

Edith Cowan University

Annual Report 2018





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Statement of compliance

The Hon Sue Ellery MLC
Minister for Education and Training
13th Floor, Dumas House
2 Havelock Street
WEST PERTH WA 6005

7 March 2019

Dear Minister

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament the Report of Edith Cowan University for the year ending 31 December 2018.

The Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*, and is provided pursuant to a resolution of the University's Council.



The Hon Kerry Sanderson AC
Chancellor



Professor Steve Chapman CBE
Vice-Chancellor

ECU is committed to reconciliation, and recognises and respects the significance of Aboriginal and/or Torres Strait Islander peoples' communities, cultures and histories. ECU acknowledges and respects our continuing association with the Whadjuk people and Wardandi people of the Nyoongar nation, the traditional custodians of the land upon which our campuses stand.

This document is available online at the link below. It is available in alternate formats upon request.

<http://www.ecu.edu.au/about-ecu/reports-and-plans/annual-reports>

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South West Campus

585 Robertson Drive
Bunbury WA 6230



Overview

Chancellor's foreword



It is my pleasure to introduce this 2018 Annual Report on Edith Cowan University.

I was honoured to be elected to succeed the Hon Dr Hendy Cowan AO as Chancellor of ECU, and I would like to acknowledge his dedicated service to this wonderful institution. Dr Cowan provided sound, constructive leadership to the Council for many years, and I am fortunate to be taking up the reins from such an effective Chancellor.

The key performance indicators and financial statements contained in this Annual Report provide clear evidence of ECU's continuing excellent performance in teaching, the growth of its research capacity and international activities, and its sound financial base.

I relish the opportunity to guide the governing body forward through the complexities of the higher education landscape. I look forward to working with members of Council and the senior leadership team in advancing ECU and the achievement of the *ECU Strategic Plan, 2017–2021*.

The Hon Kerry Sanderson AC
Chancellor

Vice-Chancellor's summary



It has been my privilege to lead Edith Cowan University through another year of notable achievements and growth.

ECU students receive an excellent learning experience, and for the twelfth year in a row, this was recognised with a five-star rating for teaching quality from the *Good Universities Guide*. The Australian Government's latest survey results again place ECU as the top public university for overall student satisfaction.

Research publications and citations continue to grow, helping to build our international reputation, and we remain in the *Times Higher Education* top 150 of young universities worldwide.

We established an ECU campus in Sri Lanka and a presence in Melbourne and Sydney, while our acquisition of St Stephen's College will open new links with China. We also partnered with State and Commonwealth governments in cyber security research and training.

In 2018, we bid farewell to Dr Hendy Cowan AO, our Chancellor for fourteen years, and to two long-serving Council members, Ms Janet Curran and Associate Professor Ute Mueller, while Professor John Finlay-Jones retired from his position as Deputy Vice-Chancellor (Research). I thank them all for their dedication and commitment to ECU.

In December, ECU was accredited as an Athena SWAN Bronze Award institution, and it was pleasing that we again received an *Employer of Choice for Gender Equality* citation.

Thank you to ECU's Council, staff, students, and graduates, and to our sector, community, and industry partners, for your contributions to our successes in 2018.

Professor Steve Chapman CBE
Vice-Chancellor

Operational structure

Edith Cowan University (ECU) was established by the *Edith Cowan University Act 1984*.

Our vision

Our vision is to be recognised for our world ready graduates and leading edge research.

Our purpose

ECU's purpose is to transform lives and enrich society through education and research.

Our values

What we do at ECU, and the way we interact with others, is underpinned by our values:

Integrity

Being ethical, honest and fair

Respect

Considering the opinions and values of others

Rational Inquiry

Motivated by evidence and reasoning

Personal Excellence

Demonstrating the highest personal and professional standards

All students, staff and Council members are expected to embrace these four values in their work, study and service to the University, and in their interactions with our external partners.

Strategic themes

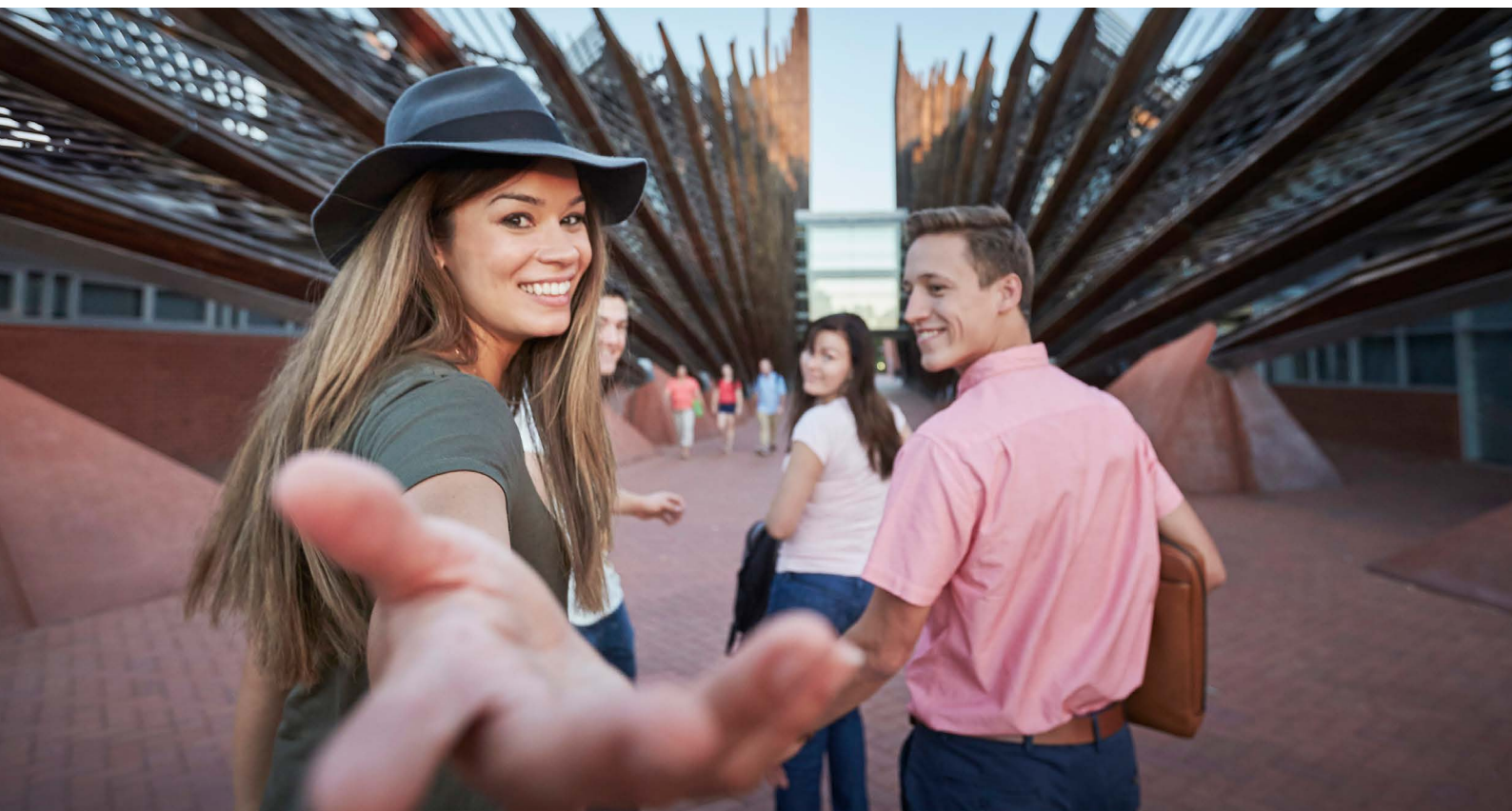
Five strategic themes guide our endeavours, and are enduring statements of ECU's ethos:

- Dedicated to our students
- Connecting with our community and the world
- Building strategic partnerships and collaborations
- Fostering strong alumni relations
- Promoting equality, diversity and social responsibility

Strategic goals

ECU has four strategic goals, which are detailed in our *Strategic Plan 2017–2021: World Ready*:

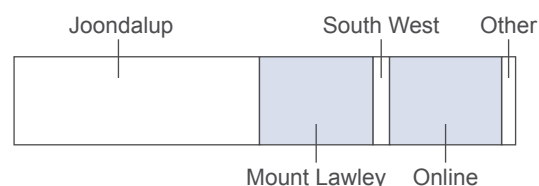
- **Enhancing learning and teaching**
- **Advancing research and knowledge translation**
- **Growing internationalisation**
- **Ensuring organisational sustainability**



Key statistics

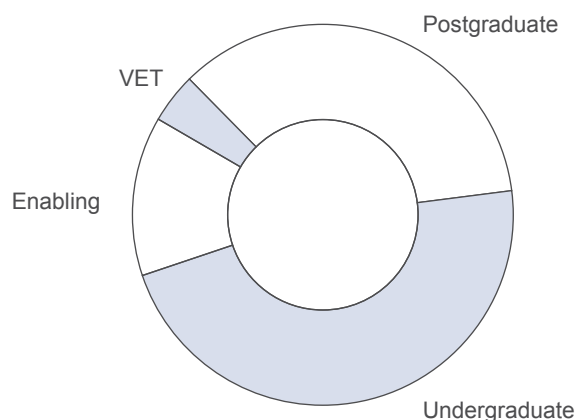
Equivalent full-time student load (EFTSL) by location

Location	
Joondalup	9,686
Mount Lawley	4,342
South West (Bunbury)	662
Online	4,432
Other:	
Overseas partners	398
Sydney and Melbourne	144
TOTAL EFTSL	19,663



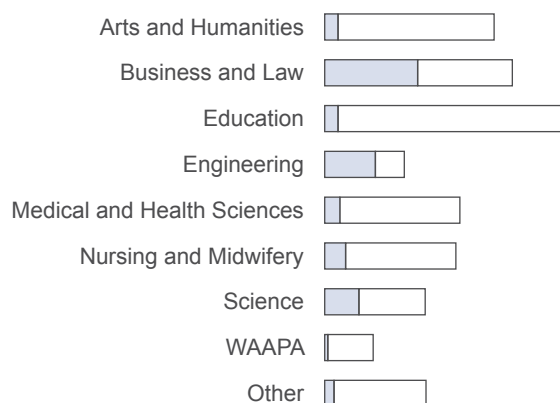
Number of course completions (graduations) by course level

Course level	
Postgraduate:	
Doctorates	73
Masters by research	33
Masters by coursework	1,145
Graduate diplomas and certificates	1,345
Undergraduate:	
Bachelor and honours degrees	3,307
Associate degrees and diplomas	165
Enabling courses	986
Vocational education and training	302
TOTAL COMPLETIONS	7,356

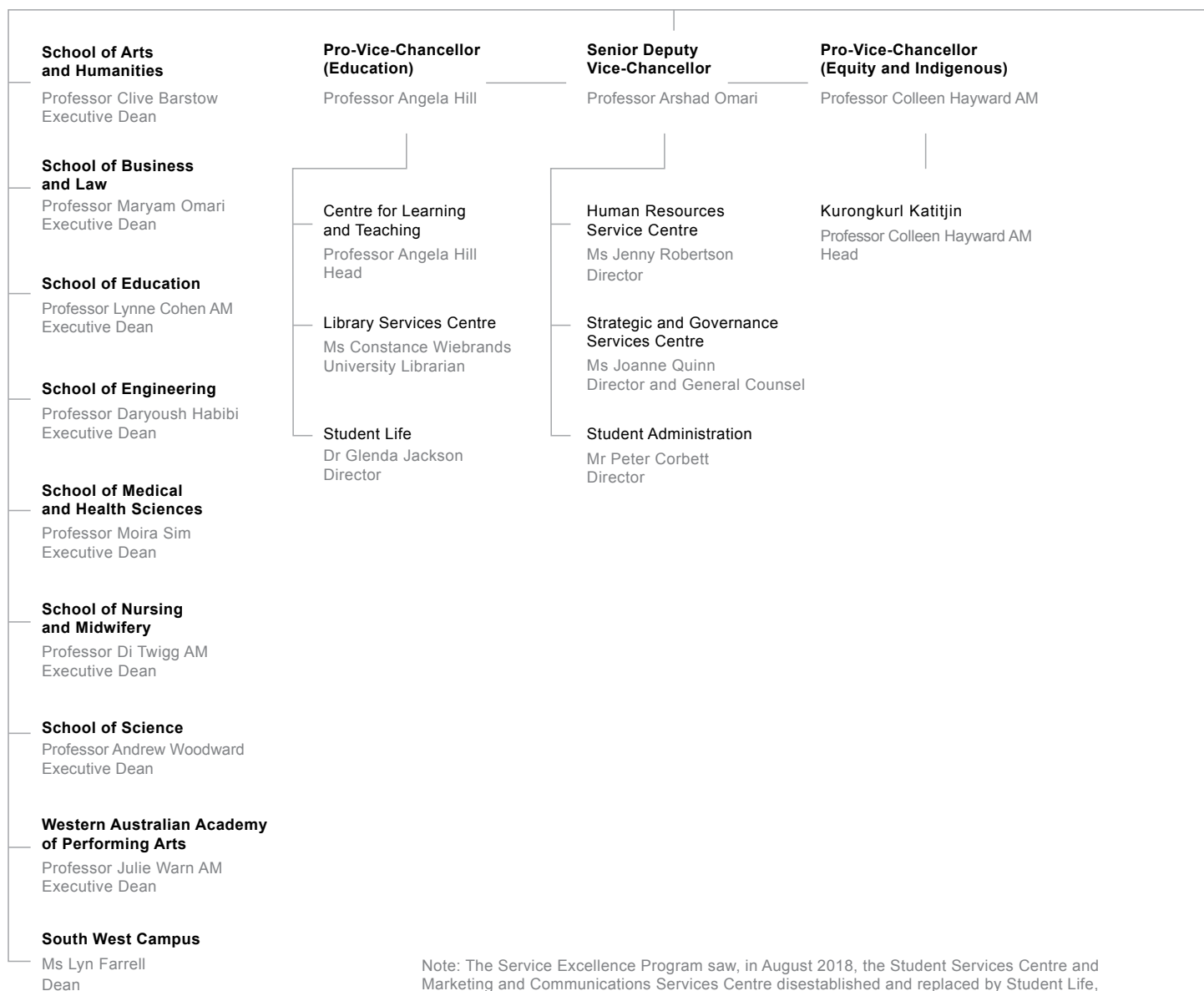


Number of international students and total enrolments per school

School	Int'l	All
Arts and Humanities	297	4,314
Business and Law	2,348	4,762
Education	246	6,120
Engineering	1,264	1,956
Medical and Health Sciences	334	3,418
Nursing and Midwifery	462	3,339
Science	809	2,531
WAAPA	17	1,194
Other	186	2,578
TOTAL STUDENTS	5,963	30,212



Organisational chart



Note: The Service Excellence Program saw, in August 2018, the Student Services Centre and Marketing and Communications Services Centre disestablished and replaced by Student Life, Student Administration, Brand and Marketing, and Business Growth and Development. Defence Research and Engagement was established in February 2018. Professor John Finlay-Jones held the position of Deputy Vice-Chancellor (Research) until 25 March 2018.

University Council

Vice-Chancellor

Professor Steve Chapman CBE

Deputy Vice-Chancellor (International)

Professor Simon Ridings

Pro-Vice-Chancellor (Emirates)

Professor Narayanan Srinivasan

Pro-Vice-Chancellor (China)

Professor Wei Wang

International Office

Associate Professor Helen Vella Bonavita
Dean, International Relations

Mr Jake Garman
Dean, International Business Operations

Deputy Vice-Chancellor (Research)

Professor Caroline Finch AO

Defence Research and Engagement

Dr Andrew Dowse AO
Director

Graduate Research School

Professor Joe Luca
Dean

Office of Research and Innovation

Professor Margaret Jones
Director

Deputy Vice-Chancellor (Strategic Partnerships)

Professor Cobie Rudd

Office of the Deputy Vice-Chancellor (Strategic Partnerships)

Vice-President (Corporate Services)

Mr Scott Henderson

Brand and Marketing

Ms Julia Turner
Director

Business Growth and Development

Mr Phil Holley
Director

Facilities and Services Centre

Ms Maxine Plant
Director

Finance and Business Services Centre

Mr Brad Francis
Chief Financial Officer

Information Technology Services Centre

Mr Vito Forte
Chief Information Officer

Office of Development and Alumni Relations

Ms Sonia Mackay-Coghill
Executive Director (Enterprise and Development)

Organisational structure

University Council

University Council is the governing body that controls and manages the operation, affairs, and property of the University. ECU's Council establishes committees to assist in meeting these responsibilities.

Executive team

Vice-Chancellor

Professor Steve Chapman CBE is responsible for the academic, administrative and other affairs of the University, such as achieving our Strategic Goals. The Vice-Chancellor is ECU's Chief Executive Officer, and Senior Academic Officer.

Senior Deputy Vice-Chancellor

Professor Arshad Omari's responsibilities include the student experience, teaching and learning, support for academic and university governance, planning, and human resources.

Deputy Vice-Chancellor (International)

Professor Simon Ridings is responsible for ECU's international relationships and global presence, overseas opportunities for students, and growing international student enrolments to diversify revenue.

Deputy Vice-Chancellor (Research)

Professor Caroline Finch AO joined ECU in 2018, and is responsible for leading academic and student research excellence and engagement at the University.

Deputy Vice-Chancellor (Strategic Partnerships)

Professor Cobie Rudd is responsible for external relations and partnerships, professional accreditations, and gender equality initiatives.

Vice-President (Corporate Services)

Mr Scott Henderson is responsible for finance, information technology, facilities and campus services, student recruitment, corporate marketing, events, and communications.

Pro-Vice-Chancellor (Education)

Professor Angela Hill is responsible for learning and teaching, student support and the student experience, library services, and support for academic governance and compliance.

Pro-Vice-Chancellor (Equity and Indigenous)

Professor Colleen Hayward AM leads engagement and success initiatives for Aboriginal and/or Torres Strait Islander students, and for students with disability, from regional and remote areas, and from low-SES backgrounds.

Pro-Vice-Chancellor (China)

Professor Wei Wang is responsible for building relationships with high-profile research and academic partners in China, supporting recruitment of international students, and fostering research collaboration.

Pro-Vice-Chancellor (Emirates)

Professor Narayanan Srinivasan is Director of the ECU-Emirates Education and Research Centre. He is responsible for assisting ECU schools to develop programs in Dubai with Emirates.

Schools

Each school is responsible for teaching and research in the disciplines listed below.

School of Arts and Humanities

Media and communications; contemporary arts; design; psychology and social sciences; and criminology and justice.

School of Business and Law

Law; management; finance and banking; marketing; project, tourism, and event management; commerce; and accounting.

School of Education

Early childhood, primary and secondary teacher education; educational leadership; and specialist teacher education.

School of Engineering

Civil, chemical, mechanical, electrical, electronics, petroleum, and maritime engineering; motorsports; and aviation.

School of Medical and Health Sciences

Medical science; human biology; paramedical science; exercise science; nutrition; public health; and occupational therapy.

School of Nursing and Midwifery

Clinical, aged, maternal, mental health, paediatric, and specialist nursing; health care leadership; nurse education; and midwifery.

School of Science

Computing; information science; security science; environmental science; biology; chemistry; mathematics; and physics.

Western Australian Academy of Performing Arts

Music; acting; dance; performing arts; music theatre; Aboriginal performance; arts management; and production and design.

Dean, South West Campus

Manages the ECU South West Campus, including promoting the campus, and building links with the local community.

Head, Kurongkurl Katitjin

Responsible for the Centre for Indigenous Australian Education and Research, including the Indigenous HealthInfoNet.

Defence Research and Engagement

Responsible for ongoing engagement with the Department of Defence, defence research and advice, and partnerships.

Professional services

Brand and Marketing

Leads brand development, advertising, public relations, corporate communications, events, and sponsorships.

Business Growth and Development

Coordinates strategies to drive student growth, and ECU's customer experience strategy, including enquiry management.

Centre for Learning and Teaching

Promotes high-quality learning and teaching through staff development, technology, and preparing students for university.

Facilities and Services Centre

Provides campus facilities management services, including buildings and grounds, security, housing, and commercial outlets.

Finance and Business Services Centre

Provides financial accounting and financial management, including commercial activities, procurement, and budgeting.

Graduate Research School

Supports research masters and doctoral candidates, supervisors, and schools through training, seminars, and peer support.

Human Resources Service Centre

Supports staffing practices including recruitment, employee relations, conditions, and occupational safety.

Information Technology Services Centre

Provides support to students, staff, and researchers through IT systems, networks, and facilities, such as computer labs.

International Office

Leads international growth and engagement, and establishes and manages international partnerships and relationships.

Library Services Centre

Provides library services and support for students, staff, alumni, and the community, and records management services.

Office of Development and Alumni Relations

Builds and maintains life-long relations with ECU's alumni and community partners, including building philanthropic support.

Office of Research and Innovation

Supports research funding and grant applications, contracts, ethics, data analytics, and researcher training.

Strategic and Governance Services Centre

Provides services to support academic and corporate governance, legal and integrity, risk, strategy and performance.

Student Administration

Manages student admissions, fees and scholarships, examinations, timetabling, results, and student systems.

Student Life

Provides course advice, health, counselling, equity and disability, and careers and employability services for students.

Subsidiaries

Edith Cowan Accommodation Holdings

ECU Village offers student accommodation on the University's three campuses in Western Australia.

St Stephen's College

The College provides English and business education in China for high school students as a pathway to tertiary study in Australia.

Governance

Council

Under the *Edith Cowan University Act 1984*, the governing authority of ECU is the Council. Council's responsibilities include appointing the Vice-Chancellor, approving ECU's strategic direction and budget, and overseeing the management of the University.

Council is chaired by the Chancellor, who is elected by Council to facilitate its work.

ECU's Chancellor, the Hon Dr Hendy Cowan AO, retired at the end of 2018, having served for 14 years in this capacity.

