6,180	1,107	989	53,704	51,587
Cash available for the period	44,828	43,189	6,028	5,962	1,059	988	51,915	50,139
Less: Revenue earned	46,271	44,901	8,312	5,992	1,108	1,036	55,691	51,929
Cash Payable/(Receivable) at the end of the year	(1,443)	(1,712)	(2,284)	(30)	(49)	(48)	(3,776)	(1,790)

#4 Program is in respect of FEE-HELP for Higher Education only and excludes funds received in respect of VET FEE-HELP

Notes to the Financial Statements
For the Year Ended 31 December 2016

33 Acquittal of Australian government financial assistance (continued)

(c) Scholarships

	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Cost Scholarships #5		Commonwealth Accommodation Scholarships #5		Indigenous Access Scholarship		Indigenous Staff Scholarships		Total		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Parent Entity (University) Only	1,391	1,472	118	135	177	59	67	73	120	-	-	1,826	1,782		
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)	2(c)														
Revenue for the period	1,391	1,472	118	135	177	59	67	73	120	-	-	1,826	1,782		
Surplus/(deficit) from the previous year	339	364	21	26	-	87	-	40	(9)	-	13	360	521		
Total revenue including accrued revenue	1,730	1,836	139	161	177	146	67	36	111	73	13	2,186	2,303		
Less expenses including accrued expenses	(1,363)	(1,497)	(187)	(140)	(169)	(146)	(65)	(36)	(111)	(73)	(13)	(1,857)	(1,943)		
Surplus/(deficit) for the reporting period	367	339	(48)	21	8	-	2	-	-	-	-	329	360		

#5 Includes Grandfathered Scholarships, National Priority and National Accommodation Priority Scholarships respectively

Notes to the Financial Statements
For the Year Ended 31 December 2016

33 Acquittal of Australian government financial assistance (continued)

(d) Education Research

Parent Entity (University) Only	Note	Joint Research Engagement ^{#6}		Research Training Scheme		Infrastructure Grants		Research Block Grants		Sustainable Research Excellence in Universities		JRE Engineering Cadetships #6		Total	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		\$'000	\$'000	\$'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 Australian Government for the program)	2(h)	1,732	1,767	3,171	-	532	612	890	34	29	6,372	3,298			
Revenue for the period	2(d)	1,732	1,767	3,171	-	532	612	890	34	29	6,372	3,298			
Surplus/(deficit) from the previous year		-	-	-	-	-	-	-	-	-	-	14	37	14	37
Total revenue including accrued revenue		1,732	1,767	3,171	-	532	612	890	71	43	6,409	3,312			
Less expenses including accrued expenses		(1,732)	(1,767)	(3,171)	-	(532)	(612)	(890)	(6)	(6)	(6,344)	(3,275)			
Surplus/(deficit) for the reporting period		-	-	-	-	-	-	-	65	37	65	37			

#6 The reported surpluses for JRE Engineering Cadetships (\$64,888) for 2016 are expected to be rolled over for future use by Education.

Notes to the Financial Statements
For the Year Ended 31 December 2016

33 Acquittal of Australian government financial assistance (continued)

(e) Other Capital Funding

	Teaching and Learning Capital Fund		Education Investment Fund		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Parent Entity (University) Only						
Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)	-	-	15,688	2,306	15,688	2,306
Revenue for the period	-	-	15,688	2,306	15,688	2,306
Surplus/(deficit) from the previous year	5,826	5,826	(235)	5,615	5,591	11,441
Total revenue including accrued revenue	5,826	5,826	15,453	7,921	21,279	13,747
Less expenses including accrued expenses	(5,826)	-	(15,453)	(8,156)	(21,279)	(8,156)
Surplus/(deficit) for the reporting period	-	5,826	-	(235)	-	5,591

Note 2(h)

2(e)

Notes to the Financial Statements For the Year Ended 31 December 2016

33 Acquittal of Australian government financial assistance (continued)

(f) Australian Research Council Grants

(i) Discovery

Parent Entity (University) Only

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

Revenue for the period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for the reporting period

Note	Projects		Fellowships		Indigenous Researchers Development		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2(h)	744	859	103	301	-	-	847	1,160
2(f)(i)	744	859	103	301	-	-	847	1,160
	320	187	70	84	-	-	390	271
	1,064	1,046	173	385	-	-	1,237	1,431
	(798)	(726)	(140)	(315)	-	-	(938)	(1,041)
	266	320	33	70	-	-	299	390

(ii) Linkages

Parent Entity (University) Only

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

Revenue for the period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for the reporting period

Note	Infrastructure		International		Projects		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2(h)	-	170	-	-	659	493	659	663
2(f)(ii)	-	170	-	-	659	493	659	663
	-	-	-	-	379	331	379	331
	-	170	-	-	1,038	824	1,038	994
	-	(170)	-	-	(483)	(445)	(483)	(615)
	-	-	-	-	555	379	555	379

Notes to the Financial Statements

For the Year Ended 31 December 2016

33 Acquittal of Australian government financial assistance (continued)

(g) OS-HELP

	2016	2015
	\$'000	\$'000
Parent Entity (University) Only		
Cash received during the reporting period	607	663
Cash spent during the reporting period	(710)	(631)
Net cash received	2(h) (103)	32
Cash surplus/(deficit) from the previous period	279	247
Cash surplus/(deficit) for the reporting period	16 176	279

