

People-centred

Place-based but globally connected

Right-sized and responsive

Regionally networked

ANNUAL REPORT 2019

UNIVERSITY OF TASMANIA



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UNIVERSITY OF TASMANIA

ANNUAL REPORT 2019

This report is made in accordance with a resolution of the members of the Council of the University of Tasmania on 22 May, 2020.

To Her Excellency

Professor the Honourable Kate Warner AC

Governor of Tasmania

May it please Your Excellency: The Council of the University of Tasmania, in conformity with the provisions of the University of Tasmania Act 1992, has the honour to report, for Your Excellency's information, on the proceedings of the University for 2019 and to present the financial statement for that year.



The Honourable Michael Field AC
Chancellor

22 May, 2020

Institutional Overview



**The Honourable
Michael Field, AC,
Chancellor**

The University of Tasmania's mission - to make a difference for Tasmania, and from Tasmania to the world - encompasses the themes of being place-based and globally connected, right-sized and responsive, regionally networked to provide quality and access, and people-centred.

These themes were delineated in the Strategic Direction document released in November 2018. Over six months in 2019, the colleges and divisions worked together to develop a strategic plan to deliver the University's mission in a way that would enable us to capitalise on our strengths and meet our challenges.



**Professor Rufus Black,
Vice-Chancellor**

Together, these two documents enable staff to work on a five-year horizon so that our choices will be guided by a long-term view. Crucially, they empower them to act on the principles embodied within, an opportunity for everyone in every role to see Tasmania become a model for how to create a truly sustainable, equitable and prosperous society while preserving the island's distinctiveness.

Our mission

Place shapes the University's mission and how we deliver it.

If part of our place-based mission is to be the university for Tasmania, we are strategically placed in the world to do vital things from Tasmania for the world.

Tasmania's unique location, island character and complex history bring both the obligation and the opportunity to make a distinctive global contribution.

The finite qualities of islands remind us that ecologically and socially, we need to be a sustainable place. The University is guided in its thinking by the United Nations Sustainable Development Goals and the recognition that prosperity, inclusivity, the environment and social and technological progress should advance together, not in tension.

The value of community, of connections and care for others, are qualities cherished by Tasmanians. Similarly, universities should be purposeful communities committed to a mission and the growth and flourishing of both students and staff.

The Strategic Plan 2019-2024 states that the University needs to build upon its great strengths for the future. These strengths include an incredibly committed staff; cutting-edge research in key areas that are critical for Tasmania and also contribute meaningfully to global priorities; and the advantage of being the sole higher education provider on the island, which enables deep and long-term partnerships.

The University's challenges

The University's challenges are real and pressing.

Tasmania's challenges are also our challenges. The State has poor educational, social and health indicators; we are 20% poorer per capita than the rest of Australia and have a rapidly ageing population. We have challenges with our underlying measures of economic performance, such as competitiveness, productivity and new enterprise creation. These measures are, of course, linked, so we know we must tackle them holistically.

The demographic challenges of the State will impact the north and north-west particularly hard. We need strong enrolment of local, interstate and overseas students to ensure there is a critical mass of students to underpin the breadth of offerings, as numbers coming through from school and in the working-age population start to drop.

We have a 10-year window to see the State on a different trajectory and just five years to see the University develop into a sustainable operation.

We are not long-term economically sustainable and being economically sustainable is no easy

Institutional Overview

Continued

task. The University's mission is an intrinsically high-cost one as we support a model of regional delivery, a broad quality offering and pathways to higher education for the whole population.

At an operating level, we break even. Still, there is no surplus to see our facilities renewed for the next generation, and it gets harder every year to find the capital investment for research infrastructure that we need to remain cutting edge, as costs rise in real terms and global competition intensifies.

If the University doesn't grow its core courses, we will not have the capacity to sustain the full breadth of today's offering.

Historically, we have not had the levels of engagement consistent with being people-centred; our processes are complex and frustrating for staff, students and partners alike.

Our strategies

The University's proposed response to all these challenges is outlined in the Strategic Plan, released in July 2019. It acknowledges that the future of Tasmania will be shaped by many forces, and harnessing those forces will require great collaborations across public, private and community sectors.

Among the strategies adopted to make a positive impact on the State's future are creating place-based partnerships to tackle complex social and economic challenges in an integrated way; providing the education students need to participate in and help create those parts of the economy that provide good incomes and secure employment, and creating regional competitive advantage for key sectors and new businesses through the industry problems that the University solves.

As a university in a regional setting, we can continue to have global impact partly through focusing on areas of research where we have a defensibly distinctive advantage and

conducting research where we can leverage being part of larger research or government and industry ecosystems.

A People Strategy has been developed which aims to create a values-driven culture and support staff in their career growth.

Among the core strategies to expand educational access in Tasmania is to operate a regionally networked model and build on that presence by developing regional learning hubs; build an endowment fund to ensure that cost is not a barrier to higher education for any Tasmanian, and to broaden the University's course offering in the form of short courses and associate degrees.

Strategies to secure the University's future sustainability academically and economically include developing a suite of distinctive, placed-based offerings; reshaping the portfolio of courses to deliver what the State requires and developing the next generation of facilities across the region.

A year of transition

The year began with further embedding of the college model and the colleges continuing to develop their five-year strategies, a critical component being how each college would differentiate its offerings to attract new cohorts of students locally, nationally and internationally.

A noticeable trend in the planning process was the need for colleges to provide offerings that are distinctively Tasmanian to attract interstate students to the State and retain a greater share of local students. The collaboration across academic disciplines to maximise the University's areas of expertise was also a feature of the emerging strategies.

These intended strategies were presented to the University Council by key college and divisional leaders at a two-day workshop in early May, which also allowed Council to test the logic of the overall approach.

Institutional Overview

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Following its approval by Council in July, the Strategic Plan was communicated to staff through a series of regional roadshows in late July.

At an operational level, the progress of implementation is being tracked through monthly progress reviews in the colleges and divisions, with quarterly reports to the University Executive Team. At Council's Strategic Session in May of each year, there will be a strategic planning review to report the progress of implementation and adapt any of the strategies.

The impact of these changes are also being measured across the University's six KPI areas: Student Success, Our People, Research Impact, Financial Sustainability, Environmental Sustainability and Our Community.

Implementation of specific People Strategy initiatives included identification of longstanding fixed-term employees who could be moved to permanent status. The draft strategy was shared and tested with senior leaders through the University Strategic Forum before being released to all staff in early August, to positive feedback.

In June, the University Executive Team endorsed the new Safety and Wellbeing Strategy, aimed at transforming mindsets to one of 'Safety First and Always'.

A mental health framework was drafted to help raise awareness and build leadership skills to support staff with such issues.

In November, a multi-day health and wellbeing workshop was held to better understand the barriers preventing staff from taking regular annual leave and identify solutions to enable greater utilisation of leave entitlements to boost wellbeing.

The University's new approach to performance management was shared and tested at the University Leaders' Network before being piloted in selected areas within the colleges

and divisions throughout August. It is designed to focus predominantly on the conversation that links to an individual work plan, to be completed annually with regular check-ins.

As the University moved to implement its strategies and initiatives, it became clear that there was not sufficient visibility of the work and ways of working that exist today in colleges and the connection to our centrally provided services.

Without this visibility, it was difficult to identify the Lean initiatives that would make the most significant improvement to productivity, and difficult to effectively support the development of professional staff.

Consequently, the Ways of Working project was established to develop this visibility and to define a new service operating model that is fully aligned with our strategic goals.

Gender equity and diversity were thoroughly embedded during 2019 as defining values and priorities, to be brought to life through the People Strategy and College People plans, both of which include firm commitments to meet gender equity targets.

Following an appreciative inquiry workshop held with Diversity and Equity Committee members across the colleges and divisions and other key stakeholders, the University Executive Team endorsed a number of actions and initiatives, including that all appointment and selection committee terms of reference to specify minimum 40/60 gender representation (i.e. 40 per cent women minimum).

These strategies were not yet in place when the University made an application for accreditation through the pilot program of the international Athena SWAN charter; while ultimately unsuccessful, we were recognised for our progress to date towards Bronze Award accreditation and our continued commitment to the SAGE initiative.

The University's values, and how these shape expectations for appropriate behaviour from all

Institutional Overview

Continued

members of our community, have been explicitly spelt out in the revised University Behaviour Policy. All colleges and divisions now have prepared People Plans which include targets on equity and diversity measures.

The Academic Leadership Development Program, which seeks in part to build strategic thinking and decision-making capabilities, commenced in February and a review of the academic promotion process began.

The Lean and simplification momentum continued to build across the University during 2019, both in terms of staff education and tangible process improvement. A new process improvement tool called Go-See-Fix was rolled out mid-year.

The Revenue Steering Committee was convened at the beginning of August, with a remit to oversee revenue-generating activity and reach the long-term objective of a \$30 million operating surplus by 2025.

Northern Transformation and Southern Future programs

The development application for the West Park campus was lodged with Burnie City Council in mid-January, with a range of stakeholder engagements taking place in the lead-up. Aldermen approved the Development Approval conditionally in April.

Focus then turned to finalising the detailed designs of the West Park building. As this advanced, it was agreed that Nursing should be accommodated there rather than with the Burnie hospital.

An initial package of works commenced in late October with the level of construction to increase throughout 2020. It is anticipated that the new campus will be ready for Semester 2, 2021.

A joint working group with aldermen of the City of Launceston and the Coordinator-General's

Office met for the first time in early February. In subsequent meetings, the joint working group developed a draft precinct plan for the Inveresk campus.

In addition to the working group, the consultative committee for the project, containing representatives of the Commonwealth, State, City of Launceston and the University, undertook its first meeting in mid-March. This committee's purpose is to ensure the University's key stakeholders are consulted on the progress of the campus planning and that joint strategies to achieve the increase in learning pathways and educational outcomes for Northern Tasmania are identified.

The Inveresk precinct masterplan was presented at a workshop with the City of Launceston and then shared with other senior stakeholders. On May 30, the Council approved the plan for public release.

The first development application, for the Student Experience and Library building, was submitted in late June, along with a DA for the footbridge, that will connect the Willis Street and Inveresk precinct sites.

The DA for the former was approved by the City of Launceston in October, with no appeals being made. This approval marked a key milestone in the Northern Transformation program, with the appointment of the principal contractor scheduled for early 2020.

The DA for the pedestrian and cycle bridge link to the CBD was approved in November.

In close consultation with the City of Launceston, the University continued to pursue various sites adjacent to the Inveresk campus to provide the necessary parking solutions for an expanded campus.

Concurrent with the Inveresk precinct planning, the Newnham master plan was under development. Plans for that site had been boosted by the Commonwealth Government's commitment to establish a \$30 million Maritime, Defence Innovation

Institutional Overview

Continued

and Design Precinct which would focus on maritime systems, human performance and resilience and survivability in extreme sea environments. The \$329m Blue Economy CRC will also be headquartered at Newnham.

The first milestone was delivered in December in the form of a draft master plan for consideration by the University and State Government.

Key appointments to support delivery of the Northern Transformation program included that of Pro Vice-Chancellor (Launceston) and Pro Vice-Chancellor (Cradle Coast), and Executive Director, Campus Transformation North.

In Hobart, the University undertook in-depth planning to progress the Southern campus program, including the articulation of a city vision through an Appreciative Inquiry (AI) process to engage stakeholders across the University and City about what a CBD campus could look like. The AI summit in November provided a transparent process for alignment of the vision with community and stakeholder expectations.

Parallel with this, academic briefs were developed in order for us to move into the master planning phase.

The community consultation process, along with the indigenous consultation, forms a key input into the development of the master plan and this process is expected to be completed by mid-2020.

A working group with the City of Hobart was formed to ensure that the University and the City had a regular forum to discuss the progress of the relocation of the University's Sandy Bay campus to the CBD and resolve issues that arise during that process.

In-principle agreement was also reached with the City of Hobart on rates equivalency, which will see the University make a contribution to the City on an annual basis for the life of the agreement.

The year ended with the finalisation of the transition from strategic planning to the implementation of the University's detailed initiatives and strategies.

Our last major act for 2019, and a profound one, came after Council resolved to acknowledge the part played by the University in that history of wrongdoing towards Aboriginal people and resolved to apologise for our involvement in it publicly.

The apology, written in palawa kani and English, was delivered in a public ceremony at the Domain campus on December 4 and recorded on a plaque for perpetuity.

The Honourable Michael Field,
AC, Chancellor

Professor Rufus Black,
Vice-Chancellor

Institutional Overview

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Apology to the Aboriginal people of Tasmania

The University of Tasmania made a historic apology on December 4, 2019, for its role in wrongdoings towards Tasmanian Aboriginal people.

More than 600 people gathered at the original home of the University, Domain House, while the apology was made by Chancellor Michael Field and Vice-Chancellor Professor Rufus Black.

The apology

You are standing on lutruwita (Tasmania) Aboriginal land, sea and waterways.

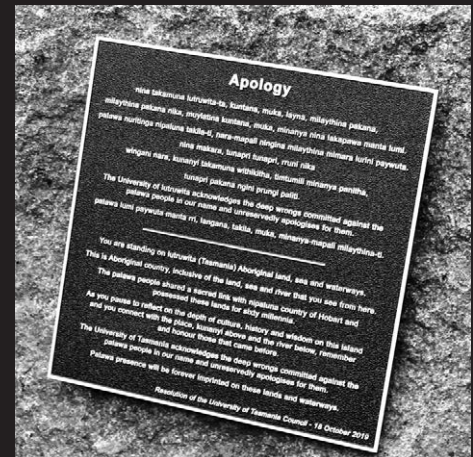
This is Aboriginal country, inclusive of the land, sea and river that you see from here.

The palawa people share a sacred link with nipaluna country of Hobart and possessed these lands for 60 millennia.

As you pause to reflect on the depth of culture, history and wisdom on this island, and you connect with the place, kunanyi above and the river below, remember and honour those that came before.

The University of Tasmania acknowledges the deep wrongs committed against the palawa people in our name and unreservedly apologises for them.

Palawa presence will be forever imprinted on these lands and waterways.



The Apology plaque, located on the southern side of the University's original home, Domain House.

nina takamuna lutruwita-ta, kuntana, muka, layna, milaythina pakana,

milaythina pakana nika, muylatina kuntana, muka, minanya nina lakapawa manta lumi.

palawa nuritinga nipaluna takila-ti, nara-mapali ningina milaythina mimara lurini paywuta.

nina makara, tunapri tunapri, rruni nika

wingani nara, kunanyi takamuna withikitha, tiintumili minanya panitha,

tunapri pakana ngini prungi paliti.

The University of lutruwita acknowledges the deep wrongs committed against the palawa people in our name and unreservedly apologises for them.

palawa lumi paywuta manta rri, langana, takila, muka, minanya-mapali milaythina-ti.