Committee structure

Council committees

- Advisory Board of the Western Australian Academy of Performing Arts
- Council Remuneration Committee
- Governance and Nominations Committee
- ECU Foundation Board
- ECU South West Campus (Bunbury) Advisory Board
- Honorary Awards Committee
- Legislative Committee
- Quality, Audit and Risk Committee
- Resources Committee

Academic Board committees

- Animal Ethics Committee
- Education Committee
- Human Research Ethics Committee
- Radiation, Biosafety and Hazardous Substances Committee
- Research and Higher Degrees Committee
- Student Appeals Committee

Committees reporting to the Vice-Chancellor

- ECU Athena SWAN Charter Committee
- ECU Health Centre Committee
- Equity and Diversity Committee
 - Disability Access and Inclusion Sub-Committee
 - Kudjikat Wow-r-ing (formerly Indigenous Consultative Committee)
- *Respect. Now. Always.* Advisory Group
- University Executive
- University Health and Safety Committee
- University Remuneration Committee
- Vice-Chancellor's Reconciliation Committee
- Vice-Chancellor's Student Advisory Forum

Council members

The 2018 Council members are listed below, along with their basis of appointment (refer to section 9(1)(a)–(i) of the ECU Act), the number of meetings attended, and the potential number of meetings i.e. held during their membership term in 2018, without an approved leave of absence.

Name	ECU Act 9(1) (x)	Mtgs
Hon Dr Hendy Cowan AO, Chancellor	<i>i</i>	6 / 6
Mr Eddie Bartnik (<i>to 11 Jun and from 3 Jul</i>)	<i>a</i>	4 / 5
Mr John Cahill	<i>a</i>	4 / 6
Professor Steve Chapman CBE (<i>ex-officio</i>)	<i>c</i>	6 / 6
Ms Dorothy Collins	<i>h</i>	5 / 6
Ms Janet Curran (<i>to 19 Sep</i>)	<i>h</i>	4 / 4
Ms Natalie Dimmock	<i>g</i>	5 / 6
Mr Kuenley Dorji (<i>from 11 Oct</i>)	<i>f</i>	2 / 2
Ms Denise Goldsworthy	<i>a</i>	5 / 5
Ms Kelly Hick, Deputy Chancellor	<i>h</i>	6 / 6
Professor Margaret Jones	<i>e</i>	4 / 6
Mr Peter Kihui (<i>to 10 Oct</i>)	<i>f</i>	3 / 4
Dr Susan King	<i>g</i>	6 / 6
Mr Stewart Lee (<i>from 11 Oct</i>)	<i>f</i>	0 / 2
Associate Professor Geoff Lummis (<i>from 1 Oct</i>)	<i>d</i>	2 / 2
Ms Janelle Marr	<i>h</i>	5 / 6
Professor Mark McMahon (<i>ex-officio</i>)	<i>b</i>	6 / 6
Associate Professor Ute Mueller (<i>to 30 Sep</i>)	<i>d</i>	2 / 2
Mr Brian Piesse	<i>h</i>	5 / 6
Mr Lewis Price (<i>to 3 May</i>)	<i>f</i>	1 / 2
Mr Robert Radley (<i>from 20 Sep</i>)	<i>h</i>	1 / 2

The Hon Hendy Cowan AO (*HonDSc, HonDCom*) was elected to the Western Australian Parliament in 1974, and served as National Party Leader for 23 years. He was the State Deputy Premier from 1993 to 2001.

Mr Eddie Bartnik (*MEdStud, MPsyCh, BAHons, GAICD*) has been Strategic Adviser to the National Disability Insurance Agency since 2014. He was WA's first Mental Health Commissioner from 2010 to 2014.

Mr John Cahill (*PGradDipBis, BBus*) is a Non-Executive Director of the Accounting Professional and Ethics Standards Board.

Professor Steve Chapman CBE (*PhD, BScHons, HonDSc, FRSE, FRSC, CChem*) is ECU's Vice-Chancellor. He was previously Principal and Vice-Chancellor of Heriot-Watt University.

Ms Dorothy Collins (*BJuris, LLB, GAICD*), is the Principal of Collins Lawyers, specialising in commercial and corporate law and governance.

Ms Janet Curran (*GradCertAppMgt, BA(Trng&Dev)*) is Managing Director of the registered training organisation Future Institute of Australia. She was previously State Manager of not-for-profit MEGT.

Ms Natalie Dimmock (*GradDipMgt, LLB, BPsych, BA*) is a senior lawyer with a background in community services and education. She is a Legal Practitioner Director at West Family Lawyers.

Mr Kuenley Dorji (*PGradDipPAdmin, BSc*) is an international postgraduate student from Bhutan. He is enrolled in the Master of Business Administration International.

Ms Denise Goldsworthy (*BMetHons, FAIM, FTSE, GAICD*) is an Independent Director at Western Power, Chair of the Board of the Minerals Research Institute of WA and ChemCentre, and owner of Alternate Futures.

Ms Kelly Hick (*LLB, CertIVTrngAssmnt, DipAppSc, GAICD*) is ECU's Deputy Chancellor. She is Principal Consultant at KLH Consulting, and Councillor at the City of Busselton.

Professor Margaret Jones (*PhD, BScHons, GAICD*) is the Director of ECU's Office of Research and Innovation. She was a medical researcher before transitioning into research services.

Mr Peter Kihui (*BBus&IT(Hons), DipBus&ICT*) is a postgraduate student from Kenya and an IT freelancer. He is studying a Master of Project Management.

Dr Susan King (*PhD, MEd, BEd, BA, TeachCert, GAICD, FAIMWA*) is the sole proprietor of Susan King Consulting. She has held senior positions in the higher education, vocational education, and schools sectors.

Mr Stewart Lee is an undergraduate student enrolled in the Bachelor of Engineering (Electrical Power) Honours. He was president of the ECU Student Guild from December 2017 to November 2018.

Associate Professor Geoff Lummis (*PhD, MEd, BEd, BEd(Prim), DipTeach(Prim)*) is an Associate Professor in ECU's School of Education, and Acting Director, Edith Cowan Institute of Education Research.

Ms Janelle Marr (*MBA, BA, FAICD, FGIA*) is an Independent Director at CCIWA, Chair of Screenwest, Deputy Chair of Ability Centre, and Founder and Managing Partner of strategy consultancy StepBeyond.

Professor Mark McMahon (*PhD, MEd, GradCertComplnstrDesign, DipEd, BAHons*) is Professor of games and interactive design, an Associate Dean in Arts and Humanities, and Chair of ECU's Academic Board.

Associate Professor Ute Mueller (*PhD, GradCert(HEd), MSc, DipMaths*) is an Associate Professor in mathematics in the School of Science. Her teaching and research focuses on geostatistics.

Mr Brian Piesse (*MDA, DipAgric, FAICD, FAIM*) pursued a career in animal health, agronomy and agribusiness before holding executive positions in companies including Wesfarmers, Pivot and CSL.

Mr Lewis Price is an undergraduate student majoring in politics and international relations, and human resource management. He was ECU Student Guild President from December 2014 to November 2016.

Mr Robert Radley (*MScEng, MBA, BScHons, GAICD*) is Managing Partner of Azure Consulting. He was a Partner at Bain & Company and PwC Australia, and a management consultant for over 24 years.



Performance

1. Enhancing learning and teaching

ECU is committed to ensuring that our excellent teaching, learning experiences, and inclusive environments translate to high levels of student success. This was again confirmed in the latest Student Experience Survey results, where ECU was the top-rated public university in Australia for overall experience, teaching quality, skills development, and student support.

While celebrating this achievement, we know that not all students experience the same success. During 2018 we developed a co-ordinated approach for improving retention and employment outcomes. The *Student Success Blueprint* is underpinned by our commitment to providing evidence-based, student-centred teaching, and a supportive and stimulating learning environment. This also aligns with our existing equity plans, including the *Reconciliation Action Plan 2018–2021*, and *Disability Access and Inclusion Plan 2016–2021*.

ECU's self-accrediting authority status with the Tertiary Education and Quality Standards Agency (TEQSA) was due to expire in October 2018. In May 2018, we submitted a comprehensive renewal application that documented how we meet the *Higher Education Standards Framework (Threshold Standards) 2015*. A panel of experts at TEQSA commenced a detailed review of our submission at the end of the year. ECU's registration will be maintained during the review period.

Teaching that inspires

ECU's Academic Staff Performance Expectations and Outcomes Framework was updated in 2018, following extensive consultation with the University community. This guides recruitment, performance management, and promotion processes for academic staff. The changes improve the balance between research and teaching accomplishments, to affirm the value of teaching in academic career pathways.

ECU has robust measures to ensure consistently high-quality curricula and student experiences across different locations. With this in mind, new professional development offerings have been established to support ECU staff working with our partners in Sri Lanka, the United Arab Emirates, Sydney, and Melbourne.

Transformative learning experiences

Over the last 12 months, ECU has undertaken a comprehensive review of curriculum policies and quality assurance processes, including those relating to moderation of marking, benchmarking, and professional development. The review resulted in streamlined, principle-based policies and procedures that are 'future-oriented', and benchmarked against other universities.

ECU is committed to contemporary curriculum design and leveraging technological advances. In 2018, we invested in technology-rich learning via a new lecture capture and video management system, and the ability to synchronise lectures across multiple campuses. Staff adoption of these and other technologies was improved through targeted training and better online resources.

Additionally, the University has entered into a number of partnerships to enhance the online learning experience. A 10-year arrangement with Keypath Australia commenced in 2018 to deliver high-quality online learning for selected postgraduate courses. Units run consecutively over seven weeks, which provides students with efficient pathways to qualifications in areas of industry shortage. A partnership with Cadmus supports assessment redesign, and verifies the identity of students in the online environment. This partnership was showcased at national conferences during 2018.

ECU has developed new data analysis tools for insights into student retention, progression, success and completion. For example, Blackboard Analytics for Learn provides insights into students' activity and achievements in our learning management system. Supplemented by predictors of retention and good progress, targeted assistance can be offered to students who may benefit from additional academic support. Additionally, new peer-led programs were introduced in 2018 including Peer Assisted Study Sessions and Student Assistants with Learning Technologies.



A globally relevant and innovative curriculum

The new *Curriculum Design Policy* requires that the design of courses and units assists all students to develop the knowledge, skills, and attitudes to succeed in a complex and diverse world. A guide titled *SLIDE: Student Learning in a Digital Environment* was launched in 2018 to enhance the transition to the ECU digital learning environment.

In 2018, a comprehensive audit was completed of Australian Aboriginal and/or Torres Strait Islander cultural content across all courses, highlighting exemplary practice in a number of ECU schools. It is now a requirement that all students encounter and engage with Aboriginal and/or Torres Strait Islander cultural content – developed in partnership with Aboriginal and/or Torres Strait Islander people – as integral parts of their course of study.

2018 was a record year for outbound student experiences, with over 500 students travelling abroad to more than 20 countries. Study tours connect students and academics across institutions and countries, and expand students' cross-cultural knowledge and skills.

Improved learning outcomes and career readiness

ECU continues to offer comprehensive career preparation, including one-on-one careers appointments, drop-in sessions, employability workshops on topics like résumé writing and networking skills, and activities embedded in courses. Students have opportunities to engage with employers and industry representatives at career fairs and networking events. Our efforts to raise student awareness of career services resulted in increased attendance in 2018.

Course consultative committees include representatives from industry, employers, and the community to provide high-level advice about courses, teaching, research, and professional and community engagement. ECU courses are designed to enable students to be competitive in the employment marketplace, leading to improved graduate outcomes. Stronger collaboration with industries has led to a significant expansion in work integrated learning placements for students in many disciplines, particularly science.

The Workplace Integrated Learning (WIL) Learning Community was established in 2018, with representative staff across ECU, focusing on fostering good practice in the design, delivery, assessment and evaluation of work experience across all disciplines in ECU.

2. Advancing research and knowledge translation

In 2018, ECU commissioned an external review of our research strategy and operational support, to inform strategic directions and improve research support structures. Implementation of the review outcomes will begin in 2019.

To improve citation rates for our research publications, and thereby increase sharing of the knowledge we generate through research, we implemented a scheme to provide incentives and financial support for early- and mid-career researchers to publish in highly-ranked open access journals. This will ensure their research is readily accessible and visible.

Growth in research capacity and culture

To guide our research expansion, in 2018 ECU recruited five world-leading Vice-Chancellor's Professorial Research Fellows. The researchers' disciplines include computer science, petroleum engineering, teacher education, food and agriculture, and paediatric nursing.

ECU's ASPIRE (Acknowledging Successful Performance in Research Excellence) system measures research performance, to reward researchers for high research activity and quality. To align with our focus on knowledge-sharing and international rankings, ASPIRE now includes measures of citations performance, monitored through the use of new analytics tools.

ECU drafted an *Aboriginal and/or Torres Strait Islander Research Strategy* in 2018, for further development and implementation in 2019.

We are building our mentoring capabilities through a PhD mentoring program that matches postdoctoral graduates with current candidates. The mentoring program should improve retention, provide careers advice and networking opportunities, and assist international postdoctoral graduates with research opportunities in their home countries.

Extensive research collaboration

ECU's agreement with the China Scholarship Council has been renewed for a further five years, with additional grants and funding initiatives. This partnership will help ECU to significantly increase the number of postgraduate students from China, and the number of collaborative programs, such as joint PhDs and research, and academic staff exchange.

Research Week celebrated its tenth anniversary in 2018, accompanied by a new research-focused magazine titled *The Search*.

Two internal funding schemes supported international research alliances by providing travel support for ECU researchers and collaborators, and funding three international visiting professors.

In addition, ECU introduced new industry engagement scholarships to support postgraduate research, where industry partners contribute funding and in-kind support.

Increased knowledge translation

In 2018, ECU formally partnered with the State Government to provide cyber security expertise to help protect the Western Australian public sector. The partnership will also provide opportunities for our students to work with government agencies and departments.

In April, the Australian Government's \$50 million Cyber Security Cooperative Research Centre (CRC) officially opened. Headquartered at ECU's Joondalup Campus, the CRC will operate for seven years. Supported by a further \$89 million from partners, including the Australian Federal Police, Australian Taxation Office, Department of Defence, AARNet, Cisco, and Singtel Optus, the CRC will lead to improvements in predicting, preventing and responding to cyber threats.

The visibility of ECU's research was improved through efforts to increase public awareness, including increasing engagement with *The Conversation*. The 2018 ECU Lecture Series featured six public seminars in 2018, allowing professors to share their research expertise with ECU students, staff, and the community.

Growth in research training

ECU has developed a research supervisor dashboard to assist ECU schools to plan supervision and track staff training. This will also include data analysis to identify opportunities to increase the number of PhD supervisors. In addition, new professional development sessions for research supervisors have been introduced.

ECU has expanded online skills training to be more inclusive of research students' needs, and introduced a careers workshop series. We also implemented a new oral examination process.

3. Growing internationalisation

In November 2018, the State Minister for Education and Training approved ECU's request to formally declare a new University campus in Colombo, Sri Lanka. ECU has offered degrees in business and information technology in Sri Lanka for over 15 years, and we will now be the first foreign university to establish a campus in Sri Lanka.

In 2018, ECU developed new partnerships with the College of Allied Educators and the PSB Academy in Singapore to deliver ECU courses in education and cyber security, respectively, and with the Health Careers Institute in India to deliver nursing courses. Partnerships established in 2017 had their first student intakes, with particularly strong take-up in Vietnam.

ECU commenced delivery in Melbourne and Sydney in 2018 in partnership with the Victorian Institute of Technology. Programs are offered in project management, business administration, accounting, and cyber security. Sydney and Melbourne are popular study locations for international students.

Onshore international student enrolments increased in 2018, with further diversity in countries of origin of students. This lowers risks from over-reliance on a small number of source countries. It also provides all students with opportunities to engage with a wider variety of people, cultures, and customs.

Growth in international enrolments

ECU's equivalent full-time student load (EFTSL) for new international students studying onshore increased by 3.5 per cent in 2018. This growth corrected the decline of 2017, while also reducing ECU's visa risk rating. Markets such as Sri Lanka, the Philippines, and Mauritius have shown strong growth.

In 2018, ECU held promotional events in Kenya, Zambia, Bhutan, and Sri Lanka. Growth in the number of applications from Kenya was hindered by country visa changes; however, applications from Zambia increased by 20 per cent, Bhutan by approximately 30 per cent, and Sri Lanka by almost 300 per cent.

Strong partnerships and international relations

In 2018, ECU initiated strategic partnerships with the University of Portsmouth in the United Kingdom, HKU SPACE in Hong Kong, the Royal University of Bhutan, and Sultan Qaboos University, the only public university in Oman. These partnerships enable ECU to expand our in-country presence, and offer further opportunities to students and staff.

A new partnership with the Beijing University of Posts and Telecommunications (BUPT), a key national university in communications, computer and electronic engineering, has expanded industry-research collaborations in China.

Global education delivery

ECU delivers a range of bachelor, masters, and English language courses in China, India, the United Arab Emirates, Sri Lanka, Vietnam, and Singapore. A new governance framework ensures that quality assurance processes are embedded in course and unit delivery so that students are supported to succeed, regardless of their study location.

The new campus in Sri Lanka, and new partnerships in Singapore, will assist ECU to reach its goal of expanding international offshore enrolments.

An internationalised student experience

In 2018, ECU secured record funding from the Australian Government's New Colombo Plan for learning abroad opportunities. Over 500 students studied overseas on student exchange, in short programs, and on placements.

The success of the Tokyo City University model for inbound students has led to its extension to further markets. A pilot with Zhejiang Normal University took place in 2018, and negotiations are in train for other partners.

Over 600 students from Tokyo City University have now studied in Australia at ECU. The program's social and cultural component, called 'Experiencing Australia', which includes events and a buddy program, won the Council for International Students of Western Australia (CISWA) award for WA International Education Provider of the Year in 2018.

4. Ensuring organisational sustainability

For ECU to deliver our goals in learning and teaching, research and internationalisation, we must maintain a high-performance culture, service excellence, outstanding infrastructure, and a strong financial base.

In December 2018, ECU was one of only 11 Australian universities named one of Australia's first Athena SWAN Bronze Award institutions through the Science in Australia Gender Equality (SAGE) pilot program. Athena SWAN aims to advance the representation and progression of women in science, technology, engineering, mathematics, and medicine. The Bronze Award resulted from a rigorous two-year self-assessment that involved identifying the barriers to equality, and devising practices, processes, and actions to address them.

High-performance culture

ECU achieved the Workplace Gender Equality Agency Citation as an *Employer of Choice for Gender Equality* in February 2018, for the second year in a row. Only two universities in Western Australia, and fifteen nationally, achieved this citation for 2017 and 2018.

ECU continued to improve our staff resource planning; support for professional development, career advancement, and staff qualification uptake; succession planning; and transitions to retirement.

In late 2018, ECU implemented RiskWare risk management software to integrate enterprise risks, health and safety risks, hazard and incident reporting, claims and injuries, biosafety, audits and inspections, and field trip management.

Service excellence

Stage Two of the Service Excellence Program concluded in 2018. This implemented a new operating model to personalise experiences for students, alumni, donors, and industry partners.

The introduction of Salesforce software is intended to improve communications, collaboration, analytics, and automation of processes. The software will deliver enhanced account management for student support, recruitment, and marketing. The Salesforce platform will also enable implementation of major elements of ECU's *Student Success Blueprint*.

The complementary Industry Relationship Management Framework, rolled out in 2018 after a one-year pilot, supports improved relationships with industry, government and community partners.

Infrastructure that supports our goals

The University has commenced work on a new science facility at the Joondalup Campus, to open in 2020. The building will have 2,500m² of laboratory space, and is expected to provide a hub for Australia's cyber security industry. In addition, nearly 2,000m² of laboratory space was added to our engineering facilities, incorporating sustainability initiatives that monitor energy use.

Several facilities have been refurbished, including the midwifery demonstration wards, South West Campus lecture theatres, and facilities for the WA Screen Academy, and students studying broadcasting.

A more systematic approach has been established for the disposal of hazardous waste. An organic waste program has been adopted by all campus food outlets, which are also being encouraged to reduce and replace plastic single-use water bottles and bags, straws, and cutlery.

A strong financial base

The deployment of the digital marketing platform in Salesforce is expected to enhance the return on investment from digital marketing initiatives by providing more relevant and timely information to ECU's future students.

A capital management plan has been developed to assess alternative debt markets to support future infrastructure needs.

In 2018, ECU acquired St Stephen's College, which offers vocational education and training courses in English language and business offshore in China. This is expected to increase international enrolments for ECU.

The international student fee-setting process has delivered greater price certainty to continuing students, while allowing competitive price increases for new students.

Key performance indicators

Certification of key performance indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess Edith Cowan University's performance, and fairly represent the performance of ECU for the financial year ended 31 December 2018.



The Hon Kerry Sanderson AC

Chancellor

7 March 2019



Professor Steve Chapman CBE

Vice-Chancellor

8 March 2019

Introduction

Edith Cowan University's vision is to be recognised for our world ready graduates and leading-edge research, and the *ECU Strategic Plan 2017-2021: World Ready* sets our path forward. The four Strategic Goals direct the University's progress towards our vision, while staying true to our purpose: *to transform lives and enrich society through education and research*. Each goal is linked to objectives.

The seven key performance indicators in this report are a sub-set of the performance indicators in the Strategic Plan.

For each key performance indicator, a time series of results is shown, together with comparative results (national or State averages) where possible. Explanations of variances between results and targets are given where the variance is more than ten per cent.

As per the *Treasurer's Instruction 904U*, KPIs have been classified as 'effectiveness' or 'efficiency' indicators. 'Effectiveness' indicators relate to the services delivered, and 'efficiency' to the resources required to deliver the services.

Strategic Goals and key performance indicators

1. Enhancing learning and teaching

Objectives	Key performance indicators
1. Teaching that inspires	1. Satisfaction with the educational experience
2. Transformative learning experiences	2. Graduates in full-time employment
3. A globally relevant and innovative curriculum	3. Retention of commencing students
4. Improved learning outcomes and career readiness	

Three of the effectiveness key performance indicators are directly linked to Strategic Goal 1 and outcomes relating to the first four objectives of that Strategic Goal. These three KPIs are benchmarked against other universities' results, allowing us to further assess and analyse our relative progress over time.