(h) Student Services and Amenities Fee

	2016	2015
	\$'000	\$'000
Parent Entity (University) Only		
Unspent/(overspent) revenue from previous period	529	906
SA-HELP revenue earned	2(b) 1,108	1,036
Student Services and Amenities Fees from students	4 848	880
Total revenue expendable in period	2,485	2,822
Student services expenses during period	(2,441)	(2,293)
Unspent/(overspent) student services revenue	44	529



INDEPENDENT AUDITOR'S REPORT

Southern Cross University

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Southern Cross University (the University), which comprise the statements of financial position as at 31 December 2016, the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by members of Council of the University and the consolidated entity. The consolidated entity comprises the University and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the University and the consolidated entity, as at 31 December 2016, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- comply with the 'Financial Statement Guidelines for Australian Higher Education Providers for the 2016 Reporting Period' (the Guidelines), issued by the Australian Government Department of Education and Training, pursuant to the *Higher Education Support Act 2003*, the *Higher Education Funding Act 1988* and the *Australian Research Council Act 2001*
- have been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* including complying with Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

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

Basis for Opinion

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

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

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

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

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General

- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

University Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act and the Guidelines, the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as the Council determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council must assess the University's ability to continue as a going concern unless the University will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_files/ar7.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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



Margaret Crawford
Auditor-General of NSW

10 April 2017
SYDNEY

Norsearch Limited

ABN 57 003 082 406

A subsidiary of Southern Cross University

Financial Statements

For the Year Ended 31 December 2016

Financial Statements for the 2016 Reporting Period

Contents

31 December 2016

Financial Statements	Page
Directors' Report	95
Auditors Independence Declaration	97
Statement of Comprehensive Income	98
Statement of Financial Position	99
Statement of Changes in Equity	100
Statement of Cash Flows	101
Notes to the Financial Statements	102-121
Directors' Declaration	122
Independent Auditor's Report	123-124

Directors' Report

31 December 2016

The directors present their report on Norsearch Limited for the financial year ended 31 December 2016.

Information on directors

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

Chris Patton

Qualifications	BA (UBC), MA (Guelph)
Experience	Over twenty years experience in both the public and private education sector.
Special responsibilities	Pro Vice Chancellor - International and Enterprise at Southern Cross University

David Lynch

Qualifications	BEd (JCU), Med (School Admin) (JCU), DipTeach (JCU), EdD (CQU), FAACLM (OTHAUS)
Experience	Over thirty years experience in the public education sector.
Special responsibilities	Head, Coffs Harbour campus at Southern Cross University

Donna Moffitt

Qualifications	BCom (Griffith), MStratHRM (UOW)
Experience	Over thirteen years experience in the higher education sector.
Special responsibilities	Director of Student Services at Southern Cross University

Paul Deegan

Qualifications	BBuild (UNSW), Licensed Real Estate Agent
Experience	Over thirty years experience in the property and construction industries.
Special responsibilities	Principal of LJ Hooker Franchise, Lismore NSW 2480

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

Principal activities

The principal activity of Norsearch Limited ('the company') during the financial year was to provide on-campus amenities and services to students and staff of Southern Cross University. These principal activities include operating a licensed bar, function room, pool and gymnasium.

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

Short term and long term objectives

The Company's short and long term objective is to:

- Provide services and amenities to students and staff of Southern Cross University.

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategy:

Directors' Report

31 December 2016

Strategy for achieving the objectives (continued)

- Provide high quality service in the provision of on-campus food and beverage services and other amenities.

Performance measure

The following measure is used within the Company to monitor performance:

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

Members guarantee

Norsearch Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 20, subject to the provisions of the company's constitution. At 31 December 2016, the collective liability of members was \$ 80 (2015: \$ 80).

Going concern

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

Meetings of directors

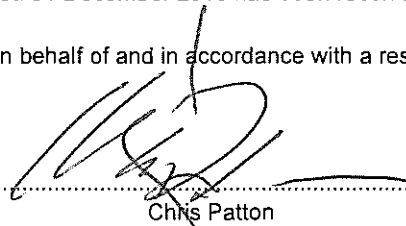
During the financial year, 4 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

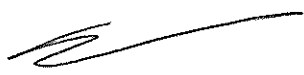
	Directors' Meetings	
	Number eligible to attend	Number attended
Chris Patton	4	2
David Lynch	4	4
Donna Moffitt	4	4
Paul Deegan	4	3

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 December 2016 has been received and can be found on page 3 of the financial report.

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

Director: 
Chris Patton

Director: 
Donna Moffitt

Dated 23 March 2017



To the Directors
Norsearch Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Norsearch Limited for the year ended 31 December 2016, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'Margaret Crawford'.