UNIVERSITY COUNCIL

The Council is the governing body of the University, established under the University of Tasmania Act 1992. Under that Act, the Council has responsibility for high-level strategic direction, major financial planning, monitoring management performance and compliance, staff appointments and the allocation of funds.

Council delegates broad powers to the Vice-Chancellor (the managerial and academic leader) to manage the operations of the University in conformity with agreed plans, principles and policies. The Vice-Chancellor, in turn, empowers other members of the University Executive Team.

Council is advised by its committees (Audit and Risk, Built Environment and Infrastructure, Ceremonial and Honorary Degrees, Finance, Remuneration and Nominations and University Foundation) and in relation to academic matters, the Academic Senate.

COMPLIANCE WITH THE VOLUNTARY CODE OF BEST PRACTICE FOR THE GOVERNANCE OF AUSTRALIAN UNIVERSITIES

The University complies with the Voluntary Code of Best Practice for the Governance of Australian Universities.

AUDIT AND RISK**Risk Management**

Risk management at the University is overseen and supported by Council through the Audit and Risk Committee. The focus for risk management during 2019 was to:

- Implement recommendations from the Risk Management quality assessment review to mature the approach to risk management and progress the update of the approved Whole of University Strategic and Operational Risk Profiles.

- Work collaboratively with the Strategy and Planning Unit in aligning risk information in the annual planning process and providing support to colleges and divisions as they analyse, assess and report on key risks, particularly as they engage formally with the Audit and Risk Committee.
- Review and update the University's response to psychosocial risks through undertaking a risk assessment of staff, students and others in the University's operation.
- Review and update the University's response to business continuity management, implementing new tools to assist in prioritisation and recovery.

Internal Audit

During 2019, the University focused on providing assurance to safeguard operations most critical to enabling success. It undertook a significant body of internal audit activity, with major elements of the program including:

- Consideration of frameworks, systems and processes in respect to student placements and the University's internal audit and risk management functions.
- Compliance with the Superannuation Guarantee (Administration) Act 1992 and the University's enterprise agreements, and privacy acts (Tasmania and Commonwealth), including application of policy, fraud controls, staff intranet security and the security of our standard operating environments.

The 2019 University Council:

from left, standing, Harvey Gibson, Ella Hilder, Professor Natalie Brown, the Honourable Michael Field AC, Jennifer Burgess, Pip Leedham and Professor Kwong Lee Dow; seated, James Groom, Corey Peterson, Professor Rufus Black, Susan Chen, Distinguished Professor Jamie Kirkpatrick and Paul Gregg. *Photo: Alastair Bett.*



Compliance

During 2019, the University's compliance function:

- Developed and implemented a legal compliance framework which assists staff and officers to manage obligations under State, Commonwealth and international laws. The framework takes a risk-based approach to inform institutional compliance activity, priorities and resourcing.
- Developed and implemented an institutional Privacy Management Framework which outlines the core purpose, scope, roles and responsibilities, and principles for oversight, incident management, reporting, evaluating and enhancing the University's privacy practices. The Privacy Management Plan provides detailed guidance to staff to operationalise the objectives of the framework.

The Auditor-General, through the Tasmanian Audit Office, conducts the annual statutory audit of the University financial statements.

Right to Information

During the year, the University received eight applications for access to information under the assessed disclosure provisions of the Right to Information Act 2009 (Tas), six of which were dealt with under the provisions of the Act.

Public Interest Disclosures

The University is subject to State and Commonwealth public interest disclosure regimes. University employees who make public interest disclosures are subject to protection under the Public Interest Disclosures Act 2002 (Tas), where disclosures are made in accordance with the Act. University Public Interest Disclosures Procedures may be accessed at: <https://www.utas.edu.au/legal-services/compliance/public-interest-disclosure>

There were no public interest disclosures under the Act during 2019.

The Treasury Laws Amendment (Enhancing Whistleblower Protections) Act 2019 (Cth) reformed Commonwealth whistleblowing laws and included amendments to the Corporations

Act 2001 (Cth) which now provide protection in certain circumstances for employees and officers who make disclosures in relation to various corporate entities, including universities. Where applicable, the University's procedures have been developed in compliance with Commonwealth obligations.

Modern Slavery Statement

The University is working towards the development of a statement that addresses the mandatory criteria set out in the Modern Slavery Act 2018 (Cth). The statement will identify and address the risk of modern slavery in University supply chains and operations, and outline the due diligence and remediation processes the University will take to address those risks, with a focus on continually improving activity in this area over time. The statement will cover activities in the reporting period 1 January 2020-31 December 2020.

The mandatory requirements in the Act present an opportunity for the University to broadly consider an approach to human rights and environmental issues within supply chains and operations, through values-based, impactful decision making that supports the University's strategic vision to contribute to a better society and environment. This will be documented in a broader framework in 2020.

Foreign Influence Transparency Scheme

The Foreign Influence Transparency Scheme Act 2018 (Cth) commenced on 10 December 2018. It requires organisations, including universities, to report registrable activities relating to political lobbying involving foreign principals. In November 2019, the University Foreign Interference Taskforce issued guidelines designed to assist universities in assessing risks of foreign interference. The University is developing institutional guidance to identify possible areas of risk and ensure compliance with this scheme and address the risks from foreign interference.

COUNCIL MEMBERSHIP MEMBERS

These people were members of University Council during the whole of 2019 (unless otherwise indicated):

Chancellor (ex officio)

Hon Michael Field AC

Chancellor since 1 January 2013 and a member of the University Council since 16 July 2012.

Vice-Chancellor and President (ex officio) Professor Rufus Black

Vice-Chancellor of the University of Tasmania and member of the University Council since 1 March 2018.

Chair of Academic Senate (ex officio)

Professor Natalie Brown

Chair of Academic Senate since 1 February 2019.

Professor Anthony Koutoulis was Chair of Academic Senate and a member of the University Council from 1 January 2019 until 31 January 2019. Professor Koutoulis took on the acting role of Deputy Vice-Chancellor (Research), deeming him ineligible to be Chair of Academic Senate.

Two members appointed by the Minister for Education

Mrs Susan Chen

A member of the University Council since 1 January 2012.

Mrs Jennifer Burgess

A member of the University Council since 14 February 2019.

Up to six members appointed by Council

Deputy Chancellor Mr Harvey Gibson

A member of the University Council since 1 January 2009 and Deputy Chancellor since 1 January 2013.

Mr James Groom

A member of the University Council since 1 January 2019.

Mr Paul Gregg

A member of the University Council since 1 January 2009.

Ms Pip Leedham

A member of the University Council since 1 January 2012.

Professor Kwong Lee Dow

A member of the University Council since 3 March 2014.

Ms Leanne Topfer

A member of the University Council until 5 April 2019.

One member elected by academic staff Distinguished Professor Jamie Kirkpatrick

A member of the University Council since 1 January 2017.

One member elected by professional staff

Mr Corey Peterson

A member of the University Council since 1 January 2013.

A minimum of one student appointed by the Council

Ms Ella Hilder

A member of the University Council since 1 January 2019.

Secretary to Council

Mr Alastair McDougall

Secretary to the University Council since 1 January 2017.

COUNCIL COMMITTEE MEMBERSHIP

1 January 2019-31 December 2019
The Chancellor is an ex-officio member of every board, faculty and committee of the University, but listed here only for those committees normally attended. The Vice-Chancellor is also an ex-officio member of every board, faculty and committee of the University, with the exception of the Audit and Risk Committee, and is also listed here only for those committees normally attended.

Audit and Risk Committee

Chair

Mr Harvey Gibson

Members

Mr Paul Gregg
(ex-officio Chair of Finance Committee)

Mr Mike Blake
Distinguished Professor Jamie Kirkpatrick
Professor Kwong Lee Dow
Ms Janelle O'Reilly
Ms Leanne Topfer (until 5 April 2019)

The Audit and Risk Committee has responsibility for overseeing the risk management framework and monitoring the performance of internal and external audit functions. It reviews and endorses the annual financial statements; receives and reviews internal audit reports and management responses; monitors the establishment of and compliance with, an appropriate framework of internal control and oversees the effectiveness of the University's compliance framework.

Built Environment and Infrastructure Committee

Chair

Mrs Susan Chen

Members

Professor Rufus Black
Professor Natalie Brown
(from 1 February 2019)
Mr Paul Gregg
(Chair, Finance Committee, ex officio)
(from 30 August 2019)
Mr David Button
Dr Peter Davis
Mr Rob McGauran (from 30 August 2019)
Mr Roger Poole (from 30 August 2019)
Mr Corey Peterson
Professor Elaine Stratford

The Built Environment and Infrastructure Committee has responsibility for considering, reviewing and advising Council on the development, approval and implementation of campus framework plans; priorities for major capital works; strategic asset management planning; preventative maintenance program; buildings and grounds plans, design standards for building works and landscaping

and policies in respect of the built environment and sustainability.

Ceremonial and Honorary Degrees Committee

Chair

Hon Michael Field AC

Members

Professor Rufus Black
Mr Harvey Gibson
Professor Natalie Brown
(from 1 February 2019)
Dr Damian Bugg AM QC
(Chair, UTAS Foundation)
Associate Professor Ashley Townsend
(UTAS Alumni Association)
Ms Kate Robertson
(Executive Director, Advancement)

The Ceremonial and Honorary Degrees Committee makes recommendations to Council for recognition by the University of individuals and organisations, the naming of buildings or facilities, graduation ceremonies and other ceremonial matters.

Finance Committee

Chair

Mr Paul Gregg

Members

Professor Rufus Black
(Vice-Chancellor, (ex officio))
Professor Natalie Brown
(Chair, Academic Senate, ex officio)
– (from 1 February 2019)
Mr Harvey Gibson
Chair of Audit and Risk Committee,
ex officio)
Mr James Groom
Ms Pip Leedham

The Finance Committee provides strategic advice to Council on the University's financial performance and sustainability and on the financial implications of future plans. It makes recommendations to Council on financial activities of the University, including: reviewing the University's annual operating budget; capital management plans and associated budget, proposals for the creation of new entities or participation in significant external

TABLE 1 : 2019 Review of Operations

\$M	CONSOLIDATED			UNIVERSITY		
	2019	2018	% increase/ (decrease)	2019	2018	% increase/ (decrease)
Total revenue from continuing operations	777.0	712.5	9.1%	769.3	764.0	0.7%
Total expenses from continuing operations	703.6	653.2	7.7%	696.9	644.9	8.1%
Net result	73.5	59.1	24.4%	72.4	119.1	(39.2%)
Total equity	958.1	971.4	(1.4%)	947.7	962.1	(1.5%)

enterprises, business cases for major developments or strategic projects. It also monitors financial performance against the University's operating and capital budgets, and considers proposals which have an impact on the borrowings of the University.

Remuneration and Nominations Committee

Chair

Hon Michael Field AC
(Chancellor, ex officio)

Members

Mr Harvey Gibson
(Deputy Chancellor, ex officio)

Mr Paul Gregg
(Chair of Finance Committee, ex officio)

Professor Rufus Black
(Vice-Chancellor, ex officio)

The Remuneration and Nominations Committee ensures the strategic alignment of human resource management and industrial negotiations with the University's plan. It also makes recommendations to Council on appointment, setting remuneration (within bands approved by Council), extension and removal of the Vice-Chancellor, the Provost, the Deputy Vice-Chancellors and the Chief Operating Officer. It considers and recommends to Council nominations for appointment to any position to which Council appoints, other than to Council itself (appointments to Council itself are considered by the extended nominations committee set up for that purpose).

University Foundation Committee

Chair

Hon Michael Field AC

Members

Ms Kate Robertson
(Vice-Chancellor's nominee)

Mr David Clerk
(Chief Operating Officer, ex officio)

Dr Damian Bugg AM QC
(Council-appointed member)

Mrs Yvonne Rundle
(Council appointed member)

Associate Professor Ashley Townsend
(Alumni Committee member)

Ms Susan Gough
(Friends of the University member)

Dr David Warren
(Friends of the University member)

Mr Peter Worrall
(Friends of the University member)

In accordance with Ordinance 20 (University Foundation Committee), the University Foundation Committee was established as a Council committee by the University Council on 23 March 2018. Members were appointed to the committee at the 11 May 2018 meeting of Council.

The mission of the committee is to ensure that the University's philanthropy practices and policies are consistent with its mission and goals and that trusts and funds provided through philanthropy are compliant with the wishes of donors, used for educational, research and other purposes of the University.

ANNUAL FINANCIAL STATEMENTS
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FIVE YEAR SUMMARY

ENDED 31 DECEMBER 2019 – UNIVERSITY

	2019		2018		2017		2016		2015	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
INCOME										
Australian Government financial assistance										
Australian Government grants	217,801	28.3	219,472	28.7	232,573	35.0	232,163	38.5	201,667	34.3
HELP Australian Government payments	72,422	9.4	78,943	10.3	72,368	10.9	69,105	11.5	72,692	12.3
Scholarships and research	152,741	19.9	152,671	20.0	120,548	18.1	118,981	19.7	132,367	22.5
State and Local Government financial assistance	23,730	3.1	24,626	3.2	29,245	4.4	21,690	3.6	24,216	4.1
HECS-HELP student payments	7,615	1.0	6,627	0.9	8,076	1.2	8,852	1.5	5,637	1.0
Fees and charges	165,526	21.5	143,617	18.8	124,313	18.7	93,904	15.6	85,013	14.4
Investment income (net gains/losses)	76,436	9.9	11,310	1.5	28,223	4.2	14,934	2.5	22,809	3.9
Consultancy and contracts	28,991	3.8	30,173	3.9	30,015	4.5	25,717	4.3	28,148	4.8
Gain on disposal of assets	1,071	0.1	-	0.0	3,063	0.5	603	0.1	-	0.0
Other income and revenue	22,997	3.0	96,543	12.6	16,350	2.5	16,825	2.8	16,154	2.7
TOTAL INCOME	769,330	100.0	763,982	100.0	664,774	100.0	602,774	100.0	588,703	100.0
EXPENDITURE										
Academic salary costs	206,035	29.6	191,670	29.7	192,896	31.6	188,815	31.7	174,028	29.9
Non-academic salary costs	199,779	28.7	183,862	28.5	174,135	28.5	167,262	28.1	158,117	27.2
Depreciation and amortisation	39,941	5.7	34,678	5.4	35,732	5.9	32,859	5.5	30,966	5.3
Repairs and maintenance	16,372	2.3	17,452	2.7	14,498	2.4	13,745	2.3	14,702	2.5
Impairment of assets	149	0.0	6,593	1.0	-	0.0	12,554	2.1	11,569	2.0
Loss on disposal of assets	-	0.0	126	0.0	-	0.0	-	0.0	9,796	1.7
Other expenses	234,684	33.7	210,533	32.6	193,423	0.0	180,046	30.2	183,176	31.5
TOTAL EXPENDITURE	696,959	100.0	644,914	100.0	610,684	100.0	595,281	100.0	582,354	100.0
NET RESULT	72,371		119,068		54,090		7,493		6,349	
KEY RATIOS										
1. Financial stability and liquidity										
- Current ratio	0.3		0.7		0.5		0.3		0.5	
- Net cash balances	15,355		33,877		32,822		7,159		32,389	
- Net assets	947,721		962,098		843,115		847,201		842,906	
2. Revenue										
- Australian Government grants including HECS	297,452		302,340		303,017		302,020		279,996	
- Australian Government capital grants	386		2,702		10,000		8,100		-	
- Scholarships and research	152,741		152,671		120,548		118,981		132,367	
- Other University income	318,751		306,269		231,209		173,673		176,340	
TOTAL UNIVERSITY INCOME	769,330		763,982		664,774		602,774		588,703	
Australian Government operating grants including HECS as a % of total income	39%		40%		46%		50%		48%	
Commonwealth funded students (full-time equivalents)*	14,484		14,811		15,888		15,869		14,919	
Average Commonwealth recurrent grant	20,537		20,413		19,072		19,032		18,768	

