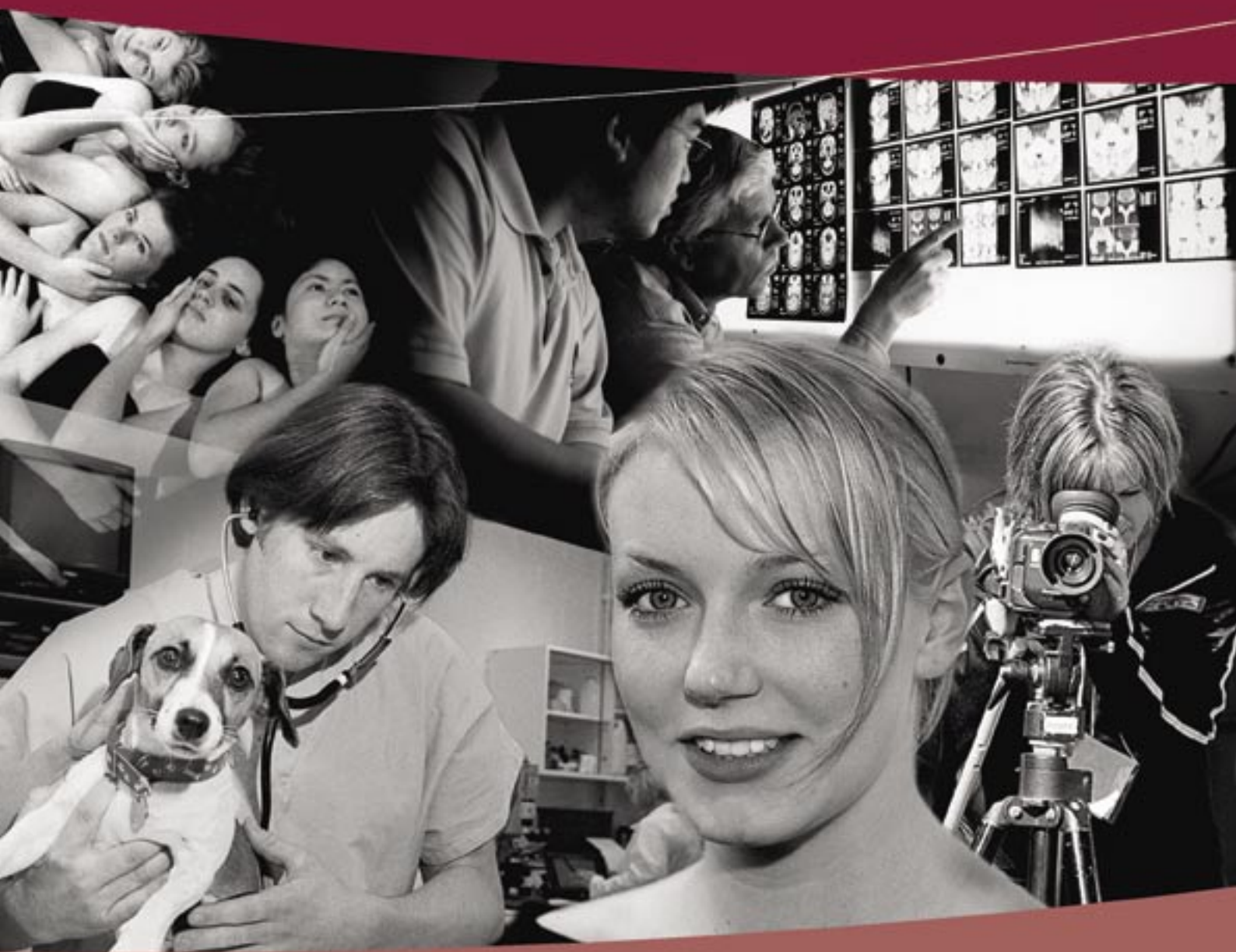


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annual report 2005

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MURDOCH
UNIVERSITY
PERTH, WESTERN AUSTRALIA

statement of compliance

The Hon. Ljiljana Ravlich MLC
Minister for Education and Training
12th Floor, Dumas House
2 Havelock Street
WEST PERTH WA 6005

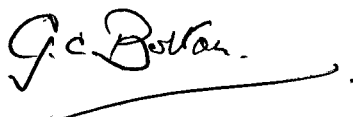
23 February 2006

Dear Minister,

In accordance with Section 66 of the Financial Administration and Audit Act 1985, we hereby submit for your information and presentation to Parliament the Annual Report of Murdoch University for the year ended 31 December 2005.

The Annual Report has been prepared in accordance with the provisions of the Murdoch University Act 1973 - 1985 and the Financial Administration and Audit Act 1985.

Yours sincerely



G C Bolton
Chancellor



J V Yovich
Vice Chancellor

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mission

To extend knowledge, stimulate learning, and promote understanding, for the benefit of the community.

vision

Murdoch will be a prominent and influential research-intensive University in the local, national and global communities. It will be renowned for its teaching quality, research excellence and innovation, and promotion of social and scientific critique. Murdoch University will embrace cultural diversity and ensure an international perspective in its activities, incorporating principles of sustainability, social justice and global responsibility.

Murdoch University is a multi-campus institution. By engaging with communities in the sphere of influence of our campuses, Murdoch will be a significant contributor to cultural and community life and development in the region.

Through excellence and accessibility in the learning environment, student care and service provision, Murdoch, in partnership with the Guild of Students, will engender a vibrant and positive on-campus life. The University will also foster an expanding, active community of alumni.

Murdoch University will have increased financial reserves and more diverse sources of income as a result of an entrepreneurial outlook combined with prudent management that will ensure long-term independence.



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vice chancellor's report



Vice Chancellor

Professor John Yovich



Murdoch University's 30th year was particularly successful with many 'firsts' and records set in research, student and financial parameters.

Murdoch University reinforced its reputation for excellence through success in the 2006 Learning and Teaching Performance Fund. Murdoch was ranked in the top band of 14 institutions and will receive \$2.034 million funding in 2006. The allocation of funding was recommended by an Expert Panel who assessed each university in relation to measures of good teaching and overall satisfaction based on student surveys, graduate employment and entry to further study, and undergraduate student progression and attrition.

Academically, Murdoch also maintained its enviable reputation for exceptional student satisfaction. *The Good Universities Guide*, an independent national publication, awarded Murdoch its top, five-star rank for student satisfaction for the tenth time in eleven years. Derived from independent surveys of recently graduated students, Murdoch is the only university in Australia to achieve this standard.

As part of the higher education reform package, *Our Universities: Backing Australia's Future*, Murdoch was allocated 470 new Commonwealth funded places from 2005 rising to 1,285 places by 2008. This translated into the highest Commonwealth supported undergraduate load in Murdoch's history, with nearly 13,500 students on campus in 2005. This growth reflects recognition by the Commonwealth of the vigorous academic and strategic planning in which Murdoch has engaged in recent years.

Our percentage share of the First Preference pool of undergraduate applicants increased to our highest ever level at 17.43 per cent. This increase reflects the very positive view of Murdoch's learning and teaching performance among prospective students and the focused efforts of all staff.

Importantly, we were able to effectively fill our places on the first round of TISC offers.

Our research profile continues to expand, driven by Murdoch's outstanding success in attracting external funding and in completing research students. Grant funding from the highly competitive and peer reviewed schemes of the national research councils, including the Australian Research Council, has been a cornerstone of our growth.

Equally important to our research growth has been our ongoing commitment to developing and maintaining industry alliances. Of particular success in 2005 was the grant from the Melinda and Bill Gates Foundation of \$US 9.8 million to Professor Simon Mallal. This grant has provided support for the Centre for Clinical Immunology and Biomedical Statistics which is a collaborative centre between Murdoch University and Royal Perth Hospital. Professor Mallal's team has been internationally credited for making several key advances in HIV research that have received worldwide acclaim. Professor Mallal was further recognised for his work when named the 2005 winner of the WA Premier's Prize for Achievement in Science.

Our continued involvement in the Innovative Research Universities Australia (IRUA) group has helped build strong institutional links that will continue to provide valuable collaborations across institutions in teaching, research and engagement, as well as excellent benchmarking opportunities and identification of best practice, with positive quality outcomes. We have collaborated with IRU Australia members in areas such as medical education, joint international programs, libraries, academic staff development, statistical data collection and quality assurance.

The strong institutional links we have developed are also crucial for a range of grant schemes.

This was evidenced when the IRU Australia Libraries Group achieved major success under the Systemic Infrastructure Initiative (SII) as partners in the Regional Universities Building Research Infrastructure Collaboratively consortium which was awarded nearly \$3.9 million to develop institutional repositories. This was the second largest of the nine funded SII projects and will develop infrastructure and capability across the universities to maximise access to digital research resources. The group also successfully bid for one of three European Union Centres in Australia through which Murdoch will participate in an extensive schedule of visitors, seminars and conferences the centre has undertaken to organise.

During 2005 the Murdoch University Foundation continued to grow, building an endowment fund and assisting with targeted fundraising campaigns. A record total of almost \$450,000 was received in 2005 with over \$2 million of future income pledged during the year for a variety of projects. Most notable of the Foundation's projects in 2005 was the major fund raising campaign for Theology. As part of our 30th year celebrations the Foundation also embarked on a 30 Scholarships and 30 Prizes Campaign which had secured 35 new prizes and 36 new scholarships by the end of 2005.

The Banksia Association was successfully launched in 2005. The Association will build on the relationship Murdoch has with people previously associated with the University, such as past lay Senate members, honorary degree holders and Emeritus Professors. The Banksia Association will provide a yearly events calendar for members and is a key initiative to better enable the University to maintain contact with this significant group of people.

In early 2005 staff from the School of Nursing, Business School and Teaching and Learning Centre

moved into Murdoch University's third campus situated in Peel at Mandurah. The Federal Minister for Education, Science and Training, the Hon Dr Brendan Nelson, officially opened the Peel Campus at a ceremony on 30th June 2005. Commissioning of the Peel Campus completes the vision of an integrated education precinct including Mandurah Senior College and Challenger TAFE.

The Commonwealth Government provided further infrastructure support for Murdoch focused on development of our regional campuses. A \$2.2 million grant from the Systemic Infrastructure Initiative will allow the laying of an optic fibre cable from Perth to Mandurah along the new rail link. We also received a further \$2.5 million from the Capital Development Pool for the Peel Campus which adds to allocations of \$2.5 million and \$2.0 million received in 2002 and 2003 respectively.

The University's Chiropractic Clinic was formally opened in late 2005. The Clinic is fully equipped with consulting rooms, rehabilitation equipment and WA's first digital X-ray machine for Chiropractic assessment. It will provide comprehensive chiropractic care for the local community while giving students clinical experience in chiropractic evaluations and assessments, treatments and teaching rehabilitation to patients, all under the direct supervision of Government registered chiropractors.

Murdoch University and Curtin University of Technology considered the possibility of merging to become a single institution. A feasibility study conducted during 2005 revealed that a merger could be beneficial but that it would also be a highly complex and expensive process, requiring major reorganisation and restructuring, with no guarantee of success. The process of self examination resulting from the feasibility study has served to give us a greater understanding of

our own institution and provided us with a better grounding going forward.

The Commonwealth Government has tied a component of each university's Commonwealth Grant Scheme funding to compliance with specific protocols. For 2005 a 2.5 per cent increase in funding required compliance with the National Governance Protocols for Higher Education Providers. The Minister approved the funding increase for Murdoch as we had complied with nine of the Protocols and had taken reasonable steps towards complying with the others. In future years, increases of 5.0 per cent in 2006 and 7.5 per cent from 2007 will require compliance with both the National Governance Protocols and the Higher Education Workplace Relations Requirements (HEWRRs). The Requirements affect a range of workplace relations and human resource matters and Murdoch has submitted a portfolio demonstrating our compliance with these measures.

Murdoch also made its presence felt through increased participation on local and national bodies with the potential to influence higher education policy and practice. We continue to have a high participation in national Higher Education and Vice Chancellor's committees. This is critical to ensuring we are able to influence the future direction of higher education and university-linked research in a manner that is advantageous to meeting our strategic goals.

A further high note for the year was the naming of Murdoch's Chancellor, Emeritus Professor Geoffrey Bolton AO CitWA, as WA Australian of the Year 2006. Emeritus Professor Geoffrey Bolton was recognised for his contribution to the community as a professional academic and a communicator of ideas.

Murdoch University had an outstanding year in 2005 - a year in which we built on our strengths to set the foundations for a strong, sustainable future.

highlights

New University campus completes education hub for Mandurah

The launch of Murdoch's new campus in June completed the vision of an integrated education precinct in one of Australia's fastest growing regions. Dr Brendan Nelson, Federal Minister for Education, officially opened Murdoch University's campus in Peel with more than 150 excited staff, students and community members in attendance. The campus is the third arm in an innovative education site, which is home to Mandurah Senior College and Challenger TAFE – offering a wide range of learning opportunities in a shared precinct. The first building of Murdoch's Peel Campus provides a flexible learning space that can be used for face-to-face instruction in variable group sizes, supplemented and supported by information technology infrastructure.

21st Century clinic opens at University

Digital X-rays, a paperless clinic, state-of-the-art equipment and innovative, advanced therapies are just a few of the features of one of the most technologically advanced University Chiropractic clinics in the world – now open at Murdoch University. The Clinic was opened to provide comprehensive chiropractic care including rehabilitation for the local community whilst providing Fifth Year Chiropractic students with an opportunity to gain valuable clinical expertise.

Three Chair appointments in region

Three new Professorial appointments at Murdoch's regional campuses were filled in 2005. These positions are funded by local councils and organisations. The appointments included:

- Professor Barry Down was appointed to The City of Rockingham Chair in Education, funded for three years at the Rockingham campus.
- Professor Anne McMurray was appointed to the Peel Health Campus Chair in Nursing at the Peel Campus.
- Professor Michael Christie was appointed to the City of Mandurah Chair in Entrepreneurship and Business Innovation.

WA Agricultural Research joins forces

The Agriculture Minister, Mr Kim Chance launched the integrated research institute, Agricultural Research Western Australia (ARWA) on 19 August at a ceremony at Club Murdoch. ARWA integrates the agricultural research and research training of Curtin University of Technology, the Department of Agriculture, Murdoch University and The University of Western Australia. The new organisation aims to consolidate research development and teaching in agriculture, food and natural resource management.

Prestigious awards for researchers

Many Murdoch researchers received national and international recognition for their work in 2005. Winners of awards included:

- Professor Andrew Thompson – received the prestigious 2005 World Association for the Advancement of Veterinary Parasitology – Bayer HealthCare Award for Excellence in Research. The Award honours contributions to research that are recognized as outstanding and significant to the advancement of knowledge in veterinary parasitology and/or the control of parasitic diseases.
- Professor Andris Stelbovics - elected as a Fellow of the prestigious American Physical Society (APS) for his contributions to electron-atom collision theory, including co-development of the convergent-close-coupling method.
- Professor Bill Loader - awarded an ARC Professorial Fellowship for five years commencing in 2005.
- Professor Michael Durey – received Fellowship of the Australian Academy of the Humanities.
- Associate Professor Dave Pethick- awarded the Howard M Yelland Prize for Services to the Beef Industry for his work on dark cutting beef, regulation of marbling in beef and his lead role in the award winning Meat Standards Australia Beef Grading scheme. This award is considered the most prestigious Beef Industry prize in Australia.



Blast from the past commemorates University landmark

Staff had the opportunity to walk down memory lane during September, when Murdoch University marked its 30th Anniversary since opening its doors to students. An archival film was shown in the Kim Beazley Lecture Theatre, which commemorated the initial round table planning of what would become Murdoch University. Members of the Murdoch community were then invited to view the historical display on the second floor of the Library, commemorating the life and achievements of Sir Walter Murdoch. This display has become a permanent fixture in the Library, and includes an array of intriguing historical memorabilia.

Banksia Association launched

In late 2005, Murdoch University launched an association that would reconnect the University with a special group of individuals who had made an impact on the University during its 30 year history. A number of key groups including past external members of the University Senate, individuals who had been awarded Honorary Degrees and Emeritus Professors and Associate Professors were invited to join the association.

Dedication and drive of Murdoch student rewarded

First year law, politics and international studies student Alexandra Shaw has been named Western Australia's Young Person of the Year 2005 for her work as a leader in the deaf community. Alexandra is a strong advocate for the deaf community, and she is the first deaf AUSLAN user to complete her Tertiary Entrance Examinations with 96.85 per cent. Her achievements in the field of advocacy for the deaf community include changes to the interpreter system in classrooms and in Centrelink, and captioning on all trains and PA systems in Transperth facilities. Alexandra has also been extremely active in raising awareness about Deaf education, Auslan and Deaf Culture.

Libya-Australia partnership opens doors for Murdoch University researchers

Murdoch joined a new partnership agreement between Woodside Energy (N.A.) Ltd and the Libyan Government, where parties will develop academic and scientific cooperation in health, agriculture, water management and environment. Over the next four years, Woodside, Murdoch University and the Libyan Government will provide 20 scholarships to Libyans for postgraduate research studies at Murdoch University in the prevention and control of infectious diseases and integrated water management and environmental technologies.

New view for veterinary medicine

Murdoch University is now the first veterinary hospital in Western Australia to have its own CT scanner, donated by a regional hospital. With this CT scanner exclusively devoted to veterinary use, ready access to diagnostic imaging will become a more affordable and accessible option for veterinary patients in Western Australia. Until this facility was installed, animals were transferred with a team (including a clinician, anaesthetist, radiographer, radiologist and nursing staff) to a human hospital at night or on the weekends to receive treatment. Over the past few decades, CT technology has become "standard of care" in human medicine, and more recently has grown in popularity in veterinary medicine.

Photo 1:
The official opening of the Peel Campus

Photo 2:
State of the art chiropractic facilities

Photo 3:
The launch of Agricultural Research WA

Photo 4:
Sir Walter Murdoch

Photo 5:
The launch of Murdoch University's Banksia Association

Photo 6:
Law student Alexandra Shaw accepts her award

Photo 7:
Murdoch Veterinary School's CT Scanner



strategy



Pro Vice Chancellor (Strategy)
Professor Gary Martin

To extend knowledge,
stimulate learning
and promote understanding
for the benefit
of the community

Murdoch University Mission



In 2005, the portfolio of the Pro Vice Chancellor (Strategy) had a very exciting year with a number of new initiatives implemented.

Murdoch International

The number of international students commencing a Murdoch University course onshore increased by 8.0 per cent in 2005 and the number of international students commencing the University's Study Abroad program rose by 7.5 per cent.

Although Singapore and Malaysia continued to be the University's major source markets, market entry strategies were implemented in South East Asia and the Middle East to decrease the risks associated with over reliance on a limited number of source countries.

Murdoch International actively promoted international exchange programs to increase the number of Murdoch students undertaking part of their study with one of the University's international partner Universities. This was supported in 2005 through an on-campus International Student Exchange Fair with official visitors attending and participating from Denmark, Finland, UK and USA along with Consulate and student representatives.

Murdoch International undertook the successful implementation of a prospect management system that provides effective inquiry response, detailed reporting and proactive follow up on official offers. This service is provided through Hobsons Australia Pty. Ltd. and is in partnership with 13 Australian Universities, which as a group collaborates on numerous virtual marketing projects.

In recognition of the value of the University's official representatives (Agents), a number of activities were undertaken aimed at improving Agent's knowledge of Murdoch University products and services. A key initiative

was the inaugural International Agents' Familiarisation Week in which key representatives from Singapore, Indonesia, China, Zambia, Malaysia, and Germany visited Murdoch University campus for a full week of familiarisation activities.

Residential Services

Residential Services provides a broadly based accommodation service to the University community.

During 2005 over 750 residents from 30 different countries spent part of their University experience living on campus at the University's Student Village. Demand for places from current residents to live in the Village for 2006 exceeded places available. Applications for accommodation from new prospective residents was steady, with a strong increase in applications from study abroad and exchange students.

The Off Campus Placement Service experienced an increase in demand from new students seeking off campus accommodation, with noticeably more interest from students from Canada, North America and Europe. For the first time accommodation requirements from students attending Peel and Rockingham Campuses was coordinated by the off campus service, with applicants taken to Mandurah to view accommodation and placed in suitable housing.

For Residential Services, 2005 has been a year for consolidation of existing resources to meet the accommodation needs of students and staff.

Office of Educational Partnerships

The Office of Educational Partnerships was established in October 2005 in order to facilitate key business development relationships with local, national and international educational institutions.

New agreements were established with existing partners in Malaysia and Singapore to broaden the range of Murdoch University courses available offshore in these locations. In addition, negotiations were finalised to establish three majors in the Bachelor of Science program in China as well as a Bachelor of Science in Chiropractic in Japan.

The Office established an annual review process for offshore course agreements to monitor contractual compliance as well as to highlight potential improvements to course offerings and agreements. The Office conducted reviews in Singapore, Malaysia and Japan leading to amended agreements.

Onshore partnerships were established with Challenger and Swan TAFE Colleges resulting in the signing of Memoranda of Understanding to support collaboration between the University and these educational institutions. Unit Licence Agreements were also signed with both Challenger and Swan providing the colleges with access to University Intellectual Property for proposed Associate Degree programs which articulate with Murdoch University courses.

Another focus during 2005 was the review of all student exchange agreement documentation. Together with Murdoch International, a database of current exchange partners was established providing information on the status of the agreements. New partnerships were also cemented by the establishment of memorandum of understanding and exchange agreement documentation.

A significant development in 2005 was the finalisation of negotiations to establish a feeder college at Murdoch University. The Murdoch Institute of Technology will commence operation on the South Street Campus in early 2006 and will offer an English for Academic

Purposes course, a Murdoch University Preparation course and Diplomas in Commerce, Science and Information Technology. The Office of Educational Partnerships coordinated the implementation activities of the feeder college in 2005 and will take a key liaison role in 2006.

Prospective Students' and Admissions Centre

Highlights for the recruitment arm of the Prospective Students' and Admissions Centre included conducting over 300 recruitment visits to high schools, colleges and other providers, compared to 227 in 2004. Other highpoints included the coordination of the Murdoch College University Experience Day and the inaugural "Be A Drama Student for a Day" which was attended by five local high schools. A dedicated recruitment caravan also made its first public appearance at the Rockingham Spring Festival in November and will be used for numerous events in the future.

Another highlight was the production of a completely new suite of coordinated publications, at both the undergraduate and postgraduate level, with dedicated flyers for every course offered by the University. Undergraduate flyers were also available electronically through the "choose.murdoch.edu.au" website giving prospective students full access to the University's publicity material.

New pathways were developed for regional students to enter the University with TEE Entry Scholarships being offered to defined cohorts in the South West and Wheatbelt in a number of high profile courses. In addition, Entry Scholarships were offered to Wholly School Assessed Students in high schools in the Peel and Rockingham regions for entry into their respective campuses.

Within admissions, at the beginning of the year the University attracted 17.43 per cent of the first preference pool, and made offers to 3222 students in the first round (up 23 per cent on 2004), subsequently admitting a record number of undergraduate students. An additional 800 were admitted in mid year, another record. Positive results were also obtained on the postgraduate coursework side with admissions being up by approx 18.0 per cent on the number of students commencing in the previous year.

Office of Policy and Planning

In 2005 the Office of Policy and Planning implemented several improvements to the Operating Budget Model including consolidation of administration overheads, reduction of discipline cluster weights in the funding model from ten to five, and improvement in transparency by making policy and decision variables more explicit. The Office successfully managed the changes to student and staff data reporting requirements to the Commonwealth Department of Education, Science and Training (DEST). The Office played a key role in coordinating and developing submissions to DEST for the Capital Development Pool (CDP) Program, Collaboration and Structural Reform (CASR) Program, Institution Assessment Framework Information Collection and the Funding Agreement. The University was successful in attracting \$2 million from the CDP Program allocations for 2007 for Peel Campus development and \$450,000 from the CASR Program to assist with the proposed Curtin-Murdoch merger feasibility study.