KPI 1 Satisfaction with the educational experience is based on feedback from students and measures outcomes in terms of the quality of our teaching and curriculum (Objective 1 and Objective 3) and the overall learning experience (Objective 2).

KPI 2 Graduates in full-time employment enables us to assess our progress with improving graduate career readiness and employment outcomes (Objective 3 and Objective 4).

KPI 3 Retention of commencing students measures the effectiveness of our academic and support operations to engage new learners and support them in their first year of university study (Objective 2).

2. Advancing research and knowledge translation

Objectives	Key performance indicators
5. Growth in research capacity and culture	4. Weighted research publications
6. Extensive research collaboration	5. Higher degree by research completions
7. Increased knowledge translation	
8. Growth in research training	

Two of ECU's audited key performance indicators measure the University's progress in advancing research and knowledge translation, as specified in Strategic Goal 2. The KPIs are effectiveness, and efficiency, indicators.

KPI 4 Weighted research publications measures the key output of research and knowledge translation activity – the production of research publications. KPI 4 therefore provides a composite measure of outcomes in terms of ECU's research capacity, collaboration, and knowledge translation (Objective 5, Objective 6, and Objective 7). Measuring our research outputs per ten full-time equivalent staff provides a measure of research productivity.

KPI 5 Higher degree by research completions reports graduates in masters by research and doctorates by research, as a direct outcome of the research training function and activities such as attracting research students, and providing supervision and support tailored to the research training environment (Objective 8). Measuring this output per ten full-time equivalent staff allows results to be compared to those of other Australian universities regardless of size, for meaningful benchmarking.

3. Growing internationalisation

Objectives	Key performance indicators
9. Growth in international enrolments	6. Income from international student fees
10. Strong partnerships and international relations	
11. Global education delivery	
12. An internationalised student experience	

KPI 6 is an effectiveness indicator that evaluates ECU's overall outcomes relative to the objectives of Strategic Goal 3.

KPI 6 Income from international student fees demonstrates how strongly ECU is competing in international markets (Objective 9), the impact of joint training programs and student transfer arrangements on student intake (Objective 10), and the growth of offshore education delivery (Objective 11). Fee income quantifies the consequences of changes to international student load as a result of these activities. Diversifying revenue streams by growing international student fee income is an important contribution to the sustainability of universities.

Objective 12 relates to improving student experiences and graduate outcomes through opportunities for international study and an internationalised curriculum, and is measured by *KPI 1 Satisfaction with the educational experience*. The objective is embedded in Strategic Goal 3 due to its strong emphasis on building partnerships with overseas institutions, as a way of contributing to this Strategic Goal.

4. Ensuring organisational sustainability

Objectives	Key performance indicators
13. High-performance culture	7. Operating margin
14. Service excellence	
15. Infrastructure that supports our goals	
16. A strong financial base	

The final KPI is both an effectiveness, and efficiency, indicator for Strategic Goal 4.

KPI 7 Operating margin directly measures the financial outcome relating to the objective of a strong financial base (Objective 16).

The achievement of the other objectives under Strategic Goal 4 is evidenced in other KPIs. Objective 13 is supported through the recruitment of academic staff with strong research backgrounds and hence improved research publications (*KPI 4 Weighted research publications*) and research staff capacity (*KPI 5 Higher degree by research completions*). Other elements of this objective are measured through external mechanisms, e.g. Athena SWAN and the Workplace Gender Equality Agency endorsements, reported on elsewhere in the Annual Report.

Efficient student support and professional services (Objective 14) are evidenced in performance against *KPI 1 Satisfaction with the educational experience*, *KPI 2 Graduates in full-time employment*, *KPI 3 Retention of commencing students*, *KPI 5 Higher degree by research completions*, *KPI 6 Income from international student fees*, and *KPI 7 Operating margin*. The wide range of administrative functions at ECU means that Objective 14 has a broad impact across the organisation.

ECU's supporting infrastructure (Objective 15) is reflected in several KPIs, including *KPI 1 Satisfaction with the educational experience*, *KPI 6 Income from international student fees*, and *KPI 7 Operating margin*.

KPI 1 Satisfaction with the educational experience

Strategic Goal 1: Enhancing learning and teaching

Edith Cowan University has a strong tradition of high-quality teaching: students and graduates have for many years recorded high levels of satisfaction with their learning experiences at ECU. We maintain this focus on the student experience and teaching excellence in the *ECU Strategic Plan 2017-2021*.

Measure

The Student Experience Survey (SES) collects feedback from students on their learning experiences and the national results are made public on the Commonwealth Government's Quality Indicators for Learning and Teaching (QILT) website, which encourages prospective students to compare Australian institutions on such indicators. The SES commenced in 2015 and was preceded by the University Experience Survey (UES) instrument (for 2014 only).

This effectiveness indicator measures the satisfaction of undergraduate students with the overall quality of their educational experience, as derived from the SES/UES results.

Performance result

ECU's performance for the latest reporting year represents a continuation of strong performance on student and graduate satisfaction measures over many years. ECU recorded the highest level of overall student satisfaction of the 37 Australian public universities and ECU's performance ranking remained steady as third rank in the 2017 survey, including two private universities. Overall satisfaction reduced slightly (from 85.7 per cent in 2016 to 84.9 per cent in 2017), but remains well above the national average (78.5 per cent in 2017).

Year of survey	2014	2015	2016	2017	2018
ECU (%)	85.0	86.9	85.7	84.9	-
National average (%)	80.5	80.0	79.9	78.5	-
ECU national rank	4	4	3	3	-
Target national rank		-		top 10	top 10

Source: Social Research Centre – Student Experience Survey (SES) 2015-2017, University Experience Survey (UES) 2014.

Definition: The percentage of undergraduate domestic and onshore international students who were satisfied with their overall educational experience in response to the single question: 'Overall quality of education experience' in the SES/UES.

Notes: All Table A and B providers are included in the published survey data except the Batchelor Institute, the University of Divinity and Torrens University. Previously, our annual reports measured student satisfaction and teaching quality through two KPIs: Course Satisfaction and Quality of Teaching. These were based on graduates' responses to 'Overall, I was satisfied with the quality of this course' in the Course Experience Questionnaire (CEQ), and for the latter, six items in the CEQ that comprised the Quality of Teaching Scale. The new survey instruments: the Student Experience Survey, and the University Experience Survey measure satisfaction of current students, rather than graduates.

KPI 2 Graduates in full-time employment

Strategic Goal 1: Enhancing learning and teaching

Good employment outcomes are fundamental to the wellbeing and livelihood of our graduates and their communities. ECU continues to improve the career-readiness of our graduates through work-integrated learning, internships, volunteering, student exchange programs, and targeted career advice and support.

Measure

The Graduate Outcomes Survey (GOS) collects feedback from graduates approximately four months after graduation and the national results are made public on the Commonwealth Government's Quality Indicators for Learning and Teaching (QILT) website, which encourages prospective students to compare Australian institutions on such indicators. From 2016 the former Graduate Destination Survey (GDS), and its parent survey, the Australian Graduate Survey (AGS), were replaced with the new Graduate Outcomes Survey.

This effectiveness indicator measures the full-time graduate employment rate for domestic students graduating from all undergraduate courses, as derived from the GOS and GDS results.

Performance result

ECU's performance for the latest reporting year was below target; set for 2018 as the State average. The full-time graduate employment rate declined from 65.4 per cent in 2016 to 58.3 per cent in 2017, with a further decline in 2018 to 57.8 per cent. All four WA public universities remain below the national average in 2018, reflecting the prevailing weak economic and labour market conditions in the State. The ECU result was 6.6 percentage points below the State average for 2017 and 7.8 percentage points below the State average for 2018.

Year of survey	2014	2015	2016	2017	2018
ECU (%)	57.4	64.9	65.4	58.3	57.8
State average (%)	65.4	66.5	68.9	64.9	65.6
Target (%)	75.0	73.0	65.0	State av	State av

Source: Department of Education and Training – Graduate Outcomes Survey 2016-2018; Graduate Destination Survey 2014-2015.

Definition: The proportion of domestic undergraduate graduates who were employed full-time approximately four months after completing their course, as a percentage of those who were available for full-time employment. 'Available' means, in addition to those already in full-time work, those seeking full-time work.

Notes: 'State average' includes all WA institutions, and the University of Notre Dame Australia graduates based in Sydney (except 2015). The survey is conducted in two parts: in November for mid-year completers and in May for end of year completers from the previous year. The 2018 survey national dataset relates to all those who completed their courses in 2017. The survey methodology changed from 2016, with the replacement of the Graduate Destination Survey with the Graduate Outcomes Survey.

KPI 3 Retention of commencing students

Strategic Goal 1: Enhancing learning and teaching

ECU provides a range of support services to help new students in their first year of study. Nearly 70 per cent of ECU students are admitted based on prior vocational education and training (VET) study, secondary education, or work and life experience, so many are unfamiliar with university study and the university environment. Supporting students during their first year of study is critical to their overall success.

Measure

Retention of students from the first year to the second year of study is a key indicator of institutional performance and a well-established metric used by the sector and government.

Many factors influence student retention, including some that are outside of a university's control, such as government financial assistance and the availability of places for enabling programs. Other influences include curriculum design, student support services, entry standards and academic staff.

Differences in university student demographics also impact on the relative overall retention performance of institutions. For example, mature age students are more likely to discontinue their courses than school leavers, due to external pressures like caring responsibilities and financial commitments.

This effectiveness indicator measures the proportion of all domestic and international bachelor course students who commence a course and remain enrolled in the institution in the following year.

Performance result

ECU's performance for the latest reporting year is for students commencing in 2016 who continued their studies into 2017. The retention rate has increased slightly (0.4 percentage points) compared with the 2015 result. The national average has also increased slightly (0.6 percentage points) from 2015 to 2016. ECU's retention rate is 6.5 percentage points below the national average.

ECU's student demographics may be impacting performance. The proportion of mature age students (aged 25 years and over) at ECU is 10 percentage points above the sector average (48 per cent compared to 38 per cent), and the 2016 Student Experience Survey highlighted that 33 per cent of ECU student respondents believe financial issues were negatively impacting on their study, compared to 27 per cent nationally.

Year of commencement	2014	2015	2016	2017	2018
ECU (%)	75.4	74.7	75.1	-	
National average (%)	81.0	81.0	81.6	-	
Target (%)				National av	National av

Source: Department of Education and Training – Education Portal.

Definition: The proportion of all domestic and international bachelor students who commence a course in the specified year and remain enrolled in the following year, excluding students who completed their course.

Notes: The national average is for Table A and Table B providers only. The reference year is the year of commencement in a course. The definition was amended to match that used by Government, so earlier targets are no longer applicable. The dataset is made available via the Department of Education and Training's Selection Higher Education Statistics, Table 15.9.

KPI 4 Weighted research publications

Strategic Goal 2: Advancing research and knowledge translation

Growing research outputs, and the quality of research, so that all of ECU's research is world class, is critical to the future development and sustainability of the University. This will require a step-change in ECU's research capacity and the development of a strong and supportive research culture. This improvement will build on a firm base: the most recent Excellence in Research for Australia (ERA) assessment in 2015, judged ECU's research to be above, or well above, world standard in a number of health and medical science disciplines including nursing, neuroscience, clinical sciences, and oncology and carcinogenesis, as well as in ecology and environmental science, and materials engineering.

Measure

Research publications are a well-established measure of research output, and through the classification of publications, the quality of those research outputs.

This effectiveness and efficiency indicator measures the research publication output of ECU researchers, adjusted for changes in academic staff full-time equivalence numbers (i.e. per 10 FTE), to allow meaningful comparison over time.

Performance result

ECU's performance for the latest reporting year was an improvement on 2016, and steady improvement is seen across the time series.

Building ECU's research capacity, and therefore our research outputs, will be achieved by recruiting high-achieving researchers in key fields, enhancing succession planning, increasing research support and refining our recognition and incentive mechanisms. At the same time, maintaining and further improving the quality and impact of ECU's result will be a focus.

Publication year	2014	2015	2016	2017	2018
Unweighted publications	478.2	512.3	532.9	542.4	-
Authoried books	6.5	4.3	2.2	4.5	-
Book chapters	43.8	39.3	29.4	35.0	-
Journal articles	332.3	383.4	384.8	407.8	-
Conference publications	95.6	85.2	116.4	95.1	-
Weighted publications	504.1	529.6	541.7	560.4	-
Academic staff FTE	432	437	434	429	-
ECU publications per 10 FTE	11.8	12.1	12.5	13.1	-
Target per 10 FTE			-	12.6	13.4

Source: ECU

Definition: Total traditional research outputs authored by ECU staff, adjunct staff and/or students in the following historical Higher Education Research Data Collection publication categories: 'Book: Authored – Research'; 'Book Chapter: Chapter in a Book: Authored – Research'; 'Journal Article: Refereed Article in a Scholarly Journal'; and, 'Conference Publication: Full Written Paper – Refereed'. All publications are counted, irrespective of the work function of the author(s). Weighted publications refers to each 'Book: Authored – Research' being 5:1 compared with all other publication types. Outputs are also apportioned based on the proportion of co-authorship for each output attributable to ECU.

Notes: Research publications figures for 2018 are unavailable until June 2019. Academic staff FTE is the full-time equivalence of academic staff in work functions 'research only' and 'teaching and research', excluding casual/sessional academic staff. In prior Annual Reports, this figure (and the totals for research outputs) was restricted to staff at Level B and above, and included 'teaching only' staff. Numbers from prior years have been adjusted to match the updated definition (weighted publications per 10 FTE increased by 1.4 for 2014 and 0.8 for 2015). Targets in those years are no longer applicable.

KPI 5 Higher degree by research completions

Strategic Goal 2: Advancing research and knowledge translation

Increasing completions of higher degrees by research (doctorates or masters by research qualifications) benefits academia, industry and society. New ideas open up new research opportunities and discoveries, and with jobs becoming increasingly specialised, the deeper knowledge of these graduates also benefits employers. Higher degrees by research are also the pathway into academia, so producing an increased number of high-quality graduates benefits ECU's objectives to increase the number of research staff and to strengthen succession planning.

Measure

This effectiveness and efficiency indicator measures the doctorates by research and masters by research completions, adjusted for changes in academic staff full-time equivalence numbers (i.e. per 10 FTE), to allow meaningful comparison over time and against national figures.

Performance result

ECU's performance in the latest reporting year is an increase on 2016 performance, but is below target and remains below the national average.

ECU's target is to remain in the top 10 nationally on this indicator each year through to 2021. To achieve this, we intend to improve supervision capacity and quality by increasing the number of PhD qualified staff and those who meet criteria for supervision. We will review the skills training embedded in our research training programs, and provide additional support to those completing their research and moving into employment.

Year of completion	2014	2015	2016	2017	2018
Completions	123	124	90	104	
Doctorate	86	88	67	71	
Masters	37	36	23	33	
Academic staff FTE	432	437	434	429	
ECU completions per 10 FTE	2.8	2.8	2.1	2.4	
National completions per 10 FTE	2.4	2.5	2.7	2.7	
ECU national rank	5	5	27	17	
Target national rank				top 10	top 10

Source: Department of Education – Higher Education Student Data Collection (HESDC).

Definition: Completions recorded against course levels "Masters by Research" and "Doctorates by Research".

Notes: Academic staff FTE is the full-time equivalence of academic staff in work functions 'research only' and 'teaching and research', excluding casual/sessional academic staff. In prior Annual Reports, this figure was restricted to only staff at Level B and above, and included 'teaching only' staff. Numbers from prior years have been adjusted to match the updated definition (completions per 10 FTE increased by 0.3 for 2014 and 0.1 for 2015). Previous targets are no longer applicable.

KPI 6 Income from international student fees

Strategic Goal 3: Growing internationalisation

ECU aspires to become a leader in international student education. We will provide opportunities for more overseas students to participate in ECU programs by increasing our onshore enrolments and by expanding our international presence through teaching delivered in locations outside Australia.

Growth in international student numbers and international partnerships will provide further opportunities for all students, both domestic and international, to experience an internationalised student experience and to become world-ready graduates.

Measure

Income from international student fees is a direct measure of the growth of internationalisation at ECU through onshore and offshore delivery. It is also a measure of the University's diversification of its revenue base and its success in generating income from non-government sources.

This effectiveness indicator measures the total income (or revenue) from fee-paying international students, both onshore and offshore.

Performance result

ECU's performance in 2018 exceeded target by \$7 million (7%) and was an increase on income in 2017 by \$7 million (7%).

ECU's international student income growth has accelerated in recent years as part of a renewed focus on diverse and effective student recruitment channels, global education delivery and strong partnerships with sponsoring bodies, agents, institutions and articulation program providers.

The *ECU Strategic Plan 2017-2021* sets an ambitious, yet achievable, annual growth target of 7 per cent (compounding) for the duration of the Strategic Plan.

Accounting year	2014	2015	2016	2017	2018
ECU (\$M)	58	67	85	94	101
Target (\$M)				88	94

Source: ECU.

Definition: Total income (or revenue) from fee-paying international students onshore and offshore.

Notes: Revenue is interpreted in accordance with the Australian Accounting Standards.

KPI 7 Operating margin

Strategic Goal 4: Ensuring organisational sustainability

In order to meet the objectives of the first three strategic goals, the University needs to maintain a sound financial base. Over the past few years, higher education policy changes have limited recurring government funding and removed government support for capital development. Operating surpluses generated by universities provide for building and maintenance of significant infrastructure, the development of new technologies and other strategic initiatives.

Measure

Operating margin is a key means for the Commonwealth Government to assess the “financial wellbeing” of public universities. As an effectiveness indicator, operating margin shows the extent to which a university has effectively planned for the future and possible adverse events or conditions. As an efficiency indicator, the operating margin shows whether a university has sufficient resources to run its services.

This effectiveness and efficiency indicator measures the net operating result as a proportion of total revenue.

Performance result

ECU’s performance in 2018 was above target, although lower than the previous four years.

ECU has consistently demonstrated that it has a sound financial base, with sustainable revenue streams and controlled costs that consistently deliver moderate operating surpluses, meeting or exceeding the target 4 per cent.

The *ECU Strategic Plan 2017-2021* includes an objective to further strengthen our financial sustainability by growing student enrolments, strategically allocating funding, developing further budget flexibility in ECU schools, achieving productivity gains in service centres, and growing the revenue to the ECU Foundation.

Accounting year	2014	2015	2016	2017	2018
ECU (%)	7	7	6	7	5
Target (%)	4	4	4	4	4

Source: ECU.

Definition: Operating margin is the net operating result over total revenue, and therefore a direct measure of the underlying financial efficiency of the University.

Notes: Revenue and expenditure are interpreted in accordance with the Australian Accounting Standards.



Significant issues

Commonwealth funding constraints, and continuing political debate about the value and relevance of universities, caused uncertainty for the Australian higher education sector during 2018.

The December 2017 *Mid-Year Economic and Fiscal Outlook* saw the Commonwealth Government introduce measures to achieve significant savings without legislation. The key measure relates to a 'freeze' of the maximum base grant funding amounts to universities, through the Commonwealth Grant Scheme (CGS), at 2017 funding levels, for 2018 and 2019. Additional funding challenges may emerge as a result of adjustments to Commonwealth Government funding allocations for enabling courses, sub-bachelor courses and postgraduate coursework places, and performance contingent increases in CGS funding, based on population growth, from 2020.

Constrained government funding has impacted on staffing, capital maintenance, and course offerings. Key mitigations include diversification of revenue streams, and engagement with industry and professions to ensure courses remain relevant to employers and the community. ECU aims to maintain a strong and diversified revenue base, including growth in alumni and other philanthropic giving. Our focus on practical, real-world teaching and research continues to demonstrate the value of our graduates and research outputs to government and the communities we were established to serve.

The sector has seen limited growth in demand from domestic students, and at the same time, the introduction of the Simplified Streamlined Visa Framework (SSVF) continues to have a significant impact on the available pool of international students from several key source countries. Constraints to the skilled migration occupations listing, introduced by the Western Australian Government in 2018, negatively impacted the competitiveness of the State's universities compared to those in Victoria, New South Wales, Queensland and South Australia. Revisions to the migration occupations listing later in 2018 and increased collaboration between the State Government and the State's universities may help to stimulate demand.

ECU is managing this risk by focusing our activities on a limited number of key countries to develop a strong presence, specialist knowledge, and established relationships, and by implementing a comprehensive governance framework to support quality education.

Further expansion of our research capacity will require greater success in securing research funding, including winning more national competitive Category 1 research grants. Other opportunities to grow research outcome will result from the updated research strategy and support structure to be implemented during 2019. Increasing the number of industry research collaborations and cultivating these into long-term partnerships, continuing to recruit high-calibre researchers, expanding international research collaboration, and increasing the impact of our research, will all contribute to this growth in research capacity.



Disclosures and legal compliance

Financial statements

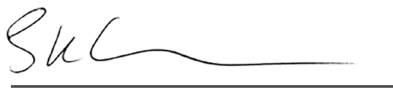
Certification of financial statements

The accompanying financial statements of Edith Cowan University have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 31 December 2018 and the financial position as at 31 December 2018.

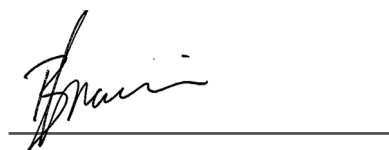
At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



The Hon Kerry Sanderson AC
Chancellor
7 March 2019



Professor Steve Chapman CBE
Vice-Chancellor
8 March 2019



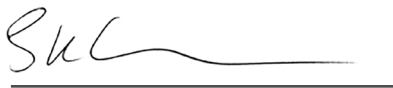
Mr Brad Francis
Chief Financial Officer
11 March 2019

We declare that the amount of Australian Government financial assistance expended during the financial year ended 31 December 2018 was for the purposes for which it was intended, and that Edith Cowan University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure.