Margaret Crawford
Auditor-General of NSW

21 March 2017
SYDNEY

Statement of Comprehensive Income

For the Year Ended 31 December 2016

		2016	2015
	Note	\$	\$
Revenue	2	1,460,033	1,413,815
Other income	2	672,238	1,775,442
Costs of goods sold		(294,083)	(284,426)
Employee benefits expense		(1,395,480)	(1,148,807)
Impairment expense		(152)	260
Depreciation expense		(33,526)	(19,138)
Other expenses	3	(649,110)	(586,565)
Net result for the year		(240,080)	1,150,581

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 31 December 2016

	Note	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	4	70,142	89,145
Trade and other receivables	5	20,193	6,120
Inventories	6	30,614	17,579
Prepayments		-	998
Total current assets		120,949	113,842
Non-current assets			
Property, plant and equipment	7	139,619	173,146
Total non-current assets		139,619	173,146
Total assets		260,568	286,988
Liabilities			
Current liabilities			
Trade and other payables	8	292,453	77,477
Provisions	9	73,020	60,414
Deferred revenue		29,143	39,923
Total current liabilities		394,616	177,814
Non-current liabilities			
Provisions	9	17,700	20,842
Total non-current liabilities		17,700	20,842
Total liabilities		412,316	198,656
Net assets		(151,748)	88,332
Equity			
Retained earnings/(accumulated losses)	10	(151,748)	88,332
Total equity		(151,748)	88,332

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2016

	Retained earnings/ (accumulated losses)	Total
	\$	\$
Balance at 1 January 2015	(1,062,249)	(1,062,249)
Net result attributable to members of the entity	1,150,581	1,150,581
Balance at 31 December 2015	<u>88,332</u>	<u>88,332</u>
Balance 1 January 2016	88,332	88,332
Net result attributable to members of the entity	(240,080)	(240,080)
Balance at 31 December 2016	<u>(151,748)</u>	<u>(151,748)</u>

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 31 December 2016

	2016	2015
Note	\$	\$
Cash flows from operating activities:		
Receipts from customers	2,035,959	2,027,710
Payments to suppliers and employees	(2,175,205)	(1,932,571)
Amounts advanced from related parties	189,238	162,808
GST paid	(74,260)	(60,762)
Net cash (used in) / provided by operating activities	(24,268)	197,185
16		
Cash flows from investing activities:		
Proceeds from sale of plant and equipment	5,265	-
Purchase of property, plant and equipment	-	(177,879)
Net cash generated / (used in) investing activities	5,265	(177,879)
Cash flows from financing activities:		
Net cash used by financing activities	-	-
Net (decrease) / increase in cash and cash equivalents held		
	(19,003)	19,306
Cash and cash equivalents at beginning of year	89,145	69,839
Cash and cash equivalents at end of financial year	70,142	89,145
4		

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies

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

Norsearch Limited is a not-for-profit company limited by guarantee, which is incorporated and domiciled in Australia.

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards.

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

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

- *Corporations Act 2001*
- *Public Finance and Audit Act 1983 and the Public Finance and Audit Regulation 2015*
- *Australian Charities and Not-for-profit Commission Act 2012 and Australian Charities and Not-for-profit Commission Regulations 2013*

Norsearch Limited is a not-for-profit entity and these statements have been prepared on that basis. Some of the requirements for not-for-profit entities are inconsistent with the IFRS requirements. The main impact is in the following accounting treatments:

- the offsetting of impairment losses within a class of assets
- the timing of the recognition of non-reciprocal revenue

Date of authorisation for issue

The financial statements were authorised for issue by the directors of Norsearch Limited on 23 March 2017.

Historical cost convention

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

Critical accounting estimates

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

It also requires management to exercise its judgment in the process of applying Norsearch Limited's accounting policies.

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(a) Basis of Preparation (continued)

- Measurement and recognition of employee benefits provisions
- Impairment of trade and other receivables
- Estimated useful life assessments of property, plant and equipment assets
- Impairment of property, plant and equipment assets

Going concern

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

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

(b) Comparative Amounts

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

(c) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Revenue from the rendering of services is recognised when the outcome of the services provided can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable. 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.

Revenue from the sale of goods is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

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

Interest revenue is recognised using the effective interest method.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(d) Employee benefits

i) Wages and salaries

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

ii) Annual leave and sick leave

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

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

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

iii) Long service leave

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

iv) Termination benefits

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

(e) Trade and other payables

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

(f) Leases

(i) Finance leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(f) Leases (continued)

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

(ii) Operating leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(g) Cash and cash equivalents

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

(h) Trade receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts known to be uncollectible are written off. A provision for impairment of receivables 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Cash flows relating to short-term receivable are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income.

(i) Inventories

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

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

(j) Property, Plant and Equipment

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(j) Property, Plant and Equipment (continued)

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

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

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

Class of Asset	Useful life (yrs)
Plant and Equipment	5 - 10

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

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

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

(k) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either amortised cost using the effective interest rate method or cost. *Amortised cost* is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition
- (b) less principal repayments
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*

Notes to the Financial Statements For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(k) Financial instruments (continued)

(d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

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

(iii) Impairment

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

(l) Income Tax

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

(m) Goods and Services Tax (GST)

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(m) Goods and Services Tax (GST) (continued)

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

(n) Impairment of assets

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

(o) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the Company:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2014-7	1 January 2018	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1 Summary of Significant Accounting Policies (continued)