A key initiative performed was the development of a model to predict the impact of the Research Quality Framework which will provide a new basis for the allocation of \$1,093 million of research block funding to universities from 2008.

education



Pro Vice Chancellor (Academic)

Professor Jan Thomas

To provide quality contemporary education which empowers the students of today to live and work in the world of tomorrow

Strategic Plan 2003-07 - Goal 1



Gaining a five star rating for good teaching at Murdoch University in the 2005 Good Universities Guide, making 10 times in the last 11 years, has firmly positioned education at Murdoch amongst the best in the country. There has been much activity focused on progressing the University's strategic direction and maintaining our strong reputation in education.

Assessment has been a focus of activity in 2005 after Academic Council introduced a new assessment policy in 2004 and established an Assessment Committee for 2005. Assessment drives the style of curriculum and the way students learn, so a thoughtful examination of assessment practices and strategies has proved a useful additional tool for examining curricula. Various educative sessions and staff development seminars have been conducted along with good practice examples being developed and available.

Following a series of recommendations arising from the external review of equity and enabling courses, the University restructured governance and management of these to include a standing committee of Academic Council concerned with student equity and social justice. This has allowed a greater focus on equity and social justice initiatives within the organisation, providing a greater integration of social justice principles, as espoused in our statement of Graduate Attributes, into the curriculum through the School Development Process. Staff in the area of Student Equity now work to increase employment outcomes for graduates with disabilities. This provides for complete integration of supports for students with disabilities including access, support through their education and finally entry into the workforce.

The beginning of 2005 saw the introduction of an Orientation CD for new students. Starting university can be confusing and overwhelming for students. This CD provides important information for those first few critical weeks in a useful format for students negotiating their way through University. This CD complements ongoing initiatives which ease the transition into university life through a focus on the first year experience.

The learning experience of students studying at distance continued to improve through the ongoing Flexible Learning initiative and through a review of how the University provides timely and appropriate materials and support for these students.

There has been strong growth in the enrolments in units offered by Murdoch through Open Universities Australia. An entire Murdoch course (BA Security Terrorism and Counterterrorism) is now available via OUA along with a collection of units. Modules to assist students in developing effective learning strategies are also available through OUA.

Achieving the status of Elite Athlete Friendly University has meant that those students who are part of a national code or registered with the Australian Institute of Sport as an academically able, elite athlete are able to access additional educational support. This program, introduced in 2005, ensures that the students' tertiary study is not disrupted through unexpected travel or additional pressure created by their sporting commitments.

Through the first half of 2005 the Teaching and Learning Centre trialed online student surveys. Student surveys of units and teaching have been a cornerstone of our Quality Improvement processes for many years, and the move to online reflects the greater use of online learning environments and the need for increased staff and student

convenience. The successful trial led to the full implementation of the system towards the end of Semester 2, 2005.

The students and staff of the School of Nursing moved into the newly built University building on the campus at Peel. This has provided visible evidence of Murdoch in the region. The School of Nursing has been active in growing a suite of courses at postgraduate level and has been very successful in attracting students to the campus.

2005 also saw the commencement of a graduate entry course in Pharmacy, located within the Division of Health Sciences and based at South Street. This joins a growing and successful suite of health related courses such as Nursing and Chiropractic.

The Graduate Attribute Project and School Development Process continue to make an impact across campus. In 2005, the schools of Social Sciences and Humanities and Engineering Science participated in these activities while the Murdoch Business School and the School of Pharmacy have commenced.

The Teaching and Learning Centre (TLC) also plays an integral part in maintaining the high quality of the University's learning environment through initiatives such as staff development opportunities for our teachers. A new initiative, the Academic Work Matters series, has started to address all aspects of work as an academic with topics as diverse as intellectual property and student assessment. This complements the six-month Tertiary Teaching Course (offered twice in 2005), as well as tutor training and other offerings.

There has been a greater focus on improving graduate employment rates. In particular, initiatives such as the Postgraduate Diploma in Professional Experience and other workplace learning opportunities have provided students with direct connections into the workplace.

Focus sessions with employer groups have provided relevant market information to input directly into curriculum design. Collaboration between academic areas, the Graduate and Careers Centre and staff in the TLC has provided integrated strategies aimed at maximising employment through tailored curricular and extracurricular activities.

The University is preparing, through information sessions and the development of support processes, to apply for funded opportunities in Learning and Teaching through the new Carrick Institute, due for commencement in early 2006. This will enable the university to compete for funds aimed at projects that develop and sustain an effective learning environment.

In 2005 the Library Portal was made available to all staff and students. The portal permits users to search across up to 10 online information resources at once, linking seamlessly to full text items. The portal is a good example of collaboration between university libraries, as it is provided through a consortium of 12 institutions running from a central office at La Trobe University. A new library website was also launched, including a section targeting services and resources available to students studying offshore. A satisfaction survey aimed at evaluating library services provided to offshore students was run for the first time in collaboration with a small number of other university libraries. An enhanced library collection budget, together with a relatively strong Australian dollar, enabled the acquisition of a significant number of new books in 2005. Many of these new additions will support courses at the Peel and Rockingham Campuses, and add to growing collections for new courses such as Pharmacy at the Murdoch Campus.

Throughout this year the University has been preparing for the scheduled Audit to be conducted by the Australian Universities Quality Agency. This audit visit is expected in May 2006, and Schools and Offices have used 2005 to examine their current and planned processes, in a way that reflects the University's quality cycle. This will enable the University to plan, act, evaluate and review all activities in an explicit way.

Murdoch's internal review system of schools and units, first initiated in 1994, continues to go from strength to strength. In 2005, the review of the University's Student Services was conducted under this system for the first time. In preparation for the review, students were surveyed about the administrative service provided by Murdoch, and responses were found to be very positive.

Murdoch continues to evolve its educational offerings and style to suit the changing needs of the students, employers and society in general. We continue to evaluate what we offer and the way we offer education so that we can provide a five star experience in a manner that is financially viable and firmly underpinned by our defining themes.

research



Pro Vice Chancellor (Research)

Professor Andris Stelbovics

To contribute to the knowledge, wellbeing and sustainability of society by conducting high quality multidisciplinary research and development

Strategic Plan 2003-07 - Goal 2



Murdoch University continued to maintain its position in 2005 as one of Australia's top performing research universities as evidenced by its increased allocation of government funding for research in a highly competitive environment.

In 2005 Murdoch ranked 12th nationally, normalised for institution size, in research performance as measured by the allocation of the Research Training Scheme (RTS) and Institutional Grants Scheme (IGS) as a proportion of the Commonwealth operating grant. Murdoch's RTS allocation of \$9.11 million represented an increase of 3.4 per cent over 2004 and its IGS allocation of \$5.03 million an increase of 9.8 per cent. Also Murdoch's allocation of research infrastructure block grant (RIBG), which is based on national competitive grant awards, was \$2.85 million; an increase of 18.0 per cent over 2004.

In 2005 Murdoch received two Australian Research Council (ARC) Linkage grants, nine Discovery grants and a Linkage Infrastructure Equipment and Facilities grant to a total amount of \$3.33 million. This is an increase of 2.8 per cent in ARC grants compared to 2004. Murdoch also received a National Health and Medical Research Council (NHMRC) Program Grant, a NHMRC Project Grant and an NHMRC Equipment grant to a total of \$6.06 million. This increases income from NHMRC grants by a factor of eight compared to 2004.

Murdoch's research profile continues to be internationally recognised. Shanghai Jiao Tong University publishes annually a highly respected ranking table of the top 500 world universities. Murdoch University was included in this list for the first time in 2004 and has improved its 2005 ranking as a result of its recent outstanding research performance.

Murdoch has reached its strong research position through a process of continuous adaptation and improvement in research and research training. Murdoch's particular competitive advantages that will ensure it continues to extend and improve on this research and research training performance include: a high percentage of research active staff (96 per cent); a sizeable proportion of staff at academic level A and above with PhDs (60.7 per cent) and a research effort that spans a comprehensive range of fields.

With over 800 research students in 2005, excellence in research training at Murdoch is a priority - supporting diversity, interdisciplinarity and research innovation. The University provides a large number of research scholarships to ensure quality and timely research.

In 2005, Murdoch maintained six Areas of Research Strength:

- Agricultural and Veterinary Biotechnology and Bioinformatics
- Contemporary Asia
- Hydrometallurgy
- Social Change and Social Equity
- Technologies and Policies for Sustainable Development
- Terrestrial and Aquatic Ecosystem Management and Restoration

and two Areas of Emerging Research Strength:

- Interactive Television Institute
- Learning, Leadership and Policy

Research Quality Framework

The aim of the Research Quality Framework (RQF) initiative is improved assessment of the quality and impact of publicly funded research. Subsequently the intention is to use these measures to develop a new research block fund to replace the existing IGS and RTS schemes. The new measures will be developed in consultation with the universities. A recommendation will be made to the Minister by the end of December 2005. In early 2006 working groups will provide implementation strategies and funding formulae for distribution of RQF funds. It is anticipated that a national RQF scheme will be adopted in 2007 and RQF funding will flow in 2008.

Agricultural Research WA (ARWA)

On Friday 19 August 2005 the Agriculture Minister Kim Chance launched the Integrated Agricultural Research Institute (now Agricultural Research WA) to ensure Western Australian agricultural research and development provides leading edge technology for the industry and the environment. The State Government committed \$28 million in the 2005-06 Budget to develop the first phase of ARWA's facilities. The formation of ARWA will lead to the largest Integrated Agricultural Research Facility in the Southern hemisphere and one of the five largest centres of its type in the world.

Collaborative Research and Development

Murdoch's long-standing and successful linkages with the public and private sectors have facilitated significant levels of business investment in research and development and the successful transfer of technology from Murdoch to industry.

Murdoch's linkages in industry focused research and development were strengthened in 2005 through the establishment of five new Cooperative Research Centres (CRCs) (including three developing from existing CRCs and further supplementary funding for an additional two).

In addition, Murdoch has established two State Centres of Excellence: the Centre for Clinical Immunology and Biomedical Statistics, funded for \$2.3 million, and the Centre for Comparative Genomics, funded for \$1.46 million; and one Centre through the prestigious ARC Centre of Excellence Programme, the ARC Centre of Excellence in Antimatter-Matter Studies in collaboration with the Australian National University for which Murdoch will receive \$1.44 million.

Commercialisation

The University has three operational arms involved in technology transfer – the Industry Liaison Office (ILO), MurdochLINK Pty Ltd and the Murdoch Westscheme Enterprise Partnership (MWEP). ILO is responsible for managing and protecting the University's intellectual property and fostering commercial awareness amongst researchers.

2005 built on the inaugural year success of MWEP with more mature and diverse projects being screened and proposed for investment and a more active engagement with private / government stakeholders. Noteworthy accomplishments include:

- four well established projects, three approaching the business development stage and over 12 projects in the pipeline;
- two highly competitive Science and Innovation Studentship Awards,
- the business community acceptance of MWEP as a partner with a credibility plus rating (was approached by a third party to contribute \$2.4 million to a joint bio-medical project),
- the Silobusters program ready to start early in 2006.

The University's commercial consulting company, MurdochLINK Pty Ltd, was set up to manage Murdoch's commercial consulting activities. The company endeavours to increase the income from consulting operations through the active promotion of Murdoch staff, expertise and facilities. MurdochLINK was established as a wholly owned subsidiary of Murdoch University and has met or exceeded all key performance indicators, including top line revenues of over \$1 million and continues to operate with a profit margin. This is a significant achievement in its early years of operation. MurdochLINK is positioned to continue the leveraging of University expertise in the future with a strategic focus on developing Murdoch's profile and opportunities in the International Development Market.

regional engagement



Pro Vice Chancellor (Regional Development)

Professor Kateryna Longley

To engage with communities in the Rockingham-Kwinana and Peel Region and the sphere of influence of our campuses to build productive partnerships in order to expand community participation in lifelong learning, support the sustainable development of the region through relevant social and scientific research, and enrich the cultural life of the community

Strategic Plan 2003-07 - Goal 3



2005 was a very eventful and significant year for Murdoch University's engagement with the rapidly expanding communities of its South West region, which are the main focus of our Regional Engagement goal.

The highlight of the year was the official opening of Murdoch University's new Peel campus in Mandurah on 30th June by the federal Minister for Education, the Hon Dr. Brendan Nelson. This event marked the culmination of three years of intensive planning, in consultation with the community, with the aim of providing a university campus that would serve the needs of the region and provide courses relevant to the local economy.

Construction of our first building on the Peel campus was completed in time to accommodate the new DEST growth places that Murdoch received in late 2004, mainly for students in Nursing and Business programs. 186 students were enrolled at the campus during 2005 and this number is estimated to grow to 350 in 2008. Stage 1 of the building program was supported by a \$2.5 million grant from the DEST federal government Capital Development Pool (CDP) and a \$1 million interest free loan from the City of Mandurah. An additional sum of \$4 million has been approved from the CDP for Stage 2 and an application for further funding has been submitted. The campus will have the capacity to accommodate up to 500 students when Stage 2 is completed in the latter half of 2007.

The new southern suburbs railway and freeway extension will soon draw Murdoch University's three campuses more closely together through direct transport links and reduced travel time, thus making it even easier for South West communities to access higher education.

To take advantage of the collaborative opportunities presented by being part of the multi-sector educational site at Peel, a Board of Management was established in 2001 to oversee the development of the Peel Education and TAFE campus. During 2005 a Memorandum of Understanding was developed to formalise a Vision and innovative governance structure to guide academic interaction and sharing of facilities and services between the Mandurah Senior College, Challenger TAFE and Murdoch University.

The strong support of the Senior College and TAFE has greatly assisted Murdoch during this intensive initial stage of getting the campus ready for its first major intake of students. In particular, the temporary use of TAFE and Senior College classrooms and the sharing of crucial facilities such as library and canteen, were critical to Murdoch's successful start in Peel. Similarly the local hospital, the Peel Health Campus, has given the new Murdoch Nursing program a head start by allowing students to use their demonstration ward.

A significant increase in student first preferences for the Peel campus this year has been particularly pleasing in the context of a national downturn in demand for university places.

In its continuing effort to increase university participation rates in the region, Murdoch launched a suite of 'Careers Combo' courses with Challenger TAFE that were designed together to allow students to complete some Murdoch University units within a TAFE certificate on the Peel and Rockingham regional campuses. These already popular 'Combos' provide a recognised one-year qualification for work in high demand fields that include nursing and teacher assistance. On completion, students are also guaranteed direct entry into the relevant course at Murdoch University. This innovative cross-

sectoral approach is attracting interest nationally. It is a measure of the program's success that the top student in the combined Nursing class in first semester 2005 was a 'Combo' student.

Other enabling programs continue to attract to the regional campuses local people who would not otherwise have considered going to university. These programs include the very successful UniFocus, a 10-week intensive University preparation course, designed for people who have been unemployed for a long period. UniFocus has had more than 200 graduates over the past four years. In 2005 the Kulbari Centre, which is Murdoch's Indigenous student support centre, established an office at the Rockingham Campus.

At the Rockingham campus, the Primary Teacher Education course has been growing in popularity with first preferences increasing by 15 per cent since 2004. Teacher Education has now established itself as the largest and most successful course at the Rockingham campus.

Since early 2005 the Kwinana Industries and Education Partnership (KIEP) has also been based at the Rockingham campus. Murdoch is a partner in this unique educational collaboration that is supported by the Kwinana Industries Council and by 12 member senior high schools in the region. Now 10 years old, this partnership has been successful in attracting substantial industry and government funding for its innovative educational initiatives, including the Real World Science Project, which adapts the science curriculum so that students can connect with practical issues that they can experience on site in the local industries. The aim is to stimulate student interest in science and technology as areas of study and potential careers in the context of the current national shortage of scientists and science teachers.

A major boost was provided for the regional campuses with the appointment in the second semester of 2005 of three professors. These regional Chairs were established, with funding support for a period of 3 years each, from local government and industry, to directly address key issues in the region through their research as well as providing leadership for academic programs.

The Peel Health Campus Chair in Nursing, Professor Anne McMurray, and the City of Mandurah Chair in Entrepreneurship and Business Innovation, Professor Michael Christie, are establishing themselves in the region and will provide a focal point and catalyst for relevant research and other activities in their respective fields for the benefit of the community. This process is already well underway. Similarly the City of Rockingham Chair in Education has begun a program of research on local educational issues and has been instrumental in attracting \$300,000 in Australian Research Council Linkage funding to investigate ways of improving retention rates in local secondary schools.

We are proud of the support Murdoch has attracted from its regional partners for the three regional Chairs and look forward to the cascading positive effects for the community of these new key leadership positions.

During 2005, with the support of funding from the Peel Development Commission, the Murdoch Westscheme Enterprise Partnership established a branch office on the Peel campus with a view to stimulating and supporting innovation in the region by providing a local source of expert advice and seed funding.

2005 was a particularly good year for the establishment of new scholarships and prizes for the regional campuses. Through the

generosity of the local community, including the City of Rockingham, the City of Mandurah, the South Coast Regional Chambers of Commerce, the Town of Kwinana, Alcoa World Alumina, and many individual businesses and citizens, a variety of new scholarships and prizes have been established, many of them with an equity dimension.

In a new regional initiative to attract local students to university more than 600 'entry scholarships' were offered, on the basis of the Principal's recommendation, to the most capable students in the final year of the non-TEE stream of secondary schools throughout the region. These scholarships recognise that many talented students are shut out from University study simply because of the study path they chose in year 10.

Researchers continue to be active in the region. Murdoch is a partner in designing and developing a range of major projects with industry, community, local government and state government that relate to education, community health, history and heritage, tourism and the sustainability of waterways. In addition, Murdoch contributes to the region's strategic planning and development through key regional forums and committees including the Peel Development Commission, the Peel Area Consultative Committee and the Peel 2020 Sustainability Strategy.

As part of its commitment to engagement Murdoch University has contributed to four major conferences on engagement, three national and one international, and become a foundation member of the Australian Universities Community Engaged Alliance.

resource management



Pro Vice Chancellor (Corporate)

Mr Ian Callahan

To achieve Murdoch University's strategic objectives by providing effective leadership and applying our human, financial and physical resources in a planned and accountable fashion

Strategic Plan 2003-07 - Goal 4



Commercial Services

The University has completed a master planning process for its South Street Campus in consultation with the community and all major stakeholders. A broadly accepted plan has now been published and is proceeding through formal regulatory approval processes. The approval process also includes considering how the University Master Plan interacts with the broader local precinct issues which include the development of the Murdoch Railway Station, associated transport oriented developments (TODs) surrounding the railway station and the new Fiona Stanley Tertiary Hospital which is due to begin construction by 2007. As well as considering the core University activities, the Master Plan also includes designated bush and wetland areas to be preserved for the future and areas for the University to undertake future commercial development.

The University is striving to develop a level of commercial income to supplement more traditional funding sources. This income will be used to reinvest in University facilities and services for the future. The University has been developing the St Ives Retirement Village on campus for several years as part of this goal. This year a significant new milestone was achieved with the completion of construction of a new office complex (to house a divisional head office of a major Western Australian corporation) on the eastern side of the campus. This building opened in November 2005. The Master Plan has set

aside an area designated for future commercial development along the eastern boundary of the University. A variety of alternative proposals are being considered for future use of this area. These proposals include a variety of activities which interface with the neighbouring hospitals and other health care activities.

A new Chiropractic Clinic was also commissioned during the year and is hailed as being a world leading facility. The Chiropractic Clinic is open to the general public and clientele is building steadily.

Construction of Stage 1 of the new Peel Campus was completed in January 2005 in time for the 2005 academic year. Stage 2 of the Peel Campus is in the planning phase and construction will commence in 2006. The facilities have been constructed with the support of a Commonwealth Development Pool grant of \$2.5 million in 2005.

The Campus is located with TAFE and a senior college. Sharing of facilities and support services on the Peel Campus between the co-located University, TAFE and Senior College is an important part of providing appropriate and cost effective service delivery on the campus. The Peel Health Campus has furthered this co-operative approach to the broader community with the University teaching some of its practical nursing requirements using facilities at the local hospital located within the Peel Health Campus.

The development of the new Perth to Mandurah rail line runs past the South Street, Rockingham and Peel campuses. This project is due for completion in 2007 and is likely to be a significant benefit to staff, students and the general community which uses, or commutes between, the respective University campuses.

Human Resources

The Federal Government announced Higher Education Workplace Reform Requirements (HEWRRs) on 29 April 2005 which linked a percentage of the Universities 2006 DEST funding to achieving compliance with the reform requirements by 30 November 2005. Murdoch University was a category two University which meant that our Enterprise Agreements (EA) were still in place and therefore many of the major reforms still required would need to be implemented after the EA expired in June 2006. Consequently, the Human Resources team focused on achieving HEWRRs compliance in direct employee consultation, flexible management practices, policies and procedures that were not enshrined in the EA.

The majority of the Federal Government's reform agenda will impact in 2006 when Murdoch University will seek a compliant EA by 30 August 2006 complete with revised workplace practices and policies associated with the Agreements.

A major improvement area for the University was in injury management and occupational safety and health (OSH). In 2004 days lost to injury were 211 with an average time per injury of 26 days however in 2005 days lost to injury were 49.5 with an average time per injury of 3.8. These considerable improvements have been attributed to proactive injury management programs in the workplace and heightened awareness through revitalized induction and OSH training for management and staff.

Information Technology

Murdoch's Information Technology systems have continued to be progressively improved during the year to make them more robust. Further initiatives include upgrading file storage and power management capabilities. In addition the University has installed new equipment and processes to assist in the ongoing management of the correct and appropriate usage of the University systems.

During 2005 a process to consolidate and streamline the University's IT resources and skill base was undertaken. Activities included establishment of a centralised help desk and service facility and the establishment of processes to streamline the diversity of the University's computer fleet to improve efficiencies and purchasing power. These activities have now integrated into the day to day operations of the University and continue to evolve in response to customer demand.

Changes to university funding models under the Federal Government's "Backing Australia's Future" initiatives has resulted in many changes to information collection and reporting requirements within the University's Student Management Systems. These changes have been of such magnitude that major alterations to the structure and functionality of the Student Management Systems have been required. Murdoch has worked collaboratively with ten other universities to scope and fund the required developments to meet the Federal Government's timetable. This process has seen several major upgrades to Students Systems during the year and this is likely to continue into 2006. The changes were also linked to timetable milestones and future funding commitments by the Government. The University has met its timetable milestones as required.

The University has also upgraded its timetabling and room management software. In conjunction with other changes to timetabling parameters, the University is seeking to increase the effective utilisation of its existing facilities. To further enhance these initiatives some alteration to existing facilities has been occurring to improve flexibility of these teaching areas.

The University has received Federal Government support to install optic fibre from its South Street Campus in Murdoch to its regional campuses in Rockingham and Peel. This cable will be installed in the new Perth to Mandurah rail reserve and installation will occur parallel to the development of the new train route. This will significantly add to the efficiency and effectiveness of communications between campuses and access to library resources, plus provide the University with commercial opportunities to leverage off the fibre infrastructure being installed.

Corporate Communications

During late 2005 the Corporate Communications group was incorporated into the Corporate Services team. This should provide opportunities for the University to strengthen services provided by this group and build on synergies that exist within the broader Corporate Services team.

legal & governance



General Counsel and
University Secretary

Mr John Pease



Since its establishment in 2004, the Office of Legal and Governance has consolidated its position as a provider of key support services across the whole of the University.

The size of the office has grown to 16 staff who have different speciality areas, providing advice and support to the University's Senate, Academic Council, Senior Executive, general and academic staff in relation to the following areas:

- Internal Audit and Risk Management
- Legal Services
- Records Management and Archiving
- University Secretariat (including University Company Secretariat)

Internal Audit & Risk Management

The Internal Audit team undertook the tasks contained in the Annual Audit Plan endorsed by the Senate's Audit and Risk Management Committee. This plan was produced on a risk basis to ensure audit resources were directed to those areas where the potential risks were greatest. This approach is aimed at maximising the benefits of the internal audit coverage to the University.

These tasks covered compliance, efficiency and effectiveness issues across a variety of areas. The reviews identified a number of opportunities for improvement that will allow the University to better manage its risk exposures and thus be better placed to achieve its strategic and operational objectives. Of note, reviews were conducted in the areas of plagiarism, academic workload processes and unit enrolments.

The Internal Audit team also conducted a number of management requested tasks, including membership of the Quality Audit Committee.