ECU charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19–38(4) of the Act.



The Hon Kerry Sanderson AC
Chancellor
7 March 2019



Professor Steve Chapman CBE
Vice-Chancellor
8 March 2019



Edith Cowan University

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The financial report covers the Edith Cowan University as a group and as an individual entity. The financial report is presented in the Australian currency.

The financial report was authorised for issue by the University Council on the 7th day of March 2019. The University has the power to amend and reissue the financial statements.

Edith Cowan University

Income Statement

For the Year Ended 31 December 2018

	Note	Consolidated		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Income from continuing operations					
Australian Government financial assistance					
Australian Government grants	2	170,916	170,018	170,916	170,018
HELP - Australian Government payments	2	102,451	98,432	102,451	98,432
State and local Government financial assistance	3	11,628	11,244	11,628	11,244
HECS-HELP - students payments		7,927	8,701	7,927	8,701
Fees and charges	4	123,701	112,657	116,414	108,577
Investment income gains/(losses)	5	10,032	14,320	11,926	15,379
Royalties	6	412	581	412	581
Consultancies and contracts	7	6,819	8,372	6,819	8,372
Share of profit or loss on investments accounted for using the equity method	20	2,001	3,305	2,001	3,305
Other revenue	8	13,192	11,769	15,338	12,989
Total income from continuing operations		449,079	439,399	445,832	437,598
Expenses from continuing operations					
Employee related expenses	9	254,651	248,112	253,656	248,112
Depreciation and amortisation	21 & 22	22,757	23,866	22,310	23,629
Repairs and maintenance	10	7,735	10,215	7,735	10,215
Borrowing costs	11	3,609	3,734	3,609	3,734
Impairment of assets	12	853	528	1,784	528
Other expenses and loss on disposal of assets	13	137,438	124,818	134,738	123,520
Total expenses from continuing operations		427,043	411,273	423,832	409,738
Net result before income tax		22,036	28,126	22,000	27,860
Income tax benefit	14	-	962	-	-
Net result after income tax for the period		22,036	29,088	22,000	27,860
Net result attributable to:					
Parent entity		22,559	29,088	22,000	27,860
Non-controlling interest	29	(523)	-	-	-
Total		22,036	29,088	22,000	27,860

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

Edith Cowan University

Statement of Comprehensive Income For the Year Ended 31 December 2018

	Note	Consolidated		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Net result for the period		22,036	29,088	22,000	27,860
<i>Items that will be reclassified to profit or loss</i>					
Gain/(loss) on cash flow hedges	28	97	(32)	97	(32)
<i>Items that will not be reclassified to profit or loss</i>					
Gain /(loss) on revaluation of property, plant and equipment	28	6,362	(16,574)	6,362	(16,574)
Gain on value of investments designated as fair value through equity	28	7,280	6,205	7,280	6,205
Total other comprehensive income		13,739	(10,401)	13,739	(10,401)
Total comprehensive income		35,775	18,687	35,739	17,459
Total comprehensive income attributable to:					
Parent entity		36,298	18,687	35,739	17,459
Non-controlling interest	29	(523)	-	-	-
Total		35,775	18,687	35,739	17,459

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

Edith Cowan University

Statement of Financial Position As at 31 December 2018

	Note	Consolidated		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Assets					
Current assets					
Cash and cash equivalents	15	51,553	68,591	50,287	67,895
Receivables	16	9,914	11,046	9,751	10,842
Other financial assets	17	114,929	126,071	116,420	127,497
Other non-financial assets	18	16,337	14,015	13,011	11,959
Total current assets		192,733	219,723	189,469	218,193
Non-current assets					
Receivables	16	18,196	20,888	18,196	20,888
Other financial assets	17	164,089	133,751	204,483	175,636
Investment properties	19	17,880	19,220	17,880	19,220
Investments in subsidiaries	35	-	-	12,635	11,206
Investments accounted for using the equity method	20	671	1,348	671	1,348
Property, plant and equipment	21	805,703	787,601	805,065	786,837
Intangible assets	22	16,958	16,643	7,601	7,642
Other non-financial assets	18	1,358	1,458	1,358	1,458
Total non-current assets		1,024,855	980,909	1,067,889	1,024,235
Total assets		1,217,588	1,200,632	1,257,358	1,242,428
Liabilities					
Current liabilities					
Trade and other payables	23	15,767	14,742	15,569	14,456
Borrowings	24	21,977	21,399	21,977	21,399
Derivative financial instruments	26	-	32	-	32
Employee benefit provisions	25	45,813	50,890	47,240	52,340
Provisions	25	10,008	3,393	10,008	3,393
Other liabilities	27	36,769	39,440	36,404	39,294
Total current liabilities		130,334	129,896	131,198	130,914
Non-current liabilities					
Borrowings	24	61,053	83,029	61,053	83,029
Employee benefits provisions	25	24,358	26,324	24,358	26,324
Provisions	25	2,566	3,653	42,958	45,659
Total non-current liabilities		87,977	113,006	128,369	155,012
Total liabilities		218,311	242,902	259,567	285,926
Net Assets		999,277	957,730	997,791	956,502

Edith Cowan University

Statement of Financial Position As at 31 December 2018

	Note	Consolidated		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Equity					
Parent entity interest					
Reserves	28	327,632	311,788	327,632	311,788
Retained earnings	28	671,645	645,942	670,159	644,714
Parent entity interest		999,277	957,730	997,791	956,502
Non-controlling interest	29	-	-	-	-
Total equity		999,277	957,730	997,791	956,502

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

Edith Cowan University

Statement of Changes in Equity For the Year Ended 31 December 2018

2018	Consolidated				
	Retained Earnings \$000's	General Reserves \$000's	Total: University \$000's	Non-controlling interests \$000's	Total \$000's
Balance at 1 January 2018	645,942	311,788	957,730	-	957,730
Effect of adoption of new accounting standards	4,099	1,451	5,550	-	5,550
Balance as restated	650,041	313,239	963,280	-	963,280
Net result after income tax	22,559	-	22,559	(523)	22,036
Gain on revaluation of properties	-	6,362	6,362	-	6,362
Gain on financial assets at fair value through other comprehensive income	-	7,280	7,280	-	7,280
Gain on cash flow hedges	-	97	97	-	97
Transfer to revaluation reserves from retained surplus	(654)	654	-	-	-
Other comprehensive income	(654)	14,393	13,739	-	13,739
Total comprehensive income	21,905	14,393	36,298	(523)	35,775
Non-controlling interest arising on business combination	-	-	-	584	584
Acquisition of non-controlling interest	-	-	-	(362)	(362)
Loss on transactions with non-controlling interest	(301)	-	(301)	301	-
Balance at 31 December 2018	671,645	327,632	999,277	-	999,277

2017	Consolidated				
	Retained Earnings \$'000s	General Reserves \$'000s	Total: University \$'000s	Non-controlling interests \$'000s	Total \$'000s
Balance at 1 January 2017	616,854	322,189	939,043	-	939,043
Net result	29,088	-	29,088	-	29,088
Loss on revaluation of properties	-	(16,574)	(16,574)	-	(16,574)
Gain on financial assets at fair value through other comprehensive income	-	6,205	6,205	-	6,205
Loss on cash flow hedges	-	(32)	(32)	-	(32)
Other comprehensive income	-	(10,401)	(10,401)	-	(10,401)
Total comprehensive income	29,088	(10,401)	18,687	-	18,687
Balance at 31 December 2017	645,942	311,788	957,730	-	957,730

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

Edith Cowan University

Statement of Changes in Equity For the Year Ended 31 December 2018

2018	Parent				
	Retained Earnings \$000's	General Reserves \$000's	Total: University \$000's	Non-controlling interests \$000's	Total \$000's
Balance at 1 January 2018	644,714	311,788	956,502	-	956,502
Effect of adoption of new accounting standards	4,099	1,451	5,550	-	5,550
Balance as restated	648,813	313,239	962,052	-	962,052
Net result	22,000	-	22,000	-	22,000
Gain on revaluation of properties	-	6,362	6,362	-	6,362
Gain on Financial assets at fair value through Comprehensive Income	-	7,280	7,280	-	7,280
Gain on cash flow hedges	-	97	97	-	97
Transfer from revaluation reserves to retained surplus	(654)	654	-	-	-
Other comprehensive income	(654)	14,393	13,739	-	13,739
Total comprehensive income	21,346	14,393	35,739	-	35,739
Balance at 31 December 2018	670,159	327,632	997,791	-	997,791

2017	Parent				
	Retained Earnings \$000's	General Reserves \$000's	Total: University \$000's	Non-controlling interests \$000's	Total \$000's
Balance at 1 January 2017	616,854	322,189	939,043	-	939,043
Net result	27,860	-	27,860	-	27,860
Loss on revaluation of properties	-	(16,574)	(16,574)	-	(16,574)
Gain on Financial assets at fair value through Comprehensive Income	-	6,205	6,205	-	6,205
Loss on cash flow hedges	-	(32)	(32)	-	(32)
Other comprehensive income	-	(10,401)	(10,401)	-	(10,401)
Total comprehensive income	27,860	(10,401)	17,459	-	17,459
Balance at 31 December 2017	644,714	311,788	956,502	-	956,502

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

Edith Cowan University

Statement of Cash Flows For the Year Ended 31 December 2018

	Note	Consolidated		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Cash flows from operating activities					
Australian Government grants received	2(f)	271,947	267,658	271,947	267,658
OS-HELP (net)	2(f)	158	322	158	322
Superannuation Supplementation	2(f)	2,502	2,522	2,502	2,522
State Government grants received		11,792	9,519	11,792	9,519
Local Government grants received		20	13	20	13
HECS-HELP - Student payments		7,927	8,701	7,927	8,701
Receipts from student fees and other customers		146,707	131,732	141,273	127,157
Dividends and distributions received		4,560	5,367	4,560	5,367
Interest received		7,810	8,450	9,704	9,509
Payments to suppliers and employees (inclusive of GST)		(412,156)	(388,911)	(407,614)	(385,617)
Interest and other cost of finance		(3,704)	(3,403)	(3,704)	(3,403)
GST recovered		10,772	9,116	10,366	9,128
Net cash provided by operating activities	37	48,335	51,086	48,931	50,876
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		121	18	121	18
Payments for intangibles, property, plant and equipment		(34,204)	(70,375)	(34,183)	(16,342)
Payments for financial assets		(12,023)	(9,062)	(12,023)	(20,270)
Acquisition of Subsidiary, net of cash acquired		(323)	-	(3,115)	-
Loan to Subsidiary		-	-	-	(44,000)
Repayment of loan from Subsidiary		-	-	1,426	689
Distributions from Joint Ventures		2,633	3,550	2,633	3,550
Net cash used in investing activities		(43,796)	(75,869)	(45,141)	(76,355)
Cash flows from financing activities					
Proceeds from borrowings		-	44,000	-	44,000
Repayment of borrowings net of loan acquired		(21,577)	(20,181)	(21,398)	(20,181)
Net cash (used in) /provided by financing activities		(21,577)	23,819	(21,398)	23,819
Net decrease in cash and cash equivalents		(17,038)	(964)	(17,608)	(1,660)
Cash and cash equivalents at beginning of financial year		68,591	69,555	67,895	69,555
Cash and cash equivalents at end of financial year	15	51,553	68,591	50,287	67,895

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

Edith Cowan University

Notes to Financial Statements

For the Year Ended 31 December 2018

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Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the annual financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The annual financial statements include separate statements for Edith Cowan University as the parent entity and the consolidated entity consisting of Edith Cowan University and its subsidiaries.

The principal address of Edith Cowan University is: 270 Joondalup Drive, Joondalup, Western Australia, 6027.

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements of Edith Cowan University ("University"). They have been prepared on an accrual basis and comply with the Australian Accounting Standards.

The University applies Tier 1 reporting requirements.

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

- Higher Education Support Act 2003 (Financial Statement Guidelines)
- Financial Management Act 2006

Edith Cowan University 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.

Date of authorisation for issue

The financial statements were authorised for issue by the University Council on 7th March 2019.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities (including derivative instruments) at fair value through other comprehensive income or profit or loss, and certain classes of property, plant and equipment and investment property.

Critical accounting estimates and judgments

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 the University's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. 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:

- Estimating the useful life of key assets;
- Control of student accommodation assets;
- Impairment of assets;
- Classification of financial assets;
- Discount rates and payback periods used in estimating provisions;
- Estimating liabilities for defined benefit superannuation plans

(b) Basis for consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Edith Cowan University ("parent entity") as at 31 December 2018 and the results of all subsidiaries for the year then ended. Edith Cowan University and its subsidiaries together are referred to in this financial report as the University or the consolidated entity.

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

1 Summary of significant accounting policies continued

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

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 in note 2, 3, 4, and 5. 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.

(d) Foreign currency translation and hedge accounting

(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 financial statements are presented in Australian Dollars, which is the 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. Qualifying cash flow hedges shall be accounted for by recognising the portion of the gain or loss determined to be an effective hedge in other comprehensive income and the ineffective portion in profit or loss.

If gains or losses on non-monetary items are recognised in other comprehensive income, translation gains or losses are also recognised in other comprehensive income. Similarly, if gains or losses on non-monetary items are recognised in profit or loss, translation gains or losses are also recognised in profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Goods and Services Tax (GST)

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

(f) Comparative amounts

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

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

1 Summary of significant accounting policies continued

(g) New Accounting Standards and interpretations

Certain new Accounting Standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods. The University's assessment of the impact of these new Standards and Interpretations is set out below:

Standard	Name	Application date	Implications
AASB 2014-5	Amendments to Australian Accounting Standards arising from AASB 15	1 January 2019	ECU will determine the impact of the Standard when applicable.
AASB 2016-8	Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities.	1 January 2019	ECU will determine the impact of the Standard when applicable.
AASB 2017-1	Amendments to Australian Accounting Standards arising from AASB 1, AASB 128, and AASB 140	1 January 2019	ECU will determine the impact of the Standard when applicable.
AASB 2018-2	Amendments to Australian Accounting Standards - Plan Amendment, Curtailment or Settlement	1 January 2019	ECU will determine the impact of the Standard when applicable.
AASB 2018-3	Amendments to Australian Accounting Standards - Reduced Disclosure Requirements	1 January 2019	ECU will determine the impact of the Standard when applicable.
AASB 2018-4	Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Public Sector Licensors	1 January 2019	ECU will determine the impact of the Standard when applicable.
AASB 15	Revenue from Contracts with Customers	1 January 2019	The likely impact on the first time adoption of the standard for the year ending 31 December 2019 may include a change to the timing of when revenue from contracts with customers can be recognised.
AASB 16	Leases	1 January 2019	The likely impact on the first time adoption of the standard for the year ending 31 December 2019 is recognition of assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value. The initial measurements are initially measured on a present value basis.
AASB 1058	Income of Not-for-Profit Entities	1 January 2019	ECU will determine the impact of the Standard when applicable

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

1 Summary of significant accounting policies continued

(h) Initial application of accounting standards

The University has adopted the following standard and interpretations for the current reporting period:

i) AASB 9 - Financial Instruments

The University's funds under management were measured at fair value and accounted for as available-for-sale financial instruments with movements in fair value recognised through other comprehensive income, in accordance with AASB 139 Financial Instruments: Recognition and Measurement.

The University has changed the reporting of the gain and losses on its funds under management held in the long term portfolio and accounts for all fair value gains and losses through profit or loss in accordance with AASB 9 Financial Instruments. As a result, assets with fair value of \$64.3m have been reclassified from available-for-sale financial assets at fair value through profit or loss and accumulated fair value gains of \$4.1m have been reclassified from the investment revaluation reserve to retained earnings on 1 January 2018. The University also recognised \$5.6m in unlisted shares on adoption of AASB 9.

The University has made an irrevocable election on initial adoption of AASB 9 to continue to measure its equity investments that are not held for trading at fair value through other comprehensive income.

(i) Rounding of amounts

Amounts in the financial statements have been rounded off in accordance with ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191. Amounts have been rounded off to the nearest thousand dollars.

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

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

(a) Commonwealth Grants Scheme and Other Grants

	Note	Consolidated		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Commonwealth grants scheme ^{#1}		148,947	145,598	148,947	145,598
Indigenous Student Success Program ^{#4}		1,234	1,064	1,234	1,064
Higher Education Participation Program		2,811	2,868	2,811	2,868
Disability Support Program		274	224	274	224
Academic Centres of Cyber Security Excellence		235	231	235	231
Promotion of Excellence in Learning and Teaching		-	40	-	40
Total Commonwealth Grants Scheme and Other Grants	44(a)	153,501	150,025	153,501	150,025
(b) Higher Education Loan Programs					
HECS - HELP		86,414	83,534	86,414	83,534
FEE - HELP		11,979	10,967	11,979	10,967
VET FEE - HELP		1,139	1,039	1,139	1,039
SA-HELP	44(i)	2,919	2,892	2,919	2,892
Total Higher Education Loan Programs	44(b)	102,451	98,432	102,451	98,432
(c) Education Research					
Research Training Program ^{#2}	44(c)	7,109	7,878	7,109	7,878
Research Support Program ^{#3}	44(c)	4,196	4,331	4,196	4,331
Total Education Research Grants		11,305	12,209	11,305	12,209
(d) Australian Research Council					
Discovery		353	287	353	287
Linkages		126	308	126	308
Total Australian Research Council	44(e)	479	595	479	595

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

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

(e) *Other Australian Government financial assistance*

	Consolidated		Parent	
	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's
Non-capital				
National competitive	2,368	3,298	2,368	3,298
Other research grants	2,268	3,201	2,268	3,201
Other non-research grants	995	690	995	690
Total other Australian Government financial assistance	5,631	7,189	5,631	7,189
Total Australian Government Financial Assistance	273,367	268,450	273,367	268,450

#1 Includes the basic CGS grant amount, CGS - Regional Loading, CGS - Enabling Loading, Allocated Places and Non-designated Courses

#2 Includes Australian Postgraduate Awards, International Postgraduate Research Scholarships and Research Training Scheme

#3 Includes Joint Research Engagement, JRE Engineering Cadetship, Research Block Grants and Sustainable Research Excellence in Universities

#4 Includes Indigenous Commonwealth Scholarships Programs and Indigenous Support Program

	Consolidated		Parent	
	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's
Reconciliation				
Australian Government grants (a + c + d + e)	170,916	170,018	170,916	170,018
HECS - HELP payments	86,414	83,534	86,414	83,534
FEE - HELP payments	11,979	10,967	11,979	10,967
VET FEE - HELP	1,139	1,039	1,139	1,039
SA - HELP payments	2,919	2,892	2,919	2,892
Total Australian Government financial assistance	273,367	268,450	273,367	268,450

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

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

(f) Australian Government Grants received - cash basis (Ref note 44)

	Note	Consolidated		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
CGS and Other Education Grants	44(a)	152,571	150,965	152,571	150,965
Higher Education Loan Programs	44(b)	101,961	97,275	101,961	97,275
Department of Education and Training Research	44(c)	11,305	11,634	11,305	11,634
ARC grants - Discovery & Linkages	44(e)	479	595	479	595
Other Australian Government Grants		5,631	7,189	5,631	7,189
Total Australian Government Grants received - cash basis		271,947	267,658	271,947	267,658
OS-Help (Net)	44(g)	158	322	158	322
Superannuation Supplementation	44(h)	2,502	2,522	2,502	2,522
Total Australian Government funding received - cash basis		274,607	270,502	274,607	270,502

Accounting Policy

Commonwealth supported student income

Income for Commonwealth Supported students is recognised when the University has provided the service(s) to the student.

Research income and other government grants

Research grants from government are recognised as revenue when the University obtains control over the asset comprising the contributions. When the University does not have control of the contribution, does not have the right to receive the contribution or, in the case of reciprocal grants, has not fulfilled grant conditions, the grant contribution is treated as deferred income as a liability in the Statement of Financial Position.

Other grants from government are recognised as revenue when the University obtains control over the asset comprising the contributions. When the University does not have control over the contribution, does not have right to receive the contribution or, in the case of reciprocal grants, has not fulfilled grant conditions, the grant contribution is treated as deferred income as a liability in the Statement of Financial Position.

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

3 State and Local Government financial assistance

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Non-capital				
WA State Government research grants	4,549	4,527	4,549	4,527
WA State Government operating grants	7,059	6,704	7,059	6,704
Local Government research grants	20	13	20	13
Total State and Local Government financial assistance	11,628	11,244	11,628	11,244

4 Fees and charges

	Note	Consolidated		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Course fees and charges					
Fee-paying onshore overseas students		98,881	91,843	98,881	91,843
Fee paying offshore overseas students		2,581	1,897	2,389	1,897
Continuing education - short course fees		3,396	2,876	3,396	2,876
Fee-paying domestic postgraduate students		2,889	3,581	2,889	3,581
Fee-paying domestic undergraduate students		14	18	14	18
Total course fees and charges		107,761	100,215	107,569	100,215
Other non-course fees and charges					
Student Services and Amenities Fees	44(i)	1,060	1,038	1,060	1,038
Examination, registration and photocopying fees		39	77	39	77
Service fees		2,133	1,905	2,133	1,905
Parking fees		1,946	1,855	1,946	1,855
Facility hire		1,262	1,811	1,262	1,811
Student accommodation rental income		7,095	4,080	-	-
Other sundry fees and charges		2,405	1,676	2,405	1,676
Total other fees and charges		15,940	12,442	8,845	8,362
Total fees and charges		123,701	112,657	116,414	108,577

Accounting Policy

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) is treated as income in advance in liabilities. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

5 Investment income

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Interest				
Debt instruments at amortised cost	8,169	8,543	10,063	9,602
Dividends and distributions				
Equity instruments at fair value through other comprehensive income	3,532	111	3,532	111
Equity instruments designated at fair value through profit or loss	3,743	5,256	3,743	5,256
Rental income				
Rental income from investment properties	1,650	1,600	1,650	1,600
Fair value gains/(losses)				
Equity instruments at fair value through profit or loss	(5,722)	-	(5,722)	-
Investment properties at fair value through profit or loss	(1,340)	(1,190)	(1,340)	(1,190)
Investment income gains/(losses)	10,032	14,320	11,926	15,379

Accounting Policy

Interest

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

Dividends

Dividends and distribution revenue from investments are recognised when (a) the University's right to receive the payment is established, which is generally when shareholders approve the dividend, (b) it is probable that the economic benefits associated with the dividend will flow to the entity, and (c) the amount of the dividend can be measured reliably.