(o) New Accounting Standards and Interpretations (continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from Contracts with Customers and amending standards AASB 2014-5 / AASB 2016-3	1 January 2018	<p>On 12 December 2014, the AASB approved AASB 15 Revenue from Contracts with Customers, incorporating IFRS 15 Revenue from Contracts with Customers which had been published by the IASB on 28 May 2014.</p> <p>AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations and establishes a new control-based revenue recognition model. The standard also changes the basis for deciding whether revenue is to be recognised over time or at a point in time. In addition, the standard expands and improves disclosures about revenue.</p> <p>However, AASB 1004 Contributions will continue to apply to non-exchange transactions until the Income from Transactions of NFP Entities project is completed.</p>	<p>The company has not yet determined the impact of the standard on its revenue from contracts with customers. Some additional disclosures will be required.</p>

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Revenue and Other Income

	2016	2015
	\$	\$
Revenue		
Membership revenue	734,334	614,812
Conference sales	5,220	5,120
Catering revenue	468,423	522,526
Bar sales	186,844	202,425
	<u>1,394,821</u>	<u>1,344,883</u>
Other revenue	65,212	68,932
Total Revenue	<u>1,460,033</u>	<u>1,413,815</u>
Other Income		
Management fees	666,973	642,164
Forgiveness of related party loan	-	1,133,278
Net gain on disposal of property, plant and equipment	5,265	-
Total Other income	<u>672,238</u>	<u>1,775,442</u>

3 Other expenses

Utilities	241,995	141,911
Fees and charges	130,286	141,861
Auditing or reviewing the financial report	27,000	27,500
Cleaning services	50,051	70,547
Security costs	11,734	8,589
Other costs	188,044	196,157
Total Other expenses	<u>649,110</u>	<u>586,565</u>

4 Cash and cash equivalents

Cash at bank and in hand	<u>70,142</u>	<u>89,145</u>
Total cash and cash equivalents	<u>70,142</u>	<u>89,145</u>

(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:

Notes to the Financial Statements

For the Year Ended 31 December 2016

4 Cash and cash equivalents (continued)

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

	2016	2015
	\$	\$
Balances as above	70,142	89,145
Balance as per statement of cash flows	<u>70,142</u>	<u>89,145</u>

(b) Cash at bank

Cash in operating accounts earns interest at variable interest rates.

5 Trade and other receivables

Current

Trade receivables	15,504	4,669
Provision for impairment	(152)	-
	<u>15,352</u>	4,669
Other receivables	4,841	1,451
Total current trade and other receivables	<u><u>20,193</u></u>	<u>6,120</u>

Impaired receivables

As at 31 December 2016 current receivables of the Company with a nominal value of \$152 (2015: \$Nil) were impaired. The amount of the provision was \$152 (2015: \$Nil). The individually impaired receivables relate to a variety of debtors and it was assessed that a portion of the receivables are expected to be recovered.

The ageing of these receivables is as follows:

Current receivables

6 to 12 months	103	-
Over 12 months	49	-
	<u>152</u>	<u>-</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

5 Trade and other receivables (continued)

Impaired receivables (continued)

As at 31 December 2016 trade receivables of \$2,422 (2015:\$1,671) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

	2016	2015
	\$	\$
Trade receivables		
Between 0 to 3 months	2,422	1,671
Movements in the provision for impaired receivables are as follows:		
At 1 January	-	286
Provision for impairment recognised during the year	152	-
Unused amount reversed	-	(286)
At 31 December	152	-

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

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

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

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

6 Inventories

	2016	2015
	\$	\$
Current		
At cost:		
Food and beverage stock	30,614	17,579
Total inventories	30,614	17,579

Notes to the Financial Statements For the Year Ended 31 December 2016

7 Property, plant and equipment

	2016 \$	2015 \$
Capital works in progress		
At cost	-	25,970
Total capital works in progress	<u>-</u>	<u>25,970</u>
Plant and equipment		
At cost	208,434	211,157
Accumulated depreciation	(68,815)	(63,981)
Total plant and equipment	<u>139,619</u>	<u>147,176</u>
Total property, plant and equipment	<u><u>139,619</u></u>	<u><u>173,146</u></u>

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

	Plant and Equipment \$	Capital Works in Progress \$	Total \$
Year ended 31 December 2015			
Opening net book value	10,862	3,544	14,406
Additions	151,907	25,970	177,877
Transfers	3,544	(3,544)	-
Depreciation expense	(19,138)	-	(19,138)
Closing net book amount	<u>147,175</u>	<u>25,970</u>	<u>173,145</u>
Year ended 31 December 2016			
Opening net book value	147,175	25,970	173,145
Transfers	25,970	(25,970)	-
Depreciation expense	(33,526)	-	(33,526)
Closing net book amount	<u>139,619</u>	<u>-</u>	<u>139,619</u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

8 Trade and other payables

	2016	2015
Note	\$	\$
Current		
Trade payables	5,615	2,817
Related party payables	189,238	-
Other payables	97,600	74,660
Total current trade and other payables	292,453	77,477

9 Provisions

Current provisions expected to be settled wholly within 12 months

Employee benefits

Annual leave	35,819	31,686
Long service leave	2,463	695
	38,282	32,381

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

Employee benefits

Annual leave	24,092	27,154
Long service leave	10,646	879
	34,738	28,033

Total current provisions

	73,020	60,414
--	---------------	---------------

Non-current provisions

Employee benefits

Long service leave	17,700	20,842
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Total non-current provisions

	17,700	20,842
--	---------------	---------------

10 Retained earnings/(accumulated losses)

Retained earnings/(accumulated losses) at the beginning of the financial year	88,332	(1,062,249)
Net result for the year	(240,080)	1,150,581
Retained earnings/(accumulated losses) at end of the financial year	(151,748)	88,332

Notes to the Financial Statements

For the Year Ended 31 December 2016

11 Remuneration of Auditors

	2016	2015
	\$	\$
Remuneration of the auditor of the Company, Audit Office of NSW, for:		
Auditing or reviewing the financial report	27,000	27,500

12 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016 (31 December 2015: None).