During 2005, the University appointed two additional external members to its Audit and Risk Management Committee to broaden the perspective and expertise of committee members to various audit and risk management matters.

The following risk management projects were undertaken in 2005:

- a review of the 2004 strategic risk management plan;
- reviews of the 2004 operational risk management plans;
- a review of the University's compliance with National Governance Protocol 11; and
- the running of risk management education sessions for staff.

Risk management plans have been produced for use in the following areas:

- Research centres;
- Capital works projects;
- Offshore academic programs; and
- the Chiropractic Clinic.

Risk management advice has been provided in respect of the following:

- Avian bird flu;
- Biological risks;
- Work placements for mental health postgraduate students in the Nursing School; and
- changes to a University trust.

Legal Services

The year has seen an increasing reliance on the advice and input of the Legal Services team, resulting in the appointment of a fourth team member in order to cope with demand.

The team has played a significant role in providing legal and strategic advice in relation to key projects and initiatives during the year and in reviewing significant contracts relating to research grants and commercial transactions, amongst other things. The team also implemented an electronic matter management system, including an electronic, searchable contracts database. All new contracts signed are automatically entered in the database and work is underway to capture previously signed contracts.

Records Management & Archives

Records Management & Archives has worked steadily towards meeting the requirements of the **State Records Act 2000 (WA)**. Of particular note is the development of a policy for University records created by e-mail, a counter disaster and recovery plan, review of the recordkeeping requirements for offshore courses, and significant progress towards review of the University's Retention & Disposal schedules.

As part of its ongoing commitment towards information management, the team has established web-based, searchable databases for the Senate's Resources Committee minutes and the Research & Development Board minutes. Significant progress has also been made towards developing a web page for important historical information about the University, including an honour roll of all persons who have served on the University's Senate, transcripts of various lecture series including the annual Sir Walter Murdoch Lecture, honorary degree recipients and winners of awards of special note.

The following information details the University's compliance with the requirements of the State Records Commission Standard 2, Principle 6 (Compliance):

- The University's recordkeeping systems were evaluated in 2003/04 as part of the preparatory work required for the Recordkeeping Plan. The next evaluation is scheduled for 2008. (Compliance requirement 1)
- Negotiations for the delivery of an online recordkeeping awareness training course are being concluded for implementation in early 2006. (Compliance requirement 2)
- A review of the University's recordkeeping training program was undertaken in 2005 and thereafter will be reviewed annually. (Compliance requirement 3)
- From 2006 the University's induction program will include mandatory completion of the online recordkeeping awareness training course. (Compliance requirement 4)

Secretariat

The Secretariat continues to service the requirements of the University's Senate, Academic Council and each of their various standing committees and working parties. It also provides invaluable governance advice to the Chancellor and other members of the Senate and Executive.

The University Company Secretary services the Senate's Resources Committee, together with the various corporate entities in which the University has a shareholding.

2005 has again been a challenging one for the Secretariat team, in particular with the need to ensure compliance with the National Governance Principles, including legislation to amend the **Murdoch University Act** that had to be passed prior to 31 August.

The Secretariat team has also had an increase in the number of committees which require servicing, including the Student Appeals (on a whole of University approach), Assessment, Flexible Learning Implementation II and Student Equity & Social Justice Committees.

The commitment and focus of the four components of the Office of Legal & Governance puts the University in a strong position to ensure that it appropriately manages its governance, risk, legal, planning, records management and policy issues.

foundation



Chief Executive Officer
Murdoch University Foundation

Director of Development

Ms Vicky Dodds

Murdoch University Foundation
*Inspiring Achievement
and Changing Lives*
How you can make a difference



Murdoch University has a 30 year history of success in working with community minded individuals, businesses, government and community organisations to benefit the community through research, education and community projects.

The aim of the Foundation is to support specific programs and projects and develop an endowment by seeking donations from the public and corporate sector and, in the future, by generating profits from appropriate investment activities.

The Foundation is an Australian Taxation Office endorsed Deductible Gift Recipient so that gifts to the Foundation are tax deductible. The Foundation is governed by a Board of Trustees, chaired by the Vice Chancellor Professor John Yovich, which also includes three key external members, Ms Karen Brown, Mr Terry Budge and Mr Richard Alder, all of whom give their time on a voluntary basis.

The Foundation is administered by the Office of Development which supports the work of the Foundation so that all contributions to the Foundation go directly to the nominated program or project and there are no deductions for salary, promotional or administrative costs.

Achievements in 2005

In 2005 the Foundation attracted some significant donations, sponsorships and pledges for a range of projects and programs.

30 Prizes and 30 Scholarships Campaign

As part of the University's 30th Anniversary celebrations, the Murdoch University Foundation set the target of securing 30 new prizes and 30 new scholarships for Murdoch University students. This target was surpassed with great support from Murdoch University Alumni, families of current students, Murdoch University

Student Guild and community minded individuals and businesses. The campaign secured 36 new prizes and 35 new scholarships worth more than \$130,000.

Many of the new prizes and scholarships have been named in honour of their donors or in memory of someone close to the donor. Prizes and Scholarships are awarded at Divisional and Regional ceremonies each year which gives the donors the opportunity to meet the students and hear how their award has made a difference.

The Foundation will continue this program in 2006. New prizes can be established with a commitment of at least \$150 a year for 5 years or through the provision of as little as \$4,000 to endow a prize in perpetuity. New scholarships can be established with a contribution of at least \$1,000 which can be for one year or each year for a number of years.

Murdoch University International Theologian Appeal

During 2005, the Murdoch University Foundation worked with the Office of Development and the School of Theology to launch and run a fundraising appeal with a target of \$1 million. This appeal seeks to establish an endowment fund which will fund an international visiting theologian to come to Perth to engage with the University and the wider community on issues of wide public interest.

The appeal has the support of high profile patrons, the three major churches and some outstanding volunteer committee members and donors. The appeal will close in March 2006 and by the end of 2005 the appeal had already secured pledges totalling \$600,000.

Three New Externally Funded Chairs

Funding for three new Professorial Positions worth almost \$1 million over three years was secured in 2005.

The City of Rockingham Professor of Education has been sponsored by the City of Rockingham as part of its commitment to education in the region and is based at the Rockingham Campus.

The Peel Health Campus Professor of Nursing is the result of a very positive partnership with the Peel Health Campus, a combined public and private hospital, operated by Health Solutions (WA) Pty Ltd which has sponsored the position and continues to support the training of Nursing students.

The City of Mandurah Professor of Entrepreneurship and Business Innovation is sponsored by the City of Mandurah which is working with the University to help the growth of successful businesses in the Peel region.

Corporate partnerships such as these are recognition of the University's commitment to working with businesses for the benefit of their communities.

Bequests – The Will to Make a Difference

During 2005, the Murdoch University Foundation assisted a growing number of people who expressed an interest in leaving a gift to the University in their wills. Gifts of this nature are welcomed by the Foundation as they provide an opportunity for people to make a gift of a size that they may not be able to make at the time.

People from all walks of life leave gifts both large and small to the University, recognising the role it plays in assisting the community through education, research and community development.

The Foundation is grateful for gifts of any size and is happy to assist people to identify an area or project that they might like to designate in their will to receive their gift.

Gifts to the University through the Foundation can take many forms including cash or securities, real estate, life insurance policies, life income plans, annuities or trusts, cultural property such as books, manuscripts and works of art.

Donors can designate the purpose of their bequest or make a bequest without a designated purpose to assist with the University's priorities at the time.

Options for Support

Individuals and businesses can choose to make a gift to the Murdoch University Foundation for a specific purpose or allow the University to determine its area of greatest need when it receives the gift. This allows the University to consider the needs of the students, staff and community in determining how best to use the gift.

The University also welcomes contributions or bequests to support:

- student prizes and scholarships
- cutting edge research
- endowment of lectureships or professorial positions
- equipment for laboratories
- library collections and resources including special access materials
- regional development of the University's campuses in Peel and Rockingham
- new buildings and facilities
- the University's art collection
- the work of the University's Vet Trust

Corporate Partnerships and Sponsorships

Sponsorship of the University helps to ensure the development of talented and innovative graduates who will be of value to their future employers and helps to brand sponsoring businesses as employers of choice for the future.

All sponsorships at Murdoch are negotiated with a sincere commitment to benefit the sponsor and the community while providing support for the specific project being sponsored. Sponsorship benefits can include naming rights, access to University facilities and staff, logo acknowledgment, research support, sales and promotional opportunities and many others. Benefit packages are tailored to meet the marketing, corporate and strategic objectives of the sponsor.

Gifts In-kind

Gifts to the Murdoch University Foundation can also be in the form of property, shares, artwork, securities, equipment or other assets. These are of great value to the University and can make a real difference to the benefits that the University offers to students and the community. In-kind gifts may still be tax deductible as donations to the Murdoch University Foundation, however, gifts of these types may be subject to different ATO tax rulings and each gift is considered with this in mind.

Gifts That Make a Difference

To learn more about current University projects or to discuss how you might like to benefit the community and support the mission of the University, please contact Ms Vicky Dodds, Chief Executive Officer of the Murdoch University Foundation for more information on 9360 2894 or visit our website at www.foundation.murdoch.edu.au.

characteristics of the student population

Summary Statistics

Student Enrolments

Level	2001	2002	2003	2004	2005
Higher Degree Research	710	730	777	825	835
Higher Degree Coursework	1,049	777	568	528	583
Other Postgraduate	754	926	1,007	921	855
Undergraduate	9,967	10,423	10,563	10,583	11,153
Non-Award	131	162	123	77	77
Total	12,611	13,018	13,038	12,934	13,503

Broad Field of Study	2001	2002	2003	2004	2005
Agriculture, Environmental and Related Studies	557	520	542	461	474
Creative Arts	1,017	1,100	1,090	1,106	1,035
Education	1,338	1,625	1,842	1,871	1,817
Engineering and Related Technologies	182	202	232	246	274
Health	442	532	638	828	1,104
Information Technology	880	1,059	1,007	842	728
Management and Commerce	2,820	2,457	2,103	2,098	2,280
Natural and Physical Sciences	1,382	1,407	1,440	1,456	1,634
Non-Award	131	159	123	77	77
Society and Culture	3,862	3,957	4,021	3,949	4,080
Total	12,611	13,018	13,038	12,934	13,503

Student Load (EFTSL)

Level	2001	2002	2003	2004	2005
Higher Degree Research	502	512	562	573	585
Higher Degree Coursework	942	492	319	288	288
Other Postgraduate	340	417	477	425	420
Undergraduate	7,189	7,555	7,772	7,748	8,110
Non-Award	33	36	30	21	21
Total	9,007	9,013	9,159	9,055	9,424

Broad Field of Study	2001	2002	2003	2004	2005
Agriculture, Environmental and Related Studies	355	356	357	294	285
Creative Arts	789	849	860	846	790
Education	799	992	1,153	1,214	1,227
Engineering and Related Technologies	127	139	167	188	205
Health	372	446	540	662	879
Information Technology	648	765	717	581	482
Management and Commerce	2,312	1,764	1,550	1,519	1,661
Natural and Physical Sciences	997	1,020	1,049	1,041	1,150
Non-Award	33	35	30	21	21
Society and Culture	2,575	2,646	2,738	2,689	2,724
Total	9,007	9,012	9,159	9,055	9,424

Completions

Level	2000	2001	2002	2003	2004
Higher Degree Research	62	88	94	97	107
Higher Degree Coursework	380	528	338	252	182
Other Postgraduate	260	296	372	404	381
Undergraduate	2,184	2,311	2,380	2,303	2,276
Total	2,886	3,223	3,184	3,056	2,946

Broad Field of Study	2000	2001	2002	2003	2004
Agriculture, Environmental and Related Studies	122	188	154	156	165
Creative Arts	234	282	359	295	304
Education	279	255	333	396	368
Engineering and Related Technologies	24	32	45	19	25
Health	74	85	82	79	123
Information Technology	156	200	234	258	216
Management and Commerce	887	1,007	831	706	540
Natural and Physical Sciences	321	344	337	372	377
Society and Culture	789	830	809	775	828
Total	2,886	3,223	3,184	3,056	2,946

Staff - Full Time Equivalence (FTE)

Staff Function	2001	2002	2003	2004	2005
Teaching Only	125	120	126	108	116
Research Only	52	62	64	61	64
Teaching & Research	348	357	363	357	361
Other	28	34	24	27	19
Non-Academic	744	777	778	795	824
Total	1,297	1,350	1,354	1,348	1,383

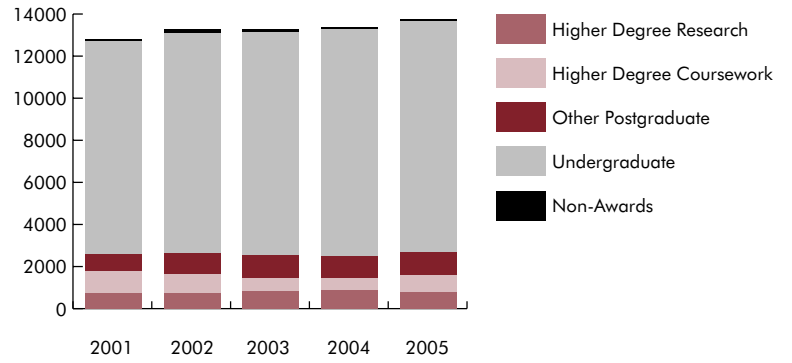
Student Load (EFTSL) per Teaching Staff FTE

	2001	2002	2003	2004	2005
Load/FTE Ratios*	17.2	17.9	18.1	18.5	18.7

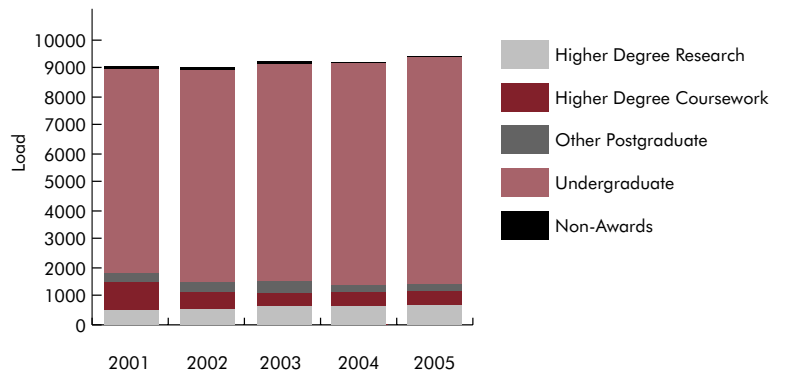
*Excludes offshore student load

Offshore student load to be deducted from load/fte ratio	852	463	302	438	507
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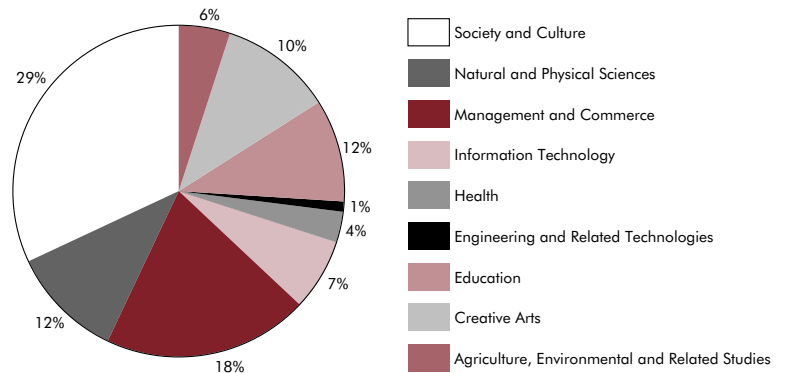
Enrolment by Year and Level



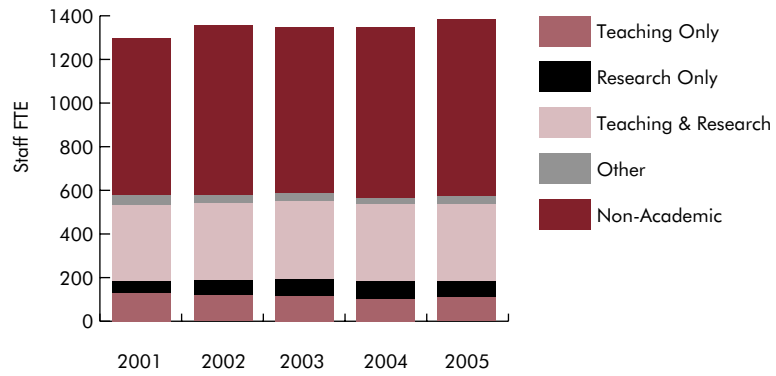
Load (EFTSL) by Year and Level



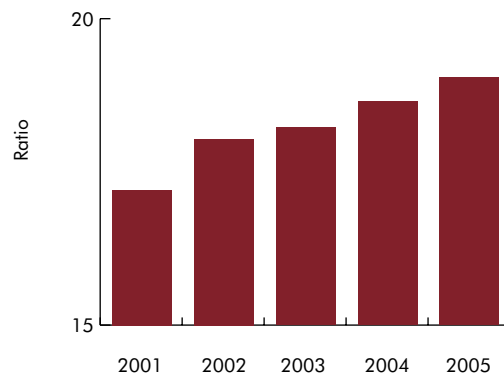
Completions by broad field of Education - 2003



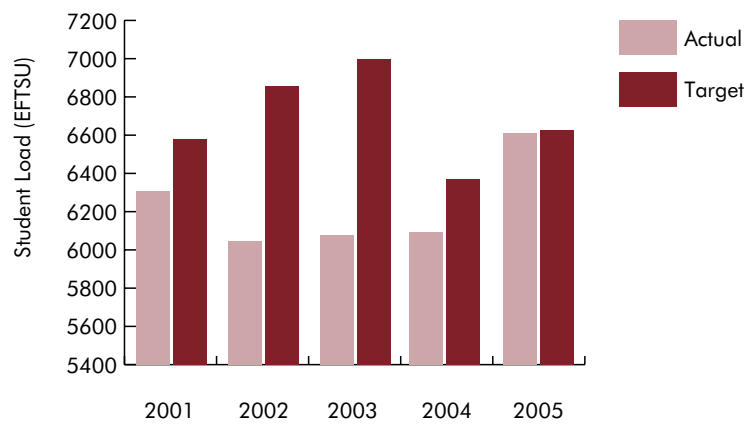
Staff FTE by Function and Year



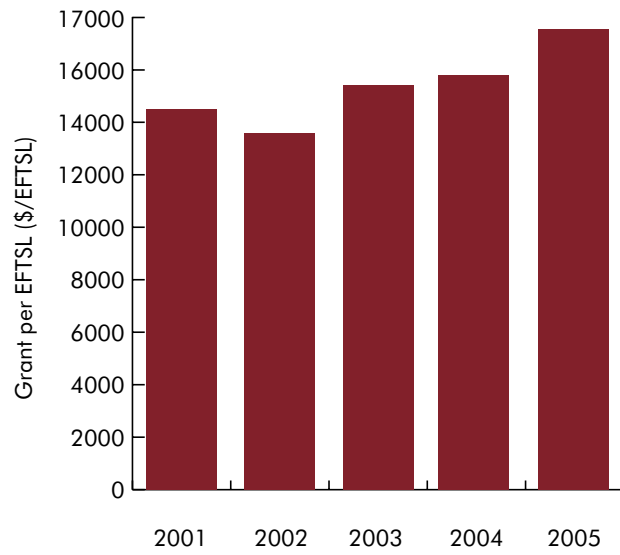
Student Load (EFTSL) Per Teaching Staff FTE



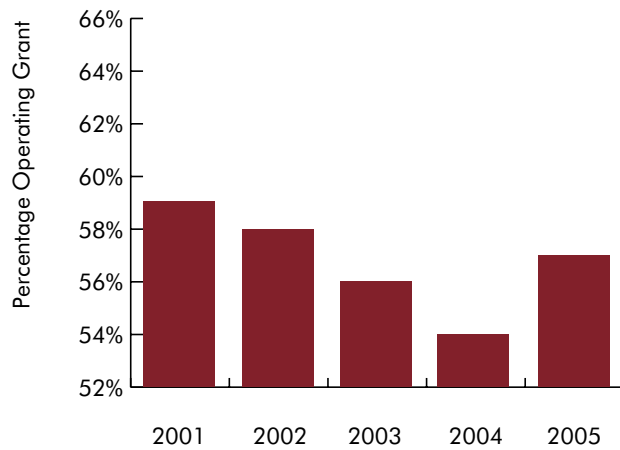
Target and Actual Operating Grant Load



Operating Grant per Operating Load



Percentage Operating Grant of Total Income



Equity Student Statistics

Broad Field of Study	2001	2002	2003	2004	2005
Aboriginal & Torres Strait Islanders					
Agriculture, Environmental and Related Studies	3	3	2	3	4
Creative Arts	8	7	12	16	9
Education	21	29	33	28	29
Engineering and Related Technologies		1	2	1	1
Health	12	9	7	7	7
Information Technology	3	6	6	5	6
Management and Commerce	4	2	2	3	6
Natural and Physical Sciences	12	9	10	6	8
Society and Culture	119	132	97	82	99
Non-Award				1	
Total	182	198	171	152	169

Female

Agriculture, Environmental and Related Studies	295	265	270	246	256
Creative Arts	666	707	705	698	648
Education	1,066	1,281	1,458	1,427	1,384
Engineering and Related Technologies	32	39	38	48	46
Health	320	379	460	577	739
Information Technology	188	203	204	140	117
Management and Commerce	1,446	1,277	1,112	1,096	1,218
Natural and Physical Sciences	741	756	774	802	906
Non-Award	74	104	70	38	39
Society and Culture	2,580	2,613	2,651	2,604	2,650
Total	7,408	7,624	7,742	7,676	8,003

Rural

Agriculture, Environmental and Related Studies	52	48	50	44	59
Creative Arts	29	31	40	42	41
Education	138	172	186	191	211
Engineering and Related Technologies	17	16	16	21	24
Health	51	49	53	78	115
Information Technology	35	46	41	37	31
Management and Commerce	88	90	87	91	104
Natural and Physical Sciences	107	80	94	107	119
Non-Award	7	35	26	13	1
Society and Culture	195	226	223	247	239
Total	719	793	816	871	944

Isolated

Agriculture, Environmental and Related Studies	44	28	39	30	26
Creative Arts	20	20	23	19	19
Education	149	189	194	190	158
Engineering and Related Technologies	12	8	13	17	13
Health	15	16	19	18	23
Information Technology	26	24	27	27	23
Management and Commerce	28	18	32	39	49
Natural and Physical Sciences	52	47	57	54	63
Non-Award	1	3	2	1	1
Society and Culture	105	94	93	111	116
Total	452	447	499	506	491

Low Socio-Economic Status

Agriculture, Environmental and Related Studies	122	125	133	119	119
Creative Arts	148	166	160	151	155
Education	445	527	578	583	586
Engineering and Related Technologies	53	61	83	81	83
Health	83	85	91	110	174
Information Technology	187	224	206	195	165
Management and Commerce	376	335	320	309	357
Natural and Physical Sciences	272	277	281	291	341
Non-Award	26	50	42	17	7
Society and Culture	830	861	869	871	877
Total	2,542	2,711	2,763	2,727	2,864

Non-English Speaking Background

Agriculture, Environmental and Related Studies	8	9	11	10	8
Creative Arts	12	9	9	6	4
Education	8	11	17	15	16
Engineering and Related Technologies	9	11	12	9	7
Health	5	5	6	11	14
Information Technology	27	43	27	19	23
Management and Commerce	49	46	56	41	42
Natural and Physical Sciences	21	21	26	28	36
Non-Award	1	2	5	6	3
Society and Culture	40	49	54	53	69
Total	180	206	223	198	222

People with a Disability

Agriculture, Environmental and Related Studies	13	11	17	19	18
Creative Arts	39	45	56	61	49
Education	56	69	90	104	91
Engineering and Related Technologies	5	7	13	10	11
Health	4	8	10	16	25
Information Technology	36	41	41	37	28
Management and Commerce	63	63	59	51	57
Natural and Physical Sciences	60	63	66	72	63
Non-Award	4	1	3	1	1
Society and Culture	280	288	318	324	302
Total	560	596	673	695	645