Rental income

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

Change in the fair value of financial assets

Unrealised gains are determined on a net basis as the difference between the fair value and the carrying amount of an asset. Gains or loss arising from changes in the fair value of an investment property are included in the income/expense for the period in which they arise. Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit and loss. A gain or loss on an investment that is measured at fair value through profit or loss is recognised in the income/expense for the period in which they arise.

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

6 Royalties

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Royalties	412	581	412	581

Accounting Policy

Revenue from royalties is recognised as income when earned.

7 Consultancies and contracts

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Consultancies	526	296	526	296
Contract research	6,293	8,076	6,293	8,076
Total consultancies and contracts	6,819	8,372	6,819	8,372

Accounting Policy

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction. The stage of completion is measured by reference to cost incurred to date as a percentage of estimated total cost for each contract.

8 Other revenue

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Other revenue				
Donations and bequests	2,287	1,275	2,287	1,275
Scholarships and prizes	1,821	1,379	1,821	1,379
Proceeds from sale of non-capitalised equipment	20	280	20	280
Gains on asset disposal	84	-	84	-
Commissions, recoveries and rebates recovered	6,098	5,787	6,901	6,216
Sale of goods	1,320	1,477	1,320	1,477
Box office sales	842	904	842	904
Service concession income	-	35	-	35
Operating rights income	-	-	1,400	791
Sundry income	57	-	-	-
Other revenue	663	632	663	632
Total other revenue	13,192	11,769	15,338	12,989

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

8 Other revenue continued

Accounting Policy

Operating rights income is attributable to the parent entity financial statements of the University only and represents the amortisation of the operating rights liability granted by the University to its subsidiary, Edith Cowan Accommodation Holdings Pty Ltd. Income is recognised on a straight-line basis and represents the provision of access to student accommodation land and buildings over the remainder of the existing contract term to allow the University to operate the student accommodation assets.

9 Employee related expenses

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Academic				
Salaries	98,479	94,550	98,479	94,550
Contributions to superannuation and pension schemes - funded	13,703	13,147	13,703	13,147
Payroll tax	6,095	6,885	6,095	6,885
Worker's compensation	277	97	277	97
Long service leave expense	320	2,136	320	2,136
Annual leave	1,674	1,128	1,674	1,128
Other	120	120	120	120
Total academic	120,668	118,063	120,668	118,063
Non-academic				
Salaries	111,466	105,103	110,569	105,103
Contributions to superannuation and pension schemes - funded	14,740	14,047	14,691	14,047
Payroll tax	6,371	7,264	6,371	7,264
Worker's compensation	244	13	244	13
Long service leave expense	(1,222)	2,154	(1,222)	2,154
Annual leave	1,866	1,011	1,817	1,011
Other	518	457	518	457
Total non-academic	133,983	130,049	132,988	130,049
Total employee related expenses	254,651	248,112	253,656	248,112

Accounting Policy

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

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

10 Repairs and maintenance

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Building maintenance	7,232	9,443	7,232	9,443
Grounds maintenance	503	772	503	772
Total repairs and maintenance	7,735	10,215	7,735	10,215

11 Borrowing costs

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Interest expense	3,609	3,734	3,609	3,734
Total borrowing costs expensed	3,609	3,734	3,609	3,734

Accounting Policy

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 when incurred.

12 Impairment of assets

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Bad and doubtful debts	98	528	98	528
Investments	-	-	1,686	-
Goodwill	755	-	-	-
Total impairment of assets	853	528	1,784	528

* Additional details on impairments of receivables are included at note 16.

Accounting Policy

University 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 or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

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.

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

12 Impairment of assets continued

Accounting Policy continued

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 or value in use.

13 Other expenses

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Scholarships, grants and prizes	14,581	13,063	14,581	13,063
Computing, equipment and consumables	10,089	9,496	10,089	9,496
Advertising and marketing	5,928	5,465	5,928	5,465
Promotions and sponsorships	2,812	4,092	2,809	4,092
Audit fees, bank charges, legal costs and insurance	2,587	2,114	2,501	2,114
Software maintenance and licensing	23,609	19,446	23,567	19,446
Other occupancy related costs	5,457	4,870	5,369	4,870
Library subscriptions	4,059	3,241	4,059	3,241
Lease rentals	142	319	142	319
Printing and stationery	2,844	2,705	2,835	2,705
Professional and consulting fees	21,627	18,940	21,593	18,940
Student related expenditure	14,452	9,610	14,448	9,610
Telecommunications	1,574	370	1,570	370
Travel, entertainment, staff development and related expenses	10,179	9,511	10,045	9,511
Utilities and rates	6,307	5,985	6,307	5,985
Net loss on asset write-offs ^{#1}	11	3	11	3
Cost of goods sold	26	39	26	39
Student Practicum and related expenses	2,446	2,646	2,446	2,646
Student accommodation outgoings	2,279	1,298	-	-
Miscellaneous	6,429	11,557	6,412	11,557
Loss on asset disposal	-	48	-	48
Total other expenses	137,438	124,818	134,738	123,520

#1 Additional detail on write-offs during the year is included at note 42.

Accounting Policy

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 33). The University leases certain property and equipment by way of operating leases. 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.

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

14 Income tax benefit

(a) Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Net result before income tax:				
From continuing operations	22,036	28,126	22,000	27,860
Less: Non taxable operating result	(22,036)	(28,126)	(22,000)	(27,860)
Tax at the Australian tax rate of 30% (2017: 30%)	-	-	-	-
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:				
Reversal of acquired deferred tax liability	-	962	-	-
Total income tax expense:	-	962	-	-

Accounting Policy

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

In 2017, the University acquired Edith Cowan Accommodation Holdings Pty Ltd, an entity to which the Income Tax Assessment Act 1997 Act applies. As a result, the University acquired a deferred tax liability determined by applying the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Subsequent to the acquisition of Edith Cowan Accommodation Holdings Pty Ltd, the University was granted a tax exemption over the operations of its acquired subsidiary. As a result, the deferred tax liability acquired has subsequently been derecognised as income tax benefit.

In 2018, the University acquired St Stephen's College, an entity to which Income Tax Assessment Act 1997 Act applies.

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

The amount of unused tax losses for which no deferred tax assets is recognised in the statement of financial position is approximately \$3.6m.

15 Cash and cash equivalents

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Cash at bank	14,057	23,794	12,818	23,098
Term deposits	37,481	44,785	37,454	44,785
Cash held in imprest	15	12	15	12
Total cash and cash equivalents	51,553	68,591	50,287	67,895

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

15 Cash and cash equivalents continued

(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:

	Note	Consolidated		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Unrestricted		38,968	57,592	37,702	56,896
Restricted cash	30	12,585	10,999	12,585	10,999
Balance as per cash flow statement		51,553	68,591	50,287	67,895

(b) *Cash-at-bank and held in imprests*

Cash at bank is interest bearing at variable interest rates. Refer to note 39.

(c) *Term deposits*

The term deposits are interest bearing at variable interest rates. Refer to note 39.

Accounting Policy

Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand and short-term deposits with financial institutions 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.

Restricted funds

Endowment and bequest funds are classified as restricted funds. Endowment and bequest funds have been received from benefactors who, by the terms of their conveying instruments, have stipulated that the use of funds is limited in future years to the purposes designated by the benefactors.

16 Receivables

	Note	Consolidated		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Current					
Trade receivables and student debts		5,499	6,264	5,575	6,314
Less: Provision for impaired receivables		(1,143)	(1,255)	(1,142)	(1,243)
		4,356	5,009	4,433	5,071
Deferred government benefit for superannuation	43	2,485	2,633	2,485	2,633
GST and withholding tax receivable		3,073	3,404	2,833	3,138
Total current receivables		9,914	11,046	9,751	10,842

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

16 Receivables continued

		Consolidated		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Non-current					
Deferred government benefit for superannuation	43	18,196	20,888	18,196	20,888
Total non-current receivables		18,196	20,888	18,196	20,888
Total trade and other receivables		28,110	31,934	27,947	31,730

Impaired receivables

As at 31 December 2018 current receivables of the University with a nominal value of \$1.1m (2017: \$1.3m) were impaired. It was assessed that a portion of these receivables are expected to be recovered.

The ageing analysis of these receivables is as follows:

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
3 to 6 months	765	535	764	523
6 to 12 months	124	374	124	374
Over 12 months	254	346	254	346
Total current impaired receivables	1,143	1,255	1,142	1,243

As at 31 December 2018, trade receivables of \$0.9m (2017: \$0.9m) were past due but not impaired. These relate to a number of clients and students for whom there is no recent history of default.

The ageing analysis of these receivables is as follows:

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
3 months or less	936	877	917	850
	936	877	917	850

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

Movements in the provision for impaired receivables are as follows:

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Balance at 1 January	1,255	746	1,243	746
Provision for impairment				
Impairment recognised during the year	98	540	98	528
Written off during the year	(213)	(31)	(202)	(31)
Amounts recovered during the year	3	-	3	-
Balance at 31 December	<u>1,143</u>	<u>1,255</u>	<u>1,142</u>	<u>1,243</u>

Accounting Policy

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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 90 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.

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 further recovery.

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.

17 Other financial assets

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Current				
Financial assets at fair value through other comprehensive income				
Derivative financial instruments	65	-	65	-
Financial assets at amortised cost				
Fixed term deposits	114,864	126,071	114,864	126,071
Intercompany loans receivable	-	-	1,491	1,426
Total current other financial assets	<u>114,929</u>	<u>126,071</u>	<u>116,420</u>	<u>127,497</u>

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

17 Other financial assets continued

Non-current

Financial assets at fair value through other comprehensive income

Listed shares	2,356	2,180	2,356	2,180
Unlisted shares	28,856	16,202	28,856	16,202

Financial assets designated at fair value through profit or loss

Funds under management	81,851	64,344	81,851	64,344
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Financial assets at amortised cost

Fixed term deposits	51,026	51,025	51,026	51,025
Intercompany loans receivable	-	-	40,394	41,885

Total non-current other financial assets	164,089	133,751	204,483	175,636
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Total other financial assets	279,018	259,822	320,903	303,133
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Accounting Policy

The University adopted AASB 9 'Financial Instruments' in the current reporting year.

Financial assets at fair value through profit or loss (including designated)

Financial assets at fair value through profit or loss principally comprise non derivative financial assets with fixed or determinable payments and fixed maturities and investments in asset management companies (funds under management). They are included in non-current assets unless the maturity date of the asset is within twelve months of the reporting date. Financial assets at fair value through profit or loss are initially recognised at fair value, with subsequent increases or decreases in fair value recognised in profit or loss. Refer to note 5 – Investment revenue and income. Transaction costs incurred in the acquisition of financial assets at fair value through profit or loss are recognised as expenses in net profit in the period in which they are incurred.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise principally of marketable equity securities. 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. Investments are initially recognised at fair value plus transaction costs with subsequent increases or decreases in fair value recognised in equity. Refer to note 28 - Reserves and retained earnings.

Financial assets at amortised cost

Financial assets held for the objective of collecting contractual cash inflows on specific dates and those cash flows are generally in the form of principal and/or interest. Loan and receivables 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.

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 (as for unlisted shares), the University establishes fair value by using valuation techniques that maximise the use of relevant market data. These include references 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.

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

17 Other financial assets continued

Accounting Policy continued

Derecognition

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

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

When the University has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the University continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the University also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the University has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the University could be required to repay.

18 Other non-financial assets

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Current				
Accrued income	6,449	2,320	4,247	1,258
Advances and prepayments	9,888	11,695	8,764	10,701
Total current other non-financial assets	16,337	14,015	13,011	11,959
Non-current				
Other non-financial assets	1,358	1,458	1,358	1,458
Total other non-financial assets	17,695	15,473	14,369	13,417

19 Investment properties

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
At Fair value				
Opening balance at 1 January	19,220	20,410	19,220	20,410
Loss on revaluation	(1,340)	(1,190)	(1,340)	(1,190)
Closing balance as at 31 December	17,880	19,220	17,880	19,220

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

19 Investment properties continued

For fair value hierarchy categorisation of investment properties see note 40.

(a) *Amounts recognised in Income Statement for investment properties*

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Rental income	1,650	1,600	1,650	1,600
Direct operating expenses	(464)	(395)	(464)	(395)
Loss on revaluation	(1,340)	(1,190)	(1,340)	(1,190)
Total recognised in Income Statement	(154)	15	(154)	15

Accounting Policy

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

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the University. Where an investment property is acquired at no cost or for nominal consideration, its cost shall be deemed to be its fair value as at the date of acquisition.

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

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

Gains arising from changes in the fair value of an investment property are included in income for the period in which they arise.

20 Investments accounted for using the equity method

(a) *Associates*

Name of Entity	Country of incorporation	Carrying amount		Ownership Interest		Principal activity
		2018 \$000's	2017 \$000's	2018 %	2017 %	
Sapien Cyber Limited (formerly known as SC8 Limited)	Australia	-	658	30	30	Provider of cyber security services

Edith Cowan University

Notes to Financial Statements For the Year Ended 31 December 2018

20 Investments accounted for using the equity method continued

(b) Joint Ventures

Name of Entity	Country of incorporation	Carrying amount		Ownership Interest		Principal activity
		2018	2017	2018	2017	
		\$000's	\$000's	%	%	
Edith Cowan College Pty Ltd	Australia	671	690	50	50	Provider of university pathway programs

(c) Individually immaterial associates and joint ventures

Aggregate carrying amount of interests in the joint venture accounted for using the equity method that are not individually material in the consolidated financial statements:

	Associates		Joint Ventures	
	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's
Profit/(loss) from continuing operations	(658)	(242)	2,659	3,547
Total comprehensive income	(658)	(242)	2,659	3,547

Accounting Policy

Associates

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

The University's share of its associates' post acquisition profits or losses is recognised in the income 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.

Joint ventures

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

The 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 the statement of changes in equity.

21 Property, plant and equipment

	Work-in-progress \$000's	Land \$000's	Buildings \$000's	Service concession assets - land \$000's	Service concession assets - building \$000's	Leasehold improvements \$000's	Artworks \$000's	Library Collections \$000's	Motor Vehicles \$000's	Other equipment and furniture \$000's	Computer Equipment \$000's	Total \$000's
At 1 January 2017												
- Cost	9,293	-	-	11,617	64,606	-	-	13,474	805	40,264	10,181	150,240
- Valuation	-	144,400	548,400	-	-	4,742	14,671	-	-	-	-	712,213
Accumulated depreciation	-	-	-	-	(8,477)	-	-	(9,363)	(594)	(29,023)	(9,269)	(56,726)
Net book amount	9,293	144,400	548,400	11,617	56,129	4,742	14,671	4,111	211	11,241	912	805,727
Year ended 31 December 2017												
Opening net book amount	9,293	144,400	548,400	11,617	56,129	4,742	14,671	4,111	211	11,241	912	805,727
Additions	12,536	-	-	-	6,250	-	61	-	6	1,404	-	20,257
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	809	41	850
Disposals during the year	-	-	-	-	-	-	-	-	-	(66)	-	(66)
Revaluation decrements	-	(2,482)	(13,923)	-	-	(169)	-	-	-	-	-	(16,574)
Write-offs during the year	-	-	-	-	-	-	-	-	-	(1)	-	(1)
Depreciation charge	-	-	(14,652)	-	(1,064)	(512)	-	(889)	(101)	(4,558)	(816)	(22,592)
Transfers	(8,392)	11,617	65,933	(11,617)	(61,315)	-	-	153	13	2,774	834	-
Closing net book amount	13,437	153,535	585,758	-	-	4,061	14,732	3,375	129	11,603	971	787,601
At 31 December 2017												
- Cost	13,437	-	-	-	-	-	-	13,628	792	44,548	10,411	82,816
- Valuation	-	153,535	585,758	-	-	4,061	14,732	-	-	-	-	758,086
Accumulated depreciation	-	-	-	-	-	-	-	(10,253)	(663)	(32,945)	(9,440)	(53,301)
Net book amount	13,437	153,535	585,758	-	-	4,061	14,732	3,375	129	11,603	971	787,601

21 Property, plant and equipment continued

Consolidated Year ended 31 December 2018	Work-in- progress \$000's	Land \$000's	Buildings \$000's	Service concession assets - land \$000's	Service concession assets - building \$000's	Leasehold improvements \$000's	Artworks \$000's	Library Collections \$000's	Motor Vehicles \$000's	Other equipment and furniture \$000's	Computer Equipment \$000's	Total \$000's
Opening net book amount	13,437	153,535	585,758	-	-	4,061	14,732	3,375	129	11,603	971	787,601
Additions	21,671	8,664	-	-	-	-	74	-	20	2,933	37	33,399
Disposals during the year	-	-	-	-	-	-	-	-	-	(32)	(5)	(37)
Revaluation increments/(decrements)	-	230	6,106	-	-	26	-	-	-	-	-	6,362
Write-offs during the year	-	-	-	-	-	-	-	-	-	(11)	-	(11)
Depreciation charge	(9,294)	-	(14,910)	-	-	(507)	-	(811)	(61)	(4,300)	(600)	(21,189)
Transfers	(201)	-	7,093	-	-	-	-	98	-	1,636	467	-
Reclassifications	-	-	(221)	-	-	-	-	-	-	-	-	(422)
Closing net book amount	25,613	162,429	583,826	-	-	3,580	14,806	2,662	88	11,829	870	805,703
At 31 December 2018	25,613	-	-	-	-	-	-	13,726	792	46,748	4,256	91,135
- Cost	-	162,429	583,826	-	-	3,580	14,806	-	-	-	-	764,641
- Valuation	-	-	-	-	-	-	-	(11,064)	(704)	(34,919)	(3,386)	(50,073)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Net book amount	25,613	162,429	583,826	-	-	3,580	14,806	2,662	88	11,829	870	805,703

21 Property, plant and equipment continued

Parent	Work-in-progress \$000's	Land \$000's	Buildings \$000's	Service concession assets - land \$000's	Service concession assets - building \$000's	Leasehold improvements \$000's	Artworks \$000's	Library Collections \$000's	Motor Vehicles \$000's	Other equipment and furniture \$000's	Computer Equipment \$000's	Total \$000's
At 1 January 2017												
- Cost	9,293	-	-	11,617	64,806	-	-	13,474	805	40,264	10,181	150,240
- Valuation	-	144,400	548,400	-	-	4,742	14,671	-	-	-	-	712,213
Accumulated depreciation and impairment	-	-	-	-	(8,477)	-	-	(9,363)	(594)	(29,023)	(9,269)	(56,726)
Net book amount	9,293	144,400	548,400	11,617	56,129	4,742	14,671	4,111	211	11,241	912	805,727
Year ended 31 December 2017												
Opening net book amount	9,293	144,400	548,400	11,617	56,129	4,742	14,671	4,111	211	11,241	912	805,727
Additions	12,535	-	-	-	6,250	-	61	-	6	1,404	-	20,256
Disposals during the year	-	-	-	-	-	-	-	-	-	(66)	-	(66)
Revaluation decrements	-	(2,482)	(13,923)	-	-	(169)	-	-	-	-	-	(16,574)
Write-offs during the year	-	-	-	-	-	-	-	-	-	(1)	-	(1)
Depreciation charge	-	-	(14,652)	-	(1,064)	(512)	-	(889)	(101)	(4,475)	(812)	(22,505)
Transfers	(8,392)	11,617	65,932	(11,617)	(61,315)	-	-	153	13	2,774	835	-
Closing net book amount	13,436	153,535	585,757	-	-	4,061	14,732	3,375	129	10,877	935	786,837
At 31 December 2017												
- Cost	13,436	-	-	-	-	-	-	13,628	792	43,147	10,268	81,271
- Valuation	-	153,535	585,757	-	-	4,061	14,732	-	-	-	-	758,085
Accumulated depreciation	-	-	-	-	-	-	-	(10,253)	(663)	(32,270)	(9,333)	(52,519)
Net book amount	13,436	153,535	585,757	-	-	4,061	14,732	3,375	129	10,877	935	786,837

21 Property, plant and equipment continued

Parent Year ended 31 December 2018	Work-in- progress \$000's	Land \$000's	Buildings \$000's	Service concession assets - land \$000's	Service concession assets - building \$000's	Leasehold improvements \$000's	Artworks \$000's	Library Collections \$000's	Motor Vehicles \$000's	Other equipment and furniture \$000's	Computer Equipment \$000's	Total \$000's
Opening net book amount	13,436	153,535	585,757	-	-	4,061	14,732	3,375	129	10,877	935	786,837
Additions	21,671	8,664	-	-	-	-	74	-	20	2,912	35	33,376
Disposals during the year	-	-	-	-	-	-	-	-	-	(32)	(5)	(37)
Revaluation increments/(decrements)	-	230	6,106	-	-	26	-	-	-	-	-	6,362
Reclassifications	(200)	-	(220)	-	-	-	-	-	-	-	-	(420)
Write-offs during the year	-	-	-	-	-	-	-	-	-	(11)	-	(11)
Depreciation charge	-	-	(14,910)	-	-	(507)	-	(811)	(61)	(4,160)	(593)	(21,042)
Transfers	(9,294)	-	7,093	-	-	-	-	98	-	1,636	467	-
Closing net book amount	25,613	162,429	583,826	-	-	3,580	14,806	2,662	88	11,222	839	805,065
At 31 December 2018	25,613	-	-	-	-	-	-	13,726	792	45,326	4,111	89,568
- Cost	-	162,429	583,826	-	-	3,580	14,806	-	-	-	-	764,641
- Valuation	-	-	-	-	-	-	-	(11,064)	(704)	(34,104)	(3,272)	(49,144)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Net book amount	25,613	162,429	583,826	-	-	3,580	14,806	2,662	88	11,222	839	805,065

21 Property, plant and equipment continued

Accounting Policy

Land and buildings (other than service concession assets), leasehold improvements and artworks are shown at fair value less subsequent depreciation for buildings and leasehold improvements. Land, buildings, and leasehold improvements are revalued periodically at least triennially by an external independent valuer. Artworks are revalued periodically at least every 5 years. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. 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. For items of property, plant and equipment acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition. Items of property, plant and equipment (excluding artworks) costing less than \$5,000 are expensed to the income statement.