* Source: UTAS Statistics – DoE Operating Grant Load (excluding research higher degree students)

FIVE YEAR SUMMARY

ENDED 31 DECEMBER 2019 – CONSOLIDATED

	2019		2018		2017		2016		2015	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
INCOME										
Australian Government financial assistance										
Australian Government grants	217,801	28.0	219,472	30.8	232,573	34.2	232,163	37.6	201,667	33.6
HELP Australian Government payments	72,422	9.3	78,943	11.1	72,368	10.7	69,105	11.2	72,692	12.1
Scholarships and research	152,741	19.7	152,671	21.4	120,548	17.7	118,981	19.3	132,367	22.1
State and Local Government financial assistance	23,730	3.1	24,626	3.5	29,245	4.3	21,690	3.5	24,216	4.0
HECS-HELP student payments	7,615	1.0	6,627	0.9	8,076	1.2	8,852	1.4	5,637	0.9
Fees and charges	166,713	21.5	144,653	20.3	125,198	18.4	93,640	15.2	84,360	14.1
Investment income (net gains/losses)	78,551	10.1	11,736	1.6	33,511	4.9	18,342	3.0	24,668	4.1
Consultancy and contracts	28,991	3.7	30,173	4.2	30,004	4.4	25,717	4.2	28,128	4.7
Gain on disposal of assets	1,071	0.1	-	0.0	3,063	0.5	401	0.1	-	0.0
Other income and revenue	27,407	3.5	43,559	6.1	24,653	3.6	29,152	4.7	25,875	4.3
TOTAL INCOME	777,042	100.0	712,460	100.0	679,239	100.0	618,043	100.0	599,610	100.0
EXPENDITURE										
Academic salary costs	205,981	29.3	193,140	29.6	194,341	31.3	190,153	31.5	175,085	29.6
Non-academic salary costs	204,685	29.1	186,720	28.6	177,252	28.6	170,594	28.3	161,642	27.4
Depreciation and amortisation	40,179	5.7	34,960	5.4	36,033	5.8	33,091	5.5	31,149	5.3
Repairs and maintenance	16,421	2.3	17,483	2.7	14,504	2.3	13,752	2.3	14,711	2.5
Impairment of assets	149	0.0	6,593	1.0	-	0.0	11,478	1.9	11,569	2.0
Loss on disposal of assets	-	0.0	126	0.0	-	0.0	-	0.0	9,791	1.7
Other expenses	236,157	33.6	214,309	32.8	198,180	31.9	184,041	30.5	186,745	31.6
TOTAL EXPENDITURE	703,570	100.0	653,331	100.0	620,310	100.0	603,109	100.0	590,692	100.0
NET RESULT	73,472		59,129		58,929		14,934		8,918	
KEY RATIOS										
1. Financial stability and liquidity										
- Current ratio	0.3		0.7		0.6		0.4		0.6	
- Net cash balances	18,926		37,092		41,989		17,437		44,277	
- Net assets	958,086		971,362		912,318		911,565		899,829	

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
REVENUE AND INCOME FROM CONTINUING OPERATIONS					
Australian Government financial assistance					
Australian Government grants	2.1	370,542	372,143	370,542	372,143
HELP - Australian Government payments	2.1	72,422	78,943	72,422	78,943
State and local government financial assistance	2.2	23,730	24,626	23,730	24,626
HECS-HELP - student payments		7,615	6,627	7,615	6,627
Fees and charges	2.3	166,713	144,653	165,526	143,617
Consultancy and contracts	2.4	28,991	30,173	28,991	30,173
Other income and revenue	2.5	27,407	43,559	22,997	96,543
Investment income (net gains/losses)	3	78,551	11,736	76,436	11,310
Gain on disposal of assets		1,071	-	1,071	-
Total revenue and income from continuing operations		777,042	712,460	769,330	763,982
EXPENSES FROM CONTINUING OPERATIONS					
Employee related expenses	4.1	410,665	379,860	405,813	375,532
Depreciation and amortisation	9, 10	40,179	34,960	39,941	34,678
Repairs and maintenance		16,421	17,483	16,372	17,452
Borrowing costs	4.2	6,221	4,972	6,221	4,972
Impairment of assets	4.3	149	6,593	149	6,593
Loss on disposal of assets		-	126	-	126
Other expenses	4.4	229,936	209,337	228,463	205,561
Total expenses from continuing operations		703,570	653,331	696,959	644,914
Net result from continuing operations		73,472	59,129	72,371	119,068
Items that will not be reclassified to profit or loss					
Gain/(loss) on revaluation of property, plant and equipment	9, 11	178	-	178	-
Net actuarial gains/(losses) in respect of superannuation plans	27(c)	225	(85)	225	(85)
Total comprehensive income		73,875	59,044	72,774	118,983

This statement should be read in conjunction with the accompanying notes.

The above Income Statement has been prepared in accordance with Australian Accounting Standards.

The summary below provides a breakdown of the composition of the net result as it relates to the University.

It should not be interpreted that noting these key components in any way draws attention away from the statutory total result.

**INCOME STATEMENT –
KEY COMPONENTS OF THE NET RESULT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
KEY COMPONENTS OF THE RESULT					
The following reconciliation highlights the key components of the University result:					
Result from core activities *		(1,909)	(3,630)	(895)	(1,469)
Net movements in statutory funds (excluding investment allocations)		(2,025)	23,398	(2,025)	23,398
Investment income (interest and dividends)		14,172	26,348	13,748	25,890
Realised gains/(losses) on investments		4,259	52	4,155	66
Unrealised gains/(losses) on investments		60,120	(14,664)	58,533	(14,646)
Borrowing costs		(6,221)	(4,972)	(6,221)	(4,972)
Capital grants		17,774	23,037	17,774	23,037
Net Settlement of Insurance Claim		(1,582)	4,617	(1,582)	4,617
Transfer of assets from the University of Tasmania Foundation Fund		-	-	-	58,203
Other non-operating income		-	6,906	-	6,906
Restructuring costs		(11,116)	(1,962)	(11,116)	(1,962)
		73,472	59,129	72,371	119,068

* The core activities of the University are:

- learning and teaching;
- research, knowledge transfer and research training;
- community engagement; and
- activities incidental to undertaking the above.

Restructure programs are not included.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	18,926	37,092	15,355	33,877
Receivables	6	28,627	28,713	29,498	29,616
Contract assets	2.6(d),6	5,267	-	5,267	-
Other financial assets	7	7,799	14,280	7,730	14,165
Inventories		755	701	755	701
Other non-financial assets	8	14,654	10,256	14,594	10,182
Total current assets		76,028	91,042	73,199	88,541
NON-CURRENT ASSETS					
Receivables	6	6,673	6,580	6,673	6,580
Other financial assets	7	434,783	389,974	426,431	383,270
Property, plant and equipment	9	826,421	667,732	825,675	666,734
Intangible assets	10	52,692	51,220	52,680	51,220
Service concession assets	11	142,903	140,824	142,903	140,824
Total non-current assets		1,463,472	1,256,330	1,454,362	1,248,628
Total assets		1,539,500	1,347,372	1,527,561	1,337,169
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	12	37,631	30,600	37,145	30,661
Borrowings	13	71,348	-	71,348	-
Contract liabilities	2.6(d)	63,357	24,417	63,257	24,356
Provisions	14	68,534	62,359	67,594	61,467
Other liabilities	15	19,947	18,334	19,947	18,334
Total current liabilities		260,817	135,710	259,291	134,818
NON-CURRENT LIABILITIES					
Borrowings	13	138,291	93,600	138,291	93,600
Contract liabilities	2.6(d)	39,025	-	39,025	-
Provisions	14	25,646	25,074	25,598	25,027
Other liabilities	15	117,635	121,626	117,635	121,626
Total non-current liabilities		320,597	240,300	320,549	240,253
Total liabilities		581,414	376,010	579,840	375,071
Net assets		958,086	971,362	947,721	962,098
EQUITY					
Statutory funds	16	120,111	196,900	120,111	196,900
Reserves	16	217,278	217,100	217,278	217,100
Retained earnings	16	620,697	557,362	610,332	548,098
Total equity		958,086	971,362	947,721	962,098

This statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Statutory funds	Reserves	Retained earnings	Total
		\$'000	\$'000	\$'000	\$'000
Consolidated					
Balance at 1 January 2018		173,541	217,100	521,677	912,318
Net result	16		-	59,129	59,129
Transfer to statutory funds	16	23,359	-	(23,359)	-
Other comprehensive income	16	-	-	(85)	(85)
Total comprehensive income		23,359	-	35,685	59,044
Balance at 31 December 2018		196,900	217,100	557,362	971,362
Balance at 1 January 2019					
Retrospective changes	1.9.1	(87,151)	-	-	(87,151)
Balance as restated		109,749	217,100	557,362	884,211
Net result	16	-	-	73,472	73,472
Transfer to statutory funds	16	10,362	-	(10,362)	-
Gain/(loss) on revaluation of property, plant and equipment	16	-	178	-	178
Other comprehensive income	16	-	-	225	225
Total comprehensive income		10,362	178	63,335	73,875
Balance at 31 December 2019		120,111	217,278	620,697	958,086
Parent Entity					
Balance at 1 January 2018		114,786	217,100	511,229	843,115
Net result	16	-	-	119,068	119,068
Transfer to statutory funds	16	23,910	-	(23,910)	-
Transfer of assets from the University of Tasmania Foundation Fund	16	58,204	-	(58,204)	-
Other comprehensive income	16	-	-	(85)	(85)
Total comprehensive income		82,114	-	36,869	118,983
Balance at 31 December 2018		196,900	217,100	548,098	962,098
Balance at 1 January 2019					
Retrospective changes	1.9.1	(87,151)	-	-	(87,151)
Balance as restated		109,749	217,100	548,098	874,947
Net result	16	-	-	72,371	72,371
Transfer to statutory funds	16	10,362	-	(10,362)	-
Gain/(loss) on revaluation of property, plant and equipment	16	-	178	-	178
Other comprehensive income	16	-	-	225	225
Total comprehensive income		10,362	178	62,234	72,774
Balance at 31 December 2019		120,111	217,278	610,332	947,721

This statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Consolidated		Parent Entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
		Inflows	Inflows	Inflows	Inflows
		(Outflows)	(Outflows)	(Outflows)	(Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Australian Government grants		427,248	433,076	427,248	432,817
OS-HELP (net)		(227)	147	(227)	147
Superannuation supplementation		596	625	596	625
State and Local Government grants		18,450	16,505	18,450	16,505
HECS-HELP - student payments		7,615	6,627	7,615	6,627
Receipts from student fees and other customers		158,935	143,457	157,071	142,509
Dividends received		17,226	22,630	16,339	22,098
Interest received		763	1,797	699	1,719
Payments to suppliers and employees (inclusive of GST)		(667,934)	(641,025)	(660,522)	(631,452)
Interest and other costs of finance		(5,962)	(4,959)	(5,962)	(4,959)
Short term lease payments and lease payments for leases of low value assets		(2,059)	-	(2,265)	-
Other operating inflows		86,195	95,803	80,791	89,974
Net cash inflow/(outflow) from operating activities	23(b)	40,845	74,681	39,832	76,609
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital grants		17,774	23,037	17,774	23,037
Proceeds from sale of property, plant and equipment		7,822	6,625	7,822	6,625
Payments for property, plant and equipment		(196,033)	(103,702)	(196,352)	(103,682)
Payments for intangibles		(9,724)	(6,937)	(9,407)	(6,937)
Payments for financial assets		(62,273)	(126,403)	(61,580)	(119,698)
Proceeds from sale of financial assets		88,324	127,170	87,542	126,067
Movement in loans to controlled entities		-	-	747	(1,598)
Movement in monies held on behalf of other entities		(2,458)	632	(2,458)	632
Net cash inflow/(outflow) from investing activities		(156,569)	(79,578)	(155,912)	(75,554)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		100,000	-	100,000	-
Repayment of lease liabilities		(2,442)	-	(2,442)	-
Net cash inflow/(outflow) from financing activities		97,558	-	97,558	-
Net increase/(decrease) in cash held		(18,166)	(4,897)	(18,522)	1,055
Cash at beginning of reporting period		37,092	41,989	33,877	32,822
Cash at end of reporting period	5	18,926	37,092	15,355	33,877

This statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied for all years reported unless otherwise stated. The financial statements include separate statements for the University of Tasmania (University) as the parent entity and the consolidated entity consisting of the University and its controlled entities.

1.1 BASIS OF PREPARATION

As per AASB1054 Australian Additional Disclosures, the annual financial statements represent the audited general purpose financial statements of the University of Tasmania. They have been prepared on an accrual basis and comply with the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The University of Tasmania applies Tier 1 reporting requirements. Additionally, the statements have been prepared in accordance with the following statutory requirements:

- University of Tasmania Act 1992
- Higher Education Support Act 2003 (Financial Statement Guidelines)
- Australian Charities and Not-for-Profits Commission Act 2012

The University is a not-for-profit entity and these financial statements have been prepared on that basis. Some of the Australian Accounting Standards requirements for not-for-profit entities are inconsistent with the IFRS requirements.

The consolidated entity current liabilities exceed its current assets. The other financial assets including invested funds are classified as non-current in line with the consolidated entity's strategy of holding them long term. The majority of the funds could be redeemed within 30 days if required for working capital purposes.

Date of authorisation for issue

The financial statements were authorised for issue by the University Council on 14 February 2020.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for debt and equity financial assets (including derivative financial instruments) that have been measured at fair value either through other comprehensive income or profit or loss, certain classes of property, plant and equipment and investment properties.