Summary (Percent of Population)

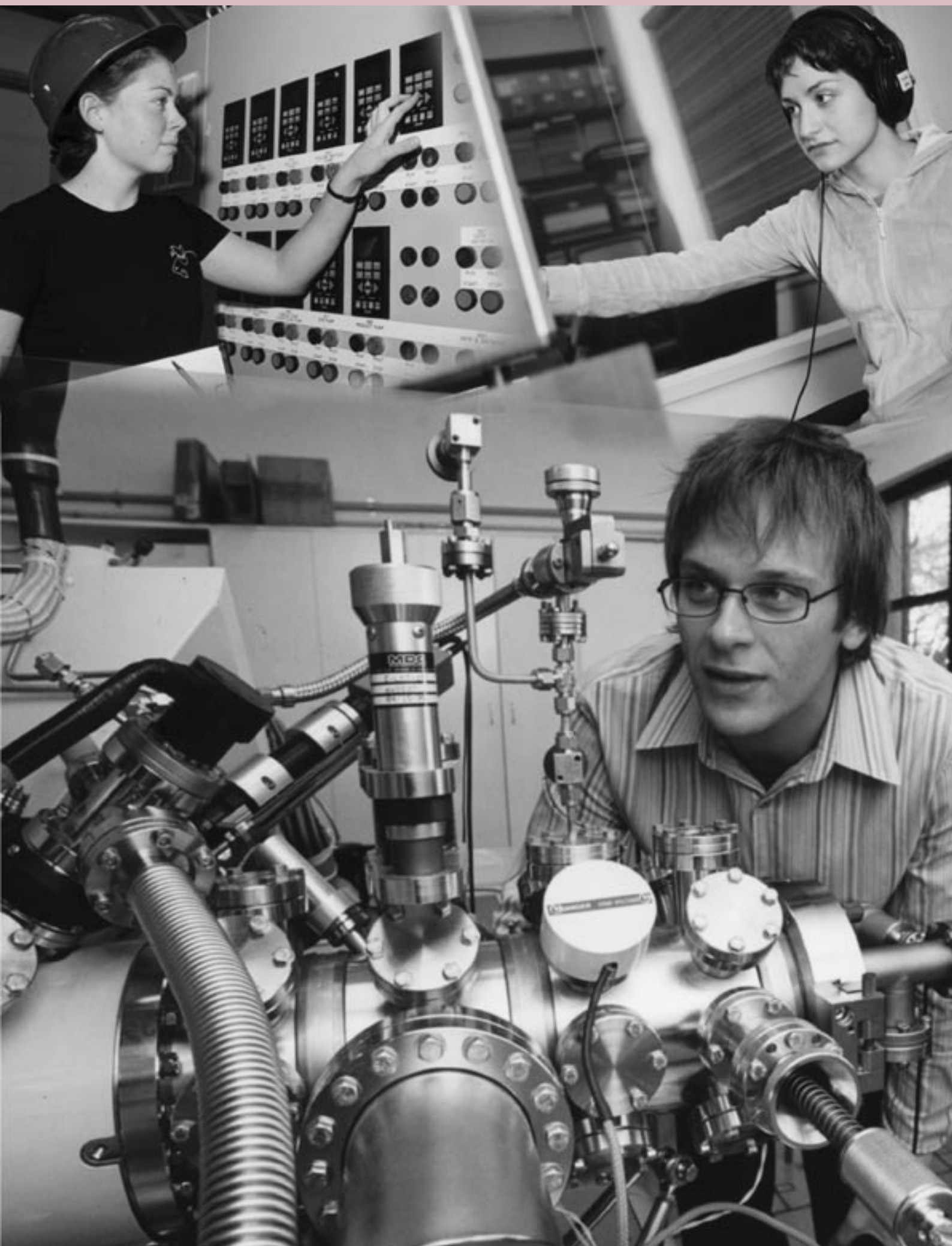
Total Student Enrolments	12,611	13,018	13,038	12,934	13,503
Aboriginal & Torres Strait Islanders	1.4%	1.5%	1.3%	1.2%	1.3%
Female	58.7%	58.6%	59.4%	59.3%	59.3%
Rural	5.7%	6.1%	6.3%	6.7%	7.0%
Isolated	3.6%	3.4%	3.8%	3.9%	3.6%
Low Socio-Economic Status	20.2%	20.8%	21.2%	21.1%	21.2%
Non-English Speaking Background	1.4%	1.6%	1.7%	1.5%	1.6%
People with a Disability	4.4%	4.6%	5.2%	5.4%	4.8%

Report of Operations

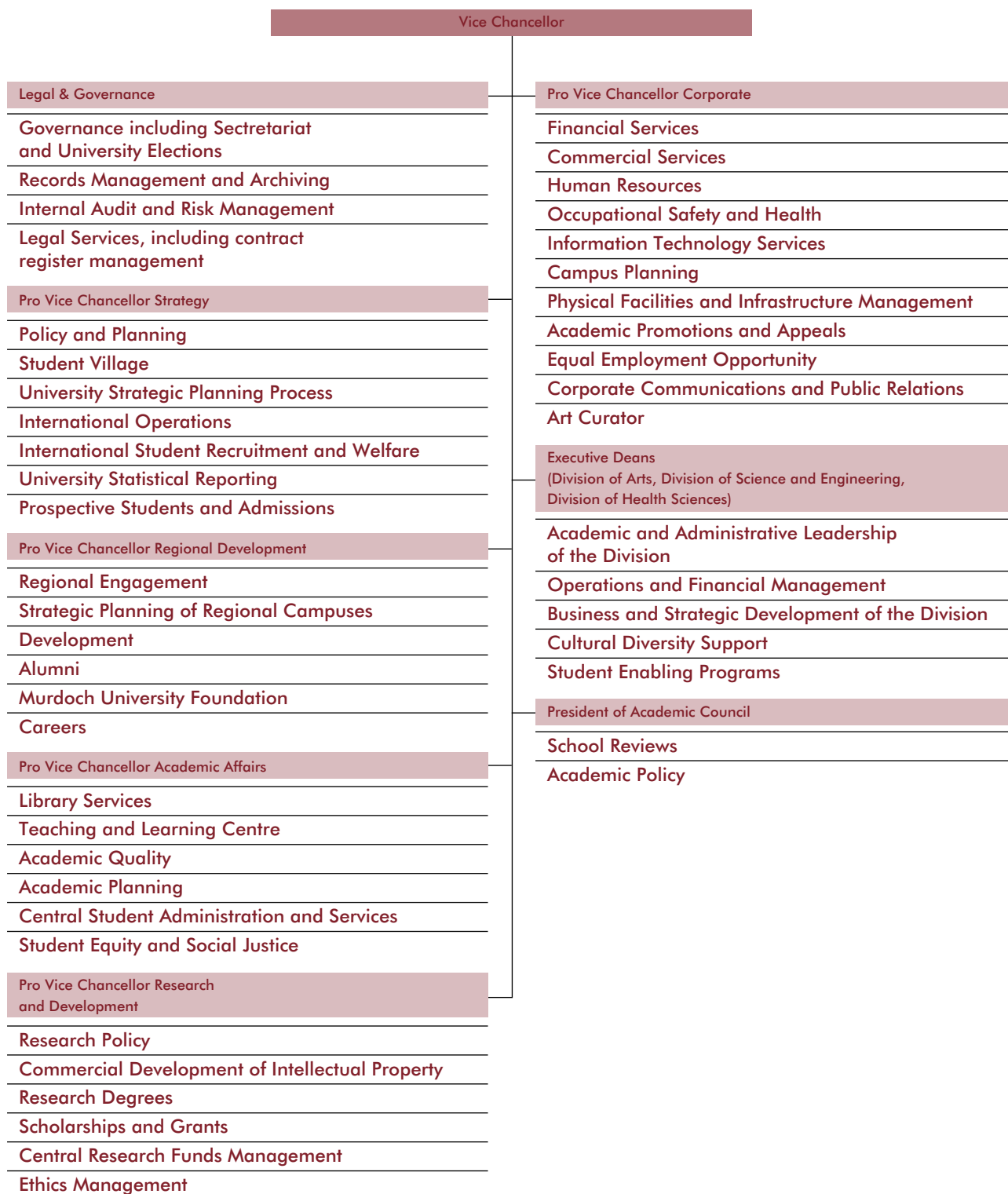
Commonwealth Operating Grant and Load

	2001	2002	2003	2004	2005
Operating Grant Load (EFTSL)					
Target	6,307	6,045	6,075	6,095	6,620
#Actual	6,581	6,857	6,626	6,374	6,625
Variance (EFTSL)	274	812	551	279	5
Variance (%)	4.34%	13.43%	9.07%	4.58%	0.08%
Undergraduate Target Load (EFTSL)					
Target	5,670	5,735	5,800	5,830	6,345
Actual	5,933	6,201	6,351	6,134	6,399
Variance (EFTSL)	263	466	551	304	54
Variance (%)	4.64%	8.12%	9.50%	5.22%	0.85%
Funding Sources					
Operating Grant (\$000)	87,469	91,758	96,714	98,960	110,952
Operating Grant (at 2005 prices) (\$000)	95,726	98,144	101,056	101,038	110,952
Outside Research Grants & Donations (\$000)	18,294	20,396	23,548	18,021	18,270
Operating Grant per EFTSL (at 2005 prices)	14,546	14,313	15,252	15,851	16,747
Total Commonwealth Grant as a Percentage of Total Income	59%	58%	56%	54%	57%
External Research Funding (at 2005 prices)					
Number of Competitive Research Grants	164	230	210	221	150
Value of Competitive Research Grants (\$000's)	6,898	9,216	10,936	10,174	8,571
Value of Non-Competitive Grants (\$000's)	14,840	14,493	16,157	20,840	15,816
Total Research Grants (\$000's)	21,738	23,710	27,093	31,014	24,388
Index	1.094403	1.069601	1.044891	1.021000	1.000000
Cost Adjustment Factor	1.108650	1.134358	1.161183	1.188354	1.213310

since 2003 the actual Operating Grant load (EFTSL) excludes RTS load



Organisational Chart



Governance Structure



Officers of the University as at 31 December 2005

Visitor

His Excellency
Lieutenant General John M Sanderson, AC
Governor of Western Australia

Chancellor

Emeritus Professor Geoffrey Bolton
AO, West Aust of the Year 2006, CitWA, MA, DPhil, PhD,
HonDLitt, HonDUniv, FRHistS, FAHA, FASSA, FRSA

Pro-Chancellor

Judge Kate O'Brien
LLB(Hons), BJuris

Vice Chancellor

Professor John Yovich
BSc, BVMS(Hons), DipLargeAnimalSurg, MS, PhD,
Diplomate ACVS, MAICD

Pro Vice Chancellor (Academic)

Professor Jan Thomas
BSc, BVMS, MVS, PhD, MACVSc, FAICD

Pro Vice Chancellor (Research)

Professor Andris Stelbovics
BSc(Hons), PhD, FAIP

Pro Vice Chancellor (Corporate)

Mr Ian Callahan
BCom, CA, ASIA

Pro Vice Chancellor (Regional development)

Professor Kateryna Longley
BA(Hons), DipEd, MA, PhD

Pro Vice Chancellor (Strategy)

Professor Gary Martin
MEd, MACE, AITD

General Counsel and University Secretary

Mr John Pease
LLM

Senate as at 31 December 2005

Members Ex Officio

Chancellor

Emeritus Professor Geoffrey Bolton

AO, West Aust of the Year 2006, CitWA, MA, DPhil, PhD, HonDLitt, HonDUniv, FRHistS, FAHA, FASSA, FRSA (to 24/11/2006)

Vice-Chancellor

Professor John Yovich

BSc, BVMS(Hons), DipLargeAnimalSurg, MS, PhD, Diplomate ACVS

Members Appointed by the Governor

Mr Malcolm Macpherson

CertAcc, BSc FAusIMM, FAICD, FTSE (to 10/09/2006)

Mr Garry Hunt

BBus, DipLGov, FLGMA, FAIM (to 27/5/2007)

Mr Terry Budge

BEcon, FAICD, FAIBF, FAIM (to 31/5/2007)

Ms Alison Gaines

BA(Hons), MA, FAICD (to 22/7/2008)

Mr Brian Aitken (to 28/9/2008)

Pro Chancellor

Judge Kate O'Brien

LLB(Hons), BJuris (to 15/05/2006)

Members Elected by the Academic Staff

Associate Professor Stuart Bradley

BSc, PhD (to 9/11/2008)

Dr Jim Macbeth

BCom, MA, PhD (to 28/10/2007)

Associate Professor Nick Costa

BAGSc(Hons), PhD (to 25/09/2006)

Member Elected by non-academic staff

Mr Philip Hocking

BCom (to 20/4/2008)

Members Elected by and from amongst the students

Mr Malcolm Bradley

BSc (to 31/12/2005)

Mr Daniel Narbett

(to 31/12/2005)

Members Elected by Convocation

Ms Janice Bowra

BSc, MBA, (to 31/12/2008)

Ms Carolyn Jakobsen

BA, BA(Hons) (to 31/12/2006)

Members Co-opted by the Senate

Mr Richard Lester

(to 22/05/2006)

Mr Robert Pett

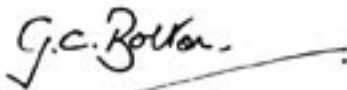
BA, MA, FAICD (to 31/12/2005)

The Rt Hon. Sir William Heseltine

GCB, GCVO, AC, CVO, QSO, BA, Hon DUniv (to 24/7/2006)

certification of performance indicators

We hereby certify that the 2005 Key Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess Murdoch University's performance, and fairly represent the performance of Murdoch University for the year ending 31 December 2005.



G.C. Bolton
Chancellor



J.V. Yovich
Vice Chancellor

22 February 2006



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

MURDOCH UNIVERSITY FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 31 DECEMBER 2005

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Murdoch University and the consolidated entity at 31 December 2005 and their financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the University provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key effectiveness and efficiency performance indicators of the University are relevant and appropriate to help users assess the University's performance and fairly represent the indicated performance for the year ended 31 December 2005.

Scope

The University Senate is responsible for keeping proper accounts and maintaining adequate systems of internal control for preparing the financial statements and performance indicators, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement of the University and the consolidated entity, and the Notes to the Financial Statements.

The performance indicators consist of key indicators of effectiveness and efficiency.

Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and performance indicators.

D D R PEARSON
AUDITOR GENERAL
17 March 2006

key performance indicators

In 2003, the University launched its new Strategic Plan 2003-2007. This plan expands and reinforces the directions established by the University Senate. Two of the major goals in the Strategic Plan relate to teaching and learning, and research. Each of these gives rise to a set of Desired Outcomes: the extent to which these outcomes have been achieved can in general be assessed using appropriate key performance indicators (KPIs). Design and development of KPIs is subject to the availability of suitable data and the agreement of the WA Auditor General. Agreed KPIs relating to the University core goals of teaching and learning and research are presented in this chapter.

In previous Annual Reports, constraints on the availability of data resulted in incomplete presentation of information for the latest year when state and national comparators were required. Therefore the latest year has been excluded for KPIs with incomplete information. In KPIs involving graduate survey data, the reference year has been changed from year of completion to year of survey. This approach brings Murdoch University more into line with the reporting standards of other WA universities.

Teaching and Learning Outcomes

Strategic Plan Goal A: To provide quality contemporary education which empowers the students of today to live and work in the world of tomorrow

Desired Outcome (i):

To maintain student satisfaction with the quality of teaching within the top 20% of the Australian public universities, as measured by the Course Experience Questionnaire.

Desired Outcome (ii):

To maintain the rate of student satisfaction with the quality of teaching above 80%, as measured by unit surveys.

Desired Outcome (iii):

To increase the percentage of graduates who demonstrate their commitment to lifelong learning by undertaking further study.

Desired Outcome (iv):

To increase the percentage of graduates who are able to gain their preferred employment to within 2% of the state average.

Effectiveness Indicators

1. Perceived Quality of Teaching – Course Experience Questionnaire

The University participates in the annual national Course Evaluation Questionnaire conducted by Graduate Careers Australia (GCA). The survey is administered to all graduates six months after the completion of their course. In 2004, the number of graduates surveyed was 2,495, of whom 1,366 responded. The survey had a response rate of 55 per cent. The survey asks graduates to rate various aspects of their recently completed course. Scale scores for both good teaching and enhancement of generic skills are based on 6 items each, with a third measure, overall satisfaction, based on a single item. The scale used is a five-point scale ranging from 1—strongly disagree—to 5—strongly agree. Students who record scores of 3, 4 and 5 are defined as broadly agreeing with the statements.

	Year of Survey								
	2002			2003			2004		
	Percent Broadly Agree			Percent Broadly Agree			Percent Broadly Agree		
CEQ Scale	Murdoch	WA	National	Murdoch	WA	National	Murdoch	WA	National
Good Teaching	86.8	82.7	80.1	87.9	84.1	81.3	88.1	83.6	81.5
Generic Skills	90.2	89.7	87.5	90.9	90.3	88.1	90.3	88.8	88.0
Overall Satisfaction	93.3	90.9	89.4	92.4	90.9	89.6	92.4	89.5	89.3

Comment: The table shows that Murdoch University continues to receive scores above state and national averages.

2. Student Evaluation of Units

The University conducted student evaluation surveys on each unit each time it was run until Semester 2, 2001, provided there were ten or more enrolled students. From Semester 2, 2001 the surveys have been conducted on 50% of the units offered each semester, with the policy regarding the minimum number of students remaining the same. In 2005, out of the 35,441 questionnaires issued, 17,810 were completed.

This indicator is based on the students' response to the statement: "Overall I was satisfied with the quality of the unit" and is expressed as a percentage of the responses.

	2001	2002	2003	2004	2005
Agreed or Strongly Agreed *	85%	86%	85%	87%	86%
Response rate	62%	60%	59%	55%	50%

* In Semester 2, 2005 unit surveys changed to a six point scale, therefore percentage of students who 'slightly agree' are also included for that semester.

Comment: The table shows that University has clearly achieved beyond the desired outcome, maintaining student satisfaction with units at or above 85% over the past five years based on a student response rate consistently above 50%. These percentages are broadly in agreement with the GCA survey outcomes shown in the previous KPI.

3. Graduate Study Outcomes

The University participates in the annual national Graduate Destination Survey conducted by Graduate Careers Australia (GCA). The survey is administered to all graduates after the completion of their course.

The survey asks students about their employment and study status as at 30th April the year following their course completion. Mid year graduates are asked about their status as at 30th October.

The data presented below measure successful outcomes in terms of a graduate continuing to study.

Year of Survey		Full Time Study	Part time Study	Not Studying	Total % Studying	Number of Respondents	Number Surveyed	Response Rate
2001	Murdoch	17.6%	11.9%	70.5%	29.5%	1,332	2,391	55.7%
	WA	19.4%				7,849	14,950	52.5%
	National	20.4%				90,410	157,235	57.5%
2002	Murdoch	23.8%	12.4%	63.8%	36.2%	1,292	2,345	55.1%
	WA	24.3%				8,238	15,344	53.7%
	National	21.3%				95,626	172,613	55.4%
2003	Murdoch	21.6%	7.6%	70.8%	29.2%	1,257	2,441	51.5%
	WA	21.5%				10,717	19,867	53.9%
	National	20.0%				107,398	188,039	57.1%
2004	Murdoch	21.4%	9.7%	68.9%	31.1%	1,582	2,594	61.0%
	WA	20.5%				11,012	21,161	52.0%
	National	20.7%				111,899	201,501	55.5%

Comment: Murdoch University has increased the percentage of graduates continuing full time study from 17.6% in 2001 to 21.4% in 2004. Murdoch's performance has been consistently improving relative to the state average. In line with the desired outcome, the proportion of recent Murdoch graduates undertaking further study has also increased, from 29.5% in 2001 to 31.1% in 2004.

4. Graduate Employment Outcomes

The percentage of graduates in their work mode of choice is those who are employed either full-time, or part-time and not seeking full-time, as a proportion of all graduates who are available for work at the time of the survey.

Year of Survey		Full-Time Employment	Part-Time Employment	Unavailable for Employment	Unemployed	Total % in Employment	% Graduates in their work mode of choice
2001	Murdoch	55.0%	15.3%	4.1%	8.2%	70.3%	79.2%
	WA	56.7%	15.1%	2.8%	6.0%	71.8%	83.5%
	National	58.9%	12.2%	3.3%	5.2%	71.1%	85.8%
2002	Murdoch	44.7%	15.9%	6.1%	9.4%	60.6%	73.4%
	WA	50.8%	12.4%	5.1%	7.5%	63.2%	80.2%
	National	55.6%	12.9%	4.2%	5.9%	68.5%	83.6%
2003	Murdoch	49.0%	15.8%	3.0%	10.6%	64.8%	73.3%
	WA	53.1%	13.8%	3.9%	7.8%	66.9%	79.1%
	National	55.8%	13.0%	4.5%	6.4%	68.9%	82.3%
2004	Murdoch	46.2%	19.0%	4.2%	9.2%	65.2%	72.0%
	WA	54.1%	14.4%	2.8%	8.1%	68.5%	78.8%
	National	55.9%	13.7%	3.5%	6.2%	69.6%	82.2%

Comment: The percentage of Murdoch graduates achieving their work mode of choice has remained below both the State and national averages for the past four years. The lower percentages for Murdoch are associated with differences in course, gender and age profile of the University and its students relative to others.

The percentage of Murdoch graduates in full-time employment has remained below the State and national averages since 2001, while the percentage of graduates in part-time employment has increased above the State and national averages.

Efficiency Indicators

5. Ratios of EFTSL per teaching staff FTE, successful EFTSL per teaching staff FTE

The ratios of EFTSL (Equivalent Full Time Student Load) per teaching staff FTE and successful EFTSL per teaching staff FTE provide indicators of teaching efficiency.

Staff size is measured in Full Time Equivalent units. Part-time staff are measured as a fraction of FTE according to the proportion of the working week for which they are employed. These units of measure allow for the fact that not all staff and students are full-time at the University. Academic Staff may be classified as 'Teaching Only', 'Teaching and Research', 'Research Only' or 'Other'. DEST defines these measures and classifications for the universities. Only academic staff associated with Academic Organisational Units and designated as 'Teaching Only' or 'Teaching and Research' have been included in this indicator. 'Successful load' is the sum of all load with a passing result. 'Total load' is the sum of all load being undertaken by coursework students. The research load has been excluded from this calculation.

The data for this indicator are extracted from the DEST Student and Staff Data Collections. The load figures are as at 31 August.

	2001	2002	2003	2004	2005
Total Non-Research Load (EFTSL)	8,559	8,501	8,597	8,482	8,663
Successful Load (EFTSL)	7,361	7,125	7,313	7,138	7,173
Teaching Staff (FTE)	459	461	475	452	459
Total Load / Teaching Staff	18.6	18.4	18.1	18.8	18.9
Successful Load / Teaching Staff	16.0	15.5	15.4	15.8	15.6

Comment: The student load to teaching staff ratios in the period 2001 to 2005 have not fluctuated greatly, indicating that the university has maintained academic staff levels relative to student numbers.

6. Ratios of total operating and teaching related expenditure to total load (EFTSL)

Operating and teaching related expenditure, because it encompasses the provision of teaching and related services to all students, is defined as total University expenditure less research grant expenditure. The total equivalent full-time student load includes teaching and research training load. Comparable figures are provided for the four publicly funded universities in WA for four years.

The average expenditure per unit of EFTSL is dependent on and will vary according to the discipline mix taught by a university. Clinical and laboratory based sciences are more expensive to teach than classroom based disciplines.

The data for this indicator are extracted from the DEST Student and Finance Collections, the other three universities' annual reports and Murdoch University's financial records. The total load figure is as at 31 August of each year. The comparative expenditure figures have been indexed to 2004 prices using the higher education cost adjustment factors published by DEST.