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.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in equity under the heading of revaluation reserve. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset class are also recognised in other comprehensive income to the extent of the remaining reserve attributable to the asset class. All other decreases are charged to the income statement.

On derecognition, any accumulated surplus on revaluation is transferred from revaluation to retained earnings.

Leasehold improvements

Leasehold improvements are capitalised at amounts directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended for the University.

Service concession assets

The University entered into a Service Concession Arrangement with Campus Living Villages ('CLV'), an entity that specialises in the construction, operation and maintenance of long-term student accommodation services. As part of the arrangement, CLV constructed a 355 bed student village at the Mt Lawley campus, a 127 bed student accommodation in Joondalup and refurbished the existing accommodation at Mt Lawley, Joondalup and Bunbury campuses. As part of the arrangement, CLV assumed management of all such accommodation and was compensated for the provision of capital works to the University through the granting of rights by the University to CLV allowing CLV to operate and enjoy full access to such assets, including the retention of all rental income. Pursuant to the principles of service concession accounting in Australian accounting standards, the financial statements reflected the control of all assets under the arrangement by the University with the rights of the operator recognised as a service concession liability. The term of the arrangement was 38 years in total, at which time the full operation and management would return to the University.

Service concession assets arrangements provide for the appointment of an operator responsible for construction, asset upgrades and subsequent operation and management of the assets for an extended period. It was deemed that the University continued to control such assets.

The Service Concession Arrangement was terminated in 2017 with the University acquiring control of the entity used by CLV to manage and operate the student accommodation buildings. As a consequence of the acquisition, the consolidated entity has assumed unrestricted title and control to all related assets, and this is represented in the above tables by a transfer between asset classes.

On the operational entity becoming a subsidiary of the University, the University, as parent entity, remains in an arrangement with its subsidiary in relation to the operation and management of the student accommodation buildings. The subsidiary retains the operating rights allowing the subsidiary to operate and enjoy full access to such assets, including the retention of all rental income. On expiry of the arrangement, the full operation and management will return to the parent entity.

21 Property, plant and equipment continued

Accounting Policy continued

Construction work in progress

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and costs that are attributable to contract activity in general and can be allocated to the contract.

Depreciation

Land and artworks are not depreciated.

Artworks are considered as heritage assets and are anticipated to have very long and indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period. As such no amount for depreciation has been recognised in respect of these artworks.

Leasehold improvements are depreciated over the shorter of the lease term or the assets useful life. Where lease arrangements contain options for renewal and extension of the lease term, such extensions are only taken into account for the purposes of determining an appropriate depreciation period when, at inception of the lease, it is reasonably certain that the University will exercise the option.

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:

Depreciable assets	Estimated Useful Life
Buildings	25 - 50 years
Motor Vehicles	4 - 6 years
Computer Equipment	3 - 4 years
Service concession assets - building	36.5 - 50 years
Other equipment and furniture	6 years
Library Collections	10 years

Valuations of land, buildings

Land, buildings and leasehold improvements were revalued as at 31 December 2018 by independent professional valuers. The fair value of all land has been determined by reference to recent market transactions and the fair value of buildings and leasehold improvements have been determined by reference to the cost of replacing the remaining future economic benefits.

Artworks are heritage assets and will be valued during year end 31 December 2019 by independent professional valuers, the fair value of artworks will be determined by reference to recent market transactions. Artwork is revalued every 3 to 5 years.

22 Intangible assets

Consolidated	Digital Library Collections \$000's	Re-acquired Operating Rights \$000's	Goodwill \$000's	Total \$000's
Year ended 31 December 2017				
Opening net book amount	6,432	-	-	6,432
Additions	2,334	9,151	-	11,485
Amortisation charge	(1,124)	(150)	-	(1,274)
Closing net book amount	7,642	9,001	-	16,643
At 31 December 2017				
Cost	17,971	9,151	-	27,122
Accumulated amortisation	(10,329)	(150)	-	(10,479)
Net book amount	7,642	9,001	-	16,643
Year ended 31 December 2018				
Opening net book amount	7,642	9,001	-	16,643
Additions	1,227	-	1,412	2,639
Amortisation charge	(1,268)	(301)	-	(1,569)
Impairment	-	-	(755)	(755)
Closing net book amount	7,601	8,700	657	16,958
At 31 December 2018				
Cost	19,197	9,151	1,412	29,760
Accumulated amortisation/impairment	(11,596)	(451)	(755)	(12,802)
Net book amount	7,601	8,700	657	16,958

22 Intangible assets continued

	Digital Library Collections \$000's
Parent	
Year ended 31 December 2017	
Opening net book amount	6,432
Additions	2,334
Amortisation charge	(1,124)
Closing net book amount	<u>7,642</u>
At 31 December 2017	
Cost	17,971
Accumulated amortisation	(10,329)
Net book amount	<u>7,642</u>
Year ended 31 December 2018	
Opening net book amount	7,642
Additions	1,227
Amortisation charge	(1,268)
Closing net book amount	<u>7,601</u>
At 31 December 2018	
Cost	19,197
Accumulated amortisation	(11,596)
Net book amount	<u><u>7,601</u></u>

Accounting Policy

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the end of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, where 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.

Amortisation is calculated on a straight line basis over the estimated useful life of the asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

The remaining amortisation periods of the above classes of intangible assets are as follows:

- Digital library collections 10 years
- Re-acquired operating rights 28 - 36 years

Re-acquired Operating Rights

In 2017, the University as parent entity re-acquired operating rights previously granted to an external operator to manage and operate student accommodation buildings.

Re-acquired operating rights are recognised separately in Intangible assets and amortised on a straight line basis over the life of the operating rights.

22 Intangible assets continued

Accounting Policy continued

Research

Expenditure on research activities is recognised in the income statement as an expense, when it is incurred.

Goodwill

Goodwill represents the excess of the aggregate of the fair value measurement of the consideration transferred in an acquisition, the amount of any non-controlling interest and any previously held equity interest in the acquiree, over the fair value of the University's share of the net identifiable assets of the acquiree at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised, instead it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangible assets acquired in a business combination are recognised separately from goodwill if they are separable, but only together with a related contract, identifiable asset or liability.

23 Trade and other payables

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Current				
OS-HELP liabilities to Australian Government	1,391	1,233	1,391	1,233
Trade payables	13,528	12,781	13,354	12,520
CGS and other liabilities to Australian Government	679	365	679	365
GST payable	169	363	145	338
Total current trade and other payables	15,767	14,742	15,569	14,456

The fair value of trade and other payables is equal to their carrying value.

(a) Foreign currency risk

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

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Australian Dollar	15,453	14,672	15,255	14,386
Euro	14	66	14	66
Great British Pound	47	-	47	-
US Dollar	247	2	247	2
Canadian Dollar	6	2	6	2
	15,767	14,742	15,569	14,456

For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 39.

23 Trade and other payables continued

Accounting Policy

These amounts represent liabilities for goods and services provided to the University prior to the end of financial year, which are unpaid. Accounts payable are not interest bearing and are stated at their nominal value. The amounts are unsecured and are usually paid within 30 days of recognition.

24 Borrowings

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Current				
Secured loans	21,977	21,399	21,977	21,399
Non-current				
Secured loans	61,053	83,029	61,053	83,029
Total borrowings	83,030	104,428	83,030	104,428

(a) Financing arrangements

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

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Credit standby arrangements				
Total credit standby arrangements				
Loan facilities	120,000	120,000	120,000	120,000
Used at balance date				
Loan facilities	83,030	104,428	83,030	104,428
Unused at balance date				
Loan facilities	36,970	15,572	36,970	15,572

(b) Fair value

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

Consolidated	2018		2017	
	Carrying amount \$000's	Fair value \$000's	Carrying amount \$000's	Fair value \$000's
Borrowings				
Secured loans	83,030	85,423	104,428	105,859
	83,030	85,423	104,428	105,859
Parent				
Borrowings				
Secured loans	83,030	85,423	104,428	105,859
	83,030	85,423	104,428	105,859

24 Borrowings continued

(c) Risk exposures

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

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Within one year	21,977	21,399	21,977	21,399
Between one and five years	27,915	48,043	27,915	48,043
Later than five years	33,138	34,986	33,138	34,986
	83,030	104,428	83,030	104,428
These borrowings are classified as follows:				
Current borrowings	21,977	21,399	21,977	21,399
Non-current borrowings	61,053	83,029	61,053	83,029
	83,030	104,428	83,030	104,428

For an analysis of the sensitivity of borrowings to interest rate risk refer to note 39.

(d) Reconciliation of liabilities arising from financing activities

	2017 \$000's	Cash flows \$000's	2018 \$000's
Long-term borrowings	83,029	(21,976)	61,053
Short-term borrowings	21,399	578	21,977
	104,428	(21,398)	83,030

Accounting Policy

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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 12 months after the end of the reporting period and does not expect to settle the liability for at least 12 months after the end of the reporting period.

The fair value of borrowings have been prepared assuming hypothetical settlement dates of 31 December 2017 and 31 December 2018.

Assets pledged as security

The University has not directly pledged any assets as security against the borrowings. The borrowings are secured by the Western Australian Government guarantee.

25 Provisions

	Note	Consolidated		Parent	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Current provisions expected to be settled within 12 months					
Employee benefits					
Annual leave and other compensated absences		7,991	7,988	7,974	7,988
Long service leave		8,206	9,001	8,206	9,001
Superannuation and other post-employment benefits		2,130	2,290	2,130	2,290
Employment on-costs provision		1,135	2,521	1,135	2,521
Defined benefit obligation	43	2,485	2,633	2,485	2,633
Staff bonuses		-	1,317	-	1,317
Provision for operating rights		-	-	1,444	1,450
Other provisions		2,813	3,393	2,813	3,393
Restructuring provision		7,195	-	7,195	-
		31,955	29,143	33,382	30,593
Current provisions expected to be settled after more than 12 months					
Employee benefits					
Annual leave and other compensated absences		1,728	1,177	1,728	1,177
Long service leave		18,039	19,589	18,039	19,589
Superannuation and other post-employment benefits		2,640	2,749	2,640	2,749
Employment on-costs provision		1,460	1,624	1,460	1,624
		23,867	25,139	23,867	25,139
Total current provisions		55,822	54,282	57,249	55,732
Non-current provisions					
Employee benefits					
Long service leave		3,285	2,718	3,285	2,718
Defined benefit obligation	43	18,196	20,888	18,196	20,888
Provision for deferred salary		114	457	114	457
Employment on-costs provision		2,763	2,262	2,763	2,262
Provision for operating rights		-	-	40,392	42,006
Other provisions		2,566	3,653	2,566	3,653
		26,924	29,978	67,316	71,984
Total non-current provisions		26,924	29,978	67,316	71,984
Total provisions		82,746	84,260	124,565	127,716

25 Provisions continued

(a) *Movements in provisions*

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Employment on-costs \$000's	Other \$000's	Total \$000's
Consolidated - 2018			
Carrying amount as at 1 January 2018	6,407	7,046	13,453
Additional provisions recognised	6,339	7,195	13,534
Amounts used	(7,388)	-	(7,388)
Unused amounts reversed	-	(1,667)	(1,667)
Carrying amount as at 31 December 2018	5,358	12,574	17,932

	Employment on-costs \$000's	Operating rights issued \$000's	Other \$000's	Total \$000's
Parent - 2018				
Carrying amount as at 1 January 2018	6,407	43,456	7,046	56,909
Additional provisions recognised	6,339	-	7,195	13,534
Reduction provisions recognised	-	(1,620)	-	(1,620)
Amounts used	(7,388)	-	-	(7,388)
Unused amounts reversed	-	-	(1,667)	(1,667)
Carrying amount as at 31 December 2018	5,358	41,836	12,574	59,768

Accounting Policy

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.

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 end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits

Current provisions expected to be settled after more than 12 months represents a current obligation of the University, however, it is the view of the management that they are expected to be settled after more than 12 months.

Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting date.

25 Provisions continued

Accounting Policy continued

Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting date.

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 9.

(i) Short-term obligations

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

(ii) Other long-term obligations

The liability for other long-term benefits are those that 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 University's superannuation plan. The University has a defined benefit section and a defined contribution section within its plan. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the University and the University's legal or constructive obligation is limited to these contributions. The employees of the parent entity are all members of the defined contribution section of the University's plan.

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.

Contributions to the defined contribution section of the 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 the expense and liability for 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 AASB137 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.

25 Provisions continued

Accounting Policy continued

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 12 months are measured at the undiscounted amount expected to be paid. Benefits not expected to be settled before 12 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 and Training, the effects of the unfunded superannuation liabilities of the University were recorded in the Income Statement and the Statement of Financial Position of the first time in 1998. The prior year's 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 actuary, Mercer, and relate to liabilities for existing employees who are members of the pension scheme and have been calculated based on each member's salary and the completed proportion of their expected total service. Members are assumed to earn entitlements to the maximum state pension at retirement.

Liabilities for existing pensioners have been calculated allowing for the level of the existing pension, the level of assumed pension indexation and expected mortality rates.

Some former pension scheme members have transferred to the Gold State Super. In respect of their transferred benefit the members receive a lump sum benefit at retirement, death or invalidity which is related to their salary during their employment and indexed during any deferral period after leaving public sector employment. Liabilities for member of Gold State Super have been calculated based on their projected unfunded transferred service amounts and rates on exit.

The calculated defined benefit obligation is the sum of the accrued liabilities for all relevant employees.

Deferred government benefits for superannuation are the amounts recognised as reimbursement rights as they are the amounts expected to be received from the Australian Government for the emerging costs of the superannuation funds for the life of the liability.

Other Provision

Other provisions include a provision for present obligations arising from an onerous contract under which the unavoidable costs of meeting the contract obligations exceed the economic benefits expected to be received.

For details relating to the individual scheme, refer to note 43.

25 Provisions continued

Accounting Policy continued

Service concession provision

The University has recognised a service concession provision in the Statement of Financial Position. The liability reflects the performance obligation the University has incurred to allow the operator access to, and the right to generate revenue from, service concession assets. The liability incurred is initially recognised at an amount equivalent to the value of service concession assets delivered to the University and is amortised to the Statement of Comprehensive Income over the duration of the service concession arrangement. As a provision, it is subsequently measured at the best estimate of the amount that the University would rationally pay to settle the obligation at the reporting date or to transfer it to a third party. This will generally equate to the unamortised balance at each reporting date.

Provision of operating rights

The parent entity has recognised a provision relating to the granting of operating rights to its subsidiary in the Statement of Financial Position. The liability reflects the performance obligation the parent entity has incurred to allow its subsidiary access to, and the right to generate revenue from the student accommodation assets. The liability incurred is initially recognised at an amount equivalent to the value of buildings delivered to the parent entity and is amortised to the Statement of Comprehensive Income over the duration of the lease arrangement. As a provision, it is subsequently measured at the best estimate of the amount that the University would rationally pay to settle the obligation at the reporting date or to transfer it to a third party. This will generally equate to the unamortised balance at each reporting date.

Restructuring provision

The University recognises costs for restructuring within the scope of AASB137 that involves the payment of termination benefits.

26 Other financial liabilities

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Current				
Financial liabilities at fair value through other comprehensive income				
Derivative financial instruments	-	32	-	32

Accounting Policy

The University is a party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates in accordance with the University's financial risk management policies (refer to note 39).

In order to protect against exchange rate movements, the University had entered into a forward exchange contract to purchase foreign currency.

These contracts are hedging obligations for payments for the ensuing financial year. The contracts are timed to mature when payments are contractually due for payment.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the University adjusts the initial measurement of the component parts recognised in the Statement of Financial Position by the related amount deferred in equity.

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 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 derivatives comprise of highly probable forecast transactions (cash flow hedges).

26 Other financial liabilities continued

Accounting Policy continued

The replacement or rollover of a hedging instrument into another hedging instrument is not considered an expiration or termination if such replacement is documented as part of the hedging strategy. Additionally it is not considered a termination or expiration if, as a consequence of law or constitution, parties to the hedging instrument agree to replace their original counterparty to become the new counterparty to each of the parties.

For an analysis of the sensitivity of derivatives to interest rate and foreign exchange risk refer to note 39.

27 Other liabilities

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Current				
Fees and grants received in advance	17,435	14,403	17,408	14,403
Financial assistance received in advance	1,250	1,651	1,250	1,651
Accrued expenses	18,084	23,386	17,746	23,240
Total other liabilities	36,769	39,440	36,404	39,294

28 Reserves and retained earnings

(a) Reserves

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Reserves				
Hedging reserve - cash flow hedges	65	(32)	65	(32)
Revaluation reserves - investment	31,012	22,281	31,012	22,281
Revaluation reserves - properties	296,555	289,539	296,555	289,539
Total Reserves	327,632	311,788	327,632	311,788

Movements

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Hedging reserve - cash flow hedges				
Balance 1 January	(32)	-	(32)	-
Revaluation - gross	97	(32)	97	(32)
Balance 31 December	65	(32)	65	(32)

28 Reserves and retained earnings continued

Movements continued

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Revaluation reserves - investments				
Balance 1 January	22,281	16,076	22,281	16,076
Reclassification on adoption of AASB 9	1,451	-	1,451	-
Balance as restated	23,732	16,076	23,732	16,076
Revaluation - gross	7,280	6,205	7,280	6,205
Balance 31 December	31,012	22,281	31,012	22,281
Revaluation reserves - properties				
Balance 1 January	289,539	306,113	289,539	306,113
Revaluation - gross	6,362	(16,574)	6,362	(16,574)
Transfers to retained earnings	654	-	654	-
Balance 31 December	296,555	289,539	296,555	289,539
Total reserves	327,632	311,788	327,632	311,788

(b) Retained earnings

Movement in retained earnings were as follows:

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Retained earnings at the beginning of the year	645,942	616,854	644,714	616,854
Net result attributable to parent entity for the period	22,559	29,088	22,000	27,860
Transfers from revaluation reserves	(654)	-	(654)	-
Reclassification on adoption of AASB 9	4,099	-	4,099	-
Loss on transactions with non-controlling interest	(301)	-	-	-
Retained earnings at end of the year	671,645	645,942	670,159	644,714

(c) Nature and purpose of reserves

(i) Revaluation reserves - properties

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

(ii) Revaluation reserves - investments

Changes in the fair value and exchange differences arising on revaluation of investments, such as equities, classified as financial assets designated at fair value through other comprehensive income, are taken to the investments revaluation reserve. Amounts are reclassified to the income statement when the associated assets are sold or impaired.

(iii) Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity. Amounts are reclassified to the Income Statement when the associated hedged transaction affects profit and loss.

28 Reserves and retained earnings continued

(c) Nature and purpose of reserves continued

If the gains/losses in a cash flow hedge relate to the foreign purchase of a non-financial asset (e.g. property, plant and equipment), they are reclassified to the carrying amount of the asset on initial recognition.

29 Non-controlling interest

	Consolidated	
	2018 \$000's	2017 \$000's
Non-controlling interest in St Stephen's College at acquisition date	584	-
Loss for year attributable to non-controlling interest	(523)	-
Acquisition of non-controlling interest	(362)	-
Loss on buy-out by Edith Cowan University (transferred to reserve)	301	-
Total non-controlling interest	-	-

In January 2018, the University acquired 50.19% interest in the equity of St. Stephens' College. In November and December 2018, the non-controlling interest was diluted when the University subscribed for further capital in St Stephens' college and soon after the entire remaining non-controlling interest was acquired by the University.

30 Restricted cash

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Restricted cash				
ECU Foundation	12,585	10,999	12,585	10,999

The purpose of the ECU Foundation is to hold funds received from external sources. These funds are appropriated for a variety of educational and research purposes ranging from scholarships, research, prizes and special lecture programs. The Foundation was established to aid and promote excellence in educational and research activities by seeking, receiving and administering private gifts for the benefit of the University and its community. These restricted funds are considered to be controlled by the University and are included in cash and cash equivalents.

31 Key management personnel disclosures

(a) Remuneration of key management personnel

The University has determined key management personnel to include members of the University Council and senior officers.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers and University Council members for the reporting period are presented within the following bands:

31 Key management personnel disclosures continued

(a) *Remuneration of key management personnel continued*

	Consolidated		Parent	
	2018 Number	2017 Number	2018 Number	2017 Number
\$0 to \$10,000	16	17	16	17
\$90,001 to \$100,000	1	-	1	-
\$140,001 to \$150,000	-	1	-	1
\$180,001 to \$190,000	1	-	1	-
\$190,001 to \$200,000	1	1	1	1
\$210,001 to \$220,000	-	1	-	1
\$240,001 to \$250,000	1	2	1	2
\$250,001 to \$260,000	3	2	3	2
\$270,001 to \$280,000	-	1	-	1
\$280,001 to \$290,000	1	2	1	2
\$290,001 to \$300,000	2	2	2	2
\$300,001 to \$310,000	2	1	2	1
\$310,001 to \$320,000	2	2	2	2
\$330,001 to \$340,000	3	1	3	1
\$370,000 to \$380,000	1	-	1	-
\$410,001 to \$420,000	-	1	-	1
\$420,001 to \$430,000	1	-	1	-
\$430,001 to \$440,000	-	1	-	1
\$450,001 to \$460,000	1	-	1	-
\$470,001 to \$480,000	-	1	-	1
\$480,001 to \$490,000	1	-	1	-
\$500,001 to \$510,000	-	1	-	1
\$510,001 to \$520,000	1	-	1	-
\$540,001 to \$550,000	-	1	-	1
\$820,001 to \$830,000	1	-	1	-
\$840,001 to \$850,000	-	1	-	1
Total	39	39	39	39

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Short-term employee benefits	6,710	6,477	6,710	6,477
Post-employment benefits	995	930	995	930
Termination benefits	-	67	-	67
Total key management personnel compensation	7,705	7,474	7,705	7,474

No Council member has received any remuneration in his/her capacity as a Council member.