Critical accounting estimates

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

Note 2.6 – Revenue and income, and associated contract assets and liabilities

Note 4.3 – Impairment of assets

Note 9 – Fair value, depreciation

and amortisation of property,

plant and equipment

Note 10 – Intangibles

Note 11 & 15 – Service

concession asset

Note 13.1 – Lease liabilities

Note 14 & 27 – Superannuation

provision

Note 14 – Long service

leave provision

Note 14 – Restructuring provision

1.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of

all controlled entities of the University ("parent entity") as at 31 December 2019 and the results of all controlled entities for the year then ended. The University and its controlled entities together are referred to in these financial statements as the consolidated entity. A controlled entity is any entity controlled by the University. The consolidated entity has control over a controlled entity when it is exposed, or has rights, to variable returns from its involvement with the controlled entity, and has the ability to affect those returns through its power over the controlled entity. Power over the controlled entity exists when the consolidated entity has existing rights that give it current ability to direct the relevant activities of the controlled entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity. A list of controlled entities is contained in Note 22 to the financial statements. Controlled entities are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of controlled entities. Intercompany transactions, balances and unrealised gains on transactions between entities within the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities are changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

1.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

currency'). The consolidated financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

Transactions and balances

Transactions made using foreign currency are converted into Australian currency at market exchange rates applicable at the date of the transaction. Amounts payable or receivable in foreign currencies at balance date are converted into Australian currency at market exchange rates at balance date. Currency conversion gains and losses are recognised in profit or loss.

1.4 TAX STATUS

Income tax

The consolidated entity does not provide for Australian income tax as it is exempt from income tax in accordance with the provisions of Division 50 of the Income Tax Assessment Act 1997.

Fringe benefits tax

The consolidated entity is liable to pay fringe benefits tax, and this is included in the Income Statement.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). 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 ATO is included as a current asset or liability in the Statement of Financial Position.

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 ATO are presented as operating cash flows.

1.5 JOINT VENTURE AND COLLABORATIVE AGREEMENTS

The consolidated entity participates in six Co-operative Research Centres. The consolidated entity interests are not considered material, and expenditure incurred by the consolidated entity as a result of its participation is expensed.

1.6 ROUNDING OF AMOUNTS

Amounts in the financial statements are rounded to the nearest \$1,000.

1.7 COMPARATIVE AMOUNTS

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

1.8 IMPACTS OF NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The following standards have been issued but are not mandatory for 31 December 2019 reporting periods:

AASB1059 Service Concession Arrangements: Grantors (Application date: 1 Jan 2020). The consolidated entity elected to early adopt this standard in 2017 in order to account for its Purpose Built Student Accommodation (PBSA) asset transactions.

In addition, at the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were on issue but not yet effective:

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material – 1 January 2020

2019-1 Amendments to References to the Conceptual Framework in IFRS Standards – 1 January 2020

AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the effect of new IFRS Standards Not Yet Issued in Australia – 1 January 2020

The impact of these is not expected to be material.

1.9 INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS AND INTERPRETATIONS

The consolidated entity has adopted AASB15, AASB1058 and AASB16 in accordance with the transitional provisions applicable to each standard. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

1.9.1 AASB15 REVENUE FROM CONTRACTS WITH CUSTOMERS AND AASB1058 INCOME OF NOT-FOR-PROFIT ENTITIES

This note explains the impact on the consolidated entity's financial statements of adopting AASB15 and AASB1058. The consolidated entity adopted AASB15 and AASB1058 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. In accordance with the provisions of this transition approach, the consolidated entity recognised the cumulative effect of applying these new standards as an adjustment to opening retained earnings at the date of initial application, i.e., 1 January 2019. Consequently, the comparative information presented has not been restated and continues to be reported under the previous standards on revenue and income. In addition, the consolidated entity has applied the practical expedient and elected to apply these standards retrospectively only to contracts and transactions that were not completed contracts at the date of initial application, i.e., as at 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1.9.1 AASB15 REVENUE FROM CONTRACTS WITH CUSTOMERS AND AASB1058 INCOME OF NOT-FOR-PROFIT ENTITIES

(CONTINUED)

The new accounting policies for revenue and other income for not-for-profit entities in accordance with AASB15 and AASB1058 respectively are provided in Note 2.6(a).

Overview of AASB15 and AASB1058

Under the new income recognition model applicable to not-for-profit entities, the consolidated entity first determines whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer (or on behalf of the customer) are 'sufficiently specific'.

If an enforceable agreement exists and the promises are 'sufficiently specific'

(to a transaction or part of a transaction), the consolidated entity applies the general AASB15 principles to determine the appropriate revenue recognition. If these criteria are not met, the consolidated entity considers whether AASB1058 applies.

The nature and effect of the changes as a result of adoption of AASB15 and AASB1058 are as follows:

	Consolidated		Parent entity	
	Ref adjustments	1st January 2019	Ref adjustments	1st January 2019
Opening adjustment to equity		(87,151)		(87,151)
Recognition of contract assets	2.6(d)	3,705	2.6(d)	3,705
Recognition of contract liabilities	2.6(d)	(90,856)	2.6(d)	(90,856)

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 31 December 2019 as a result of the adoption of AASB15 and AASB1058. The adoption of AASB15 did not have a material impact on Other Comprehensive Income or the consolidated entity's operating, investing and financing cash flows.

Income Statement

for the year ended 31 December 2019

	Ref adjustments	Consolidated		Parent	
			\$'000		\$'000
Net result from continuing operations under AASB15/AASB1058			73,472		72,371
Impacted revenue line items:					
Australian Government grants	2.1	(15,240)		(15,240)	
State and local government financial assistance	2.2	(311)		(311)	
Fees and charges	2.3	267		267	
Consultancy and contracts	2.4	(2,592)		(2,592)	
Other income and revenue	2.5	3,318		3,318	
Total revenue recognised as a contract asset/liability			(14,558)		(14,558)
Net result from continuing operations under previous AAS			58,914		57,813

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of financial position

as at 31 December 2019

	Ref adjustments	Consolidated		Parent	
			\$'000		\$'000
Total equity under AASB15/AASB1058			958,086		947,721
Impacted line items:					
Contract Assets	2.6(d), 6		5,267		5,267
Contract Liabilities	2.6(d)		77,859		77,859
			72,592		72,592
Total equity under previous AAS			1,030,678		1,020,313

The nature of the adjustments as at 1 January 2019 and the reasons for the changes in the statement of financial position as at 31 December 2019 and the income statement for the year ended 31 December 2019 are described below:

(a) Contract Assets

A contract asset has been recognised representing expected revenue from performance obligations that have been met as at 1 January 2019.

(b) Contract liabilities

A contract liability has been recognised representing contract revenue invoiced by the consolidated entity where the specific performance obligations had not yet been met as at 1 January 2019.

(c) Equity

Equity has decreased by \$72,592 m representing the recognition of the contract asset and liability described above. This related to statutory funds.

1.9.2 AASB16: LEASES (APPLICABLE TO ANNUAL REPORTING PERIODS COMMENCING ON OR AFTER 1 JANUARY 2019)

This note explains the impact on the consolidated entity's financial statements of adopting AASB16.

The consolidated entity has adopted AASB16 using the modified retrospective method of transition, with the date of initial application of 1 January 2019. As

permitted under the transition provisions in the standard, the comparatives for the 2018 reporting period have not been restated. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are provided in note 13.1.

On adoption of AASB16, the consolidated entity recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the consolidated entity's incremental borrowing rate as of 1 January 2019. The weighted average consolidated entity's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.6%.

The consolidated entity elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(a) Practical expedients applied

The consolidated entity has applied the following practical expedients in

transitioning existing operating leases:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment)
- Applied the exemption not to recognise right-of-use assets and lease liabilities where the remaining leases term is 12 months or less from the date of initial application
- Relied on its assessment of whether leases are onerous applying AASB137 *Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application, as an alternative to undertaking an impairment review
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease and
- Excluded initial direct costs from the measurement of right-of-use assets at the date of initial application.

(b) Reconciliation of operating lease commitments under AASB117 and lease liabilities under AASB16

The difference between the operating lease commitments disclosed previously by applying AASB117 and the value of the lease liabilities recognised under AASB16 on 1 January 2019 is explained as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	Consolidated	Parent
	1st January 2019	
	\$'000	\$'000
Operating lease commitments disclosed as at 31 December 2018	13,331	13,331
(Less): Discounted using the consolidated weighted average incremental borrowing rate of 3.6%.	141	141
(Less): Short-term and low-value leases recognised on a straight-line basis as an expense	(171)	(171)
Add: Adjustments as a result of a different treatment of extension and termination options	3,992	3,992
(Less): Leases with non-exclusive right of use	(486)	(486)
(Less): Lease entered into after 1 January 2019	(6,287)	(6,287)
(Add): Leases not included in operating lease commitments	171	171
Lease liability recognised as at 1 January 2019	10,691	10,691
Current Lease liability	1,348	1,348
Non-current lease liability	9,343	9,343
	10,691	10,691

(c) Measurement of right-of-use assets

The right-of-use assets were recognised at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. Any leasehold improvements relating to the right-of-use assets have been re-classified as part of the cost of the right-of-use asset (previously recognised as a leasehold improvement).

(d) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Right-of-use assets – increase by \$26.231m
- Lease liabilities – increase by \$10.691m
- Leasehold improvements – decrease by \$15.718m

There was no net impact on retained earnings on 1 January 2019.

(e) The consolidated entity as a lessor

The consolidated entity is not required to make any adjustments on transition to AASB16 where it is a lessor, except for subleases.

(f) Sale and leaseback transactions

The consolidated entity has no sale and leaseback transactions as at 31 December 2019.

1.9.3 OTHER ACCOUNTING STANDARDS AND INTERPRETATIONS

The following interpretations and amending standards have also been adopted:

- AASB2016-8. Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities
- AASB2017-1. Amendments to Australian Accounting Standards – Transfers of Investment Property
- AASB2017-6. Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB2017-7. Amendments to Australian Accounting Standards – Long-term

Interests in Associates and Joint Ventures
AASB2018-1. Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle
AASB2018-2. Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
AASB2018-8. Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. REVENUE AND INCOME FROM CONTINUING OPERATIONS

The notes 2.1 to 2.5 disclose the revenue and income received during the period according to the mandatory disclosures required by the Department of Education. The disclosures as per AASB15 and AASB1058 are included in the note 2.6 and a reconciliation is included in note 2.7.

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
2.1 Australian Government financial assistance including Australian Government Loan Programs (HELP)					
(a) Commonwealth Grant Scheme and other grants	28.1				
Commonwealth Grant Scheme		199,761	199,640	199,761	199,640
National Institutes Funding		7,823	7,677	7,823	7,677
Access and Participation Fund		6,920	6,841	6,920	6,841
Promotion of Excellence in Learning and Teaching		(10)	-	(10)	-
Disability Performance Funding		261	175	261	175
Australian Maths & Science Partnership Program		-	(176)	-	(176)
Indigenous Student Success Program		2,660	2,613	2,660	2,613
Total Commonwealth Grants Scheme and other grants		217,415	216,770	217,415	216,770
(b) Higher Education Loan Programs (HELP)	28.2				
HECS-HELP		68,514	75,350	68,514	75,350
FEE-HELP		2,530	2,303	2,530	2,303
SA-HELP		1,378	1,290	1,378	1,290
Total Higher Education Loan Programs		72,422	78,943	72,422	78,943
(c) EDUCATION Research	28.3				
Research Training Program		24,666	24,657	24,666	24,657
Research Support Program		22,706	23,489	22,706	23,489
Total EDUCATION Research		47,372	48,146	47,372	48,146
(d) Other capital funding	28.5				
Education Investment Fund		-	2,000	-	2,000
Linkage Infrastructure, Equipment and Facilities grant		386	702	386	702
Total other capital funding		386	2,702	386	2,702
(e) Australian Research Council (ARC)	28.6				
Discovery		8,562	8,264	8,562	8,264
Linkages		5,457	2,866	5,457	2,866
Networks and Centres		-	-	-	-
Special Research Initiatives		7,030	8,532	7,030	8,532
Total Australian Research Council		21,049	19,662	21,049	19,662

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. REVENUE AND INCOME FROM CONTINUING OPERATIONS (continued)

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
(f) Other Australian Government financial assistance					
Non-capital					
National Health and Medical Research Council		4,965	4,300	4,965	4,300
Australian Government Research (non-ARC)		21,854	22,491	21,854	22,491
Other Australian Government income		49,501	48,072	49,501	48,072
Total non-capital		76,320	74,863	76,320	74,863
Capital					
Other Australian Government capital income	28.5	8,000	10,000	8,000	10,000
Total capital		8,000	10,000	8,000	10,000
Total other Australian Government financial assistance		84,320	84,863	84,320	84,863
Total Australian Government financial assistance		442,964	451,086	442,964	451,086
Reconciliation					
Australian Government grants		370,542	372,143	370,542	372,143
Higher Education Loan Programs		72,422	78,943	72,422	78,943
Total Australian Government financial assistance		442,964	451,086	442,964	451,086
2.2 State and Local Government financial assistance					
Non-capital					
Institute for Marine and Antarctic Studies (IMAS)		3,642	2,899	3,642	2,899
Tasmanian Institute of Agriculture (TIA)		5,772	5,577	5,772	5,577
Menzies Research Institute (Menzies)		812	1,048	812	1,048
Other State and Local Government Funded Research		5,108	3,749	5,108	3,749
Vocational Education and Training - State Government Support		844	1,074	844	1,074
Total non-capital		16,178	14,347	16,178	14,347
Capital					
Other capital income		7,552	10,279	7,552	10,279
Total capital		7,552	10,279	7,552	10,279
Total State and Local Government financial assistance		23,730	24,626	23,730	24,626

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. REVENUE AND INCOME FROM CONTINUING OPERATIONS (continued)

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
2.3 Fees and charges					
Course fees and charges					
Fee-paying overseas students - onshore		136,505	114,423	136,505	114,423
Fee-paying overseas students - offshore		3,131	2,778	3,131	2,778
Fee-paying domestic postgraduate students		1,944	1,747	1,944	1,747
Total course fees and charges		141,580	118,948	141,580	118,948
Other fees and charges					
Student Services and Amenities Fees from students	28.10	4,148	4,152	4,148	4,152
Accommodation charges		14,924	14,532	14,156	13,697
Vocational Education and Training student fees		799	1,141	799	1,141
Other		5,262	5,880	4,843	5,679
Total other fees and charges		25,133	25,705	23,946	24,669
Total fees and charges		166,713	144,653	165,526	143,617
2.4 Consultancy and contracts					
Industry and other research contracts		24,995	20,087	24,995	20,087
Research consultancies		22	58	22	58
Industry support to ARC Linkage projects		422	657	422	657
Industry support to other Commonwealth research		3,552	5,291	3,552	5,291
Total consultancy and contracts		28,991	30,173	28,991	30,173
2.5 Other income and revenue					
Donations and bequests		1,668	3,288	1,668	2,318
Research donations and bequests		4,673	4,080	4,673	4,080
Scholarships and prizes		1,493	1,686	1,493	1,686
Contract revenue (other than consultancy and contract research)		9,278	9,434	2,234	3,091
Sale of goods		4,219	3,957	4,216	3,958
Other revenue		4,290	-	4,299	-
Other income		1,786	25,194	4,414	85,490
Total other income and revenue		27,407	43,559	22,997	96,543

The Parent Entity's other income for 2018 included \$58.2m of assets transferred from the University of Tasmania Foundation Fund (see note 16) and insurance recoveries of \$14.8m relating to flood damage to the University's Sandy Bay campus.