13 Events Occurring After the Reporting Date

The financial report was authorised for issue on 23 March 2017 by the Board of Directors.

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, the results of those operations or the state of affairs of the Company in future financial years.

14 Key Management Personnel Disclosures

(a) Directors

The names of directors of Norsearch Limited who held office during the financial year are:

Donna Moffitt
Paul Deegan
Chris Patton
David Lynch

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

(b) Directors and responsible officers remuneration

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

14 Key Management Personnel Disclosures (continued)

(b) Directors and responsible officers remuneration (continued)

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

15 Related Parties

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

(a) Ultimate Parent Entity

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

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

(b) Transactions with related parties

The following transactions occurred with related parties:

		Expenses	Income
Parent			
Catering services		-	144,246
Management fees		-	666,973
Equipment hire		-	2,098
Other costs		3,300	-
(c) Balances to related parties			
	Note	2016	2015
		\$	\$
Current			
Amount payable to:			
Ultimate parent entity	8	189,238	-

(d) Terms and Conditions

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

Notes to the Financial Statements

For the Year Ended 31 December 2016

16 Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2016	2015
	\$	\$
Net result for the year	(240,080)	1,150,581
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in net result:		
Depreciation expense	33,526	19,138
Net gain on disposal of property, plant and equipment	(5,265)	-
Impairment of trade receivables	152	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and other receivables	(14,225)	7,058
(Increase)/decrease in other assets	998	(82)
(Increase)/decrease in inventories	(13,035)	(2,914)
Increase/(decrease) in trade and other payables	214,977	(988,412)
Increase/(decrease) in provisions	9,464	9,469
Increase/(decrease) in other liabilities	(10,780)	2,347
Cash flows (used in) / from operating activities	(24,268)	197,185

17 Fair Value Measurement

(a) Fair value measurements

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

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

Notes to the Financial Statements For the Year Ended 31 December 2016

17 Fair Value Measurement (continued)

(a) Fair value measurements (continued)

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

	Carrying Amount		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	70,142	89,145	70,142	89,145
Trade and other receivables	15,534	4,831	15,534	4,831
Total financial assets	85,676	93,976	85,676	93,976
Financial liabilities				
Trade and other payables	272,554	61,822	272,554	61,822
Total financial liabilities	272,554	61,822	272,554	61,822

18 Company Details

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

Norsearch Limited
Southern Cross University
Military Road
EAST LISMORE NSW 2480

19 Financial Risk Management

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

The Company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and daily assessment of investment portfolios to determine market risk.

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

(a) Market risk

(i) Foreign exchange risk

The company does not undertake transactions in foreign currency or hold any financial instruments in a foreign currency. As such the company is not exposed to currency risk.

Notes to the Financial Statements For the Year Ended 31 December 2016

19 Financial Risk Management (continued)

(a) Market risk (continued)

(ii) Price risk

Price risk arises on financial instruments because of changes in commodity prices or equity prices. The Company is not exposed to any material commodity price risk.

(iii) Cash flow and fair value interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The Company's exposure to market interest rates relates primarily to the Company's investments on-call bank deposits.

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

31 December 2016

Carrying amount \$	Interest rate risk			
	-1%		+1%	
	Result	Equity	Result	Equity
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	70,142	(701)	(701)	701
Trade and other receivables	15,534	-	-	-
Financial liabilities				
Trade and other payables	272,554	-	-	-
Total increase/(decrease)		(701)	(701)	701

31 December 2015

Carrying amount \$	Interest rate risk			
	-1%		+1%	
	Result	Equity	Result	Equity
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	89,145	(891)	(891)	891
Trade and other receivables	4,831	-	-	-
Financial liabilities				
Trade and other payables	61,822	-	-	-
Total increase/(decrease)		(891)	(891)	891

Notes to the Financial Statements

For the Year Ended 31 December 2016

19 Financial Risk Management (continued)

(b) Credit risk

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

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

Trade receivables 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. Trade receivables are assessed after 60 days and action taken to collect the debt. There has been no change in managing credit risk since the prior year.

(c) Liquidity risk

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

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

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

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

	Average interest rate		Variable interest rate		Non-Interest Bearing		Within 1 year	
	2016	2015	2016	2015	2016	2015	2016	2015
	%	%	\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash and cash equivalents	1.30	1.80	63,658	76,697	6,484	12,448	70,142	89,145
Trade and other receivables	-	-	-	-	15,534	4,831	15,534	4,831
Total Financial Assets			63,658	76,697	22,018	17,279	85,676	93,976
Financial Liabilities:								
Trade and other payables	-	-	-	-	272,554	61,822	272,554	61,822
Total Financial Liabilities					272,554	61,822	272,554	61,822

Notes to the Financial Statements

For the Year Ended 31 December 2016

20 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 20 each towards meeting any outstandings and obligations of the Company. At 31 December 2016 the number of members was 4 (2015: 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 (ultimate parent) 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 the winding up or dissolution of the company any property shall be given to some other institution or institutions, which may include Southern Cross University.