	University	Total Load EFTSL	Operating & Teaching Related Expenditure (\$000)	Operating & Teaching Related Expenditure/ Total Load
2001	Curtin	19,709	319,212	\$16,196
	Edith Cowan	14,886	174,896	\$11,749
	Murdoch	9,007	139,930	\$15,536
	UWA	12,846	274,169	\$21,343
	Average			\$16,206
2002	Curtin	20,886	314,837	\$15,074
	Edith Cowan	15,445	181,174	\$11,730
	Murdoch	9,012	139,530	\$15,483
	UWA	12,959	286,980	\$22,145
	Average			\$16,108
2003	Curtin	22,184	320,218	\$14,435
	Edith Cowan	15,889	188,855	\$11,886
	Murdoch	9,159	140,717	\$15,364
	UWA	13,592	319,850	\$23,532
	Average			\$16,304
2004	Curtin	22,543	325,837	\$14,454
	Edith Cowan	16,170	197,346	\$12,204
	Murdoch	9,129	151,907	\$16,640
	UWA	13,726	338,175	\$24,638
	Average			\$16,984

Comment: Over the past four years Murdoch University has maintained the ratio of teaching related expenditure to student load close to the state average.

This is a lagging indicator because the current year information is not available for all universities at the time of publication.

Research Outcomes

Strategic Plan Goal B: To contribute to the knowledge, well-being and sustainability of society by conducting high quality multidisciplinary research and development

Desired Outcome (i):

To increase research productivity as measured by the Research Funding allocation and rank.

Desired Outcome (ii):

To increase research income to \$40 million by 2007.

Desired Outcome (iii):

To increase the number of postgraduate research student completions per 10 staff FTE.

Desired Outcome (iv):

To maintain postgraduate research student time to completion for MPhil and PhD within 2 and 4 years.

Desired Outcome (v):

To maintain the rate of student satisfaction with the quality of supervision above 80% as measured by the postgraduate research student surveys.

Effectiveness Indicators

7. Research Funding: A National Comparison

The desired outcome to increase research productivity as measured by the research funding allocation and rank demonstrates the University's high national standing in terms of research productivity. Research income per academic researcher is an indicator of a productive research culture and the ability of the University to increase its external funding base for research, and is a more appropriate measure for ranking than mere total funding.

Block research funding consists of the Research Training Scheme (RTS), Research Infrastructure Block Grants (RIBG) and the Institutional Grants Scheme (IGS) provided by the Australian Government. This is a key indicator of research performance because it is allocated according to the comparative research performance of Australian universities as follows.

Block funding scheme	Research income	Higher degree research student load	Higher degree completions	Publications
RTS	40%	–	50%	10%
IGS	60%	30%	–	10%
RIBG	100% ¹	–	–	–

¹ In the case of the RIBG, the relevant income is nationally competitive research income only.

The source of this information is the program guidelines for RTS, IGS and RIBG available on the DEST website.

The data driving the above funding allocations are published in the annual DEST Higher Education Report. These are weighted and averaged, except for student load, over the two most recent years for which data are available. Student load is the figure for the most recent year.

The block research funding indicator is tabulated and all publicly funded Australian universities ranked according to block research funding per academic researcher.

The current year information is not available because DEST has not as yet published the 2005 staff statistics.

Research Funding Allocations per FTE Research Staff 2001–2004

	Rank 2001	Rank 2002	Rank 2003	Rank 2004	Block Research Allocation RTS+IGS+RIBG 2004	Research Active Staff FTE 2004	Funds / FTE 2004
University of Adelaide	4	4	2	1	57,305,469	1,215	47,165
University of Sydney	3	2	3	2	103,289,516	2,324	44,445
University of Melbourne	2	3	4	3	107,068,925	2,442	43,845
University of Western Australia	5	6	5	4	56,801,237	1,348	42,137
University of New South Wales	6	5	6	5	81,034,651	1,972	41,093
University of Tasmania	8	9	8	6	27,560,988	679	40,591
University of Queensland	7	7	7	7	96,409,764	2,533	38,061
Murdoch University	14	14	11	8	15,802,902	466	33,912
Flinders University	13	12	10	9	21,538,819	646	33,342
University of Wollongong	9	8	9	10	21,610,808	662	32,645
University of New England	12	10	13	11	14,434,566	477	30,261
Monash University	11	13	15	12	69,169,225	2,426	28,512
Macquarie University	10	11	12	13	20,743,442	762	27,222
Charles Darwin University	17	15	14	14	3,849,552	142	27,110
University of Newcastle	15	17	17	15	23,146,934	899	25,747
James Cook University	16	16	16	16	14,278,875	579	24,661
Australian National University	19	18	18	17	50,581,416	2,053	24,638
Australian Maritime College ¹	1	1	1	18	540,551	22	24,571
La Trobe University	18	19	19	19	22,744,280	1,002	22,699
Curtin University of Technology	23	23	21	20	18,529,017	926	20,010
Griffith University	21	21	20	21	21,092,297	1,090	19,351
Swinburne University of Technology	22	22	24	22	7,675,545	429	17,892
University of Technology, Sydney	20	20	23	23	15,384,404	861	17,868
University of Western Sydney	31	29	28	24	13,143,565	762	17,249
Southern Cross University	28	27	26	25	4,529,373	266	17,028
University of Canberra	24	24	22	26	4,979,638	293	16,995
Royal Melbourne Institute of Technology	25	26	25	27	18,113,836	1,066	16,992
Queensland University of Technology	26	25	27	28	16,536,260	994	16,636
Victoria University	32	31	31	29	7,867,955	510	15,427
Deakin University	30	30	30	30	12,791,069	848	15,084
University of South Australia	29	28	29	31	13,252,169	900	14,725
University of Ballarat	34	33	33	32	1,734,707	149	11,642
Charles Sturt University	35	34	32	33	5,204,016	454	11,463
Central Queensland University	33	32	34	34	4,188,311	370	11,320
Edith Cowan University	36	35	35	35	5,995,067	530	11,311
University of Southern Queensland	37	36	36	36	3,656,856	387	9,449
University of Notre Dame Australia	27	37	37	37	251,060	32	7,846
University of the Sunshine Coast	39	38	38	38	746,639	101	7,392
Australian Catholic University	38	39	39	39	1,749,322	355	4,928
TOTAL					985,333,026	33,972	29,004

¹ Large relative changes in staff numbers or classification can cause substantial shifts in ranking. For example, the change in the Australian Maritime College's ranking is almost entirely due to a doubling of reported research staff numbers.

Comment: This KPI shows the intensity of nationally and internationally competitive research activity within each university. The table shows that Murdoch University has steadily increased its position in research amongst Australian universities over the past four years. It has risen from fourteenth to eighth position with only six of the Group of Eight universities and the University of Tasmania now ranking higher.

8. Research Income per 10 Research Staff FTE

The most tangible indicator of research performance is research income, which the University has targeted for improvement. The following indicators present the total research income and research income per 10 staff FTE, the latter providing a productivity perspective.

The data for these indicators are extracted from the DEST Staff Data Collections and the University's financial records. Only academic staff level B and above associated with Academic Organisational Units and designated as 'Research Only' or 'Teaching and Research' have been included in this indicator. A rolling three year staff average has been used.

	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual
Research Income (\$000's)	19,863	22,167	25,929	30,376	24,387
Research Staff (FTE)	339	351	362	367	368
Research Income per 10 Staff FTE	\$585,937	\$631,822	\$716,271	\$827,684	\$662,704

Comment: The increasing trend from 2001 to 2004 did not continue in 2005. This is in part due to the fact that a very large grant received in 2004 did not continue in 2005.

9. Higher Degree by Research Completions per 10 Research Staff FTE

Yet another indicator of research strength is activity in training new researchers. The number of research students is provided in the summary statistics section of the Annual Report.

The data for this indicator are extracted from the DEST Student and Staff Data Collections.

Degree Type	2000	2001	2002	2003	2004
Research Staff (FTE)	329	339	351	362	367
Masters by Research Completions	6	11	5	9	14
Doctorate by Research Completions	58	77	90	88	88
Masters Completions per 10 Staff	0.2	0.3	0.1	0.25	0.38
Doctorate Completions per 10 Staff	1.8	2.3	2.6	2.43	2.39
Total Completions per 10 Staff	1.9	2.6	2.7	2.7	2.8

Comment: Research degree completions per 10 research active staff FTE increased from 1.9 in 2000 to 2.6 in 2001 and have continued to increase slowly since 2001.

Efficiency Indicator

10. Number of publications per 10 Staff FTE

Another indicator of research productivity is the number of publications per 10 research staff FTE, based on data extracted from the DEST Research Publications and Staff Data Collections. The numbers of publications are adjusted to remove the contribution of non-Murdoch staff: for example, if a publication is co-authored by one Murdoch staff member with a collaborator who is not on Murdoch's staff, the publication is included with a weighting of 0.5. The Research Publications data collection date of 30 June makes it necessary to report the 2005 results in the next year's annual report.

Publication Category	2000	2001	2002	2003	2004
Research Staff (FTE)	329	339	351	362	367
Books and Monographs	11.8	9.5	12.7	9.2	6.4
Refereed Journal Articles and Book Chapters	348.3	326.5	315.9	345.2	293.9
Published Conference Papers	76.8	69.7	87.7	109.0	62.8
Books & Monographs per 10 Staff	0.4	0.3	0.4	0.3	0.2
Refereed Journal Articles & Book Chapters per 10 Staff	10.6	9.6	9.0	9.5	8.0
Published Conference Papers per 10 Staff	2.3	2.1	2.5	3.0	1.7

Comment: Publication intensity has declined in 2004 relative to previous years. The University is taking steps to reverse this trend.

statement of expenditure

Section 175 ZE of the Electoral Act 1907 requires the University to include a statement in the Annual Report setting out details of expenditure incurred by the University and certain classes of organisations.

The expenditure incurred by the University during the 2005 financial year was as follows:

The total amount of the expenditure was \$825,049.

Agencies and organisations are not named where the expenditure was less than \$2,000 for the year, but the expenditure has been included in the total figure.

The classes of organisation, the names of the organisations within the class and the total expenditure for the class was as follows:

	\$
(a) Advertising Agencies	36,492
Lamb Print	
Salmark Promotions	
(b) Direct Mail Organisations	21,562
Lasermail Pty Ltd	
(c) Media Advertising Organisations	574,000
Community Newspapers Group Ltd	
Marketforce Productions	
Media Decisions WA	
Price Advertising	
West Australian Newspapers	
(d) Market Research Organisations	192,995
Human Synergistics	
Market Equity	
Professional Public Relations	

murdochuniversity

annual report 2005
financial report

for the year ended 31 december 2005

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MURDOCH
UNIVERSITY
PERTH, WESTERN AUSTRALIA

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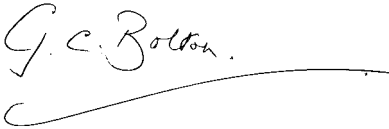
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certification of financial statements

The accompanying financial statements of Murdoch University and the accompanying consolidated financial statements have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 31 December 2005 and the financial position as at 31 December 2005.

We declare that the amount of Australian Government financial assistance expended during the reporting period was for the purpose for which it was intended and Murdoch University has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure.

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



G C Bolton
Chancellor



J V Yovich
Vice Chancellor



I C Callahan
Chief Finance Officer

23 February 2006



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

MURDOCH UNIVERSITY FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 31 DECEMBER 2005

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Murdoch University and the consolidated entity at 31 December 2005 and their financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the University provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key effectiveness and efficiency performance indicators of the University are relevant and appropriate to help users assess the University's performance and fairly represent the indicated performance for the year ended 31 December 2005.

Scope

The University Senate is responsible for keeping proper accounts and maintaining adequate systems of internal control for preparing the financial statements and performance indicators, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement of the University and the consolidated entity, and the Notes to the Financial Statements.

The performance indicators consist of key indicators of effectiveness and efficiency.

Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and performance indicators.

D D R PEARSON
AUDITOR GENERAL
17 March 2006

report by the members of the senate

Members

The following persons were members of the Murdoch University Senate during the year and up to the date of this report:

Emeritus Professor Geoffrey Bolton (Chancellor)	Member since 1999
Judge Kate O'Brien (Pro Chancellor)	Member since 2000
Professor John Yovich (Vice Chancellor)	Member since 2002
Brian Aitken	Appointed 28 August 2005
Pat Allen	Member since 2000, term expired 20 April 2005
Margaret Banks	Member since 2001, ex officio status as Nominee of the Director-General of Education, section 12(1)(b) to Senate revoked 13 August 2005
Janice Bowra	Member since 2003
Malcolm Bradley	Member since 2002
Professor Stuart Bradley	Member since 2002
Terry Budge	Member since 2004
Professor Nick Costa	Member since 2003
Alison Gaines	Member since 1999, reappointed 20 July 2005
The Rt Hon Sir William Heseltine	Member since 2000
Philip Hocking	Appointed 20 April 2005
Garry Hunt	Member since 2004
Carolyn Jakobsen	Member since 2002
Richard Lester	Member since 2000
Associate Professor Jim Macbeth	Member since 2000
Malcolm Macpherson	Member since 1997
Dr Michael McCall	Member since 1996, term expired 18 May 2005
Daniel Narbett	Appointed 1 January 2005, term expired 30 December 2005
Robert Pett	Member since 1997, term expired 30 December 2005
Dr Melanie Strawbridge	Member since 2002, term expired 5 April 2005
Barbara Whelan	Appointed 29 November 2004, ex officio status as Guild President to Senate revoked 13 August 2005

report by the members of the senate

Meetings of Members

The numbers of meetings of the members of the Murdoch University Senate and of each Senate committee held during the year ended 31 December 2005, and the numbers of meetings attended by each member were:

Senate	Senate Committees																
	Audit & Risk Management		Chancellor's		Environmental		Governance & Nominations (1)		Honorary Awards & Ceremonial		Legislation		Resources		Nominations (1)		
A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Emeritus Professor Geoffrey Bolton (Chancellor)																	
8	8			10	10					2	2	3	2	1	1		
Judge Kate O'Brien (Pro Chancellor)																	
8	5	4	4	10	5					2	2	3	0	2	1		
Professor John Yovich (Vice Chancellor)																	
8	8					3	2	2	2	3	2	3	2	2	2	8	7
Brian Aitken																	
2	2																
Pat Allen																	
5	2									3	3						
Margaret Banks																	
8	8	4	4		3									2	2		
Janice Bowra																	
8	7											1	1				
Malcolm Bradley																	
8	7															8	6
Professor Stuart Bradley																	
8	7															8	7
Terry Budge																	
8	8									2	2						
Professor Nick Costa																	
8	8									2	1	3	3	2	2		
Alison Gaines																	
8	7	4	4	10	7									2	2		
The Rt Hon. Sir William Heselline																	
6	5																
Philip Hocking																	
8	3															3	3
Garry Hunt																	
8	4															3	2
Carolyn Jakobsen																	
8	6																
Richard Lester																	
8	8																
Associate Professor Jim Macbeth																	
8	5																
Malcolm Macpherson																	
2	2																
Dr Michael McCall																	
8	7																
Daniel Narbett																	
8	2																
Robert Peff																	
2	2															2	1
Dr Melanie Strawbridge																	
5	5	3	2													3	2
Barbara Whelan																	

A = Number of meetings held during the time the member held office or was a member of the committee during the year

B = Number of meetings attended

Notes:

- (1) During the year, the Nominations Committee was combined with the Governance Working Party to form the new Governance and Nominations Committee.
- (2) The Senate also has a Summer Committee, however, no meetings were held during the year.

report by the members of the senate

Principal Activities

During the year the principal continuing activities of the Group consisted of higher education, research, consultancy and other commercial operations supporting or ancillary to University activities.

There were no significant changes in the nature of the activities of the Group during the financial year.

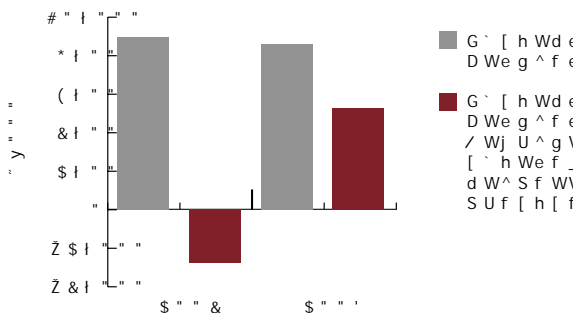
Review of Operations

The Group reported an operating result before tax of \$9.7 million (2004 \$5.7 million) for the year, an increase of 70 per cent. This is in contrast to the University performance which decreased 4.5 per cent to \$8.5 million from \$8.9 million in 2004.

The result of the University is favourably impacted by dividends received from subsidiaries for investment related activities, which totalled \$4.8 million for 2005 (2004 \$11.8 million). If the full impact of investment related activities is excluded from the University result (i.e. both revenue and expenses), the University performance actually improved to a profit of \$5.1 million for 2005, compared to a loss of \$2.7 million in 2004.

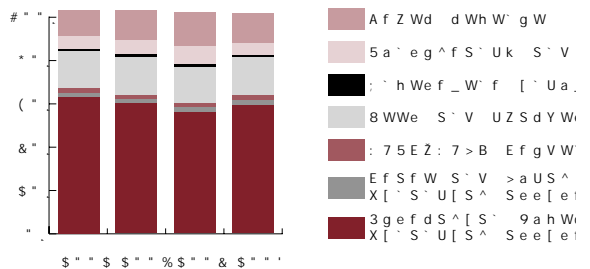
The 2005 financial report is the first prepared under Australian equivalents to International Financial Reporting Standards (AIFRS). A reconciliation explaining the transition to AIFRS is provided in note 45 of the financial statements, including adjustments to 2004 figures for comparative purposes. Of particular note is the impact of the change in accounting policy relating to the recognition of research grant income. This change has resulted in a reduction in the consolidated operating result for 2004 of \$6.8 million. This, together with other AIFRS adjustments, has resulted in a restated 2004 consolidated result of \$3.3 million, down from \$9.2 million as reported in 2004. For 2005, the impact of the accounting policy change has resulted in additional revenue of \$2.5 million being recognised.

University Results versus University Results (excluding investment related activities)



The Group reported revenue of \$195.7 million for 2005 (\$182.7 million in 2004), an increase of 7.1 per cent over the prior year. The revenue growth is a combination of higher Commonwealth Government Financial Assistance (\$12.2 million or 17.9 per cent), additional State and Local Government support (\$1.0 million or 17.8 per cent) and growth in fees and charges (\$1.5 million or 5.2 per cent). These increases were offset by a lower refund of franking credits on dividends received (\$3.0 million or 143.4 per cent).

Revenue



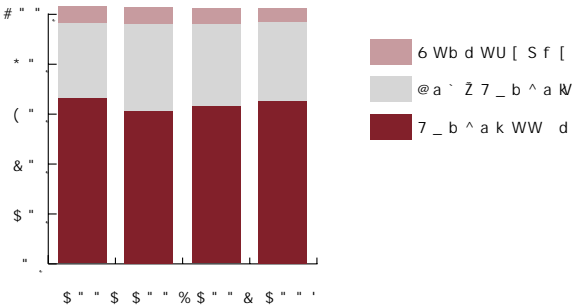
The increase in Commonwealth Government Financial Assistance of \$12.2 million is due mainly to funding received for additional student places (489 places, \$5.9 million), Capital Development Pool funding (\$2.5 million) and increased funding to support research activities (\$2.3 million).

The Group reported expenses of \$186.0 million for 2005, an increase of \$9.0 million or 5.1 per cent over 2004. This increase is mainly due to employee related costs, which increased \$7.5 million or 7.4 per cent, from \$102.1 million in 2004 to \$109.6 million in 2005. This increase is driven largely by the salary increases arising from the Enterprise Agreement. Full time equivalent staff decreased from 1348 at December 2004 to 1256 at December 2005.

Non employee related costs increased \$1.5 million, or 2.0 per cent. This increase is due mainly to increased costs for external services and supplies (\$1.1 million) and a higher charge for doubtful debt provisions in 2005 (\$0.3 million).

report by the members of the senate

Expenses



The Group's net equity position improved slightly in 2005, up \$1.4 million from \$297.9 million to \$299.3 million.

A comprehensive review of the operations of the Group and the results of those operations is contained in the Vice Chancellor's Report included in the University's Annual Report.

Changes in State of Affairs

In the opinion of the Members of the Senate, there were no significant changes in the state of affairs of the Group during the financial year under review.

Subsequent Events

There were no events subsequent to the reporting date that have a material effect on the financial statements for the reporting period.

Future Developments

The Group will continue to pursue its primary activities of higher education and research. It will further continue to identify commercial activities that provide opportunities for the Group to expand, or to develop endowment funds to strengthen the long term financial security of the Group.

The higher education sector is under considerable pressure at present in response to both changing market conditions and Commonwealth government policy. The Group continues to develop strategies and initiatives to operate successfully in this environment. This is likely to see ongoing change both within the sector and the Group.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Environment and Occupational Health

The Group's operations are subject to various environmental regulations under both Commonwealth and State legislation, which sets the minimum requirement the Group entity must meet.

The University has an Environmental Committee, which considers environmental issues on the University's campuses.

The University also has an Occupational Safety and Health Committee which considers regulatory and other obligations in relation to health and safety.

The University is currently progressing on an Asbestos Management Plan and has several projects underway to decrease asbestos on campus.

Insurance of Officers

During the financial year, the Group has paid insurance premiums of \$50,643 (2004: \$59,550) in respect of directors' and officers' liability, for current and former directors and officers, including executive officers and secretaries of controlled entities.

Insurance premiums relate to:

- costs and expenses incurred by the relevant directors and officers in defending proceedings; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

This report is made in accordance with a resolution of the members of the Senate.