2. REVENUE AND INCOME FROM CONTINUING OPERATIONS (continued)

2.6 Revenue and income from continuing operations

The consolidated entity receives revenue and income streams from a variety of sources, as follows:

Sources of funding

The consolidated entity receives funds from Australian Government as well as State and Local Government to assist with education programs across a wide range of disciplines, and at different education qualification levels. Apart from the sources received from Government, the consolidated entity also receives funds and fees from private organisations or individuals that are used for the different programs led by the University or correspond to the education services provided by it.

Revenue and income streams

The consolidated entity derives revenue and income from two main activities: education and research:

- i) Education: the consolidated entity has domestic and overseas

students enrolled in a variety of programs for different qualification levels (from certificates to doctoral degrees). Domestic and overseas student recruitment is affected by various economic, social and political factors such as the national and global economy, and local demography.

- ii) Research: The consolidated entity performs research activities in different fields such as health, engineering, education, or science. The consolidated entity enters into many different types of research agreements with different counterparties, such as with private sector customers and Government agencies that award research grants. Each grant agreement is assessed as to whether it is an enforceable arrangement and contains sufficiently specific promises to transfer outputs from the research to the customer

(or at the direction of the customer). Judgement is required in making this assessment. The consolidated entity has concluded that some research agreements represent a contract with a customer whereas other research grants are recognised as income when the consolidated entity obtains control of the research funds.

In addition to revenue and income derived from education and research activities, the consolidated entity also derives revenue and income from other fees and charges from services that are provided ancillary to education and research, such as accommodation and amenities provided to students, and capital grants to fund its infrastructure.

a) Disaggregation

The consolidated entity derives revenue and income from:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. REVENUE AND INCOME FROM CONTINUING OPERATIONS (continued)

	Consolidated						Revenue from contracts with customers	Income of not-for-profit entities
	Sources of funding \$'000							
	Student Fees	Australian Government financial assistance	State and Local Government financial assistance	Industry and other non-government sources	Other (incl. Donations and Bequests)			
Revenue and income streams:								
Education - Course fees and charges								
Domestic students	1,944	288,459	-	-	-	290,403	-	
Overseas students	139,636	-	-	-	-	139,636	-	
Vocational education and training	-	-	844	-	799	1,643	-	
Total education revenue and income	141,580	288,459	844	-	799	431,682	-	
Research								
Australian Research Council (ARC)	-	21,049	-	-	-	21,049	-	
National Health and Medical Research Council (NHMRC)	-	4,965	-	-	-	4,965	-	
Australian Government Research (non-ARC)	-	71,355	-	-	-	23,696	47,659	
Department of Education - Research Training and Support Programs	-	47,372	-	-	-	-	47,372	
State funding for research institutes (IMAS, TIA, Menzies)	-	-	10,226	-	-	-	10,226	
State and local government research contracts	-	-	5,108	-	-	1,161	3,947	
Non-Government entity research contracts and consultancies	-	-	-	28,991	-	9,751	19,240	
Research donations and bequests	-	-	-	-	4,673	-	4,673	
Total research revenue and income	-	144,741	15,334	28,991	4,673	60,622	133,117	
Non-course fees and charges (ancillary to provision of education and research)								
Student Services and Amenities Fees	-	1,378	-	-	4,148	5,526	-	
Accommodation charges	-	-	-	-	14,924	14,924	-	
Contract revenue (other than consultancy and contract research)	-	-	-	-	9,278	9,278	-	
Sale of goods	-	-	-	-	4,219	4,219	-	
Other fees and charges	-	-	-	-	5,262	5,199	63	
Total non-course fees and charges	-	1,378	-	-	37,831	39,146	63	
Total capital government grants	-	-	15,938	-	-	15,938	-	
Other								
Donations and bequests	-	-	-	-	1,668	-	1,668	
Scholarships and prizes	-	-	-	-	1,493	-	1,493	
Other revenue (AASB15)	-	-	-	-	4,290	4,290	-	
Other income (AASB1058)	-	-	-	-	1,786	-	1,786	
Total other	-	-	-	-	9,237	4,290	4,947	
Total revenue from contracts with customers	141,580	339,547	21,890	9,751	42,920	551,678	-	
Total income of not-for-profit entities	-	95,031	10,226	19,240	9,620	-	138,127	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. REVENUE AND INCOME FROM CONTINUING OPERATIONS (continued)

	Parent entity						
	Sources of funding \$'000						
	Student Fees	Australian Government financial assistance	State and Local Government financial assistance	Industry and other non-government sources	Other (incl. Donations and Bequests)	Revenue from contracts with customers	Income of not-for-profit entities
Revenue and income streams							
Education - Course fees and charges							
Domestic students	1,944	288,459	-	-	-	290,403	-
Overseas students	139,636	-	-	-	-	139,636	-
Vocational education and training	-	-	844	-	799	1,643	-
Total education revenue and income	141,580	288,459	844	-	799	431,682	-
Research							
Australian Research Council (ARC)	-	21,049	-	-	-	21,049	-
National Health and Medical Research Council (NHMRC)	-	4,965	-	-	-	4,965	-
Australian Government Research Contracts and Grants (non-ARC)	-	71,355	-	-	-	61,726	9,629
Department of Education - Research Training and Support Programs	-	47,372	-	-	-	-	47,372
State funding for research institutes (IMAS, TIA, Menzies)	-	-	10,226	-	-	-	10,226
State and local government research contracts and grants	-	-	5,108	-	-	2,244	2,864
Non-Government entity research contracts and grants	-	-	-	28,991	-	18,043	10,948
Research donations and bequests	-	-	-	-	4,673	-	4,673
Total research revenue and income	-	144,741	15,334	28,991	4,673	108,027	85,712
Non-course fees and charges (ancillary to provision of education and research)							
Student Services and Amenities Fees	-	1,378	-	-	4,148	5,526	-
Accommodation charges	-	-	-	-	14,156	14,156	-
Contract revenue (other than consultancy and contract research)	-	-	-	-	2,234	2,234	-
Sale of goods	-	-	-	-	4,216	4,216	-
Other fees and charges	-	-	-	-	4,843	4,780	63
Total non-course fees and charges	-	1,378	-	-	29,597	30,912	63

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. REVENUE AND INCOME FROM CONTINUING OPERATIONS (continued)

	Parent entity						
	Sources of funding \$'000						
	Student Fees	Australian Government financial assistance	State and Local Government financial assistance	Industry and other non-government sources	Other (incl. Donations and Bequests)	Revenue from contracts with customers	Income of not-for-profit entities
Total capital government grants	-	-	15,938	-	-	15,938	-
Other							
Donations and bequests	-	-	-	-	1,668	-	1,668
Scholarships and prizes	-	-	-	-	1,493	-	1,493
Other revenue (AASB15)	-	-	-	-	4,299	4,299	-
Other income (AASB1058)	-	-	-	-	4,414	-	4,414
Total other	-	-	-	-	11,874	4,299	7,575
Total revenue from contracts with customers	141,580	377,577	19,026	18,043	34,695	590,858	-
Total income of not-for-profit entities	-	57,001	13,090	10,948	12,248	-	93,350

Revenue from contracts with customers

b) Accounting policies and significant accounting judgements and estimates

Education – Course fees and charges

The course fees and charges revenue relates to undergraduate programs, graduate and doctoral degree programs and vocational education and training programs. The revenue is recognised as and when the course is delivered to students over the academic year. When the courses or trainings have been paid in advanced by students or the consolidated entity has received the government funding in advance (e.g. before starting the academic period) the consolidated entity recognises a contract liability until the services are delivered. The consolidated entity does not have obligations to return or refund obligations or other similar obligations. There is no significant financing component, as the period from when the student pays

and the service is provided is less than 12 months and the consideration is not variable.

Research

Revenue recognition for research funding is dependent upon the source of the funding and the nature of the transaction. The following specific research revenue recognition criteria have been applied:

- Funding received from **Australian Research Council “ARC”**: the consolidated entity considers agreements with the ARC to be enforceable and to have sufficiently specific performance obligations. It therefore recognises revenue as the research is performed (e.g. as the ARC obtains control of the intellectual property as it is created).
- Funding received from **National Health and Medical Research Council “NHMRC”**: the consolidated entity considers agreements with the NHMRC to be enforceable and to have sufficiently specific performance obligations. It therefore recognises revenue as the research is performed

(e.g. as the NHMRC obtains control of the intellectual property as it is created).

- Funding received from **other government sources (i.e. non “ARC”)**: For research agreements of \$100k or more, the consolidated entity considers each agreement on a case-by-case basis as to whether it is within the scope of AASB15. If the consolidated entity considers the agreement to be enforceable and to have sufficiently specific performance obligations, it recognises the revenue when the research is performed/delivered.
- Funding received from **State and Local Government**: The consolidated entity recognises revenue received for its three research institutes (IMAS, TIA and Menzies) in accordance with AASB1058 Income of not for profit entities, as it does not consider there to be sufficiently specific performance obligations for the revenue to fall within the scope of AASB15. For all other State and Local Government research agreements, where total contract revenue is \$100k or more, the consolidated entity considers

2. REVENUE AND INCOME FROM CONTINUING OPERATIONS (continued)

each agreement on a case-by-case basis as to whether it is within the scope of AASB15. If the consolidated entity considers the agreement to be enforceable and to have sufficiently specific performance obligations, it recognises the revenue when the research is performed/delivered.

- Funding received from **non-government entities**: For research agreements of \$100k or more, the consolidated entity considers each agreement on a case-by-case basis as to whether it is within the scope of AASB15. If the consolidated entity considers the agreement to be enforceable and to have sufficiently specific performance obligations, it recognises the revenue when the research is performed/delivered.

Accounting Policy

The research grants that are considered within the scope of AASB15 meet the enforceability criteria due to the existence of refund clauses in the agreements with the grantor and the promises to transfer good or services to the customer (or on behalf of the customer) are sufficiently specific as the consolidated entity has the obligation to provide:

- Comprehensive academic paper with the results of the research after completion
- Publishing research data and results on an ongoing basis in a openly accessible repository as requested by the grantor
- Intellectual property.

Depending on the nature of the promise, the consolidated entity either recognises revenue at a point in the time when the promise is delivered (e.g. when the comprehensive academic paper is published) or recognises revenue as the service is performed (e.g. as the customer obtains control of the intellectual property as it is created).

Where there is a refund clause within an agreement, a refund liability is recognised by the consolidated entity as soon as it is probable that the refund is payable and amount of the refund can be measured reliably.

Non-course fees and charges

Non-course fees and charges revenue relates to student services and amenities fees, student accommodation, parking fees and sale of goods (such as publications and testing services). Revenue relating to student services and amenities fees and student accommodation is recognised over time as and when the service is provided over the relevant academic year. Revenue relating to parking fees and sale of goods is recognised at the point in time when the service or sale is delivered.

Other revenue that is within the scope of AASB15 mainly relates to rental/venue hire revenue, conference registrations, commissions received and commercialisation revenue. The revenue is recognised at the point of time when the service is delivered.

c) Unsatisfied performance obligations

Remaining performance obligations represent services the consolidated entity has promised to provide to customers under agreements for research services which are satisfied as the goods or services are provided over the contract term. The consolidated entity uses the input method to determine the transaction price allocated to the remaining performance obligations in its contracts with customers. The input method recognises revenue on the basis of the consolidated entity's efforts or inputs to the satisfaction of a performance obligation; the consolidated

entity uses costs incurred to measure its efforts or inputs to the satisfaction of a performance obligation.

For customer contracts with terms of one year or less, or where revenue is recognised using the 'right to invoice' method of recognising revenue, as permitted under AASB15, disclosures are not required in relation to the transaction price allocated to these unsatisfied performance obligations.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. REVENUE AND INCOME FROM CONTINUING OPERATIONS (continued)

	Within 1 year \$'000	From 1 to 5 years \$'000	After 5 years \$'000	Total \$'000
Consolidated				
Australian Research Council (ARC)	11,190	12,353	2,926	26,469
National Health and Medical Research Council (NHMRC)	563	2,410	268	3,241
Australian Government Research (non-ARC)	3,336	8,362	3,839	15,537
State and local government research contracts	1,236	858	80	2,174
Non-Government entity research contracts and consultancies	22,509	6,643	1,286	30,438
	38,834	30,626	8,399	77,859
Parent				
Australian Research Council (ARC)	11,190	12,353	2,926	26,469
National Health and Medical Research Council (NHMRC)	563	2,410	268	3,241
Australian Government Research (non-ARC)	3,336	8,362	3,839	15,537
State and local government research contracts	1,236	858	80	2,174
Non-Government entity research contracts and consultancies	22,509	6,643	1,286	30,438
	38,834	30,626	8,399	77,859

As permitted under the transitional provisions in AASB15, the transaction price allocated to partially unsatisfied performance obligations as of 31 December 2018 is not disclosed.

d) Contract assets and liabilities related to contracts with customers

The consolidated entity has recognised the following assets and liabilities related to contracts with customers:

	Consolidated 2019		Parent 2019	
	Closing balance \$'000	Opening balance \$'000	Closing balance \$'000	Opening balance \$'000
Contract Assets - current	5,267	3,705	5,267	3,705
Contract Assets - current	5,267	3,705	5,267	3,705
Student fees in advance	24,106	24,118	24,106	24,118
Non-research contract liabilities	417	299	317	238
Research contract liabilities - current	38,834	45,317	38,834	45,317
Contract Liabilities - current	63,357	69,734	63,257	69,673
Research contract liabilities - non-current	39,025	45,539	39,025	45,539
Contract Liabilities - non-current	39,025	45,539	39,025	45,539

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. REVENUE AND INCOME FROM CONTINUING OPERATIONS (continued)

Contract assets

The contract assets are associated with research projects where the consolidated entity has met the specific performance obligations but has not yet invoiced the revenue. Any impairment associated with the contract assets is disclosed in Note 6 Receivables and contract assets.

Accounting policy

While a receivable is the consolidated entity's right to consideration that is unconditional, a contract asset is the consolidated entity's right to consideration in exchange for goods or services that the consolidated entity has transferred to the customer when that right is conditioned on meeting the terms and performance obligations of the contract.

Contract liabilities

The contract liabilities are associated to revenue received from customers for which the performance obligations have not yet been met. The consolidated entity uses the input method to determine the transaction price allocated to the remaining performance obligations in its contracts with customers. The input method recognises revenue on the basis of the consolidated entity's efforts or inputs to the satisfaction of a performance obligation; the consolidated entity uses costs incurred to measure its efforts or inputs to the satisfaction of a performance obligation.