The total remuneration includes superannuation expense incurred by the University in respect of Council members and senior officers.

No Council member or senior officer is a member of the pension scheme.

32 Remuneration of auditors

Remuneration to the Office of the Auditor General (OAG) and non-related audit firms for the financial year are as follows:

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Audit the Financial Statements				
Audit fees - OAG	252	252	252	252
Other audit and assurance services				
Audit fees - OAG	29	14	14	14
Audit fees - Non-OAG firms	36	5	6	5
Total	317	271	272	271

33 Commitments

(a) Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, including amounts for infrastructure, are payable as follows:

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Property, plant and equipment				
Within one year	6,634	7,400	6,634	7,400
	6,634	7,400	6,634	7,400

(b) Lease commitments: The Entity as lessee

(i) Operating leases

Commitments in relation to leases contracted for at the reporting date but not recognised in the financial statements as liabilities, are payable as follows:

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Within one year	5,121	4,326	5,121	4,326
Between one year and five years	3,687	5,622	3,687	5,622
Non-cancellable operating lease	8,808	9,948	8,808	9,948

33 Commitments continued

(c) Other expenditure commitments

Commitments in relation to purchase orders in existence at the reporting date, but not recognised as liabilities, are payable as follows:

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Within one year	14,058	11,086	14,058	11,086
Between one year and five years	11,114	3,343	11,114	3,343
	25,172	14,429	25,172	14,429

All commitments reported above are exclusive of GST.

34 Related parties

(a) Parent entities

The ultimate parent entity within the Group is Edith Cowan University. Transactions between parent company and its subsidiaries are eliminated on consolidation and are not disclosed in this note.

(b) Subsidiaries

Interests in subsidiaries are set out in note 35.

(c) Key management personnel

The University had no material related party transaction with Key Management Personnel or their close family members or their controlled (or jointly controlled) entities for disclosure.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Joint Venture		Associates	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Sale of goods and services	2,469	2,807	1,119	1,100
Purchase of goods and services	741	652	-	82

(e) Outstanding balances

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

	Joint Venture		Associates	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Trade amounts owing from related parties	100	6	-	136

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.

35 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of Entity	Principal place of business	Ownership interest	
		2018 %	2017 %
Edith Cowan Accommodation Holdings Pty Ltd	Western Australia	100.00	100.00
St Stephen's College	Western Australia	100.00	-

Name of Entity	Cost	Current Year Impairment	2018 Carrying Value	2017 Carrying Value
	\$000's	\$000's	\$000's	\$000's
Edith Cowan Accommodation Holdings	11,206	-	11,206	11,206
St Stephen's College	3,115	(1,686)	1,429	-
Total	14,321	(1,686)	12,635	11,206

St Stephens' College was initially acquired on 15 January 2018. Refer to note 38 for further details.

Accounting Policy

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 that control ceases.

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

The acquisition method of accounting is used to account for the acquisition of a subsidiary 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.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Interests in subsidiaries is accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

36 Events occurring after the reporting date

No events have occurred since the reporting date that are likely to have a material impact on the financial statements or notes of the University.

37 Reconciliation of net result to net cash flows from operating activities

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Net result after tax for the period	22,036	29,088	22,000	27,860
Non-cash items				
Depreciation and amortisation expense	22,757	23,866	22,310	23,629
Revaluation of investment properties	7,062	1,190	7,062	1,190
Provision for impairment of receivables	98	528	98	528
Service concession income	-	(35)	-	(35)
Impairment of investments	-	-	1,686	-
Impairment of goodwill	755	-	-	-
(Gain)/Loss on sale of asset	(84)	48	(84)	48
Net loss on asset write-offs	11	3	11	3
Operating rights income	-	-	(1,400)	(791)
Share of profit on investments accounted for using the equity method not received as dividends or distributions	(2,001)	(3,305)	(2,001)	(3,305)
Income tax benefit	-	(962)	-	-
	50,634	50,421	49,682	49,127
(Increase)/decrease in receivables and non-financial assets	1,555	(1,907)	2,777	(1,540)
Increase in inventories	-	9	-	-
Increase/(decrease) in trade and other payables	(2,315)	(917)	(1,776)	(242)
Increase/(decrease) in provisions	(1,539)	3,480	(1,752)	3,531
	(2,299)	665	(751)	1,749
Net cash provided by operating activities	48,335	51,086	48,931	50,876

38 Business Combinations

(a) Summary of acquisition

On 15 January 2018, the University acquired 50.19% of the issued share capital of St Stephen's College.

Details of the purchase considerations, the net assets acquired are as follows:

	2018 \$000's
Purchase consideration (refer to (b) below):	
Cash paid	2,000
Total purchase consideration	2,000

38 Business Combinations continued

(b) *Purchase consideration*

	2018 \$000's
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	2,000
Less: Cash balance acquired	<u>(2,039)</u>
Inflow of cash	<u><u>(39)</u></u>

(c) *Assets acquired and liabilities assumed*

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$000's
Cash	2,039
Receivables	8
Property, plant and equipment	1
Loans	(179)
Payables	(668)
Provisions	(24)
Deferred revenue	<u>(5)</u>
Net identifiable assets acquired	<u><u>1,172</u></u>

(d) *Goodwill arising on acquisition*

	\$000's
Consideration	2,000
Less: Fair value of identifiable asset acquired	(1,172)
Add: Non-controlling interest	<u>584</u>
Goodwill arising on acquisition	<u><u>1,412</u></u>

(e) *Subscription of additional share capital during the year*

On 30 November 2018, the University participated in a share issue in St Stephens' College and subscribed to an additional 553 shares in St Stephen's College for \$0.75m.

(f) *Buy-out of Non-Controlling interests during the year*

On 19 December 2018, the University bought out the Non-controlling interests in St Stephens' College for a cash consideration of \$0.36m.

38 Business Combinations continued

Accounting Policy

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- Fair values of the assets transferred
- Liabilities incurred to the former owners of the acquired business
- Equity interests issued by the University
- Fair value of any asset or liability resulting from a contingent consideration arrangement, and
- Fair value of any pre-existing equity interest in the Subsidiary

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The University recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs are expensed as incurred.

The excess of the:

- Consideration transferred,
- Amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

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

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to the fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

39 Financial risk management

The University is exposed to the following financial risks as a result of its activities:

(a) *Market risk*

(i) Foreign exchange risk

The University manages its foreign exchange risk by negotiating all contracts in Australian dollars as far as it is practical. The University seeks to hedge any material and highly probably foreign exchange exposure. The University does not speculate in foreign currency exchange.

(ii) Interest risk

The University's exposure to interest rate risk arises from its cash at bank balance and borrowings. The University's interest rate risk arising from the University's borrowings is managed by diversifying maturities and interest rate terms, and monthly monitoring of targeted interest cover, liquidity and debt portfolio maturity profile. Other than as detailed in the interest rate sensitivity analysis table in (iv), the University has limited exposure to interest rate.

39 Financial risk management continued

(a) *Market risk continued*

(iii) Price risk

The University investment portfolio is exposed to fluctuations in the prices of equity securities. The University's investment policy provides strategies for minimisation of price risk with the diversification of investment managers and regular monitoring by an independent expert to ensure that there is no concentration of risk in any one area.

(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.

39 Financial risk management continued

(a) *Market risk continued*

Consolidated

	Carrying amount \$'000	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-10%		+10%		-10%		+10%	
		Profit \$000's	Equity \$000's	Profit \$000's	Equity \$000's	Profit \$000's	Equity \$000's	Profit \$000's	Equity \$000's	Profit \$000's	Equity \$000's	Profit \$000's	Equity \$000's
31 December 2018													
Financial assets													
Cash and cash equivalents	51,553	(336)	(336)	336	336	-	-	-	-	-	-	-	-
Trade receivable	4,356	-	-	-	-	7	7	(7)	(7)	-	-	-	-
Financial assets at amortised cost	165,890	(431)	(431)	431	431	-	-	-	-	-	-	-	-
Financial assets - through other comprehensive income	31,277	-	-	-	-	-	-	-	-	(3,128)	(3,128)	3,128	3,128
Financial assets designated at fair value through profit or loss	81,851	-	-	-	-	-	-	-	-	(8,185)	(8,185)	8,185	8,185
Sub-total		(767)	(767)	767	767	7	7	(7)	(7)	(11,313)	(11,313)	11,313	11,313
Financial liabilities													
Trade payables	15,767	-	-	-	-	(31)	(31)	31	31	-	-	-	-
Borrowings	83,030	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	18,084	-	-	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total		-	-	-	-	(31)	(31)	31	31	-	-	-	-
Total increase/(decrease)		(767)	(767)	767	767	(24)	(24)	24	24	(11,313)	(11,313)	11,313	11,313
31 December 2017													
Financial assets													
Cash and cash equivalents	68,591	(390)	(390)	390	390	-	-	-	-	-	-	-	-
Trade receivables	5,009	-	-	-	-	19	19	(19)	(19)	-	-	-	-
Financial assets at amortised cost	177,096	(115)	(115)	115	115	-	-	-	-	-	-	-	-
Financial assets - through other comprehensive income	18,382	-	-	-	-	-	-	-	-	(1,839)	(1,839)	1,839	1,839
Financial assets designated at fair value through profit or loss	64,344	-	-	-	-	-	-	-	-	(6,434)	(6,434)	6,434	6,434
Sub-total		(505)	(505)	505	505	19	19	(19)	(19)	(8,273)	(8,273)	8,273	8,273
Financial liabilities													
Trade payables	14,742	-	-	-	-	(5)	(5)	5	5	-	-	-	-
Borrowings	104,428	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	23,386	-	-	-	-	-	-	-	-	-	-	-	-
Other financial liabilities	32	-	-	-	-	(3)	(3)	3	3	-	-	-	-
Sub-total		-	-	-	-	(8)	(8)	8	8	-	-	-	-
Total increase/(decrease)		(505)	(505)	505	505	11	11	(11)	(11)	(8,273)	(8,273)	8,273	8,273

39 Financial risk management continued

(b) Credit risk

Credit risk arises principally from the University's investment securities and to a limited extent from its receivables. The carrying amount of the financial assets represents the maximum credit risk exposure at the reporting date.

The University manages its exposure to credit risk by diversifying investments between fund managers, setting investment restrictions and establishing strategic asset allocation benchmarks.

The University's Investment Policy Statement, sets out Investment Policy for matters such as performance objectives, investment restrictions, performance benchmarks and monitoring, and the strategic asset allocation benchmark for each investment pool. The Investment Policy Statement is reviewed internally at least every three years. An independent consultant is engaged to assess both the Investment Policy and the internal reviews thereof, unless otherwise approved by Council.

The majority of the University's exposure to credit risk from receivables is denominated in Australian Dollars. The University's trade and receivable management policy is designed to ensure that credit facilities are provided to customers with an appropriate credit history.

The University's cash and cash equivalent transactions are invested only with investment grade deposit taking institutions and in accordance with the University Treasury Policy, where maximum exposure limits are set for each institution according to their risk profile.

(c) Liquidity risk

The University is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the University is unable to meet its financial obligations as they fall due.

The University's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings. The University has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

The tables below analyse the University's financial assets and liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Within 1 year		1 - 2 years		2 - 5 years		5+ years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Financial Assets:										
Cash and cash equivalents	51,553	68,591	-	-	-	-	-	-	51,553	68,591
Trade and other receivables	4,356	5,009	-	-	-	-	-	-	4,356	5,009
Financial assets at amortised cost	125,064	126,070	40,826	10,200	-	40,826	-	-	165,890	177,096
Financial assets - through other comprehensive income	-	-	-	-	-	-	31,277	18,382	31,277	18,382
Financial assets designated at fair value through profit or loss	-	-	-	-	-	-	81,851	64,344	81,851	64,344
Total Financial Assets	180,973	199,670	40,826	10,200	-	40,826	113,128	82,726	334,927	333,422
Financial Liabilities:										
Trade and other payables	15,767	14,742	-	-	-	-	-	-	15,767	14,742
Borrowings	21,977	21,399	22,572	21,977	5,344	26,066	33,137	34,986	83,030	104,428
Accrued expenses	18,084	23,386	-	-	-	-	-	-	18,084	23,386
Derivative financial instruments	-	32	-	-	-	-	-	-	-	32
Total Financial Liabilities	55,828	59,559	22,572	21,977	5,344	26,066	33,137	34,986	116,881	142,588

The University's derivative financial instruments will be settled on a gross basis within the next 12 months.

40 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.

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

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

Consolidated

	Note	Carrying Amount		Fair Value	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Financial assets					
Cash and cash equivalents	15	51,553	68,591	51,553	68,591
Trade receivables	16	4,356	5,009	4,356	5,009
Financial assets at amortised cost	17	165,890	177,096	165,890	177,096
Financial assets through other comprehensive income	17	31,277	18,382	31,277	18,382
Financial assets designated at fair value through profit or loss	17	81,851	64,344	81,851	64,344
Total financial assets		334,927	333,422	334,927	333,422
Financial liabilities					
Trade payables	23	15,767	14,742	15,767	14,742
Borrowings	24	83,030	104,428	85,423	105,859
Accrued expense	27	18,084	23,386	18,084	23,386
Total financial liabilities		116,881	142,556	119,274	143,987

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

- Derivative financial instruments
- Available-for-sale financial assets
- Land and buildings
- Leasehold improvements
- Investments properties
- Artworks

(b) Fair value hierarchy

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

Level 1

quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2

inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

40 Fair value measurement continued

(b) Fair value hierarchy continued

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

(i) Recognised fair value measurements

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

Fair value measurements at 31 December 2018

Consolidated	Note	2018 \$000's	Level 1 \$000's	Level 2 \$000's	Level 3 \$000's
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through other comprehensive income	17				
Listed shares		2,356	2,356	-	-
Unlisted shares		28,856	-	-	28,856
Derivative financial instruments		65	-	65	-
Financial assets designated at fair value through profit or loss	17				
Funds under management		81,851	-	81,851	-
Total financial assets		<u>113,128</u>	<u>2,356</u>	<u>81,916</u>	<u>28,856</u>
Non-financial assets					
Investment properties	19	17,880	-	17,880	-
Land	21	162,429	-	162,429	-
Buildings	21	583,826	-	-	583,826
Leasehold improvements	21	3,580	-	-	3,580
Artworks	21	14,806	-	14,806	-
Total non-financial assets		<u>782,521</u>	<u>-</u>	<u>195,115</u>	<u>587,406</u>

Fair value measurements at 31 December 2017

Consolidated	Note	2017 \$000's	Level 1 \$000's	Level 2 \$000's	Level 3 \$000's
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss	17				
Shares		2,180	2,180	-	-
Unlisted shares		16,202	-	-	16,202
Financial assets designated at fair value through profit or loss	17				
Funds under management		64,344	-	64,344	-
Total financial assets		<u>82,726</u>	<u>2,180</u>	<u>64,344</u>	<u>16,202</u>
Non-financial assets					
Investment properties	19	19,220	-	19,220	-
Land	21	153,535	-	153,535	-
Buildings	21	585,758	-	-	585,758

40 Fair value measurement continued

(b) Fair value hierarchy continued

		2017	Level 1	Level 2	Level 3
Consolidated	Note	\$000's	\$000's	\$000's	\$000's
Leasehold improvements	21	4,061	-	-	4,061
Artworks	21	14,732	-	14,732	-
Total non-financial assets		777,306	-	187,487	589,819
Financial liabilities					
Other financial liabilities at fair value through profit or loss					
Derivative financial instruments	26	32	-	32	-

There were no transfers between levels 1 and 2.

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

(i) Recurring fair value measurements

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

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

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 or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments

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

Investment properties and freehold land and buildings (classified as property, plant and equipment) are valued independently every year. At the end of each reporting period, the University updates their assessment of the fair value of each property, taking into account the most recent independent valuations.

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

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

All resulting fair value estimates for properties are included in level 3 except for land and investment properties. The level 2 fair value of land and investment properties has been derived using the sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

40 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 2018 and 2017.

Consolidated

	Unlisted shares \$000's
Level 3 Fair Value Measurement 2018	\$
Opening balance	16,202
Recognised in other comprehensive income	<u>12,654</u>
Closing balance	<u><u>28,856</u></u>

Consolidated

	Unlisted shares \$000's
Level 3 Fair Value Measurement 2017	\$
Opening balance	11,027
Recognised in other comprehensive income	<u>5,175</u>
Closing balance	<u><u>16,202</u></u>

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

There were no transfers of assets/liabilities between level 2 and 3.

(ii) Valuation inputs and relationships to fair value

Management has engaged an independent external valuation to determine the fair value of the unlisted shares which has determined that an asset-based approach is the most appropriate method given the nature of these entities. In using this approach, the net assets of the entities has formed the basis for the valuation without the need for any adjustments as the net assets and liabilities of the entities are either measured at fair value or approximate fair value.

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

(iii) Valuation processes

Calculation methodology has been disclosed as part of (c) in this note.

Accounting Policy

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 as 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 the characteristics of the asset and the assumptions made by market participants.

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

40 Fair value measurement continued

Accounting Policy continued

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 end of the reporting period (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.

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 managed funds and derivative financial instruments and current rentals derived from market data are used for investment properties. Other techniques that are not based on observable market data are used to determine fair value of unlisted shares, buildings and leasehold improvements (level 3).

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 purchase price of the asset, 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 assets and 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.

41 Contingencies

The University did not have any contingencies at 31 December 2018 (31 December 2017:None).

42 Write-offs

	Consolidated		Parent	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Total write-offs as approved by the University council during the financial year				
Receivables written-off against provision	213	35	202	27
Other receivables written-off	-	2	-	2
Property, plant and equipment	11	1	11	1
Total write-offs	224	38	213	30

43 Deferred government benefit for superannuation

(a) Government Employees Superannuation Board

Pension Scheme:

	Change in assumption	Impact on defined benefit obligation (\$'000)	
		Increase in assumption	Decrease in assumption
Discount rate	0.5% p.a	(713)	763
Pension increase rate	0.5% p.a	712	(673)

43 Deferred government benefit for superannuation continued

(a) Government Employees Superannuation Board continued

	Change in assumption	Impact on defined benefit obligation (\$'000)	
		Increase in assumption	Decrease in assumption
<i>Gold State Super (transferred benefits):</i>			
Discount rate	0.5% p.a	(5)	5
Salary increase rate	0.5% p.a	4	(4)

Reconciliation of the net defined benefit liability/(asset):

	Pension Scheme		Gold State Super	
	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's
Defined benefit obligation	20,338	23,184	343	337
Fair value of plan assets	-	-	-	-
Deficit	20,338	23,184	343	337
Adjustment for effect of asset ceiling	-	-	-	-
Net deferred benefit liability/(asset)	20,338	23,184	343	337

The asset ceiling has no impact on the net defined benefit liability/(asset).

	Pension Scheme		Golden State Super		Total	
	2018	2017	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Current	2,398	2,584	87	49	2,485	2,633
Non-current	17,940	20,600	256	288	18,196	20,888
Total	20,338	23,184	343	337	20,681	23,521

43 Deferred government benefit for superannuation continued

(a) Government Employees Superannuation Board continued

Reconciliation of the defined benefit obligation:

	Pension Scheme		Gold State Super	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Present value of defined benefit obligations at the beginning of the year	23,184	22,268	337	326
Interest cost	517	553	7	8
Actuarial (gains)/losses arising from changes in financial assumptions	(239)	472	(1)	(2)
Actuarial (gains)/losses arising from liability experience	(890)	2,264	-	5
Benefits paid	(2,234)	(2,373)	-	-
Balance at the end of the year	20,338	23,184	343	337

Reconciliation of the fair value of Scheme assets:

	Pension Scheme	
	2018 \$000's	2017 \$000's
Fair value of Scheme assets at beginning of the year	-	-
Employer contributions	2,234	2,373
Benefits paid	(2,234)	(2,373)
Balance at the end of the year	-	-

Significant Actuarial assumptions at the reporting date:

	Pension Scheme		Gold State Super	
	2018 % p.a	2017 % p.a	2018 % p.a	2017 % p.a
Discount rate (active members)	2.47	2.36	2.47	2.36
Discount rate (pensioners)	2.47	2.36	2.47	2.36
Expected salary increase rates	-	-	1.5% for first three years, then 4.2% p.a	1.5% for first year, 1.1% for second year, 1.0% for third year, and then 3.7% p.a
Expected pension increase rates	2.50	2.50	2.50	2.50

43 Deferred government benefit for superannuation continued

(b) Expected Contributions

	Pension Scheme 2018 \$000's	Gold State Super 2018 \$000's
Expected employer contributions in the next financial year	<u>2,398</u>	<u>87</u>

(c) Accounting Policy

Unfunded Pension and Unfunded Gold State Super (Lump sum) Schemes

The University has in its staffing profile a number of employees who are members of the Government Employees Superannuation Board (GESB) Scheme. As the employer, the University is required to contribute to the scheme as employees are paid a pension or lump sum pay out. Consequently, an unfunded liability has been created. An arrangement exists between the Commonwealth Government and the Western Australian Government to meet the unfunded liability for the University's beneficiaries of the State Superannuation Schemes on an emerging cost basis. A corresponding asset is also recognised under receivables to recognise the reimbursement rights (refer to note 16).

The recognition of both the asset and the liability concurrently does not affect the end of year net asset position of the University. The liability and equivalent receivables are measured actuarially on an annual basis.

Nature of the benefits provided by the Schemes

Pension Scheme

The employer-financed benefit is a pension benefit payable on retirement, death or invalidity, or a lump sum benefit on resignation.