Emeritus Professor Geoffrey Bolton
Chancellor and Member of Murdoch University Senate

Perth, Western Australia
23 February 2006

income statements

for the year ended 31 december 2005

	Note	Consolidated		University	
		2005	2004	2005	2004
		\$000's	\$000's	\$000's	\$000's
Revenues from continuing operations					
Australian Government financial assistance					
Australian Government grants	5	82,177	69,679	82,177	69,679
HECS-HELP - Australian Government payments	5	26,416	27,166	26,416	27,166
FEE-HELP	5	2,626	1,944	2,626	1,944
State and Local Government financial assistance	6	6,468	5,491	6,468	5,491
HECS-HELP Student payments		5,139	4,129	5,139	4,129
Fees and charges	7	31,750	30,175	34,232	31,473
Investment income	8	1,768	1,845	1,434	1,450
Consultancy and contract research	9	12,166	12,021	12,166	12,021
Other revenue	10	27,182	30,216	22,559	31,254
Total revenues from continuing operations		195,692	182,666	193,217	184,607
Expenses from continuing operations					
Employee benefits and on costs	11	109,583	102,051	109,249	101,810
Depreciation and amortisation	12	9,400	9,655	9,394	9,650
Repairs and maintenance	13	5,866	5,978	5,866	5,978
Borrowing costs	14	270	144	270	144
Bad and doubtful debts	15	68	(267)	68	(267)
Other expenses	16	60,782	59,395	59,816	58,359
Total expenses from continuing operations		185,969	176,956	184,663	175,674
Operating result before income tax		9,723	5,710	8,554	8,933
Income tax expense	18	1,545	2,416	-	-
Net operating result for the year		8,178	3,294	8,554	8,933

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

balance sheets

as at 31 december 2005

	Note	Consolidated		University	
		2005	2004	2005	2004
		\$000's	\$000's	\$000's	\$000's
Assets					
Current assets					
Cash and cash equivalents	19	12,516	8,777	10,801	6,481
Receivables	20	9,532	14,926	9,340	14,928
Inventories	21	997	851	996	850
Unrestricted other financial assets	22	5,118	8,915	1,081	4,174
Restricted other financial assets	22	13,542	8,910	13,284	8,765
Other assets	23	2,484	1,303	2,464	1,281
Total current assets		44,189	43,682	37,966	36,479
Non-current assets					
Receivables	20	1,983	1,955	1,983	1,955
Unrestricted other financial assets	22	10	10	10	10
Investments accounted for using the equity method	41	-	-	-	-
Investment property	24	8,639	-	8,639	-
Property, plant and equipment	25	292,477	299,196	292,462	299,178
Total non-current assets		303,109	301,161	303,094	301,143
Total assets		347,298	344,843	341,060	337,622
Liabilities					
Current liabilities					
Payables	26	4,195	2,996	3,987	2,566
Interest bearing liabilities	27	506	462	506	462
Provisions	28	12,663	12,326	12,650	12,320
Other liabilities	29	22,004	24,824	21,680	24,108
Total current liabilities		39,368	40,608	38,823	39,456
Non-current liabilities					
Interest bearing liabilities	27	3,428	3,865	3,428	3,865
Provisions	28	5,170	2,434	5,170	2,434
Other liabilities	29	5	-	5	-
Total non-current liabilities		8,603	6,299	8,603	6,299
Total liabilities		47,971	46,907	47,426	45,755
Net assets		299,327	297,936	293,634	291,867
Equity					
Reserves	30	132,835	140,186	132,835	140,186
Retained surplus		166,492	157,750	160,799	151,681
Total equity		299,327	297,936	293,634	291,867

The Balance Sheets should be read in conjunction with the accompanying notes.

statements of changes in equity

for the year ended 31 december 2005

	Note	Consolidated		University	
		2005	2004	2005	2004
		\$000's	\$000's	\$000's	\$000's
Total equity at the beginning of the financial year		297,936	295,956	291,867	284,248
Reserves					
Asset revaluation reserve	30				
Balance at start of year		139,622	141,077	139,622	141,077
Revaluation decrement for property, plant and equipment		(6,787)	(1,455)	(6,787)	(1,455)
Balance at end of year		132,835	139,622	132,835	139,622
Motor vehicle reserve	30				
Balance at start of year		564	423	564	423
Transfers to / (from) motor vehicle reserves		(564)	141	(564)	141
Balance at end of year		-	564	-	564
Retained earnings					
Balance at start of year		157,750	154,456	151,681	142,748
Profit for the year		8,178	3,294	8,554	8,933
Transfer from motor vehicle reserves		564	-	564	-
Balance at end of year		166,492	157,750	160,799	151,681
Total equity at the end of the financial year		299,327	297,936	293,634	291,867

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

statements of cash flows

for the year ended 31 december 2005

	Note	Consolidated		University	
		2005	2004	2005	2004
		\$000's	\$000's	\$000's	\$000's
Cash flows from operating activities					
Australian Government					
Commonwealth Grant Scheme and other DEST grants		55,877	38,660	55,877	38,660
Higher Education Loan Programmes		28,888	29,355	28,888	29,355
Scholarships		2,283	1,912	2,283	1,912
DEST research		19,188	15,803	19,188	15,803
ARC grant - Discovery		1,364	1,307	1,364	1,307
ARC grant - Linkages		3,519	2,891	3,519	2,891
Other Australian Government Grants		2,157	2,115	2,157	2,115
State and local Government		6,468	5,666	6,468	5,666
HECS-HELP - Student payments		5,139	4,129	5,139	4,129
Receipts from student fees and other customers		77,796	71,676	69,989	63,388
Dividends received		64	64	4,835	11,834
Interest received		1,809	1,655	1,475	1,260
Payments to suppliers and employees		(174,891)	(157,439)	(172,178)	(156,530)
Borrowing costs		(285)	(223)	(285)	(223)
Income taxes paid		(2,082)	(3,264)	-	-
Net cash provided by operating activities	31	27,294	14,307	28,719	21,567
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		255	249	255	249
Payments for property, plant and equipment		(21,922)	(18,352)	(21,919)	(18,351)
Payments for investments		(581)	(4,912)	(1,426)	(1,163)
Net cash used in investing activities		(22,248)	(23,015)	(23,090)	(19,265)
Cash flows from financing activities					
Proceeds of borrowings		10	1,000	10	1,001
Repayment of borrowings		(1,462)	(6,044)	(1,463)	(16,757)
Loan advances (paid) / received		150	(1)	150	(1)
Finance lease payments		(5)	-	(5)	-
Net cash used in financing activities		(1,307)	(5,045)	(1,308)	(15,757)
Net increase / (decrease) in cash and cash equivalents		3,739	(13,753)	4,321	(13,455)
Cash and cash equivalents at the beginning of the financial year		8,777	22,530	6,481	19,936
Cash and cash equivalents at the end of the financial year	19	12,516	8,777	10,802	6,481

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

notes to and forming part of the financial statements

for the year ended 31 december 2005

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notes to and forming part of the financial statements

for the year ended 31 december 2005

1. Statement of significant accounting policies

First time adoption of Australian equivalents to International Financial Reporting Standards

This is the University's first published financial statements prepared under Australian equivalents to International Financial Reporting Standards (AIFRS). Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 31 December 2004, the financial statements of the University had been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

The UIG Interpretations are adopted through AASB 1048 and are classified into those corresponding to IASB Interpretations and those only applicable in Australia.

The AASB continues to revise and maintain statements of accounting concepts, accounting standards and the UIG Interpretations that are of particular relevance to the Australian environment, deal more specifically with not-for-profit entity issues and/or do not have an equivalent IASB Standard or Interpretation.

Reconciliations explaining the transition to AIFRS as at 1 January 2004 and 31 December 2004 are provided at note 45.

General statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards as applied by the Treasurer's Instructions which may modify or clarify their application, disclosure, format and wording to provide certainty and to ensure consistency and appropriate reporting across the public sector.

The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, UIG Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(a) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land and buildings which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The judgements that have been made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements are included at Note 3.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included at Note 3.

(b) Financial effects of changes to Australian Government payment arrangements for 2005 grant year

Background

DEST made changes to payment arrangements in late 2004 so that all recurrent payments in respect of a grant year will be made in that year. The past practice of making the first payment in respect of a grant year at the end of December of the previous year was discontinued. For the 2005 grant year, the first payment was made in January 2005 instead of December 2004.

Financial effects on Murdoch University for 2004

Changes to the payment arrangements outlined above have had no financial impact on 2004 or 2005 revenue, as Murdoch University records grant income received under the Higher Education Funding Act 1988 on an accrual basis. As a result, the December 2003 payment had been included as 2004 revenue and the January 2005 payment has been recorded as 2005 revenue. However, the timing of the cash flows has been affected. The impact of the changes on the Statements of Cash Flows is a reduction in cash inflows of \$8.3 million for the year ended 31 December 2004.

notes to and forming part of the financial statements

for the year ended 31 december 2005

(c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the University as at 31 December 2005 and the results of all subsidiaries for the year then ended. The University and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are 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 Group.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the University financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

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

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

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

Joint venture entities

The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the University. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

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

(d) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges or swaps of goods or services of a similar nature and value are not recognised as revenues.

Grant (other than research grants) and other contributions revenue

Grant income is recognised on an accrual basis.

Donations, gifts and other non-reciprocal contributions are recognised as revenue when the University obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

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

Research Grants

Research grant income is considered to constitute a reciprocal transfer and therefore recorded in accordance with AABS 118 "Revenue" on the stage of completion method.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

notes to and forming part of the financial statements

for the year ended 31 december 2005

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Dividends

Dividend revenue is recognised net of any franking credits.

Revenue from distributions from subsidiaries is recognised by the University when they are declared by the subsidiaries. As the University is a tax exempt entity, the University is entitled to claim the franking credits associated with the dividend from the taxation authority.

Lease income

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

(e) Property, plant and equipment

All assets acquired, including property, plant and equipment, are initially recorded at their cost at the date of acquisition, being the amount of cash or cash equivalents paid and the fair value of other consideration provided plus incidental costs directly attributable to the acquisition.

For assets acquired at nil or nominal amounts, cost is the asset's fair value as at the date of acquisition.

Fair value

Classes of non-current assets including land, buildings and artworks, measured at fair value are revalued with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from fair value at reporting date. Independent valuations are obtained at least every three years.

Land has been determined on the basis of current use land value for the Murdoch University campus and market land value for all other land.

Buildings are valued at estimated current replacement costs less accumulated depreciation.

Artworks are valued at market value.

Revaluation increments, on a class of assets basis, are recognised in the asset revaluation reserve except that amounts reversing a decrement previously recognised as an expense are recognised as revenue. Revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense.

Cost

Equipment is capitalised as an asset for items costing \$5,000 or more (exclusive of GST), except for motor vehicles, which have no minimum capitalisation limit.

The net book value of library books is based on the cost of acquisitions for three years to the end of the current financial year. The University has adopted a "rolling depreciation" methodology for library books, whereby acquisitions in the fourth year preceding the reporting year are charged to depreciation.

Plant assets are presented at cost less accumulated depreciation and accumulated impairment losses where appropriate.

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense.

Gain/loss on disposal

The gain or loss on disposal of non-current asset sales is recognised as revenue/expense at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

Depreciation

All non-current assets having a limited useful life are systematically depreciated on a straight-line basis over their useful lives in a manner that reflects the consumption of their future economic benefits. Land is not depreciated.

The depreciation rates used are as follows:

Computer Equipment	25%
Other Equipment	12.5%
Buildings	2%
Plant	5%
Motor Vehicles	16.67%
Leased plant & equipment	12.5%

notes to and forming part of the financial statements

for the year ended 31 december 2005

Artworks are considered as heritage assets and are anticipated to have very long and indeterminate 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 works of art.

The basis for depreciation and the depreciation rates are reviewed annually.

(f) Impairment

The carrying amounts of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is estimated as the greater of fair value less selling costs, and value in use (depreciated replacement cost).

(g) Investment property

Investment properties are properties which are held to earn rental income. Investment properties are stated at depreciated cost.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in the income statement.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording.

(h) Foreign currency translation

Both the functional and presentation currency of Murdoch University and its Australian subsidiaries is Australian dollars.

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

(i) Investments and other financial assets

From 1 January 2004

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Held-to-maturity investments

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

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise.

notes to and forming part of the financial statements

for the year ended 31 december 2005

The unquoted investments are measured at cost where no active market exists.

Subsidiaries

Investments in subsidiaries are carried in the University's financial statements at cost less any impairment in value.

Other

In the University's financial statements, investments in unlisted shares are carried at cost less any impairment in value.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value with provisions being made for obsolescence where considered necessary. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(k) Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave benefits

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

Retirement benefit obligations

The employees of the Group are entitled to benefits on retirement from superannuation plans elected by the employees. These plans incorporate a combination of defined contribution sections and/or defined benefit sections.

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

The current defined benefit plan is a multi-employer defined benefit plan. However, sufficient information is not available to enable identification of the share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes. As such, the plan will be accounted for as a multi-employer defined contribution plan (refer note 44).

Employee on-costs

Employee on-costs in relation to long service leave and annual leave are recognised as liabilities and expenses when the employment to which they relate has occurred.

(l) Leased assets

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

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as 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.

(m) Trade and other receivables

Trade receivables are initially recorded at the amount of contracted sales proceeds. A provision for doubtful debts is recognised to the extent collection of the full amount is no longer probable. Bad debts are written off when identified and approved in accordance with the Treasurer's Instructions.

(n) Trade and other payables

Payables are recognised as amounts to be paid in the future for goods and services received, whether or not billed before balance date.

notes to and forming part of the financial statements

for the year ended 31 december 2005

(o) Interest bearing liabilities

Interest bearing liabilities are recognised initially at cost, being the fair value of the consideration received. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the liabilities on an effective interest basis.

(p) Borrowing costs

Borrowing costs are expensed as incurred unless they relate to the acquisition, construction or production of qualifying assets.

Qualifying assets are assets that take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using an effective interest rate method.

(q) Taxation

University

The University is a tax exempt body.

Consolidation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

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

(s) Provisions

Provisions are liabilities of uncertain timing and amount. The Group only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet reporting date and adjusted to reflect the current best estimate.

(t) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(u) Disaggregated information

The Group discloses revenue and expenses by services as prescribed by Treasurers Instruction 1101.

notes to and forming part of the financial statements

for the year ended 31 december 2005

2 Financial risk management

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

(a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

The Group does have exposure to the international market and therefore is exposed to foreign exchange risk.

The Group's current policy is not to hedge its exposure due to the small volume of transactions subjected to foreign exchange risk.

(b) Credit risk

The Group's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets indicated in the Balance Sheet. The Group's credit risk is spread over a significant number of parties and is concentrated primarily in Australia.

(c) Liquidity and interest rate risk

Liquidity risk is managed through maintaining adequate cash reserves and borrowing facilities by continuously monitoring forecast and actual cash flows.

The Group is exposed to interest rate risk as it borrows and invests funds at both fixed and floating interest rates. The risk is managed through maintaining an appropriate mix of borrowings and investments at fixed and floating rates, maintaining an appropriate mix of financial institutions to invest with and setting limits in terms of borrowings and investments. (refer to note 37)

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no critical accounting estimates or critical accounting judgements in applying the entity's accounting policies made by management in preparing these financial statements that have a material impact.

notes to and forming part of the financial statements

for the year ended 31 december 2005

4 Disaggregated information

The Group operates predominantly in the Australian higher education industry providing full-time and part-time degree courses as well as non-award courses to local and fee paying overseas students. The Group also manages the operations of the St Ives Retirement Village.

	Higher education		Retirement Village		Total	
	2005	2004	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Revenues from continuing operations						
Australian Government financial assistance						
Australian Government grants	82,177	69,679	-	-	82,177	69,679
HECS-HELP - Australian Government payments	26,416	27,166	-	-	26,416	27,166
FEE-HELP	2,626	1,944	-	-	2,626	1,944
State and Local Government financial assistance	6,468	5,491	-	-	6,468	5,491
HECS-HELP Student payments	5,139	4,129	-	-	5,139	4,129
Fees and charges	31,750	30,175	-	-	31,750	30,175
Investment income	1,508	1,506	260	339	1,768	1,845
Consultancy and contract research	12,166	12,021	-	-	12,166	12,021
Other revenue	20,600	20,833	6,582	9,383	27,182	30,216
Total revenues from continuing operations	188,850	172,944	6,842	9,722	195,692	182,666
Expenses from continuing operations						
Employee benefits and on costs	109,248	101,810	335	241	109,583	102,051
Depreciation and amortisation	9,396	9,652	4	3	9,400	9,655
Repairs and maintenance	5,866	5,978	-	-	5,866	5,978
Borrowing costs	270	144	-	-	270	144
Bad and doubtful debts	68	(267)	-	-	68	(267)
Other expenses	59,339	58,052	1,443	1,343	60,782	59,395
Total expenses from continuing operations	184,187	175,369	1,782	1,587	185,969	176,956
Operating result before income tax	4,663	(2,425)	5,060	8,135	9,723	5,710
Income tax expense	27	17	1,518	2,399	1,545	2,416
Net operating result for the year	4,636	(2,442)	3,542	5,736	8,178	3,294

notes to and forming part of the financial statements

for the year ended 31 december 2005

Consolidated		University	
2005	2004	2005	2004
\$000's	\$000's	\$000's	\$000's

5 Australian Government financial assistance

(including HECS-HELP and other Australian Government loan programmes)

(a) Commonwealth Grants Scheme and Other Grants

Capital Development Pool	2,617	-	2,617	-
Collaboration and Structural Reform Programme	194	-	194	-
Commonwealth Grants Scheme	51,016	43,559	51,016	43,559
Equity Programmes	372	122	372	122
Indigenous Support Fund	428	545	428	545
Workplace Reform Programme	697	1,305	697	1,305
Total Commonwealth Grants Scheme and Other Grants	55,324	45,531	55,324	45,531

(b) Higher Education Loan Programmes

HECS - HELP	26,416	27,166	26,416	27,166
FEE - HELP	2,626	1,944	2,626	1,944
Total Higher Education Loan Programmes	29,042	29,110	29,042	29,110

(c) Scholarships

Australian Postgraduate Awards	1,259	1,404	1,259	1,404
Commonwealth Accommodation Scholarships	461	168	461	168
Commonwealth Education Cost Scholarships	283	86	283	86
International Postgraduate Research Scholarships	279	254	279	254
Total Scholarships	2,282	1,912	2,282	1,912

(d) DEST - Research

Institutional Grants Scheme	5,027	4,580	5,027	4,580
Research Infrastructure Block Grants	2,853	2,409	2,853	2,409
Research Training Scheme	9,106	8,814	9,106	8,814
Total DEST - Research	16,986	15,803	16,986	15,803

notes to and forming part of the financial statements

for the year ended 31 december 2005

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's

5 Australian Government financial assistance (continued)

(e) Australian Research Council

(i) Discovery

Project	1,516	1,229	1,516	1,229
Fellowships	-	86	-	86
Indigenous Researchers Development	-	27	-	27
Total Discovery	1,516	1,342	1,516	1,342

(ii) Linkages

Infrastructure	428	-	428	-
International	8	30	8	30
Projects	3,476	2,945	3,476	2,945
Learned Academics	-	1	-	1
Total Linkages	3,912	2,976	3,912	2,976

(f) Other Australian Government financial assistance

Research projects	2,157	2,115	2,157	2,115
Total Other Australian Government financial assistance	2,157	2,115	2,157	2,115

Total Australian Government financial assistance	111,219	98,789	111,219	98,789
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Reconciliation

Australian Government grants	82,177	69,679	82,177	69,679
HECS - HELP - Australian Government payments	26,416	27,166	26,416	27,166
Other Australian Government loan programmes (FEE-HELP)	2,626	1,944	2,626	1,944
Total Australian Government financial assistance	111,219	98,789	111,219	98,789

notes to and forming part of the financial statements

for the year ended 31 december 2005

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's

6 State and Local Government financial assistance

State Government	5,829	5,041	5,829	5,041
Local Government	639	450	639	450
Total State and Local Government financial assistance	6,468	5,491	6,468	5,491

7 Fees and charges

Course fees and charges

Continuing education	114	93	114	93
Fee-paying domestic postgraduate students	1,213	46	1,213	46
Fee-paying domestic undergraduate students	184	754	184	754
Fee-paying overseas students	22,525	21,529	22,525	21,529
Other domestic course fees and charges	465	232	465	232
Total course fees and charges	24,501	22,654	24,501	22,654

Other fees and charges

Amenities and service fees	1,103	1,062	1,103	1,062
Other fees and charges	2,413	3,179	4,895	4,477
Parking fees	596	562	596	562
Rental and lease charges	1,071	795	1,071	795
Student accommodation	2,066	1,923	2,066	1,923
Total other fees and charges	7,249	7,521	9,731	8,819
Total fees and charges	31,750	30,175	34,232	31,473

8 Investment income

Bank bills and deposits	1,768	1,845	1,434	1,450
Total investment income	1,768	1,845	1,434	1,450

Restricted investment income

Bank bills and deposits	725	571	709	516
Total restricted investment income	725	571	709	516

Unrestricted investment income

Bank bills and deposits	1,043	1,274	725	934
Total unrestricted investment income	1,043	1,274	725	934
Total investment income	1,768	1,845	1,434	1,450

notes to and forming part of the financial statements

for the year ended 31 december 2005

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's

9 Consultancy and contract research

Research

Contracts	11,975	11,721	11,975	11,721
Other				
Consultancy	191	300	191	300
Total consultancy and contract research	12,166	12,021	12,166	12,021

10 Other revenue

Dividends received	64	64	4,835	11,834
Donations and bequests	720	682	420	569
Franking credit refund on dividends received	2,089	5,084	2,072	5,072
Gain on disposal of property, plant and equipment	25	-	25	-
Net foreign exchange gain	57	-	57	-
Non-government grants	305	429	280	429
Other revenue	8,303	6,802	5,099	4,974
Scholarships and prizes	19	18	19	18
Fair value gains on other financial assets	254	168	-	-
Trading income	15,346	16,969	9,752	8,358
Total other revenue	27,182	30,216	22,559	31,254

notes to and forming part of the financial statements

for the year ended 31 december 2005

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's

11 Employee benefits and on costs

Employee benefits

Academic:

Salaries	43,528	39,272	43,528	39,272
Contribution to superannuation and pension schemes	6,072	5,615	6,072	5,615
Long service leave	1,457	2,063	1,457	2,063
Other	14	37	14	37
Total Academic	51,071	46,987	51,071	46,987

Non-academic:

Salaries	45,261	41,662	44,927	41,421
Contribution to superannuation and pension schemes	5,635	5,201	5,635	5,201
Annual leave	514	756	514	756
Long service leave	1,328	1,560	1,328	1,560
Other	20	37	20	37
Total Non-academic	52,758	49,216	52,424	48,975

Total employee benefits	103,829	96,203	103,495	95,962
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Employee on costs

Academic:

Payroll tax	2,675	2,661	2,675	2,661
Workers compensation	166	205	166	205
Total Academic	2,841	2,866	2,841	2,866

Non-academic:

Payroll tax	2,720	2,759	2,720	2,759
Workers compensation	193	223	193	223
Total Non-academic	2,913	2,982	2,913	2,982

Total employee on costs	5,754	5,848	5,754	5,848
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Total employee benefits and on costs	109,583	102,051	109,249	101,810
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notes to and forming part of the financial statements

for the year ended 31 december 2005

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's

12 Depreciation and amortisation

Depreciation

Buildings	3,462	3,293	3,462	3,293
Computer equipment	758	1,007	758	1,007
General equipment	2,240	2,405	2,234	2,400
Library books	2,612	2,687	2,612	2,687
Motor vehicles	222	202	222	202
Plant and equipment	104	61	104	61
Total depreciation	9,398	9,655	9,392	9,650

Amortisation

Leased plant and equipment	2	-	2	-
Total amortisation	2	-	2	-
Total depreciation and amortisation	9,400	9,655	9,394	9,650

13 Repairs and maintenance

Buildings and grounds	3,087	4,278	3,087	4,278
Other	2,779	1,700	2,779	1,700
Total repairs and maintenance	5,866	5,978	5,866	5,978

14 Borrowing costs

Finance lease charges	1	-	1	-
Interest paid	269	317	269	317
Less: Interest capitalised	-	(173)	-	(173)
Total borrowing costs expensed	270	144	270	144

15 Bad and doubtful debts

Doubtful debts (*)	68	(267)	68	(267)
Total bad and doubtful debts	68	(267)	68	(267)

* - The negative bad and doubtful debts in 2004 is representative of a reversal in the provision for doubtful debts.

notes to and forming part of the financial statements

for the year ended 31 december 2005

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's

16 Other expenses

Administration expenses	4,610	5,113	4,361	5,010
Advertising, marketing and promotions	3,150	3,214	3,150	3,214
Amenities and service fees	1,104	1,059	1,104	1,059
Asset write-offs	194	71	194	71
Audit fees, bank charges, legal costs, insurance and taxes	9,812	10,371	9,792	10,369
Cost of sales	6,348	8,572	6,348	8,572
External services and supplies	6,723	5,658	6,636	5,642
Loss on disposal of property, plant and equipment	-	84	-	84
Loss on disposal of controlled entity	15	-	-	-
Net foreign exchange loss	-	104	-	104
General consumables	4,450	3,940	4,449	3,940
Non-capitalised equipment	3,496	3,120	3,496	3,120
Occupancy costs	2,971	3,069	2,971	3,069
Operating lease payments	1,574	1,306	1,574	1,306
Other expenses	2,946	1,821	2,397	906
Scholarships, grants and prizes	7,658	6,583	7,658	6,583
Telecommunications	978	984	972	984
Travel and related staff development and training	4,753	4,326	4,714	4,326
Total other expenses	60,782	59,395	59,816	58,359

17 Trading profit

Sales	15,346	16,969	9,752	8,358
Cost of sales				
Opening inventory	(851)	(997)	(850)	(997)
Purchases	(6,494)	(8,426)	(6,494)	(8,425)
	(7,345)	(9,423)	(7,344)	(9,422)
Closing inventory	997	851	996	850
	(6,348)	(8,572)	(6,348)	(8,572)
Trading profit/(loss)	8,998	8,397	3,404	(214)

notes to and forming part of the financial statements

for the year ended 31 december 2005

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's

18 Income tax

(a) Income tax expense

Current	1,545	2,457	-	-
Under/ (over) provided in prior years	-	(41)	-	-
Income tax expense	1,545	2,416	-	-

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

Operating result from continuing operations before income tax expense subject to income tax	5,151	8,190	-	-
Tax at the Australian tax rate of 30% (2004: 30%)	1,545	2,457	-	-
Under/ (over) provided in prior years	-	(41)	-	-
Income tax expense	1,545	2,416	-	-

19 Cash and cash equivalents

Current

Cash at bank and on hand	8,516	7,277	6,801	4,981
Bank short term deposits	4,000	1,500	4,000	1,500
Total cash and cash equivalents	12,516	8,777	10,801	6,481

(a) Reconciliation to cash at end of the year

The above figures are reconciled to cash at the end of the year as shown in the Statements of Cash Flows as follows:

Balances as above	12,516	8,777	10,801	6,481
Balance per Statements of Cash Flows	12,516	8,777	10,801	6,481

(b) Cash at bank and on hand

These are bearing floating interest rates at 4.60% as at 31 December 2005 (2004: 4.76%).