Accounting policy

A contract liability is the obligation to transfer goods or services to a customer

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

e) Refund liabilities

The consolidated entity has recognised the following refund liabilities related to contracts with customers:

	Consolidated 2019		Parent 2019	
	Closing balance \$'000	Opening balance \$'000	Closing balance \$'000	Opening balance \$'000
Refund liabilities - current	270	63	270	63

Accounting policy

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the consolidated entity ultimately expects it will have to return to the customer. The consolidated entity updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Income of not-for-profit

f) Accounting policies and significant accounting judgements and estimates

Grants (other than capital grants)

Grant income mainly comprises of funding for research projects where there

are no specific performance obligations. The income is recognised immediately when the funds are received, in accordance with AASB1058.

Department of Education

– **Research Block Grant ("RBG"):** the consolidated entity received funding in relation to the Research Training Program ("RTP") and Research Support Program ("RSP"). The consolidated entity recognises the income immediately when it has the contractual right to receive the grant, as per AASB1058.

Other

The consolidated entity considers all other income as to whether it should be recognised under AASB15 or AASB1058, and recognises it accordingly.

g) Volunteer services

The consolidated entity relies on the services of volunteers, predominantly students and alumni, particularly in the conduct of its research activities. The consolidated entity has elected to not recognise volunteer services received as income in its financial statements as the impact is unlikely to be material.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. REVENUE AND INCOME FROM CONTINUING OPERATIONS (continued)

2.7 Reconciliation of revenue and income

The following table reconciles the amounts disclosed in notes 2.1 to 2.5 which contain the mandatory disclosures required by the Department of Education and the disclosures provided in note 2.6 as per AASB15 and AASB1058:

	Notes	Consolidated		Parent entity	
		2019		2019	
		\$'000		\$'000	
Total Australian Government financial assistance including Australian Government Loan Programs (HELP)	2.1	442,964		442,964	
Total State and Local Government financial assistance	2.2	23,730		23,730	
Total Fees and charges	2.3	166,713		165,526	
Total Consultancy and contract fees	2.4	28,991		28,991	
Total Other revenue and income	2.5	27,407		22,997	
Total		689,805		684,208	
Total Revenue from contracts with customers as per AASB15	2.6(a)	551,678		590,858	
Total Income of not-for-profit as per AASB1058	2.6(a)	138,127		93,350	
Total Revenue and Income from continuing operations		689,805		684,208	

3. INVESTMENT INCOME

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Interest		596	1,891	532	1,813
Dividends		13,576	24,457	13,216	24,077
Net fair value gains/(losses) - Financial assets designated at fair value through profit or loss		64,379	(14,612)	62,688	(14,580)
Total investment revenue and income		78,551	11,736	76,436	11,310

Accounting policy

Interest

Recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

Dividends

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

Derivatives that do not qualify for hedge accounting

A derivative measured at fair value through profit or loss may be designated as a hedging instrument (except for some written options as per AASB9.B6.2.4) which do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. EXPENSES FROM CONTINUING OPERATIONS

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
4.1 Employee-related expenses					
Academic					
Salaries		144,462	138,615	144,518	137,444
Contribution to superannuation and pension schemes		23,894	22,033	23,893	21,888
Payroll tax		11,471	10,793	11,470	10,680
Workers' compensation		423	141	423	141
Long service leave expense		4,941	4,263	4,941	4,261
Annual leave		11,459	10,902	11,459	10,863
Restructuring costs		4,327	1,430	4,327	1,430
Other expenses		5,004	4,963	5,004	4,963
Total academic		205,981	193,140	206,035	191,670
Non-Academic					
Salaries		143,842	136,003	139,933	133,752
Contribution to superannuation and pension schemes		23,471	21,612	22,959	21,304
Payroll tax		11,050	10,133	10,908	10,132
Workers' compensation		373	262	353	229
Long service leave expense		4,701	4,190	4,624	4,103
Annual leave		11,942	11,178	11,703	11,009
Restructuring costs		6,789	532	6,789	532
Other expenses		2,517	2,809	2,510	2,801
Total non-academic		204,685	186,720	199,779	183,862
Total employee benefits and on costs		410,665	379,860	405,813	375,532

Accounting policy

Refer to Note 14 for accounting policy

4.2 Borrowing costs

Interest expense on financial liabilities at amortised cost		5,576	4,972	5,576	4,972
Interest expense on lease liabilities		645	-	645	-
Total borrowing costs expensed		6,221	4,972	6,221	4,972

Interest rates payable

Current: Tascorp overdraft facility - Official Cash Rate + 0.65% Non-current: \$125m Tascorp loan maturing March 2023 - fixed interest only, \$93.6m at interest rate of 5.11% and \$31.4m at interest rate of 1.66% - payable six monthly in arrears.

Accounting policy

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period for which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

For Interest expense on lease liabilities, please refer to note 13.1 which details the policy for lease accounting where the consolidated entity is a lessee.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. EXPENSES FROM CONTINUING OPERATIONS (continued)

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
4.3 Impairment of assets					
Impairment of flood damaged assets		-	5,891	-	5,891
Building		468	-	468	-
Impairment of receivables (Note 6 and 25)		(319)	702	(319)	702
Total impairment of assets		149	6,593	149	6,593

Key estimates, judgements and accounting policy

Assets that have an indefinite useful life are not subject to amortisation or depreciation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, except to the extent that the write-down can be debited to an asset revaluation reserve applicable to that class of asset. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
4.4 Other expenses					
Scholarships and prizes		29,264	29,972	29,262	28,015
Non-capitalised equipment		7,020	9,300	6,893	9,241
Advertising, marketing and promotional expenses		9,449	8,912	9,440	8,846
Telecommunications		2,952	3,602	2,927	3,578
Travel and staff development		20,092	19,886	19,545	19,405
Consumables		14,919	13,307	14,659	12,991
Office administration		3,614	3,902	3,516	3,811
Information technology operating costs		13,747	11,047	13,638	11,021
Advisory and consultancy services		35,110	34,206	36,029	35,020
Research sub-contractors		40,942	21,262	40,942	21,262
Conjoints, secondments and employment agency costs		2,430	2,472	2,430	2,472
Books, serials and subscriptions		9,195	8,550	9,154	8,524
Electricity and heating fuel		8,398	8,593	8,403	8,592
Cleaning		5,803	5,998	5,791	5,984
Security		3,917	3,221	3,917	3,209
Property and building operating costs		3,223	3,842	3,313	3,711
Council and director fees		755	611	755	611
Audit and assurance services		747	753	704	724
Short term and low value asset lease payments		2,059	4,082	2,265	4,387
Insurance		3,455	2,382	3,452	2,352
New appointment expenses		1,803	1,544	1,781	1,543
Other		11,042	11,893	9,647	10,262
Total other expenses		229,936	209,337	228,463	205,561

Accounting policy

Other expenses are recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. CASH AND CASH EQUIVALENTS

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand		15,689	34,599	15,355	33,877
Short term deposits and bills		3,237	2,493	-	-
Total current cash and cash equivalents		18,926	37,092	15,355	33,877

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

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

	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Balances as above	18,926	37,092	15,355	33,877
Balance per the Statement of Cash Flows	18,926	37,092	15,355	33,877

Cash at bank accounts are bearing floating interest rates between 1.25% and 1.90% (2018: 1.40% and 1.90%). Cash on hand is non-interest bearing.

Short term deposits and bills as at 31 December 2019 are bearing interest rates of between 1.47% and 2.61% (2018: between 2.32% and 2.61%). These deposits have a maturity date of less than 90 days or at call.

Accounting policy

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

6. RECEIVABLES AND CONTRACT ASSETS

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Current					
Trade receivables		22,553	17,991	21,446	16,880
Loans to controlled entities		-	-	2,508	3,255
Less provision for expected credit losses		(509)	(1,081)	(509)	(2,157)
		22,044	16,910	23,445	17,978
Deferred Government contribution for superannuation	27	582	627	582	627
Bonds and deposits		1,202	3,088	1,155	3,067
Accrued income		2,883	5,920	2,339	5,694
GST		1,916	2,168	1,977	2,250
Total current receivables		28,627	28,713	29,498	29,616
Non-current					
Deferred Government contribution for superannuation	27	6,673	6,580	6,673	6,580
Sundry loans and advances		300	300	300	300
Less provision for expected credit losses		(300)	(300)	(300)	(300)
Total non-current receivables		6,673	6,580	6,673	6,580
Total receivables		35,300	35,293	36,171	36,196

Trade receivables are non-interest bearing and are generally on terms of 30 days.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

6. RECEIVABLES AND CONTRACT ASSETS (continued)

Accounting policy

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

While a receivable is the consolidated entity's right to consideration that is unconditional, a contract asset is the consolidated entity's right to consideration in exchange for goods or services that the consolidated entity has transferred to the customer when that right is conditioned on meeting the terms and performance obligations of the contract.

Contract assets

As at 31 December 2019, the consolidated entity has contract assets of \$5.267m which is net of an allowance for expected credit losses of \$nil. Refer to note 2.6 for further detail.

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

	Consolidated		Parent entity	
	2019	2018	2019	2018
Notes	\$'000	\$'000	\$'000	\$'000
As at 1 January	1,081	542	1,081	542
Provision for expected credit losses	173	756	173	756
Receivables written off during the year as uncollectable	(735)	(217)	(735)	(217)
Unused amount reversed	(10)	-	(10)	-
As at 31 December	509	1,081	509	1,081

Accounting policy

Trade receivables

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

The collection of trade receivables is reviewed on an ongoing basis. Debts known to be uncollectable are written off. A provision for impaired receivables is established where there is evidence the consolidated entity will not be able to collect all amounts due according to the original terms of the receivable. The amount of any movement in the provision is recognised in the Income Statement, with the balance of the provision recognised in the Statement of Financial Position.

Impairment

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. OTHER FINANCIAL ASSETS

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Current					
Other financial assets at amortised cost	7.1	7,799	14,280	7,730	14,165
Total current other financial assets		7,799	14,280	7,730	14,165
Non-current					
Other financial assets at amortised cost	7.1	40,629	23,678	40,629	23,678
Financial assets at fair value through profit and loss (FVTPL)	7.2	394,154	366,296	382,268	356,058
Investment in subsidiaries	7.3	-	-	3,534	3,534
Total non-current other financial assets		434,783	389,974	426,431	383,270
Total other financial assets		442,582	404,254	434,161	397,435

Accounting policy

The consolidated entity classifies its financial assets as follows:

- those to be subsequently measured at fair value (either through profit or loss (FVTPL) or through other comprehensive income (FVTOCI)), and
- those to be measured at amortised cost.

The classification depends on the consolidated entity's business model for holding the financial assets and the contractual cash flow characteristics. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

For assets measured at fair value, gains and losses will either be recognised in profit or loss (FVTPL) or OCI (FVTOCI). For investments in equity investments that are not held for trading, this will depend on whether the consolidated entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI).

Financial assets held at amortised cost

Financial assets which are held to collect contractual cash flows (principal and interest) are recognised at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on de-recognition directly in the income (profit or loss) statement and presented in other gains/(losses) together with foreign exchange gains or losses. Impairment losses are presented separately in the income statement.

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

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. They are held for sale in the near term; that is, for trading. These assets comprise the consolidated entity's investment funds, which are managed as pooled funds by a number of independent portfolio managers. Funds are invested in Australian equities, overseas equities, alternatives, fixed interest securities and property trusts under an approved investment policy (see note 7.2). The majority of specific purpose endowments received by the consolidated entity to fund research activities, scholarships and prizes are also managed in this pooled investment fund. Purchases and sales of investments are recognised on trade date, the date on which the consolidated entity commits to purchase or sell the asset. Financial assets at FVTPL are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Income Statement. Financial assets are derecognised when the right to receive cash flows expires or is transferred, and the consolidated entity transferred substantially all the risks and rewards of ownership. Upon derecognition the gain or loss is recognised in the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. OTHER FINANCIAL ASSETS (continued)

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
7.1 Other financial asset at amortised cost					
Current					
Cash At Call - Managed Funds		7,799	14,280	7,730	14,165
Non-current					
Trust investments		40,629	23,678	40,629	23,678
Total other financial asset at amortised cost		48,428	37,958	48,359	37,843
7.2 Financial assets at fair value through profit and loss (FVTPL)					
<i>Listed securities - managed funds, comprising:</i>					
Australian equities		67,528	70,102	62,268	65,867
Overseas equities		126,035	101,819	123,662	99,714
Australian property		660	720	-	-
International property		22,866	19,229	22,663	19,075
Alternatives		140,505	113,783	139,261	112,870
Australian fixed interest		24,530	44,033	22,491	42,055
Overseas fixed interest		12,029	16,609	11,922	16,476
Total managed funds		394,153	366,295	382,267	356,057
Unlisted securities - shares		1	1	1	1
Total financial assets at fair value through profit and loss (FVTPL)		394,154	366,296	382,268	356,058

The financial assets at fair value are invested wholly in managed funds. 84% of the managed funds (up from 80% in 2018) are investments with fund managers who are signatories to the United Nations. The invested funds are classified as non-current in line with the consolidated entity's strategy of holding them long term. The majority of the funds could be redeemed within 30 days if required.

7.3 The consolidated entity's investment in subsidiaries relates to its investment in AMC Search Limited. Please refer to note 22 for further details.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8. OTHER NON-FINANCIAL ASSETS

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Prepayments		14,654	10,256	14,594	10,182
Total prepayments		14,654	10,256	14,594	10,182

Accounting policy

The consolidated entity recognises a prepayment as an asset when payments for goods or services have been made in advance of the consolidated entity obtaining a right to access those goods or services.

The consolidated entity as lessor

For accounting policy, please refer to note 8.1 below, which details the policy for the consolidated entity as a lessor for 2019.

8.1 The consolidated entity as lessor

Operating leases					
Lease income		1,518	965	1,518	965
Operating leases as a Lessor					
Maturity analysis of undiscounted lease payments:					
Within one year		2,011	640	2,011	640
Later than one year but not later than five years		2,437	380	2,437	380
Later than five years		184	314	184	314
Total undiscounted lease payments receivable		4,632	1,334	4,632	1,334

Accounting policy

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

The consolidated entity as a lessor

When the consolidated entity acts as a lessor, it determines at inception whether each lease is a finance lease or an operating lease. To classify each lease, the consolidated entity makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the consolidated entity considers indicators such as whether the lease is for the major part of the economic life of the asset. The consolidated entity reassesses the lease classification only if there is a lease modification. Changes in estimates (e.g. changes in estimates of the economic life or of the residual value of the underlying asset), or changes in circumstances (e.g. default by the lessee), do not give rise to a new classification of a lease for accounting purposes.

The consolidated entity recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of other income.