Directors' Declaration

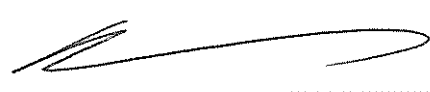
The directors of the Company declare that:

1. The financial statements and notes, set out on pages 4 to 27, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, *the Public Finance and Audit Act 1983*, *Public Finance and Audit Regulation 2015*, *Australian Charities and Not-for-profit Commission Act 2012* and *Australian Charities and Not-for-profit Commission Regulation 2013*; and
 - b. give a true and fair view of the financial position as at 31 December 2016 and of the performance for the year ended on that date of the Company.
2. In the directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 

Chris Patton

Director 

Donna Moffitt

Dated 23 March 2017



INDEPENDENT AUDITOR'S REPORT

Norsearch Limited

To Members of the New South Wales Parliament and Members of Norsearch Limited

Opinion

I have audited the accompanying financial statements of Norsearch Limited (the Company), which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's financial position as at 31 December 2016 and its performance for the year ended on that date.
 - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015
- have been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013

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

Basis for Opinion

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

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

- Australian Auditing Standards
- *Corporations Act 2001*
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

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

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

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

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of Norsesearch Limited on 21 March 2017, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act, the *Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors must assess the Company's ability to continue as a going concern unless they intend to liquidate the Company or cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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



Margaret Crawford
Auditor-General of NSW

28 March 2017
SYDNEY

Appendix A:

Staff employment

ALL STAFF FTE*

Nominal FTE	2010	2011	2012	2013	2014	2015	2016
Academic	347.3	331.9	347.3	363.7	326.0	319.0	310.7
Professional	561.2	557.1	563.1	575.0	553.4	519.0	515.2
Employment Category	908.5	889.0	910.4	938.8	879.4	838.0	825.9

*This data excludes staff employed on a casual/sessional basis.

Figures might not add exactly to the total FTE due to rounding.

Academic staff							
Nominal FTE	2010	2011	2012	2013	2014	2015	2016
Above senior lecturer	71.18	71.1	73.0	75.6	68.6	77.1	73.0
Senior lecturer	82.55	85.1	88.0	91.35	79.0	80.2	84.0
Lecturer	125.4	113.9	147.19	152.79	142.0	122.38	118.85
Below lecturer	68.14	61.75	39.08	44.0	36.43	39.32	34.87
TOTAL	347.3	331.9	347.3	363.7	326.0	319.0	310.7

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

Senior lecturer = Level C

Lecturer = Level B

Below lecturer = Level A

Professional staff							
Nominal FTE	2010	2011	2012	2013	2014	2015	2016
HEW 1	1.57	1.57	8.17	6.57	7.0	8.0	7.79
HEW 2	6.5	2.5	2.5	3.1	3.5	2.0	0.5
HEW 3	29.06	30.68	20.6	16.0	16.8	17.4	12.1
HEW 4	150.52	143.16	145.23	146.26	138.95	124.39	117.36
HEW 5	149.58	148.11	142.56	149.44	142.25	133.91	132.68
HEW 6	84.65	86.16	90.43	92.5	89.71	79.06	89.15
HEW 7	69.67	69.85	73.85	82.55	85.0	88.49	89.71
HEW 8	36.09	42.19	42.9	38.5	32.6	27.0	31.0
HEW 9	11.4	10.4	10.4	12.1	10.6	13.8	12.0
HEW 10	6.0	9.5	11.5	15.0	12.0	12.0	9.0
HEW 10 and above	16.2	13.0	15.0	13.0	15.0	12.9	13.9
TOTAL	561.2	557.1	563.1	575.0	553.4	519.0	515.2

*This data excludes staff employed on a casual/sessional basis.

Figures might not add exactly to the total FTE due to rounding.

Source: MIS DEEWR staff cube

Appendix B:

Senior executives

Band	2016		2015	
	Female	Male	Female	Male
Band 1 (Executive)				
Band 2 (Executive)	1		1	3
Band 3 (Executive)	1	4	1	2
Band 4 (Executive)				
Above Band 4 (Executive)		1		1
Totals	2	5	2	6
	7		8	

Band	Range \$	Average remuneration	
		2016 \$	2015 \$
Band 1 (Executive)	\$178,850 to \$255,050	\$0	\$0
Band 2 (Executive)	\$255,051 to \$320,900	\$315,800	\$316,850
Band 3 (Executive)	\$320,901 to \$452,250	\$341,900	\$369,000
Band 4 (Executive)	\$452,251 to \$522,500	\$0	\$0
Above Band 4 (Executive)	Over \$522,501	\$713,700	\$669,300

In 2016, 2.16% of the Southern Cross University's employee related expenditure was related to senior executives, compared to 2.52% in 2015.