(c) Bank short term deposits

The deposits are bearing floating interest rates at 6.21% as at 31 December 2005 (2004: 5.18%). These deposits are on call.

notes to and forming part of the financial statements

for the year ended 31 december 2005

Consolidated		University	
2005	2004	2005	2004
\$000's	\$000's	\$000's	\$000's

20 Receivables

Current

Trade receivables	10,064	15,491	9,872	15,493
less Provision for doubtful debts	(552)	(735)	(552)	(735)
	9,512	14,756	9,320	14,758
Loans receivable	20	170	20	170
Total current receivables	9,532	14,926	9,340	14,928

Non-current

Loans receivable	900	900	900	900
Other	1,083	1,055	1,083	1,055
Total non-current receivables	1,983	1,955	1,983	1,955

Total receivables	11,515	16,881	11,323	16,883
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(a) Fair values of non-current receivables

The fair values and carrying values of non-current receivables of the Group are as follows:

	2005		2004	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Loans receivable	900	900	900	900
Other	1,083	1,083	1,055	1,055
	1,983	1,983	1,955	1,955

notes to and forming part of the financial statements

for the year ended 31 december 2005

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's

21 Inventories

Current

Bookshop - at cost	471	373	471	373
Veterinary Hospital - at cost	525	477	525	477
Other - at cost	1	1	-	-
Total inventories	997	851	996	850

22 Other financial assets

Unrestricted other financial assets

Current

Held to maturity investments - Bank bills and deposits	3,293	7,744	1,081	4,174
Financial assets at fair value through profit and loss - Listed securities	1,825	1,171	-	-
Total current unrestricted other financial assets	5,118	8,915	1,081	4,174

Non-current

Shares in subsidiaries	-	-	-	-
Shares in other unlisted entities	10	10	10	10
Total non-current unrestricted other financial assets	10	10	10	10

Total unrestricted other financial assets	5,128	8,925	1,091	4,184
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Restricted other financial assets (*)

Current

Held to maturity investments - Bank bills and deposits	13,542	8,910	13,284	8,765
Total current restricted other financial assets	13,542	8,910	13,284	8,765

Total other financial assets	18,670	17,835	14,375	12,949
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* - Amounts classed as restricted other financial assets relate to funds within other liabilities that are to be expended primarily on specific research projects.

notes to and forming part of the financial statements

for the year ended 31 december 2005

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's

23 Other assets

Current

Prepayments	2,484	1,303	2,464	1,281
Total other non-financial assets	2,484	1,303	2,464	1,281

24 Investment property

Non-current

Balance at 1 January	-	-	-	-
Transfer from property, plant and equipment	8,640	-	8,640	-
Depreciation	(1)	-	(1)	-
Balance at 31 December	8,639	-	8,639	-

Investment property includes a commercial building that is leased to a third party under operating lease.

Operating leases (as lessor)

The future minimum lease payments under non-cancellable lease is as follows:

Within one year	1,003	-	1,003	-
Later than one year but not later than 5 years	4,396	-	4,396	-
Later than 5 years	6,554	-	6,554	-
	11,953	-	11,953	-

During the year ended 31 December 2005, \$166,248 was recognised as rental income in the income statement (2004: NIL).

notes to and forming part of the financial statements
for the year ended 31 december 2005

25 Property, plant and equipment

Consolidated

At 1 January 2004

- Cost	-	15,052	1,212	13,883	28,990	1,209	-	10,342	-	-	-	70,688
- Independent Valuation	95,480	-	-	-	-	-	-	1,867	-	-	-	261,970
- Accumulated depreciation	-	-	(71)	(12,284)	(20,612)	-	-	(2,246)	-	-	-	(35,213)
Net book amount	95,480	15,052	1,141	1,599	8,378	1,209	-	1,867	-	-	-	297,445

Year ended 31 December 2004

Opening net book amount	95,480	15,052	1,141	1,599	8,378	1,209	-	1,867	-	-	-	297,445
Revaluation increment / (decrement)	-	(1,455)	-	-	-	-	-	-	-	-	-	(1,455)
Additions	-	4,577	827	1,048	2,387	418	-	2,933	-	-	-	18,503
Disposals	-	-	-	(4)	(70)	(308)	-	-	-	-	-	(5,642)
Transfers to/from Buildings	-	3,005	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(3,293)	(61)	(1,007)	(2,406)	(201)	-	(2,687)	-	-	-	(9,655)
Closing net book amount	95,480	167,457	1,907	1,636	8,289	1,118	-	1,867	-	-	-	299,196

At 31 December 2004

- Cost	-	13,100	2,039	13,596	30,943	1,298	-	11,029	-	-	-	73,872
- Murdoch Valuation	95,480	-	-	-	-	-	-	-	-	-	-	262,937
- Accumulated depreciation	-	-	(132)	(11,960)	(22,654)	(180)	-	(2,687)	-	-	-	(37,613)
Net book amount	95,480	13,100	1,907	1,636	8,289	1,118	-	1,867	-	-	-	299,196

Year ended 31 December 2005

Opening net book amount	95,480	13,100	1,907	1,636	8,289	1,118	-	1,867	-	-	-	299,196
Revaluation increment / (decrement)	-	(6,787)	-	-	-	-	-	-	-	-	-	(6,787)
Additions	-	270	-	369	2,196	512	-	3,646	74	-	-	21,998
Disposals	-	-	-	(16)	(198)	(211)	-	-	-	-	-	(3,890)
Transfers to buildings and plant	-	6,985	277	-	-	-	-	-	-	-	-	-
Transfers to investment property	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(3,462)	(104)	(758)	(2,240)	(222)	-	(2,612)	(2)	-	-	(9,400)
Closing net book amount	95,480	171,250	2,080	1,231	8,047	1,197	-	1,972	72	-	-	292,477

At 31 December 2005

- Cost	-	1,772	2,316	8,674	29,457	1,354	-	11,988	74	-	-	55,635
- Murdoch Valuation	95,480	-	-	-	-	-	-	-	-	-	-	268,702
- Accumulated depreciation	-	-	(236)	(7,443)	(21,410)	(157)	-	(2,612)	(2)	-	-	(31,860)
Net book amount	95,480	171,250	2,080	1,231	8,047	1,197	-	1,972	72	-	-	292,477

notes to and forming part of the financial statements
for the year ended 31 december 2005

25 Property, plant and equipment (continued)

University

At 1 January 2004

	Land	Buildings	Construction in progress	Plant	Computing Equipment	Other Equipment	Motor Vehicles	Artworks	Library Books	Leased Plant and Equipment	Total
- Cost	-	-	15,052	1,212	13,883	28,959	1,209	-	10,342	-	70,657
- Independent Valuation	95,480	164,623	-	-	-	-	-	1,867	-	-	261,970
- Accumulated depreciation	-	-	-	(71)	(12,284)	(20,602)	-	-	(2,246)	-	(35,203)
Net book amount	95,480	164,623	15,052	1,141	1,599	8,357	1,209	1,867	8,096	-	297,424

Year ended 31 December 2004

Opening net book amount	95,480	164,623	15,052	1,141	1,599	8,357	1,209	1,867	8,096	-	297,424
Revaluation increment / (decrement)	-	(1,455)	-	-	-	-	-	-	-	-	(1,455)
Additions	-	4,577	6,313	827	1,048	2,385	418	-	2,933	-	18,501
Disposals	-	-	(5,260)	-	(4)	(70)	(308)	-	-	-	(5,642)
Transfers to Buildings	-	3,005	(3,005)	-	-	-	-	-	-	-	-
Depreciation charge	-	(3,293)	-	(61)	(1,007)	(2,401)	(201)	-	(2,687)	-	(9,650)
Closing net book amount	95,480	167,457	13,100	1,907	1,636	8,271	1,118	1,867	8,342	-	299,178

At 31 December 2004

- Cost	-	-	13,100	2,039	13,596	30,910	1,298	1,867	11,029	-	73,839
- Murdoch Valuation	95,480	167,457	-	-	-	-	-	-	-	-	262,937
- Accumulated depreciation	-	-	-	(132)	(11,960)	(22,639)	(180)	-	(2,687)	-	(37,598)
Net book amount	95,480	167,457	13,100	1,907	1,636	8,271	1,118	1,867	8,342	-	299,178

Year ended 31 December 2005

Opening net book amount	95,480	167,457	13,100	1,907	1,636	8,271	1,118	1,867	8,342	-	299,178
Revaluation increment / (decrement)	-	-	(6,787)	-	-	-	-	-	-	-	(6,787)
Additions	-	270	14,826	-	369	2,193	512	105	3,646	74	21,995
Disposals	-	-	(3,465)	-	(16)	(198)	(211)	-	-	-	(3,890)
Transfers to buildings and plant	-	6,985	(7,262)	277	-	-	-	-	-	-	-
Transfers to investment property	-	-	(8,640)	-	-	-	-	-	-	-	(8,640)
Depreciation charge	-	(3,462)	-	(104)	(758)	(2,234)	(222)	-	(2,612)	(2)	(9,394)
Closing net book amount	95,480	171,250	1,772	2,080	1,231	8,032	1,197	1,972	9,376	72	292,462

At 31 December 2005

- Cost	-	-	1,772	2,316	8,674	29,426	1,354	-	11,988	74	55,604
- Murdoch Valuation	95,480	171,250	-	-	-	-	-	1,972	-	-	268,702
- Accumulated depreciation	-	-	-	(236)	(7,443)	(21,394)	(157)	-	(2,612)	(2)	(31,844)
Net book amount	95,480	171,250	1,772	2,080	1,231	8,032	1,197	1,972	9,376	72	292,462

Valuations of land and buildings

Land and buildings are measured on a fair value basis, being the amount for which the assets could be exchanged between knowledgeable and willing parties in an arm's length transaction, having regard to the highest and best use of the asset for which other parties would be willing to pay. The valuations determined by Murdoch take into account the prior year valuations, additions and disposals during the year, depreciation of buildings during the year and market movements. The valuations determined by the independent valuer, being the Valuer General's Office, are on the basis of values for existing use.

notes to and forming part of the financial statements

for the year ended 31 december 2005

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's

26 Payables

Current

Trade payables	4,195	2,996	3,987	2,566
Total Payables	4,195	2,996	3,987	2,566

27 Interest bearing liabilities

Current

Secured

Lease liabilities	20	-	20	-
Total current secured interest bearing liabilities	20	-	20	-

Unsecured

Western Australian Treasury Corporation *	486	462	486	462
Total current unsecured interest bearing liabilities	486	462	486	462

Total current interest bearing liabilities	506	462	506	462
---	------------	------------	------------	------------

Non-current

Secured

Lease liabilities	49	-	49	-
Total non-current secured interest bearing liabilities	49	-	49	-

Unsecured

Western Australian Treasury Corporation *	3,379	3,865	3,379	3,865
Total non-current unsecured interest bearing liabilities	3,379	3,865	3,379	3,865

Total non-current interest bearing liabilities	3,428	3,865	3,428	3,865
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Total interest bearing liabilities	3,934	4,327	3,934	4,327
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* - The loans from Western Australian Treasury Corporation are as follows:

notes to and forming part of the financial statements

for the year ended 31 december 2005

27 Interest bearing liabilities (continued)

(a) Equine facility loan of \$1,164,181 which is unsecured, interest bearing at a fixed rate of 6.14% and repayable in semi-annual instalments by July 2009.

(b) Law building loan of \$455,947 which is unsecured, interest bearing at a fixed rate of 5.93% and repayable in quarterly instalments by October 2018.

(c) Student Village loan of \$2,244,799 which is unsecured, interest bearing at a weighted average rate of 6.69% and repayable in quarterly instalments by October 2018.

The carrying amounts of interest bearing liabilities approximates the fair values at balance date.

Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

Non-current

Finance leases

Plant and equipment	72	-	72	-
Total assets pledged as security	72	-	72	-

Financing arrangements

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

Bank facilities

Total facilities available

Asset finance (Finance leases)	1,000	-	1,000	-
	1,000	-	1,000	-

Facilities utilised at reporting date

Asset finance (Finance leases)	69	-	69	-
	69	-	69	-

Facilities not utilised at reporting date

Asset finance (Finance leases)	931	-	931	-
	931	-	931	-

notes to and forming part of the financial statements

for the year ended 31 december 2005

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's

28 Provisions

Current

Employee benefits:

Annual leave	3,526	3,058	3,513	3,052
Long service leave	7,302	8,501	7,302	8,501
Other	541	74	541	74
Other provisions	1,294	693	1,294	693
Total current provisions	12,663	12,326	12,650	12,320

Non-current

Employee benefits:

Long service leave	4,847	2,296	4,847	2,296
Other provisions	323	138	323	138
Total non-current provisions	5,170	2,434	5,170	2,434

Total provisions	17,833	14,760	17,820	14,754
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Movement in provisions

(a) Other provisions

Current

Balance at beginning of year	693	-	693	-
Additional provisions	601	693	601	693
Balance at end of year	1,294	693	1,294	693

Non-current

Balance at beginning of year	138	-	138	-
Additional provisions	185	138	185	138
Balance at end of year	323	138	323	138

notes to and forming part of the financial statements

for the year ended 31 december 2005

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's

29 Other liabilities

Current

Deferred research income	13,284	15,900	13,284	15,900
Fees in advance	445	408	187	252
Other creditors and accruals	8,256	6,965	8,204	6,955
Other loans	5	1,000	5	1,001
Current tax liability	14	551	-	-
Total current other liabilities	22,004	24,824	21,680	24,108

Non-current

Other loans	5	-	5	-
Total non-current other liabilities	5	-	5	-

Total other liabilities	22,009	24,824	21,685	24,108
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30 Reserves

Asset revaluation reserve	132,835	139,622	132,835	139,622
Motor vehicle reserve	-	564	-	564
Total reserves	132,835	140,186	132,835	140,186

Movement during the year:

(a) Asset revaluation reserve

Balance at beginning of year	139,622	141,077	139,622	141,077
Net revaluation increment / (decrements):				
Property, plant and equipment	(6,787)	(1,455)	(6,787)	(1,455)
Balance at end of year	132,835	139,622	132,835	139,622

(b) Motor vehicle reserve

Balance at beginning of year	564	423	564	423
Transfer to/(from) reserve	(564)	141	(564)	141
Balance at end of year	-	564	-	564

notes to and forming part of the financial statements

for the year ended 31 december 2005

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's

31 Reconciliation of profit from ordinary activities to net cash flows provided by operating activities

Profit from ordinary activities after income tax	8,178	3,294	8,554	8,933
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Adjustments for:

Depreciation and amortisation	9,400	9,655	9,394	9,650
Asset write offs	194	71	194	71
Murdoch Retirement Services units disposed	3,465	5,260	3,465	5,260
Movement in motor vehicle reserves	-	141	-	141
(Gain) / loss on disposal of property, plant & equipment	(25)	84	(25)	84
Loss on disposal of controlled entity	15	-	-	-
Fair value gains on other financial assets	(254)	(168)	-	-
Interest capitalised	-	(173)	-	(173)

Changes in assets and liabilities:

(Increase) / decrease in receivables	5,216	(6,645)	5,410	(6,215)
(Increase) / decrease in inventories	(146)	146	(146)	147
(Increase) / decrease in other assets	(1,181)	(299)	(1,183)	(302)
Increase / (decrease) in payables	1,199	96	1,421	(85)
Increase / (decrease) in provisions	3,073	2,853	3,066	2,834
Increase / (decrease) in other liabilities	(1,840)	(8)	(1,431)	1,222

Net cash provided by operating activities	27,294	14,307	28,719	21,567
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Non-cash investing and financing activities

Acquisition of plant and equipment by means of finance leases	74	-	74	-
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32 Remuneration of auditor

During the year the following fees were paid for services provided by the Auditor General of WA to the Group.

	\$	\$	\$	\$
Audit services				
Auditing of financial reports	127,000	118,500	110,000	105,500

33 Contingent liabilities

There were no contingent liabilities at reporting date.

notes to and forming part of the financial statements

for the year ended 31 december 2005

Consolidated		University	
2005	2004	2005	2004
\$000's	\$000's	\$000's	\$000's

34 Events subsequent to reporting date

There were no events subsequent to the reporting date that have a material effect on the financial statements for the reporting period.

35 Commitments for expenditure

(a) Capital commitments

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

Property, plant and equipment

Within one year	15,091	11,197	15,091	11,197
Later than one year but not later than 5 years	-	-	-	-
Total capital commitments	15,091	11,197	15,091	11,197

(b) Lease commitments

(i) Operating leases

Commitments relating to non-cancellable operating leases are as follows:

Within one year	817	841	817	841
Later than one year but not later than 5 years	843	660	843	660
Total operating lease commitments	1,660	1,501	1,660	1,501

(ii) Finance leases

Commitments relating to finance leases are as follows:

Within one year	24	-	24	-
Later than one year but not later than 5 years	53	-	53	-
	77	-	77	-
Less: Future lease finance charges	(8)	-	(8)	-
	69	-	69	-

Lease liabilities provided for in the financial statements:

Current	20	-	20	-
Non-current	49	-	49	-
Total lease liability	69	-	69	-

(c) Other expenditure commitments

Commitments relating to other expenditure are as follows:

Within one year	3,022	1,310	3,022	1,310
Later than one year but not later than 5 years	1,620	-	1,620	-
Total other expenditure commitments	4,642	1,310	4,642	1,310

notes to and forming part of the financial statements

for the year ended 31 december 2005

Consolidated		University	
2005	2004	2005	2004
\$000's	\$000's	\$000's	\$000's

36 Remuneration of senior officers and Senate members

Remuneration of senior officers

The total of fees, salaries, allowances, superannuation and other benefits received or due and receivable for the financial year by senior officers of the University

2,143	1,598	2,143	1,598
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The number of senior officers other than senior officers reported as members of the Senate, whose total of fees, salaries, allowances, superannuation and other benefits for the financial year, fall within the following bands are:

\$50,001 - \$60,000	-	1	-	1
\$70,001 - \$80,000	-	1	-	1
\$110,001 - \$120,000	-	2	-	2
\$140,001 - \$150,000	-	1	-	1
\$160,001 - \$170,000	1	1	1	1
\$170,001 - \$180,000	-	2	-	2
\$180,001 - \$190,000	-	1	-	1
\$190,001 - \$200,000	1	1	1	1
\$200,001 - \$210,000	1	1	1	1
\$210,001 - \$220,000	2	-	2	-
\$230,001 - \$240,000	2	-	2	-
\$260,001 - \$270,000	1	-	1	-
\$400,001 - \$410,000 (*)	1	-	1	-

(*) - Amount includes retirement benefit paid to senior officer.

notes to and forming part of the financial statements

for the year ended 31 december 2005

36 Remuneration of senior officers and Senate members (continued)

Remuneration of members of Senate

Names of Persons who were members of Senate during the year are:

Emeritus Professor Geoffrey Bolton (Chancellor)
Judge Kate O'Brien (Pro Chancellor)

Professor John Yovich (Vice Chancellor)

Brian Aitken

Pat Allen

Margaret Banks

Janice Bowra

Malcolm Bradley

Professor Stuart Bradley

Terry Budge

Professor Nick Costa

Alison Gaines

The Rt Hon Sir William Heseltine

Phillip Hocking

Garry Hunt

Carolyn Jakobsen

Richard Lester

Associate Professor Jim Macbeth

Malcolm Macpherson

Dr Michael McCall

Daniel Narbett

Robert Pett

Dr Melanie Strawbridge

Barbara Whelan

The total of fees, salaries, allowances, superannuation and other benefits received or due and receivable for the financial year by members of Senate

582

436

582

436

The number of members of Senate whose total of fees, salaries, allowances, superannuation and other benefits for the financial year, fall within the following bands are:

\$1 - \$10,000

2

1

2

1

\$420,001 - \$430,000

-

1

-

1

\$560,001 - \$570,000

1

-

1

-

The Vice Chancellor is the only member of Senate that is a senior officer of the University and receives remuneration in that capacity. All other members of Senate serve in an honorary capacity.

Remuneration received by members of Senate (other than the Vice Chancellor) as outlined above relates to fees received for ad hoc services undertaken during the year.

notes to and forming part of the financial statements

for the year ended 31 december 2005

37 Financial instruments

Interest rate risk exposures

The following tables provide comparative interest rate risks for the Group for 2005 and 2004.

Floating interest rate	Fixed interest maturing			Non-interest bearing	Total	Weighted average interest rate
	\$000's	1 year or less \$000's	1 year to 5 years \$'000			

2005

Financial assets

Cash and cash equivalents	8,495	4,000	-	-	21	12,516	5.1
Receivables	900	-	-	-	10,615	11,515	8.4
Unrestricted other financial assets	-	3,293	-	-	1,835	5,128	5.7
Restricted other financial assets	-	13,542	-	-	-	13,542	5.7

Financial liabilities

Interest bearing liabilities	2,245	-	69	1,620	-	3,934	6.2
Employee entitlements	-	-	-	-	16,216	16,216	-
Payables	-	-	-	-	4,195	4,195	-

2004

Financial assets

Cash and cash equivalents	7,239	1,500	-	-	38	8,777	4.8
Receivables	900	150	-	-	15,831	16,881	7.9
Unrestricted other financial assets	-	7,744	-	-	1,181	8,925	5.5
Restricted other financial assets	-	8,910	-	-	-	8,910	5.5

Financial liabilities

Interest bearing liabilities	2,434	-	-	1,893	-	4,327	6.6
Employee entitlements	-	-	-	-	13,929	13,929	-
Payables	-	-	-	-	2,996	2,996	-

notes to and forming part of the financial statements

for the year ended 31 december 2005

Note	2005	2005	Variance	2004	Actual	
	Actual	Estimate		Actual		Variance
	\$000's	\$000's		\$000's		\$000's

38 Explanatory statement

This statement provides details of any significant variations (i.e. where variation is 10% or greater) between estimates and actual results for 2005 and between the actual results for 2004 and 2005.

Revenues from continuing operations

Australian Government financial assistance

Australian Government grants	(a)	82,177	78,559	3,618	69,679	12,498
HECS-HELP - Australian Government payments	(b)	26,416	29,054	(2,638)	27,166	(750)
FEE-HELP	(c)	2,626	2,480	146	1,944	682
State and Local Government financial assistance	(d)	6,468	2,445	4,023	5,491	977
HECS-HELP Student payments	(e)	5,139	4,011	1,128	4,129	1,010
Fees and charges		31,750	34,250	(2,500)	30,175	1,575
Investment income	(f)	1,768	1,023	745	1,845	(77)
Consultancy and contract research		12,166	12,916	(750)	12,021	145
Other revenue	(g)	27,182	21,143	6,039	30,216	(3,034)
		195,692	185,881	9,811	182,666	13,026

Expenses from continuing operations

Employee benefits and on costs		109,583	105,886	3,697	102,051	7,532
Depreciation		9,400	9,925	(525)	9,655	(255)
Repairs and maintenance	(h)	5,866	2,614	3,252	5,978	(112)
Borrowing costs	(i)	270	276	(6)	144	126
Bad and doubtful debts	(j)	68	-	68	(267)	335
Other expenses		60,782	62,410	(1,628)	59,395	1,387
		185,969	181,111	4,858	176,956	9,013

Explanations for variations between actuals and estimates for 2005 and actuals for 2005 and 2004.