Gold State Super (transferred benefits)

Some former pension scheme members have transferred to Gold State Super. In respect of their transferred benefit the members receive a lump sum benefit at retirement, death or invalidity which is related to their salary during their employment and indexed during any deferral period after leaving public sector employment.

The regulatory framework

The Pension Scheme and Gold State Super (transferred benefits) operate under the State Superannuation Act 2000 (Western Australia) and the State Superannuation Regulations 2001 (Western Australia).

Although the Schemes are not formally subject to the Superannuation Industry (Supervision) (SIS) legislation, the Western Australian government has undertaken (in a Heads of Government Agreement) to operate the Schemes in accordance with the spirit of the SIS legislation.

As an exempt public sector superannuation scheme (as defined in the SIS legislation), the Schemes are not subject to any minimum funding requirements.

As a constitutionally protected scheme, the Schemes are not required to pay tax.

Other entities responsibilities for the governance of the Schemes

The Government Employees Superannuation Board (GESB) is the Scheme's Trustee and is responsible for the governance of the Scheme. As Trustee, GESB has a legal obligation to act solely in the best interests of Scheme beneficiaries. GESB has the following roles:

- Administration of the Scheme and payment to the beneficiaries when required in accordance with the Scheme rules;

43 Deferred government benefit for superannuation continued

(c) Accounting Policy continued

- Management and investment of the Scheme assets (although the liabilities are not supported by assets), and
- Compliance with the Heads of Government Agreement referred to above.

Scheme risks

Pension Scheme

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

- **Legislative risk** - the risk is that legislative changes could be made which increase the cost of providing the defined benefits.
- **Pensioner mortality risk** - the risk is that pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period.
- **Inflation risk** - the risk that inflation is higher than anticipated, increasing pension payments, and the associated employer contributions.

Gold State Super (transferred benefits)

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

- **Salary growth risk** - the risk that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined amounts and the associated employer contributions.
- **Legislative risk** - the risk is that legislative changes could be made which increase the cost of providing the defined benefits.

Significant events

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

Sensitivity analysis

Sensitivity analyses are based on a change in an assumption while holding all the other assumptions constant. In practice this 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.

Funding Arrangements

These defined benefit obligations are wholly unfunded, such that there are no plan assets. The employer contributes, as required, to meet the benefits paid.

Fair value of Scheme assets

There are no assets in the Pension Scheme to support the State Share of the Benefit. Hence, there is:

- No fair value of Scheme assets;
- No asset allocation of Scheme assets;
- No financial instruments issued by the employer;
- No assets used by the employer;

43 Deferred government benefit for superannuation continued

(c) Accounting Policy continued

- No asset-liability matching strategies.

Discount Rate

The discount rate is based on the Government bond maturing in April 2025. The decrement rates used (e.g. mortality and retirement rates) are based on those used at the last actuarial valuation for the Schemes.

Maturity Profile

Pension Scheme

The weighted average duration of the defined benefit obligation for the whole of the Pension Scheme is 7.4 years (2017: 7.9 years).

Gold State Super (transferred benefits)

The weighted average duration of the defined benefit obligation for the whole of the Gold State Super Scheme is 2.9 years (2017: 3.4 years).

44 Acquitment of Australian Government financial assistance

(a) Education - CGS and other Education grants

	Commonwealth Grants Scheme#1		Higher Education Participation Funding		Disability Support Program#2		Promotion of Excellence in Learning and Teaching		Academic Centres of Cyber Security Excellence	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Parent Entity (University) Only										
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	147,997	146,548	2,840	2,833	274	224	-	65	235	231
Net accrual adjustments	950	(950)	(29)	35	-	-	-	(25)	-	-
Revenue for the period	148,947	145,598	2,811	2,868	274	224	-	40	235	231
Surplus/(deficit) from the previous year	-	-	-	-	-	-	-	-	-	-
Total revenue including accrued revenue	148,947	145,598	2,811	2,868	274	224	-	40	235	231
Less expenses including accrued expenses	(148,947)	(145,598)	(2,811)	(2,868)	(274)	(224)	-	(40)	(215)	-
Surplus/(deficit) for reporting period	-	-	-	-	-	-	-	-	251	231

2(a)

	Indigenous Student Success Program#3		Total	
	2018	2017	2018	2017
Parent Entity (University) Only				
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)	1,225	1,064	152,571	150,965
Net accrual adjustments	9	-	930	(940)
Revenue for the period	1,234	1,064	153,501	150,025
Surplus/(deficit) from the previous year	-	-	231	-
Total revenue including accrued revenue	1,234	1,064	153,732	150,025
Less expenses including accrued expenses	(919)	(1,064)	(153,166)	(149,794)
Surplus/(deficit) for reporting period	315	-	566	231

2(a)

44 Acquittal of Australian Government financial assistance continued

(a) Education - CGS and other Education grants continued

#1 Includes the basic CGS grant amount, CGS – Regional Loading, CGS – Enabling Loading, CGS - Medical Student Loading, Allocated Places, Non Designated Courses and CGS - Special Advances from Future Years.

#2 Disability Performance Funding includes Additional Support for Students with Disabilities and Australian Disability Clearinghouse on Education & Training

#3 Indigenous Student Success Program has replaced the Indigenous Commonwealth Scholarships Program and the Indigenous Support Program as of 1 January 2018. Prior year programs should be combined and reported in Indigenous Student Success Program for 2017.

44 Acquittal of Australian Government financial assistance continued

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

	Note	HECS-HELP (Australian Government payments only)											
		2018		2017		2018		2017		2018		2017	
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Parent Entity (University) Only		339	1,177	(136)	170	(4)	10	(1)	199	1,356			
Cash Payable/(Receivable) at the beginning of the year	2(f)	85,890	82,696	12,023	10,661	1,139	1,025	2,909	2,893	101,961	97,275		
Financial assistance received in Cash during the reporting period		86,229	83,873	11,887	10,831	1,135	1,035	2,909	2,892	102,160	98,631		
Cash available for period	2(b)	86,414	83,534	11,979	10,967	1,139	1,039	2,919	2,892	102,451	98,432		
Revenue earned	2(b)	(185)	339	(92)	(136)	(4)	(4)	(10)	-	(291)	199		
Cash Payable/(Receivable) at end of year													

44 Acquittal of Australian Government financial assistance continued

(c) Department of Education and Training Research

Parent Entity (University) Only

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

Net accrual adjustments

Revenue for the period

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for reporting period

	Research Training Program		Research Support Program#4		Total	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
	7,109	7,303	4,196	4,331	11,305	11,634
	-	575	-	-	-	575
2(c)	7,109	7,878	4,196	4,331	11,305	12,209
	7,109	7,878	4,196	4,331	11,305	12,209
	(7,109)	(7,878)	(4,196)	(4,331)	(11,305)	(12,209)
	-	-	-	-	-	-

2(f)

2(c)

#4 Includes Joint Research Engagement, JRE Engineering Cadetships, Research Block Grants, and Sustainable Research Excellence in Universities

44 Acquittal of Australian Government financial assistance continued

(d) Total Higher Education Provider Research Training Program expenditure^{#5}

	Total domestic students \$000's	Total overseas students \$000's
Research Training Program Fees offsets	4,975	-
Research Training Program Stipends	1,865	266
Total for all types of support	6,840	266

#5 Please refer to the Commonwealth Scholarship Guidelines for expenditure definitions for the Research Training Program

44 Acquittal of Australian Government financial assistance continued

(e) Australian Research Council Grants

Parent Entity (University) Only

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

Revenue for the period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for reporting period

	Discovery		Linkages			Total	
	2018	2017	2018	2017	2018	2017	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
2(f)	353	287	126	308	479	595	
2(d)	353	287	126	308	479	595	
	78	78	-	37	78	115	
	431	365	126	345	557	710	
	(388)	(287)	(126)	(345)	(514)	(632)	
	43	78	-	-	43	78	

44 Acquittal of Australian Government financial assistance continued

(f) Other Australian Government Financial Assistance

	2018	2017
	\$000's	\$000's
Parent Entity (University) Only		
Cash received during the reporting period	2(f) 5,631	7,189
Cash spent during the reporting period	<u>(5,631)</u>	<u>(7,196)</u>
Net cash received	-	(7)
Cash surplus/(deficit) from the previous period	-	7
Cash surplus/(deficit) for reporting period	<u>-</u>	<u>-</u>

(g) OS-HELP

	2018	2017
	\$000's	\$000's
Cash received during the reporting period	1,932	2,222
Cash spent during the reporting period	<u>(1,774)</u>	<u>(1,900)</u>
Net cash received	2(f) 158	322
Cash surplus/(deficit) from the previous period	1,233	911
Cash surplus/(deficit) for reporting period	23 <u>1,391</u>	<u>1,233</u>

(h) Superannuation Supplementation

	2018	2017
	\$000's	\$000's
Cash received during the reporting period	2(f) 2,502	2,522
University contribution in respect of current employees	<u>120</u>	<u>153</u>
Cash available	2,622	2,675
Cash surplus / (deficit) from the previous period	<u>133</u>	<u>(31)</u>
Cash available for current period	2,755	2,644
Contributions to specified defined benefit funds	<u>(2,328)</u>	<u>(2,501)</u>
Cash surplus/(deficit) this period	<u>427</u>	<u>143</u>

(i) Student Services and Amenities Fee

	2018	2017
	\$000's	\$000's
Unspent/(overspent) revenue from previous period	-	-
SA-HELP revenue earned	2(b) 2,919	2,892
Student services and amenities fees direct from students	4 <u>1,060</u>	<u>1,038</u>
Total revenue expendable in period	3,979	3,930
Student services expenses during period	<u>(3,979)</u>	<u>(3,930)</u>
Unspent/(overspent) student services revenue	<u>-</u>	<u>-</u>



Independent auditor's report

Report on the financial statements

Opinion

I have audited the financial statements of Edith Cowan University which comprise the Statement of Financial Position as at 31 December 2018, the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the University and the consolidated entity for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of Edith Cowan University and the consolidated entity for the year ended 31 December 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further 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 *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the University Council for the financial statements

The University Council is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the University Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the financial statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the University Council.
- Conclude on the appropriateness of the University Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by Edith Cowan University. The controls exercised by the University are those policies and procedures established by the University Council to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by Edith Cowan University are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 31 December 2018.

The University Council's responsibilities

The University Council is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150

Assurance Engagements on Controls issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of Edith Cowan University for the year ended 31 December 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of Edith Cowan University are relevant and appropriate to assist users to assess the University's performance and fairly represent indicated performance for the year ended 31 December 2018.

The University Council's responsibility for the key performance indicators

The University Council is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the University Council determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the University Council is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904U *Key Performance Indicators*.

Auditor General's responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904U for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain

an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My independence and quality control relating to the reports on controls and key performance indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of Edith Cowan University for the year ended 31 December 2018 included on the University's website. The University's management is responsible for the integrity of the University's website. This audit does not provide assurance on the integrity of the University's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



SANDRA LABUSCHAGNE
ACTING AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia

12 March 2019



Other financial disclosures

Pricing policies

Refer: *Treasurer's Instruction 903, (13)(i)*

ECU's pricing policies are set out in *Statute 31 – Fees, Statute 29 – Student Services and Amenities Fee, the Tuition Unit and Incidental Fee Setting Policy, and the Pricing Policy*. Student course and unit fees are published in our online Fees Calculator, and student incidental fees (e.g. personal safety equipment, field trips) are published on the ECU website.

Major capital projects

Refer: *Treasurer's Instruction 903, (13)(ii)*

Completed

Project	Costs (\$M)	
	Estim.	Actual
Purchase of 6.34ha in the Joondalup Quadrangle, corner Hodges Drive and Mitchell Freeway, Joondalup	8.7	8.7
Construction of an at-grade car park at Campus West, Joondalup Campus	2.0	0.0
<i>This project did not proceed.</i>		
Upgrade of School of Business and Law teaching and postgraduate facilities at Joondalup Campus	0.9	0.9
New radio studios, broadcasting production suites, and teaching spaces for the School of Arts and Humanities at Mount Lawley Campus	1.0	1.0

In progress

Project	Expected completion	Costs (\$M)	
		Estim.	To-date
New building to be shared by the School of Science, School of Medical and Health Sciences, and School of Nursing and Midwifery at Joondalup Campus	2019	48.0	2.3
School of Engineering annexe, Building 27 at Joondalup Campus			
<i>Addition of smart lab technology; gantry crane; extra offices, furniture and power outlets; support for proposed CT scanner.</i>	2019	10.0	10.8
Refurbishment of Level 3, Ngoolark, for the Service Excellence Program at Joondalup Campus	2019	1.2	1.1
Reassignment and refurbishment of teaching and demonstration wards in the School of Nursing and Midwifery at Joondalup and South West campuses	2019	3.1	2.8
Fit-out of Level 3 at ECU Health Centre in Wanneroo	2019	1.5	0.5
New Western Australian Academy of Performing Arts (WAAPA) building at Mount Lawley Campus	2021	20.0	0.1
New ECU Health Centre in Yanchep	2022	2.0	0.0

Employees

Refer: Treasurer's Instruction 903, (13)(iii)

Category	2017	2018
Academic	777	817
Teaching and research	380	381
Research-only	75	86
Teaching-focused	322	351
Professional	1,105	1,148
TOTAL	1,882	1,966

Source: ECU. Note: Full-time equivalent numbers shown. 2018 FTE includes an estimate of casual staff. Due to rounding, numbers may not sum to totals.

Staffing policies

ECU has an extensive suite of staffing policies related to recruitment, staff development, industrial relations, workers' compensation claims, prevention of occupational injuries and illnesses, and rehabilitation of injured and sick employees. These policies are: *Recruitment, Selection and Appointment; Research Induction and Professional Development; Professional Development for Teaching Staff; Professional Development Fund; Management for Performance System (MPS); Academic Staff Promotion; Grievance Resolution; Workers' Compensation and Injury Management; Ergonomics; Work Health and Safety; Noise Management; Electrical Safety; Hazardous Chemicals; Hazardous Manual Tasks; Infection Control; Personal Protective Equipment; Smoke-Free University; Critical Incident Management; Facility Emergency Evacuation; Employee Assistance Program; Managing Violence in the Workplace; Prevention of Harassment, Bullying, Discrimination and Violence; Pregnancy and Breastfeeding at Work; and Supported Wages Employees.*

These policies are underpinned by the *ECU Enterprise Agreement 2017*.

Governance disclosures

Shares held by senior officers

Refer: *Treasurer's Instruction 903*, (14)(i)–(ii)

ECU has nothing to report for this item.

Insurance to indemnify directors

Refer: *Treasurer's Instruction 903*, (14)(iv)

ECU paid a premium of \$48,551.76 for directors and officers liability insurance in 2018.

Commitment to gender equality

In 2018, ECU maintained its status as a Workplace Gender Equality Agency (WGEA) *Employer of Choice for Gender Equality*, and was named an Athena SWAN Bronze Award institution through the Science in Australia Gender Equality program.

ECU's Vice-Chancellor is a member of CEOs for Gender Equity, and a signatory to the WGEA Pay Equity Pledge. ECU, our Vice-Chancellor, and our executive team are committed to achieving and maintaining gender equality and gender pay equity at the University. In 2018, ECU's annual analysis showed our organisation-wide gender pay gap was 15.4% (total remuneration). Targets are being established to improve this.

Voluntary Code of Best Practice

Refer: *Voluntary Code of Best Practice for the Governance of Australian Universities*

ECU complies with the Voluntary Code of Best Practice, with the exception of item 12(b). There were no independent directors on the board of Edith Cowan Accommodation Holdings in 2018.

ECU's *Integrated Risk Management Policy* provides a risk management framework for our activities. Our procedures are consistent with the principles and standards in *AS/NZS ISO 31000:2018 – Risk management – Guidelines*. The Integrated Risk Management Framework maps risks to ECU's strategic priorities, and is the basis for all risk registers, including the ECU Strategic Risk Register. The Vice-Chancellor is responsible for ensuring that the risk management system is maintained in accordance with the policy, and the Quality, Audit and Risk Committee provides oversight.

The University's *Sustainability Policy* outlines ECU's commitment to sustainability. Achievement of sustainability goals is overseen by the Sustainable Communities Steering Committee. Our Environmental Management System meets the standards in *AS/NZS ISO 14001:2016 Environmental management systems – Requirements with guidance for use*.

Government policy requirements

Occupational safety, health and injury management

Refer: 2018–03 Code of Practice: Occupational Safety and Health in the WA Public Sector

Commitment

ECU is committed to protecting the health, safety and welfare of our students, staff, visitors, and service providers.

As detailed in the *ECU Work Health and Safety Policy*, Council Members and the University Executive are responsible for exercising due diligence and ensuring ECU complies with all health and safety statutory requirements. Executive Deans and Directors undertake annual due diligence reviews of their business unit's health and safety performance using local performance indicators, improvement plans, hazard risk registers, and other initiatives.

ECU's health and safety performance indicators and metrics are monitored and reported quarterly to the Quality, Audit and Risk Committee, and Council.

All ECU staff are required to complete online health and safety inductions every two years, with additional health and safety leadership training for managers and supervisors.

Mechanism for consultation

In accordance with the *Occupational Safety and Health Act 1984*, ECU's health and safety committees facilitate consultation, communication and the implementation of health and safety policy aims and objectives. There are two levels: the University Health and Safety Committee, which reports to the Vice-Chancellor via the University Executive, and local health and safety committees. These committees hold quarterly meetings, and members liaise and consult directly with those they represent. More details are provided in our *University Health and Safety Consultative Committees Procedure*.

ECU's Radiation, Biosafety and Hazardous Substances Committee reports to the Academic Board, and monitors our systems of radiation safety, biosafety, and chemicals and other hazardous materials safety to ensure compliance with the *Occupational Safety and Health Act 1984*; *Radiation Safety Act 1975*; *Biosecurity Act 2015 (Cth)*; *Gene Technology Act 2000 (Cth)*; and other relevant statutory requirements.

Injury management requirements

The University's *Workers' Compensation and Injury Management Policy* and associated guidelines explain processes for workers' compensation and injury management. The policy was developed in accordance with the *Workers' Compensation and Injury Management Act 1981*, and is published on our website.

Assessment

An audit of ECU's occupational safety and health management system against the international standard OHSAS 18001 – *Occupational Health and Safety Standard* was completed by an external consultant in 2017. One of the three actions has been completed, with the others in progress. Audits are conducted every three years.

Injury management target performance

Indicator	2016	2017	2018	Target
Fatalities	0	0	0	0
Lost time incidence rate	0.60	0.48	0.36	0, or 10% reduction
Lost time severity rate	18.8	0.00	0.00	0, or 10% reduction
Returned to work within:				
• 13 weeks	82%	78%	100%	At least 80% within 26 weeks
• 26 weeks	91%	78%	100%	
Managers trained	68%	81%	87%	At least 80%

Note: 2017 lost time incidence rate and return to work percentage have been amended to include two additional lost time injuries where the time lost occurred in 2018 surgery, and the 13- and 26-week time periods had not been reached at the end of 2017.

Other legal requirements

Advertising, market research, polling and direct mail

Refer: *Electoral Act 1907*, 175ZE

Type	Total
Advertising agencies	\$1,982,899
303MullenLowe	
key2creative	
Longtail	
Rare	
Market research organisations	\$74,146
Capitalis	
The Customers' Voice	
Polling organisations	Nil
Direct mail organisations	Nil
Media advertising organisations	\$3,788,558
Carat Australia	
Facebook	
Google Australia	
IPG Mediabrands	
Sportseen LLP	
The Chronicle of Philanthropy	
Times Higher Education	
TOTAL	\$5,845,604

Disability access and inclusion plan outcomes

Refer: *Disability Services Act 1993*, 29(1);
Disability Services Regulations 2004, Schedule 3

ECU's *Disability Access and Inclusion Plan 2016–2021* is published on our website, and is available in multiple formats upon request.

1 Services and events

Activities and documents developed for new and prospective students, and all course and unit outlines, contain information on ECU services for students with disability, including the availability of reasonable accommodations to support learning. All official ECU events are held in accessible venues.

2 Buildings and facilities

ECU Joondalup Campus achieved Changing Places certification in January 2018, with the provision of a public toilet with hoists and a full-sized change table. Upgrades were made to the Campus West site at Joondalup, including addition of a hearing loop and reconfigured seating in the lecture theatre, adjustable tables for collaborative learning spaces, and duress alarms fitted to accessible toilets.

3 Information format

Staff have access to several online and face-to-face resources for creating accessible documents and learning management system sites.

4 Service

Mental Health First Aid Australia awarded ECU Silver Status accreditation as a Mental Health Skilled Workplace in February 2018.

5 Complaints

The complaints website meets web accessibility requirements, and alternatives are available.

6 Public consultation

The development of ECU's Disability Access and Inclusion Plan 2016–2021 included extensive public consultation. Student surveys have a 'check accessibility' function, which assists to maximise accessibility for online questionnaires.

7 Employment

ECU's staff are encouraged to complete training to ensure they are up-to-date with equal employment opportunity requirements, and to identify and counter any individual ingrained biases.

Recordkeeping plans

Refer: *State Records Act 2000*, 29(1);
State Records Commission Standard 2

ECU's current *Record Keeping Plan* was approved in 2016, and is due for review in 2021. All staff are required to complete *Records Awareness Training* (an online, interactive course) and undertake training before gaining access to ECU's official records management system, HP Content Manager. Staff are able to access an extensive knowledge base of tips and instructions online. Recordkeeping training is addressed during the induction period for new staff. Ongoing feedback from training session attendees and users enables continuous improvement of our training.

National Student Representation Protocols

Refer: *Higher Education Support Act 2003*, 19–67;
Student Services, Amenities, Representation and Advocacy Guidelines, 3.2




ECU complies with the *National Student Representation Protocols*, with multiple opportunities for student involvement in decision-making. For example, student-elected representatives are members of the Student Services and Amenities Fee (SSAF) Steering Committee, and ECU Council. Annually, the draft SSAF expenditure priorities are shared with all ECU students for comment.



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