Where the lease is classified as a finance lease, the consolidated entity recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. Subsequently, the consolidated entity recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9. PROPERTY, PLANT AND EQUIPMENT

(a) Consolidated - \$'000	Notes	Land	Buildings	Capital WIP	Leasehold improvements	Plant, vehicles and equipment	Library	Works of art	Total
At 1 January 2018									
At cost		-	-	30,441	15	153,125	51,564	-	235,145
At valuation		85,247	412,395	-	23,767	-	-	9,126	530,535
Accumulated depreciation and impairment		-	(19,397)	-	(1,155)	(93,937)	(47,540)	-	(162,029)
Net book amount		85,247	392,998	30,441	22,627	59,188	4,024	9,126	603,651

Year ended 31 December 2018

Opening net book amount		85,247	392,998	30,441	22,627	59,188	4,024	9,126	603,651
Additions		7,783	36,412	46,839	-	4,956	94	242	96,326
Transfers from capital works in progress		-	1,690	(10,501)	2,402	6,409	-	-	-
Revaluation increment/ (decrement)	16	-	-	-	-	-	-	-	-
Service concession asset	11	-	-	(1,075)	-	-	-	-	(1,075)
Disposals		(67)	-	-	-	(706)	-	-	(773)
Impairment		-	-	-	-	(4,933)	-	-	(4,933)
Depreciation charge		-	(11,348)	-	(864)	(12,861)	(391)	-	(25,464)
Closing net book amount		92,963	419,752	65,704	24,165	52,053	3,727	9,368	667,732

At 31 December 2018

At cost		-	-	65,704	15	152,339	51,656	-	269,714
At valuation		92,963	450,498	-	26,169	-	-	9,368	578,998
Accumulated depreciation and impairment		-	(30,746)	-	(2,019)	(100,286)	(47,929)	-	(180,980)
Net book amount		92,963	419,752	65,704	24,165	52,053	3,727	9,368	667,732

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Consolidated - \$'000	Notes	Land	Buildings	Capital WIP	Leasehold improvements	Plant, vehicles and equipment	Library	Works of art	Subtotal Property, plant and equipment (owned)	Right of use assets	Total
Year ended 31 December 2019											
Opening net book amount		92,963	419,752	65,704	24,165	52,053	3,727	9,368	667,732	-	667,732
Adoption of AASB16		-	-	-	(15,718)	178	-	-	(15,540)	26,231	10,691
Additions		44,824	848	127,876	-	4,185	122	93	177,948	7,782	185,730
Transfers between classes		-	40,848	(48,198)	(8,447)	4,504	-	-	(11,293)	11,293	-
Revaluation increment/ (decrement)	16	32,361	(35,936)	-	-	-	-	499	(3,076)	-	(3,076)
Service concession asset	11	-	-	(2,264)	-	-	-	-	(2,264)	-	(2,264)
Disposals		(511)	(1,764)	-	-	(209)	-	-	(2,484)	-	(2,484)
Impairment		-	(468)	-	-	-	-	-	(468)	-	(468)
Depreciation charge		-	(12,589)	-	-	(12,242)	(387)	-	(25,218)	(4,222)	(29,440)
Closing net book amount		169,637	410,691	143,118	-	48,469	3,462	9,960	785,337	41,084	826,421
At 31 December 2019											
At cost		-	-	143,118	-	155,678	51,778	-	350,574	45,306	395,880
At valuation		169,637	412,890	-	-	-	-	9,960	592,487	-	592,487
Accumulated depreciation and impairment		-	(2,199)	-	-	(107,209)	(48,316)	-	(157,724)	(4,222)	(161,946)
Net book amount		169,637	410,691	143,118	-	48,469	3,462	9,960	785,337	41,084	826,421

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Parent entity - \$'000	Notes	Land	Buildings	Capital WIP	Leasehold improvements	Plant, vehicles and equipment	Library	Works of art	Total
At 1 January 2018									
At cost		-	-	30,441	-	150,494	51,564	-	232,499
At valuation		85,247	412,395	-	23,767	-	-	9,126	530,535
Accumulated depreciation and impairment		-	(19,397)	-	(1,148)	(92,558)	(47,540)	-	(160,643)
Net book amount		85,247	392,998	30,441	22,619	57,936	4,024	9,126	602,391
Year ended 31 December 2018									
Opening net book amount		85,247	392,998	30,441	22,619	57,936	4,024	9,126	602,391
Additions		7,783	36,412	46,839	-	4,925	94	242	96,295
Transfers from capital works in progress		-	1,690	(10,501)	2,402	6,409	-	-	-
Revaluation increment/ (decrement)	16	-	-	-	-	-	-	-	-
Service concession asset	11	-	-	(1,075)	-	-	-	-	(1,075)
Disposals		(67)	-	-	-	(690)	-	-	(757)
Impairment		-	-	-	-	(4,933)	-	-	(4,933)
Depreciation charge		-	(11,348)	-	(862)	(12,586)	(391)	-	(25,187)
Closing net book amount		92,963	419,752	65,704	24,159	51,061	3,727	9,368	666,734
At 31 December 2018									
At cost		-	-	65,704	-	149,704	51,656	-	267,064
At valuation		92,963	450,498	-	26,169	-	-	9,368	578,998
Accumulated depreciation and impairment		-	(30,746)	-	(2,010)	(98,643)	(47,929)	-	(179,328)
Net book amount		92,963	419,752	65,704	24,159	51,061	3,727	9,368	666,734

Parent entity - \$'000	Notes	Land	Buildings	Capital WIP	Leasehold improvements	Plant, vehicles and equipment	Library	Works of art	Subtotal Property, plant and equipment (owned)	Right of use assets	Total
Year ended 31 December 2019											
Opening net book amount		92,963	419,752	65,704	24,159	51,061	3,727	9,368	666,734	-	666,734
Adoption of AASB16		-	-	-	(15,718)	178	-	-	(15,540)	26,231	10,691
Additions		44,824	848	127,876	-	4,237	122	93	178,000	7,782	185,782
Transfers of assets between class		-	40,848	(48,198)	(8,441)	4,498	-	-	(11,293)	11,293	-
Revaluation increment/ (decrement)	16	32,361	(35,936)	-	-	-	-	499	(3,076)	-	(3,076)
Service concession asset	11	-	-	(2,264)	-	-	-	-	(2,264)	-	(2,264)
Disposals		(511)	(1,764)	-	-	(209)	-	-	(2,484)	-	(2,484)
Impairment		-	(468)	-	-	-	-	-	(468)	-	(468)
Depreciation charge		-	(12,589)	-	-	(12,042)	(387)	-	(25,018)	(4,222)	(29,240)
Closing net book amount		169,637	410,691	143,118	-	47,723	3,462	9,960	784,591	41,084	825,675

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Parent entity - \$'000	Notes	Land	Buildings	Capital WIP	Leasehold improvements	Plant, vehicles and equipment	Library	Works of art	Subtotal Property, plant and equipment (owned)	Right of use assets	Total
At 31 December 2019											
At cost		-	-	143,118	-	153,365	51,778	-	348,261	45,306	393,567
At valuation		169,637	412,890	-	-	-	-	9,960	592,487	-	592,487
Accumulated depreciation and impairment		-	(2,199)	-	-	(105,642)	(48,316)	-	(156,157)	(4,222)	(160,379)
Net book amount		169,637	410,691	143,118	-	47,723	3,462	9,960	784,591	41,084	825,675

Key estimates, judgements and accounting policy

Property, plant and equipment

Land, buildings and works of art are shown at fair value based on periodic valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Other classes of property, plant and equipment are stated at cost or fair value less depreciation. The valuation methodology adopted for asset classes is as follows:

Asset Class	Valuation basis	Detail
Property (land and buildings)	Fair Value	Freehold land and buildings were revalued in 2019.
Plant and equipment	Cost	All plant and equipment items with a cost equal to or exceeding \$10,000 have been capitalised.
Library	Cost	
Works of art	Fair Value	A valuation of works of art was undertaken in 2019.

Revaluations are made with sufficient regularity to ensure that the carrying amount of land, buildings and works of art does not differ materially from their fair value at reporting date.

Where land, buildings or works of art are subject to revaluation, any increment is recognised in other comprehensive income and accumulated in equity under the heading asset revaluation reserve. To the extent that the increment reverses a previous decrement recognised in profit or loss, the increment is first recognised in profit or loss. Decrements that reverse previous increments of the same asset class are also recognised in other comprehensive income to the extent of the remaining reserve attributable to the asset class. All other decrements are charged to the Income Statement.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Income Statement.

Capital Work in Progress (WIP)

Capital work in progress is recognised at cost and represents the cost associated with the construction of buildings and other projects of a capital nature, that have not reached their date of practical completion.

Intangibles work in progress represents the cost associated with the development of software that has not been commissioned.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation

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

Depreciable assets	2019	2018
Buildings	1.7% - 25%	1.7% - 25%
Right of use asset	2.2% to 100%	n/a
Plant and equipment	2.5% - 33%	2.5% - 33%
Library collections	5%	5%
Intangibles	6.6% - 33%	6.6% - 33%

Land and works of art are not depreciated.

9.1 Right-of-use assets

The consolidated entity leases a number of properties in Hobart and across the state of Tasmania. Information about leases where the consolidated entity is a lessee is presented below:

	Notes	Consolidated		Parent entity	
		2019		2019	
		\$'000		\$'000	
Buildings					
As at 1 January 2019		26,231		26,231	
Additions of right-of-use assets		19,075		19,075	
Amortisation charge		(4,222)		(4,222)	
As at 31 December 2019		41,084		41,084	

Accounting policy (applicable from 1 January 2019)

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

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

The consolidated entity assesses whether:

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Accounting for lease – the consolidated entity as lessee

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

Right-of-use asset

A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. A right-of-use asset associated with land and buildings is subsequently measured at fair value. All other property, plant and equipment are measured as described in the accounting policy for property, plant and equipment in Note 10.

Concessionary (peppercorn) leases

Leased assets arising from significantly below market leases are measured at fair value at the inception of the lease whereas the lease liability is recognised at present value of peppercorn lease payment amounts. The difference between the right-of-use asset and lease liability is recorded as income in the income statement under AASB1058. The consolidated entity has however elected, under AASB 2018-8 Amendments to Australia Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities, to measure right-of-use assets arising under 'concessionary leases' at initial recognition at cost, in accordance with AASB16 paragraphs 23–25, which incorporates the amount of the initial measurement of the lease liability.

10. INTANGIBLE ASSETS

	Notes	Consolidated		Parent entity	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Opening net book amount		51,220	51,049	51,220	51,049
Additions		7,184	328	6,867	328
Additions to intangibles work in progress		1,479	6,609	1,479	6,609
Disposals		-	(104)	-	(104)
Impairment		-	(957)	-	(957)
Amortisation charge		(7,191)	(5,705)	(6,886)	(5,705)
Closing net book amount		52,692	51,220	52,680	51,220
Cost		78,242	71,058	77,925	71,058
Accumulated amortisation and impairment		(35,557)	(28,366)	(35,252)	(28,366)
Intangibles work in progress		10,007	8,528	10,007	8,528
Net book amount		52,692	51,220	52,680	51,220

Accounting policy

Intangible assets that are acquired, developed or constructed by the consolidated entity are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Where intangible assets have a definite useful life, amortisation is charged to the Income Statement on a straight-line basis over the estimated useful life. Amortisation commences from the date they are available for use. The estimated useful lives are as follows:

Core business systems software	10 - 15 years
Other minor software applications	3 years

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. SERVICE CONCESSION ASSETS

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Non-current					
Opening balance at valuation		140,824	143,512	140,824	143,512
Additions		2,585	1,075	2,585	1,075
Depreciation and impairment		(3,760)	(3,763)	(3,760)	(3,763)
Revaluation increment/(decrement)	16	3,254	-	3,254	-
Total service concession asset		142,903	140,824	142,903	140,824

Accounting policy

In 2017, the University executed a market transaction in respect of Purpose Built Student Accommodation (PBSA) assets, whereby it granted a 30 year licence to receive net rentals from these assets in exchange for payment of an upfront amount. The licensee is responsible for maintaining the asset condition to a pre-set regime and the University retains the operations of the premises. At the conclusion of the arrangement the asset will revert back to the University's control at a pre-agreed condition at which time the University will assume asset risk and rental revenue.

In 2019, the University entered into a joint arrangement with third parties to construct Purpose Built Student Accommodation (PBSA) at 40-44 Melville Street, Hobart. On completion the right to receive net rentals will transfer to third parties. Any preliminary construction design costs incurred to date by the University have been recognised as an addition to service concession assets.

Both transactions were accounted for under AASB1059 and the University early adopted this standard.

Service concession assets are revalued at depreciated current replacement cost.

12. TRADE AND OTHER PAYABLES

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Current					
Creditors and accruals		37,640	30,382	37,154	30,443
OS-HELP liability to Australian Government		(9)	218	(9)	218
Total current trade and other payables		37,631	30,600	37,145	30,661
Non-current					
Creditors and accruals		-	-	-	-
Total non-current trade and other payables		-	-	-	-
Total trade and other payables		37,631	30,600	37,145	30,661

Creditors and accruals include refund liabilities related to research contracts with customers of \$270k (2018: \$63k).

Accounting policy

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the year which are unpaid. The amounts are unsecured, are recognised at cost and are normally settled within 30 days.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. BORROWINGS

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Current					
Unsecured loan - interest bearing		68,600	-	68,600	-
Lease liabilities		2,748	-	2,748	-
Total current borrowings		71,348	-	71,348	-
Non-current					
Unsecured loan - interest bearing		125,000	93,600	125,000	93,600
Lease liabilities		13,291	-	13,291	-
Total non-current borrowings		138,291	93,600	138,291	93,600
Total borrowings		209,639	93,600	209,639	93,600

a) Financing arrangements

At balance date the following lines of credit were established:

Loan facilities					
Total loan facility - Tascorp		125,000	100,000	125,000	100,000
Total overdraft facility		75,000	50,000	75,000	50,000
Used at balance date		(193,600)	(93,600)	(193,600)	(93,600)
Unused at balance date		6,400	56,400	6,400	56,400
Business card facility					
Total facility		9,000	9,000	9,000	9,000
Used at balance date		-	-	-	-
Unused at balance date		9,000	9,000	9,000	9,000

b) Fair value

The fair values of borrowings are set out in Note 26.

c) Risk exposure

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

Within one year		68,600	-	68,600	-
Between one and five years		-	-	-	-
Later than five years		-	-	-	-
Total borrowings		68,600	-	68,600	-
Current borrowings		71,348	-	71,348	-
Non-current borrowings		138,291	93,600	138,291	93,600
Total borrowings		209,639	93,600	209,639	93,600

All borrowings are in Australian Dollars. For an analysis of the sensitivity of borrowings to interest rate risk refer to Note 26.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. BORROWINGS (continued)

d) Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	2018	Cash flows	Acquisition/ Disposal	Fair value changes	Initial recognition	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Long-term borrowings	93,600	31,400	-	-	-	125,000
Short-term borrowings	-	68,600	-	-	-	68,600
Lease liabilities	-	(2,442)	-	-	10,691	8,249
Total liabilities from financing activities	93,600	97,558	-	-	10,691	201,849

Accounting policy

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

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

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date and does not expect to settle the liability for at least 12 months after the balance sheet date.