Appendix C:

Trends in the representation of employees in diversity groups

Extract of data for 2015/2016 reporting period reporting (as at 31 March 2016; excludes casual staff)

Academic Staff	Benchmark or Target	2013	2014	2015	2016
Women	50%	49.3%	49.2%	50.3%	49.8%
Aboriginal people and Torres Strait Islanders	2.6%	1.3%	1.4%	1.5%	1.8%
People whose first language was not English	19%	9%	7.3%	7.4%	8.7%
People with a disability	N/A	5.8%	6.4%	6.5%	6.3%
People with a disability requiring work-related adjustment	1.1%	0.8%	0.8%	0.6%	0.6%

Professional Staff	Benchmark or Target	2013	2014	2015	2016
Women	50%	67.4%	66.8%	67.9%	67.1%
Aboriginal people and Torres Strait Islanders	2.6%	2.9%	3.5%	3.2%	3.2%
People whose first language was not English	19%	2.8%	3%	3%	2.8%
People with a disability	N/A	3.8%	4%	3.5%	3.6%
People with a disability requiring work-related adjustment	1.1%	0.3%	0.3%	0.2%	0.2%

Trends in the distribution of employees in diversity groups[#]

Academic Staff	Benchmark or Target	Distribution Index				
		2012	2013	2014	2015	2016
Women	100	81	83	90	90	93
Aboriginal people and Torres Strait Islanders	100	121	120	119	139	120
People whose first language was not English	100	79	84	92	93	89
People with a disability	100	89	90	100	101	93
People with a disability requiring work-related adjustment	100	N/A	112	136	127	89

Professional Staff	Benchmark or Target	Distribution Index				
		2012	2013	2014	2015	2016
Women	100	92	90	87	90	89
Aboriginal people and Torres Strait Islanders	100	81	77	87	81	87
People whose first language was not English	100	103	94	92	94	92
People with a disability	100	98	102	102	105	102
People with a disability requiring work-related adjustment	100	N/A	115	119	106	104

[#] A Distribution Index of 100 indicates that the centre of the distribution of the EEO groups across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels.

Appendix D:

Frequency of meetings and members' attendance at meetings

Council 2016 attendance							
	3 Mar	31 Mar	3 Jun	3 Jun*	23 Sep	24 Nov	
B Boyd	✓	✓	✓	✓		✓	
N Burton Taylor	✓	✓	✓	✓	✓	✓	
A Curtin	✓	✓	✓	✓	✓	✓	
M d'Almeida		✓	✓	✓	✓	✓	
N Genge	✓	✓	✓		✓	✓	
J Granger	✓	✓	✓	✓	✓	✓	
M Jones					✓	✓	<i>Term commenced 10 Sept 2016</i>
T Ledgerwood	✓	✓	✓	✓	✓	✓	
P Lee	✓	✓	✓		✓		<i>Term concluded 23 Sept 2016</i>
A Matis	✓	✓	✓	✓	✓	✓	
S Nancarrow	✓	✓	✓	✓	✓	✓	
E Ruthnam	✓	✓	✓	✓			
J Shanahan	✓	✓	✓	✓	✓	✓	
A Shoemaker						✓	<i>Term commenced 24 Sept 2016</i>
M Sweeny		✓		✓		✓	
A Wessell	✓	✓	✓	✓	✓	✓	

*Extraordinary meeting

Legend

Attended meeting	✓
Absent from meeting	

Appendix E:

Government Information and Public Access

Schedule 2 Statistical information about access applications (Clause 7)

Table A: Number of applications by type of applicant and outcome*								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	1	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	2	4	0	0	0	0	0	0

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

Table B: Number of applications by type of application and outcome								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applicants*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	1	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	2	4	0	0	0	0	0	0

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

Appendix E:

Table C: Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	N/A
Application is for excluded information of the agency (section 43 of the Act)	N/A
Application contravenes restraint order (section 110 of the Act)	N/A
Total number of invalid applications received	N/A
Invalid applications that subsequently became valid applications	N/A

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

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

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

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

	Number of occasions when application not successful
Responsible and effective government	5
Law information and security	0
Individual rights, judicial processes and natural justice	5
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extension)	4
Decided after 35 days (by agreement with applicant)	3
Not decided within time (deemed refusal)	0
Total	0

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

	Decision Varied	Decision Upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by NCAT	0	0	0
Total	0	0	0

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

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

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

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

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

Appendix F:

Financial compliance

Investment performance

The University's investment funds of \$16 million as at 31st December 2016 were made up of cash investments (maturing 30 days or less)

The average rate of return is shown below in comparison to the TCorp Cash Hourglass Facility.

Cash Investments 2.75%

TCorp Hourglass Facility – Cash 2.50%

As investments are held as interest bearing deposits and on-call bank deposits the only impact of economic events has been on the future earning potential due to lower interest rates, with no impact on the invested values.

Credit card certification

During the 2016 financial year, credit card use was in accordance with both the University's Corporate Credit Card policy and Purchasing policy. These policies are themselves based on the requirements of the New South Wales Treasury. Credit Card use within the University is largely limited to work related travel and for purchases where the use of credit cards represents a more efficient process.

Card holders are required to sign a declaration that their obligations and duties in relation to the use of credit cards have been explained to them before a credit card is issued. The University follows a strict process of reporting of credit cards where they are used outside of policy.