- (a) The variance between 2005 and 2004 is due mainly to funding received for additional student places. In addition, funding was received in 2005 from the Capital Development Pool, Commonwealth Education Cost and Accommodation scholarships and the Transition Program.
- (b) The variance to budget is due to monies returned to DEST in 2005 relating to re-assessment of actual student load for 2004 being lower than the original forecast.
- (c) The variance to 2004 is due to a change in the FEE-HELP assessment criteria which resulted in more students being eligible for government funding in 2005.
- (d) The variance to budget and 2004 is due to additional State Government funding for key research projects being received in 2005.
- (e) The variance to budget and 2004 is due to a higher than expected number of students who paid HECS-HELP fees upfront rather than via deferment.
- (f) In 2005 there was higher investment balances than anticipated resulting in an above budget result in investment income.
- (g) The variance against budget is due to the receipt of an unbudgeted franking credit refund along with higher than anticipated revenue from various commercial operations run on the University campus. The variance to 2004 is due mainly to a lower franking credit refund received.
- (h) The variance to budget is due to items originally included as part of the capital budget which have been treated as expenses.
- (i) In 2005 all borrowing costs have been expensed compared to 2004 where a portion of borrowing costs were capitalised in accordance with accounting standards.
- (j) No budget was made for doubtful debts in 2005. The variance between 2005 and 2004 actuals is due to a large number of write backs of debts in 2004 which didn't occur in 2005.

notes to and forming part of the financial statements

for the year ended 31 december 2005

39 Investments in controlled entities

Name of entity	Principal activities	Country of incorporation	Class of shares	Ownership interest		Operating result		Contribution to operating result	
				2005	2004	2005	2004	2005	2004
				%	%	\$000's	\$000's	\$000's	\$000's
Parent entity									
Murdoch University		Australia	-	-	-	-	-	-	-
Controlled entities									
Murdoch Investments Company Pty Ltd	Investment	Australia	Ordinary	100	100	-	-	-	-
Murdoch Retirement Services Pty Ltd	Property	Australia	Ordinary	100	100	3,542	5,736	3,542	5,736
The University Company Pty Ltd	Investment	Australia	Ordinary	100	100	-	-	-	-
MS Biotechnology Pty Ltd	Dormant	Australia	Ordinary	57	57	-	-	-	-
Murdoch Link Pty Ltd	Consulting	Australia	Ordinary	100	100	64	36	64	36
Murdoch ILO Pty Ltd	Consulting	Australia	Ordinary	100	100	(47)	4	(47)	4
Murdoch Ventures Pty Ltd	Investment	Australia	Ordinary	100	100	-	-	-	-
Paragen Pty Ltd	Research	Australia	Ordinary	-	62.5	(7)	(5)	(4)	(3)
Murdoch University Foundation	Trust	Australia	-	100	100	649	49	649	49
Murdoch University Veterinary Trust	Trust	Australia	-	100	100	275	376	275	376

40 Discontinued operations

Disposal of controlled entity

During the financial year, the consolidated entity disposed of all of its shares in Paragen Pty Ltd. Details of the disposal are as follows:

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's
Consideration	-	-	-	-
Carrying amount of disposal	15	-	-	-
Loss on disposal	(15)	-	-	-
Net assets of entity disposed of:				
Cash	14	-	-	-
Property, plant and equipment	1	-	-	-
Net Assets	15	-	-	-
	%	%	%	%
Interest held after disposal	-	-	-	-

The entity was disposed of on 23 December 2005 and the operating results to that date have been included in the consolidated operating result.

notes to and forming part of the financial statements

for the year ended 31 december 2005

41 Investments accounted for using the equity method

(a) Investments in associates

Information relating to associates is set out below.

Name and Principal Activities

Murdoch College Properties Pty Ltd: 45% ownership and voting rights.

The entity leases the land designated for Murdoch College from the University. It carries the loan to build the College and leases this building and the land to Murdoch College Inc.

	Consolidated	
	2005	2004
	\$000's	\$000's
Results attributable to associate		
Share of profit /(loss) from ordinary activities before related income tax	48	(1)
Share of income tax (expense) / benefit	(14)	-
Share of profit / (loss) from ordinary activities after related income tax	34	(1)
Share of retained deficit at beginning of year	(79)	(78)
Share of retained deficit at end of year	(45)	(79)

Summary of the performance and financial position of the associate

The aggregate surplus / (deficit), assets and liabilities of the associate is:

Profit / (loss) from ordinary activities after related income tax expense	76	(2)
Total Assets	6,610	6,893
Total Liabilities	(6,709)	(7,072)

As the audit of Murdoch College Properties Pty Ltd is yet to be finalised, the 2005 information above is based on unaudited financial information. The balances disclosed in this note do not have a material impact on the financial statements of Murdoch University.

notes to and forming part of the financial statements

for the year ended 31 december 2005

41 Investments accounted for using the equity method (continued)

(b) Interests in joint ventures

Information relating to interests in joint venture is set out below.

Name and Principal Activities

Murdoch Westscheme Enterprise Partnership

50% ownership and voting rights through the University's subsidiary Murdoch Ventures Pty Ltd.

The principal activity of the entity is to identify research output at Murdoch University and other research facilities and institutions that have the potential to be progressed by research discovery to commercialisation.

	Consolidated	
	2005	2004
	\$000's	\$000's
Results attributable to the entity		
Share of loss from ordinary activities before related income tax	(162)	(131)
Share of income tax (expense) / benefit	-	-
Share of loss from ordinary activities after related income tax	(162)	(131)
Share of retained deficit at beginning of year	(131)	-
Share of retained deficit at end of year	(293)	(131)

Statement of financial position

The consolidated entity's share of the joint venture entity's assets and liabilities is as follows:

Current assets	130	86
Non-current assets	231	63
Total assets	361	149
Current liabilities	54	34
Non-current liabilities	-	-
Total liabilities	54	34

As the partnership has a 30 June year end, the 2005 information above is based on unaudited financial information. The balances disclosed in this note do not have a material impact on the financial statements of Murdoch University.

notes to and forming part of the financial statements

for the year ended 31 december 2005

42 Related parties

(a) Senate members and specified executives

Disclosures relating to Senate members and specified executives are set out in note 36.

(b) Controlled entities

Ownership interests in controlled entities are set out in note 39.

(c) Transactions with related parties

Aggregate amounts included in the determination of operating result from ordinary activities that resulted from transactions with related parties:

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's
Dividends received				
Wholly owned entity	-	-	4,835	11,835
Donations and bequests				
Wholly owned entity	-	-	179	70

(d) Outstanding balances

Aggregate amounts receivable from, and payable to, each class of related parties at balance date:

	Consolidated		University	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's
Current receivables				
Wholly owned entities	-	-	267	111

43 Supplementary financial information

Write-offs

Bad debts written off during the year	377	-	377	-
Property, plant and equipment written off during the year	194	71	194	71
Total write-offs	571	71	571	71

Theft and default	18	28	18	28
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Losses through theft and default

Where appropriate, reports were made to the police and insurance claims submitted where the value exceeded the excess on the University's insurance policy.

notes to and forming part of the financial statements

for the year ended 31 december 2005

44 Superannuation - defined benefit plan

The Group currently contributes to only one defined benefit plan, that being the UniSuper defined benefit plan. The UniSuper defined benefit plan is used by a variety of Universities and other higher education providers within Australia. The information disclosed below is applicable to the whole UniSuper defined benefit plan incorporating all participating employers, not only Murdoch University.

The UniSuper defined benefit plan (DBP) is a defined benefit plan under AASB 119 "Employee benefits".

However, sufficient information is not available to account for the defined benefits provided by the DBP as a defined benefit plan. As set out under paragraph 32(b) of AASB 119, the DBP exposes the participating employers to actuarial risks associated with the current and former employees of other participating employers, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to participating employers.

As at 30 June 2005 there is no funding surplus or deficit which currently affects, or is expected to affect, the amount of future contributions payable by participating employers to the DBP.

Historically, any surplus in the DBP has been used to improve members' benefits and has not affected the amount of participating employers' contributions.

As at 30 June 2005 the assets of the DBP (incorporating all participating employers) in aggregate were estimated to be \$230 million in excess of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the DBP.

As at 30 June 2005 the assets of the DBP (incorporating all participating employers) in aggregate were estimated to be \$1,543 million in excess of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary Russell Employee Benefits using the actuarial demographic assumptions outlined in their report dated 16 May 2003 on the actuarial investigation of the DBP as at 31 December 2002. The financial assumptions used were:

	Vested benefits	Accrued benefits
Gross of tax investment return	7.0% p.a.	9.1% p.a.
Net of tax investment return	6.5% p.a.	8.6% p.a.
Consumer Price Index	2.5% p.a.	2.5% p.a.
Inflationary salary increases	3.5% p.a.	3.5% p.a.

(additional promotional salary increases are assumed to apply based on past experience)

Assets have been included at their net market value, i.e. allowing for realisation costs.

Clause 34 of the UniSuper Trust Deed outlines the process UniSuper must undertake (including employer notifications and notice periods) in order to request additional contributions from employers if the UniSuper assets are considered by the Trustee to be insufficient to provide benefits payable under the Deed. At least four years notice that such a request may be made is required. If such a request was agreed to by employers then members must also contribute additional contributions equal to one-half of the rate at which their employer is prepared to contribute. If the employers do not agree to increase contributions the Trustee must reduce benefits on a fair and equitable basis. The Trustee notified employers during 2003 that such a request may be made in the future but it considered this was unlikely at that time.

notes to and forming part of the financial statements

for the year ended 31 december 2005

45 Explanation of transition to Australian Equivalents to International Financial Reporting Standards (AIFRS)

(a) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs

Note	Previous GAAP	Effect of transition to AIFRS's	AIFRS's	Previous AGAAP	Effect of transition to AIFRS's	AIFRS's	
	1 January 2004			31 December 2004			
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	
Consolidated							
Cash and cash equivalents	(i)	22,033	497	22,530	8,127	650	8,777
Receivables	(i)	8,309	4	8,313	14,906	20	14,926
Inventories		997	-	997	851	-	851
Unrestricted other financial assets	(i)	2,358	969	3,327	7,744	1,171	8,915
Restricted other financial assets	(i)	9,418	-	9,418	8,910	-	8,910
Other assets		1,004	-	1,004	1,303	-	1,303
Total current assets		44,119	1,470	45,589	41,841	1,841	43,682
Receivables		1,925	-	1,925	1,955	-	1,955
Unrestricted other financial assets		10	-	10	10	-	10
Investments accounted for using the equity method		-	-	-	-	-	-
Investment property		-	-	-	-	-	-
Property, plant and equipment	(ii) & (iv)	297,760	(315)	297,445	299,654	(458)	299,196
Total non-current assets		299,695	(315)	299,380	301,619	(458)	301,161
Total assets		343,814	1,155	344,969	343,460	1,383	344,843
Payables	(i)	2,714	187	2,901	2,860	136	2,996
Interest bearing liabilities		6,020	-	6,020	462	-	462
Provisions		9,559	-	9,559	12,326	-	12,326
Other liabilities	(iii)	14,442	9,392	23,834	8,924	15,900	24,824
Total current liabilities		32,735	9,579	42,314	24,572	16,036	40,608
Interest bearing liabilities		4,351	-	4,351	3,865	-	3,865
Provisions		2,348	-	2,348	2,434	-	2,434
Other liabilities		-	-	-	-	-	-
Total non-current liabilities		6,699	-	6,699	6,299	-	6,299
Total liabilities		39,434	9,579	49,013	30,871	16,036	46,907
Net assets		304,380	(8,424)	295,956	312,589	(14,653)	297,936
Reserves	(iv)	141,263	237	141,500	140,287	(101)	140,186
Retained surplus		163,117	(8,661)	154,456	172,302	(14,552)	157,750
Total equity		304,380	(8,424)	295,956	312,589	(14,653)	297,936

notes to and forming part of the financial statements

for the year ended 31 december 2005

45 Explanation of transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) (continued)

(a) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (continued)

Note	Previous GAAP	Effect of transition to AIFRS's	AIFRS's	Previous AGAAP	Effect of transition to AIFRS's	AIFRS's
	1 January 2004			31 December 2004		
	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's	\$ 000's
University						
Cash and cash equivalents	19,936	-	19,936	6,481	-	6,481
Receivables	8,743	-	8,743	14,928	-	14,928
Inventories	997	-	997	850	-	850
Unrestricted other financial assets	2,358	-	2,358	4,174	-	4,174
Restricted other financial assets	9,418	-	9,418	8,765	-	8,765
Other assets	979	-	979	1,281	-	1,281
Total current assets	42,431	-	42,431	36,479	-	36,479
Receivables	1,925	-	1,925	1,955	-	1,955
Unrestricted other financial assets	10	-	10	10	-	10
Investments accounted for using the equity method	-	-	-	-	-	-
Investment property	-	-	-	-	-	-
Property, plant and equipment	297,738	(314)	297,424	299,637	(459)	299,178
Total non-current assets	299,673	(314)	299,359	301,602	(459)	301,143
Total assets	342,104	(314)	341,790	338,081	(459)	337,622
Payables	2,652	-	2,652	2,566	-	2,566
Interest bearing liabilities	16,733	-	16,733	462	-	462
Provisions	9,572	-	9,572	12,320	-	12,320
Other liabilities	12,494	9,392	21,886	8,208	15,900	24,108
Total current liabilities	41,451	9,392	50,843	23,556	15,900	39,456
Interest bearing liabilities	4,351	-	4,351	3,865	-	3,865
Provisions	2,348	-	2,348	2,434	-	2,434
Other liabilities	-	-	-	-	-	-
Total non-current liabilities	6,699	-	6,699	6,299	-	6,299
Total liabilities	48,150	9,392	57,542	29,855	15,900	45,755
Net assets	293,954	(9,706)	284,248	308,226	(16,359)	291,867
Reserves	141,263	237	141,500	140,287	(101)	140,186
Retained surplus	152,691	(9,943)	142,748	167,939	(16,258)	151,681
Total equity	293,954	(9,706)	284,248	308,226	(16,359)	291,867

notes to and forming part of the financial statements

for the year ended 31 december 2005

45 Explanation of transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) (continued)

(b) Reconciliation of profit for the year ended 31 December 2004

	Note	Previous AGAAP	Effect of transition to AIFRS's	AIFRS's
31 December 2004				
		\$ 000's	\$ 000's	\$ 000's
Consolidated				
Australian Government financial assistance				
Australian Government grants	(iii)	69,504	175	69,679
HECS-HELP - Australian Government payments		27,166	-	27,166
FEE-HELP		1,944	-	1,944
State and Local Government financial assistance	(iii)	5,365	126	5,491
HECS-HELP Student payments		4,129	-	4,129
Fees and charges	(iii)	30,164	11	30,175
Investment income	(i)	1,808	37	1,845
Consultancy and contract research	(iii)	18,856	(6,835)	12,021
Other revenue	(i) & (iii)	29,721	495	30,216
Total revenues from continuing operations		188,657	(5,991)	182,666
Employee benefits and on costs		102,051	-	102,051
Amortisation and Depreciation	(ii)	9,847	(192)	9,655
Repairs and maintenance		5,978	-	5,978
Borrowing costs		144	-	144
Bad and doubtful debts		(267)	-	(267)
Other expenses	(i)	59,303	92	59,395
Total expenses from continuing operations		177,056	(100)	176,956
Operating result before income tax		11,601	(5,891)	5,710
Income tax expense		(2,416)	-	(2,416)
Net operating result for the year		9,185	(5,891)	3,294

notes to and forming part of the financial statements

for the year ended 31 december 2005

45 Explanation of transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) (continued)

(b) Reconciliation of profit for the year ended 31 December 2004 (continued)

	Note	Previous AGAAP	Effect of transition to AIFRS's	AIFRS's
31 December 2004				
		\$ 000's	\$ 000's	\$ 000's
University				
Australian Government financial assistance				
Australian Government grants	(iii)	69,504	175	69,679
HECS-HELP - Australian Government payments		27,166	-	27,166
FEE-HELP		1,944	-	1,944
State and Local Government financial assistance	(iii)	5,365	126	5,491
HECS-HELP Student payments		4,129	-	4,129
Fees and charges	(iii)	31,462	11	31,473
Investment income		1,450	-	1,450
Consultancy and contract research	(iii)	18,856	(6,835)	12,021
Other revenue	(iii)	31,238	16	31,254
Total revenues from continuing operations		191,114	(6,507)	184,607
Employee benefits and on costs		101,810	-	101,810
Amortisation and Depreciation	(ii)	9,842	(192)	9,650
Repairs and maintenance		5,978	-	5,978
Borrowing costs		144	-	144
Bad and doubtful debts		(267)	-	(267)
Other expenses		58,359	-	58,359
Total expenses from continuing operations		175,866	(192)	175,674
Operating result before income tax		15,248	(6,315)	8,933
Income tax expense		-	-	-
Net operating result for the year		15,248	(6,315)	8,933

notes to and forming part of the financial statements

for the year ended 31 december 2005

45 Explanation of transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) (continued)

(c) Notes to the reconciliations

(i) Consolidation of the Murdoch University Foundation and the Murdoch University Veterinary Trust

Under AASB 127 "Consolidated and Separate Financial Statements", the University has consolidated the Murdoch University Foundation and the Murdoch University Veterinary Trust as from 1 January 2004. Previously, the University considered these entities to be immaterial to the consolidated entities results and therefore elected not to consolidate.

(ii) Impairment of assets

Testing of property plant and equipment under AASB 136 "Impairment of assets" resulted in impairment losses to motor vehicles and other equipment. Where the carrying amount exceeded its recoverable amount (being the greater of fair value less selling costs and depreciated replacement cost), the assets were written down to their recoverable amount. This resulted in opening balance impairment losses of \$360,093 for other equipment, and \$290,645 for motor vehicles, giving a total impairment loss of \$650,738. For the 2004 financial year, the depreciation charge reduced by \$192,412 as a result of the impairment to the assets. The impairment loss was recorded against the opening retained surplus and the depreciation adjustment was recognised in the income statement.

(iii) Research income

Under AASB 118 "Revenue" and AASB 1004 "Contributions", the University has had to revise its accounting policy in regards to the recognition of research grant income. As a result, research grant income received in advance of expenditure being incurred, will be treated as deferred research income in the balance sheet. The opening IFRS adjustment as at 1 January 2004 was \$9,391,483. The income statement effect in 2004 was a reduction in revenue of \$6,507,992.

(iv) Fair value and deemed cost elections at first-time adoption under AASB1.

Under AASB 1 "First-time adoption of Australian Equivalents to international Financial Reporting Standards", on initial adoption of AIFRS, an entity can elect to measure an item of plant and equipment at either fair value at transition date, or by reference to a previous revaluation under Australian GAAP, provided it approximates fair value at transition date.

Artworks

A revaluation of artworks for opening balance sheet purposes was undertaken in order for the value to be comparable to fair value at transition. This resulted in an opening balance revaluation adjustment of \$337,150. This had the effect of increasing the value of property, plant and equipment and the asset revaluation reserve.

Plant Assets

The measurement basis for plant assets was elected as 'deemed cost' on first-time adoption with future measurement under AASB116 at cost less accumulated depreciation and accumulated impairment losses. As these assets were previously recognised at fair value, prior revaluations of \$100,000 were transferred from the asset revaluation reserve to retained surplus at 1 January 2004.

notes to and forming part of the financial statements
for the year ended 31 december 2005

46 Acquittal of Australian Government financial assistance (University only)

46.1 DEST - CGS and Other DEST Grants

	Commonwealth Grants Scheme (#)		Indigenous Support Fund		Equity Programmes (*)		Workplace Reform Programme		Capital Development Pool		Collaboration & Structural Reform Programme		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	51,569	36,688	428	545	372	122	697	1,305	2,617	194	-	55,877	38,660	
Net accrual adjustments	(553)	6,871	-	-	-	-	-	-	-	-	-	(553)	6,871	
Revenue for the period	51,016	43,559	428	545	372	122	697	1,305	2,617	194	-	55,324	45,531	
Surplus / (deficit) from the previous year	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total revenue including accrued revenue	51,016	43,559	428	545	372	122	697	1,305	2,617	194	-	55,324	45,531	
Less expenses including accrued expenses	(51,016)	(43,559)	(428)	(545)	(372)	(122)	(697)	(1,305)	(2,617)	(194)	-	(55,324)	(45,531)	
Surplus / (deficit) for reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	

(*) - Includes the basic CGS grant amount, CGS-Regional Loading and CGS-Enabling Loading

(*) - Includes Higher Education Equity Programme, disability Performance Funding and Students with Disabilities Programme.

46.2 Higher Education Loan Programmes

	HECS-HELP (Australian Government payments only)		FEE-HELP (*)		Total	
	2005	2004	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	26,802	27,166	2,085	2,189	28,887	29,355
Net accrual adjustments	(386)	-	541	(245)	155	(245)
Revenue for the period	26,416	27,166	2,626	1,944	29,042	29,110
Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrued revenue	26,416	27,166	2,626	1,944	29,042	29,110
Less expenses including accrued expenses	(26,416)	(27,166)	(2,626)	(1,944)	(29,042)	(29,110)
Surplus / (deficit) for the reporting period	-	-	-	-	-	-

* For 2004, FEE-HELP figures will equal PELS and BOTPELS amounts

notes to and forming part of the financial statements
for the year ended 31 december 2005

46 Acquitment of Australian Government financial assistance (University only) (cont.)

46.3 Scholarships

	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarships		Commonwealth Accommodation Scholarships		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	1,260	1,404	279	254	283	86	461	168	2,283	1,912
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-
Revenue for the period	1,260	1,404	279	254	283	86	461	168	2,283	1,912
Surplus / (deficit) from the previous year	459	205	-	-	4	-	2	-	465	205
Total revenue including accrued revenue	1,719	1,609	279	254	287	86	463	168	2,748	2,117
Less expenses including accrued expenses	(2,378)	(1,150)	(279)	(254)	(287)	(82)	(463)	(166)	(3,407)	(1,652)
Surplus / (deficit) for the reporting period	(659)	459	-	-	-	4	-	2	(659)	465

46.4 DEST Research

	Institutional Grants Scheme		Research Training Scheme		Systemic Infrastructure Initiative		Research Infrastructure Block Grants		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	5,027	4,580	9,106	8,814	2,202	-	2,853	2,409	19,188	15,803
Net accrual adjustments	-	-	-	-	(2,202)	-	-	-	(2,202)	-
Revenue for the period	5,027	4,580	9,106	8,814	-	-	2,853	2,409	16,986	15,803
Surplus / (deficit) from the previous year	-	-	-	-	-	-	-	-	-	-
Total revenue including accrued revenue	5,027	4,580	9,106	8,814	-	-	2,853	2,409	16,986	15,803
Less expenses including accrued expenses	(5,027)	(4,580)	(9,106)	(8,814)	-	-	(2,853)	(2,409)	(16,986)	(15,803)
Surplus / (deficit) for the reporting period	-	-	-	-	-	-	-	-	-	-

notes to and forming part of the financial statements
for the year ended 31 december 2005

46 Acquittal of Australian Government financial assistance (University only) (cont.)

46.5 Australian Research Council Grants

(a) Discovery

	Projects		Fellowships		Indigenous Researchers Development		Total	
	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	1,364	1,194	-	86	-	27	1,364	1,307
Net accrual adjustments	152	35	-	-	-	-	152	35
Revenue for the period	1,516	1,229	-	86	-	27	1,516	1,342
Surplus / (deficit) from the previous year	763	811	4	-	7	11	774	822
Total revenue including accrued revenue	2,279	2,040	4	86	7	38	2,290	2,164
Less expenses including accrued expenses	(1,505)	(1,277)	(1)	(82)	(6)	(31)	(1,512)	(1,390)
Surplus / (deficit) for the reporting period	774	763	3	4	1	7	778	774

(b) Linkages

	Special Research Initiatives		Infrastructure		International		Projects		Total	
	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the Programmes)	-	-	385	-	7	30	3,127	2,861	3,519	2,891
Net accrual adjustments	-	-	43	-	1	-	349	85	393	85
Revenue for the period	-	-	428	-	8	30	3,476	2,946	3,912	2,976
Surplus / (deficit) from the previous year	-	30	-	139	44	25	1,376	1,064	1,420	1,258
Total revenue including accrued revenue	-	30	428	139	52	55	4,852	4,010	5,332	4,234
Less expenses including accrued expenses	-	(30)	(257)	(139)	(11)	(11)	(2,511)	(2,634)	(2,779)	(2,814)
Surplus / (deficit) for the reporting period	-	-	171	-	41	44	2,341	1,376	2,553	1,420