Payment of accounts

The University's payment terms in respect of its creditors are 30 days. In 2016, 82 per cent of invoices were paid in accordance with these terms. No interest was incurred during 2016.

Details of payment of accounts				
Quarter ended	Mar 16	Jun 16	Sep 16	Dec 16
Value of accounts payable at quarter end				
Current	592,565	12,882	1,832,974	213,046
Between 30-60 days	2,533	1,542	89,476	11,867
Between 60-90 days	-	-	3,466	26
Over 90 days	-	-	6,204	268
	595,099	14,425	1,932,120	225,207

Details of accounts paid on time				
Percentage of accounts paid on time (based on number of accounts)	82%	82%	81%	85%
Number of accounts paid on time	3,549	3,264	4,094	3,857
Total number of accounts paid	4,307	4,002	5,077	4,539

Land disposal

The University did not dispose of any land holdings greater than \$5,000,000.

Overseas travel

The University spent \$1.29 million on a variety of overseas visits in 2016 (\$1.61 million in 2015) for the purposes of promotion and marketing of the University and specific programs, visits to overseas partners and the development of new partner relationships, the attendance and presentation of research papers at international conferences, and research and teaching at affiliated universities.

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 1 lists the consultancies that were engaged by the University and the fees paid for their services during the year ended 31 December 2016. Table 2 lists those consultants costing greater than \$50,000.

Table 1: Consultancies costing less than \$50,000

Consultancy	No.	Amount \$'000
Financial Services	2	15
Management Services	5	82
Total consultancies costing less than \$50,000		97

Table 2: Consultancies costing more than \$50,000

Consultant Name	Description	Amount \$'000
Philips KPA	Strategic Analysis	121

Appendix G:



Information and Physical Resources

Digital Information Security Annual Attestation and Evidence of Certification Statement for 2016

I, Allan Morris, Executive Director Information and Physical Resources, Southern Cross University am of the opinion that Southern Cross University had an Information Security Management System in place during the financial year being reported on that is consistent with the Core Requirements set out in the NSW Government Digital Information Security Policy.

The controls in place to mitigate identified risks to the digital information and digital information systems of Southern Cross University are adequate.

There is no agency under the control of Southern Cross University which is required to develop an independent ISMS in accordance with the *NSW Government Digital Information Security Policy*.

A handwritten signature in black ink, appearing to read "Allan Morris".

Allan Morris
Executive Director, Information and Physical Resources

Appendix H:

Budget and Actual Performance (Parent entity only)

Southern Cross University Statement of Comprehensive Income	Actual 2016 \$,000	Budget 2016 \$,000	Budget 2017 \$,000
Income from continuing operations			
Australian Government financial assistance			
Australian Government grants	117,505	111,353	98,739
HELP – Australian Government payment	55,691	53,746	58,319
State and local Government financial assistance	2,143	1,450	7,018
HECS-HELP – Student payment	2,249	2,585	2,600
Fees and charges	41,420	34,485	56,960
Investment revenue	749	204	320
Royalties, trademarks and licences	590	575	600
Consultancy and contracts	5,006	5,115	5,000
Other revenue	9,187	9,677	7,731
Total revenue from continuing operations	234,540	219,190	237,287
Expenses from continuing operations			
Employee related expenses	125,254	122,215	128,999
Depreciation and amortisation	12,681	13,061	14,268
Repairs and maintenance	3,077	2,824	3,299
Borrowing costs	768	930	1,076
Impairment of assets	323	528	500
Loss on disposal of assets	402	-	250
Loss on foreign exchange differences	138	-	-
Other expenses	74,886	70,451	92,921
Total expenses from continuing operations	217,529	210,009	241,063
Net result from continuing operations	17,011	9,181	(3,776)
Net result attributable to members of Southern Cross University	17,011	9,181	(3,776)

Annual Report compliance list of requirements

Compliance list	Page
Letter of submission	1
Application for extension of time	N/A
Charter	10
Aims and objectives	3
Access	139
Management and structure	12
Summary review of operations	16
Funds granted to non-government community organisations	N/A
Legal change	13
Economic or other factors	16
Management and activities	2
Research and development	5
Human resources	6-8
Consultants	133
Workforce diversity	6
Disability action plan	6
Land disposal	132
Promotion	132
Consumer response	9
Payment of accounts	132
Time for payment of accounts	132
Risk management and insurance activities	15
Internal audit and risk management policy attestation	N/A
Disclosure of controlled entities	16
Disclosure of subsidiaries	N/A
Multicultural policies and services program	7-8
Agreements with Multicultural NSW	N/A
Work health and safety	6
Budgets	135
Financial statements	92
Identification of audited financial statements	91
Inclusion of unaudited financial statements	N/A
Privacy and personal information	14

Annual Report compliance list of requirements

Compliance list	Page
Investment performance	132
Liability management performance	N/A
Exemptions	N/A
Numbers and remuneration of senior executives	126
Credit card certification	132
Government Information (Public Access) Act	14
Digital information security policy attestation	134
Public Interest Disclosures (PID)	14
Requirements arising from employment arrangements	N/A
Public availability of annual reports	139
Production costs of annual reports	139

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