The University's loan facilities with Tascorp are made under a Master Loan Facility Agreement; the facility restricts other financial indebtedness and encumbrances that can be incurred. The borrowings are unsecured, however, require the University to maintain cash reserves at a level no less than the outstanding amount loaned, where cash reserves means cash, cash equivalents and financial investments, or equivalent items, less the value of Statutory Funds.

13.1 The consolidated entity as lessee

	Notes	Consolidated		Parent entity	
		2019		2019	
		\$'000		\$'000	
Amounts recognised in the income statement:					
Interest on lease liabilities		645		645	
Expenses relating to leases of short term leases and low-value assets, excluding short term leases of low-value assets		684		684	
		1,329		1,329	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. BORROWINGS (continued)

	Notes	Consolidated		Parent entity	
		2019		2019	
		\$'000		\$'000	
Maturity analysis – undiscounted contractual cash flows:					
Within one year		3,310		3,310	
Later than one year but not later than five years		9,518		9,518	
Later than five years		8,975		8,975	
Total undiscounted contractual cash flows		21,803		21,803	
Lease liabilities recognised in the statement of financial position		16,039		16,039	
Current		2,748		2,748	
Non-current		13,291		13,291	
The leases as at 31 December 2019 relate to property \$14.7m and motor vehicles \$1.3m.					
Amounts recognised in statement of cash flows:					
Total cash outflow for leases		(2,442)		(2,442)	

Accounting policy

Lease liabilities – the consolidated entity as lessee

Policy on assessment of whether a contract is, or contains, a lease is detailed in Note 9.1 above.

Lease liability

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

Lease payments included in the measurement of lease liabilities comprise:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. payments varying on account of changes in CPI);
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the consolidated entity is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

Right-of-use assets are presented within property, plant and equipment in Note 9.1 and lease liabilities are presented as borrowings in Note 13.

Short-term leases and leases of low-value assets

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. BORROWINGS (continued)

13.2 Concessionary leases

The consolidated entity has a number of concessionary (peppercorn) leases, where it pays rent at a below market rent. As at 31 December 2019, there were two material concessionary leases: the Makers Workshop and Hunter Street buildings.

Accounting policy

Refer to Note 9.1 for accounting policy related to concessionary leases and for details of the assets which have a concessionary lease.

14. PROVISIONS

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Current					
Annual leave		28,384	29,180	27,961	28,774
Long service leave		30,935	28,176	30,418	27,690
Restructuring costs		8,064	3,637	8,064	3,637
Superannuation	27	1,151	1,366	1,151	1,366
Total current provisions		68,534	62,359	67,594	61,467
Non-current					
Long service leave		14,701	13,640	14,653	13,593
Superannuation	27	10,945	11,434	10,945	11,434
Total non-current provisions		25,646	25,074	25,598	25,027
Total provisions		94,180	87,433	93,192	86,494
(1) Annual leave liabilities include the following non-employee on-costs		1,784	1,638	1,753	1,608
(2) Long service leave liabilities include the following non-employee on-costs		3,260	2,657	3,219	2,618

Key estimates, judgements and accounting policy

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

Employee benefits:

Wages and salaries, and sick leave

Liabilities for short-term employee benefits including wages and salaries are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before 12 months after the end of the reporting period, and is recognised in other payables in respect of employees' services up to the reporting date. Sick leave entitlements provided to the employees of the consolidated entity are non-vesting and are based on a cumulative sick leave system. Costs for non-accumulating sick leave are recognised when leave is taken.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

14. PROVISIONS (continued)

Annual leave

Liabilities for annual leave for all employees are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' service up to that date. Related on-costs are included in the provision.

Long service leave

The liability for long service leave for all employees is measured as the present value of the estimated future payments to be made in respect of services provided up to the reporting date. Consideration is given to future increases in salary levels, experience of employee departures and periods of service. Related on-costs are included in the provision. Expected future payments are discounted using market yields on government bonds at the reporting date.

Superannuation

Employee contributory superannuation funds exist to provide benefits for the consolidated entity's employees and their dependants on retirement, disability or death of the employee. The contributions made to these funds by the consolidated entity are recorded as an expense as they become payable.

Restructure costs

Restructure costs are recognised as an expense and liability when the consolidated entity has approved a detailed and formal restructuring plan, and the restructuring has either commenced or been announced.

15. OTHER LIABILITIES

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Current					
Bonds and deposits held		806	1,201	806	1,201
Monies held on behalf of other entities		1,565	4,023	1,565	4,023
Grant of right to operate		4,491	5,491	4,491	5,491
Australian Government unspent financial assistance		13,085	7,619	13,085	7,619
Total current other liabilities		19,947	18,334	19,947	18,334
Non-current					
Grant of right to operate		117,635	121,626	117,635	121,626
Total non-current other liabilities		117,635	121,626	117,635	121,626
Total other liabilities		137,582	164,377	137,582	164,316

Accounting policy

Revenue in advance represents revenue received for future years, including where students pay all or part of their fees in advance of educational services being delivered.

Australian Government unspent financial assistance represents funding received but not spent (refer to Note 2) and also includes unspent Higher Education Loan Program (HELP) funds.

Grant of right to operate relates to funds received upfront in relation to an arrangement with the private sector for the provision of student accommodation (Purpose Built Student Accommodation (PBSA) - Note 11). The remaining term of this arrangement is 28 years and the income is to be recognised over the arrangement term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

16. EQUITY

	Notes	Consolidated		Parent entity	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Reserves					
Asset revaluation reserve					
Balance at end of previous year		217,100	217,100	217,100	217,100
Add: revaluation increment/(decrement) on land	9	32,361	-	32,361	-
Add: revaluation increment/(decrement) on buildings	9,11	(32,682)	-	(32,682)	-
Add: revaluation increment/(decrement) on plant and equipment	9	-	-	-	-
Add: revaluation increment/(decrement) on works of art	9	499	-	499	-
Balance at end of year		217,278	217,100	217,278	217,100
Statutory funds					
Balance at end of previous year as previously reported		196,900	173,541	196,900	114,786
Adoption of AASB15 and AASB1058	1.9.1	(87,151)	-	(87,151)	-
Transfer of assets from the University of Tasmania Foundation Fund		-	-	-	58,204
Current year movements		10,362	23,359	10,362	23,910
Statutory funds balance		120,111	196,900	120,111	196,900
Retained earnings					
Balance at end of previous year		557,362	521,677	548,098	511,229
Other comprehensive income		225	(85)	225	(85)
Result		73,472	59,129	72,371	119,068
Movement and transfer in statutory funds		(10,362)	(23,359)	(10,362)	(82,114)
Total retained surplus		620,697	557,362	610,332	548,098

Accounting policy

Statutory funds

The statement of comprehensive income combines a number of funds which, under granting conditions, cannot be utilised for general purpose expenditure. These are referred to as Statutory Funds, and comprise:

Trust funds - donations for endowments and specified purposes such as prizes and scholarships, and Other statutory funds - specific research grants, consultancies and other contract funds.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17. KEY MANAGEMENT PERSONNEL DISCLOSURES

Remuneration of Council Members

The Council is the governing body of the University.

The number of Council Members where the total remuneration (including salary, superannuation and other benefits) for the reporting period was paid within bands of \$15,000 were:

	Consolidated		Parent entity	
	2019	2018	2019	2018
	No.	No.	No.	No.
\$0 to \$14,999	4	2	4	2
\$15,000 to \$29,999	6	5	6	5
\$30,000 to \$44,999	2	3	2	3
\$45,000 to \$59,999	1	1	1	1
\$75,000 to \$89,999	1	1	1	1
	14	12	14	12
Aggregate remuneration of Council Members	\$335,829	\$338,147	\$335,829	\$338,147

Members of the University Council are: Hon. Michael Field, Professor Rufus Black, Professor Natalie Brown, Mrs Jenny Burgess, Mrs Susan Chen, Mr James Groom, Professor Kwong Lee Dow, Ms Phillipa Leedham, Mr Harvey Gibson, Mr Paul Gregg, Professor Jamie Kilpatrick, Mr Corey Peterson and Ms Ella Hilder. Ms Leanne Topher was a member for part of 2019.

Remuneration of executive officers

The number of executive positions where the total remuneration (including salary, superannuation and other benefits) for the reporting period was paid within bands of \$15,000 were:

	Consolidated		Parent entity	
	2019	2018	2019	2018
	No.	No.	No.	No.
150,000 to 164,999	-	1	-	1
180,000 to 194,999	-	1	-	1
210,000 to 224,999	-	1	-	1
330,000 to 344,999	-	2	-	2
375,000 to 389,999	1	-	1	-
390,000 to 404,999	1	-	1	-
405,000 to 419,999	1	-	1	-
465,000 to 479,999	-	1	-	1
540,000 to 554,999	1	-	1	-
555,000 to 569,999	2	1	2	1
885,000 to 899,999	-	1	-	1
975,000 to 989,999	1	-	1	-
1,020,000 to 1,034,999*	-	1	-	1
	7	9	7	9
Aggregate remuneration of executives	\$3,880,153	\$4,168,785	\$3,880,153	\$4,168,785

* includes separation payment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Executive officers are defined as the Vice-Chancellor and members of the University Executive Team who report directly to the Vice-Chancellor, or who are responsible for whole of University strategy. The list of senior executives comprises: Professor Rufus Black (Vice-Chancellor), Professor Jane Long (Provost), Professor Anthony Koutoulis (Deputy Vice-Chancellor (Research)), Mr Rob Atkinson (Deputy Vice-Chancellor (Global)), Mr Lee Whiteley (Chief Executive - University of Tasmania College), Mr Craig Barling (Chief Strategy Officer) and Mr David Clerk (Chief Operating Officer).

Other transactions with key management personnel

All transactions with members of Council and key management personnel or their related entities are conducted at arm's length, at normal market prices and on normal commercial terms.

The following activity occurred during 2019:

Mr Harvey Gibson was a Partner with Wise, Lord & Ferguson for part of 2019, during which time his Council remuneration was paid to Wise, Lord and Ferguson. Professor Rufus Black (Vice-Chancellor) donated a proportion of his salary to the University for Scholarships.

18. REMUNERATION OF AUDITORS

Consolidated		Parent entity	
2019	2018	2019	2018
\$'000	\$'000	\$'000	\$'000

During the year, the following fees were paid for services provided to the consolidated entity by the auditor and non-related audit firms:

Audit of the financial statements

Tasmanian Audit Office	164	140	137	131
Total remuneration for audit services	164	140	137	131

The fee for the 2019 audit of consolidated financial statements is \$193,250 (2018: \$169,010)

Other audit and assurance services

Fees paid to other firms for internal audit, audit of grant monies and other assurance services:

Tasmanian Audit Office	1	16	1	16
Deloitte	446	560	446	560
Assurance Pty Ltd	48	66	48	66
Institute of Internal Auditors	26	-	26	-
Altus Page Kirkland	-	1	-	1
Ausmeat	-	2	-	2
Lloyd's Register Quality Assurance Ltd	10	-	-	-
KPMG	28	-	28	-
Dept of Agriculture and Water Resources	1	-	1	-
Australian Maritime Safety Authority	5	-	-	-
Total remuneration for other audit and assurance services	565	645	550	645

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19. CONTINGENCIES

The consolidated entity had the following contingent liabilities at 31 December 2019:

University of Tasmania:

Contract performance guarantee in respect of leased premises with the Australian Broadcasting Corporation

- 2019: \$35k (2018: \$35k)

Contract performance guarantee in respect of a lease with the Australian National Maritime Museum (2 Murray Street, Pyrmont) -

2019: \$175k (2018: \$175k)

Contract performance guarantee with Premium Custody Services Pty Ltd: - 2019: \$25k (2018: \$25k)

Contract performance guarantee with Tasmanian Water and Sewerage Corporation Pty Ltd: - 2019: \$179k (2018: \$nil)

AMC Search Ltd:

Bank guarantee to Commonwealth of Australia in relation to the Pacific Patrol Boat training contract from 2013 to 2020 - 2019:

\$1m (2018: \$1m)

The consolidated entity has no other material contingent liabilities. There were no contingent assets as at 31 December 2019.

20. COMMITMENTS

	Consolidated		Parent entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Capital expenditure commitments				
Contracted but not provided for and payable not later than one year	9,516	94,643	9,516	94,643
Total capital expenditure commitments	9,516	94,643	9,516	94,643

Operating lease commitments (for 2018 comparative purposes prior to adoption of AASB16)

Commitments in relation to property and equipment leases contracted for at the reporting date but not recognised as liabilities, payable:

Within one year		2,841		2,841
Later than one year but not later than five years		7,741		7,741
Later than five years		2,749		2,749
Total lease commitments		13,331		13,331

Operating lessor commitments

Commitments in relation to property and equipment leases contracted for at the reporting date but not recognised as assets, receivable:

Within one year		640		640
Later than one year but not later than five years		380		380
Later than five years		314		314
Total lessor commitments		1,334		1,334

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

21. RELATED PARTIES

(a) Parent entity

The ultimate parent entity within the consolidated entity is the University of Tasmania.

(b) Controlled entities

Interests in controlled entities are set out in note 22.

(c) Key management personnel

Disclosures relating to Council Members and specified executives are set out in Note 17.

	Consolidated		Parent entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000

(d) Transactions with related parties/controlled entities

Sale of goods and services to controlled entities	-	-	2,921	3,519
Purchase of goods and services from controlled entities	-	-	337	278
Funding provided to controlled entities	-	-	1,505	1,550
Funding received from controlled entities	-	-	-	-

(e) Loans to/(from) related parties/controlled entities

Loan to controlled entities - Beginning of the year	-	-	3,255	1,657
Loans advanced	-	-	329	1,598
Loan repayments received	-	-	(1,076)	-
Loans to controlled entities - end of year	-	-	2,508	3,255

(f) Outstanding balances

Current payables (purchases of goods)				
Controlled entities	-	-	15	439
Total current payables	-	-	15	439

22. CONTROLLED ENTITIES

Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in Note 1.2:

	Ownership Interest	
	2019	2018
	%	%
AMC Search Limited AMC Search is a company limited by guarantee which provides maritime training and consulting services.	100	100
UTAS Properties Pty Ltd UTAS Properties Pty Ltd is a company limited by guarantee. The company was registered on 10th October 2019 and established to guide and manage the future use and value of the property assets of the University.	100	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

22. CONTROLLED ENTITIES (continued)

	Ownership Interest	
	2019	2018
	%	%
Tasmania University Union Inc (TUU) The TUU is an Incorporated Association established in 1899, and is the body of student representation for tertiary students attending the University of Tasmania. As a result of changes to AASB10 <i>Consolidated Financial Statements</i> , the University of Tasmania now satisfies the definition of control and has consolidated the TUU since 2014.	-	-
UTAS Holdings Pty Ltd UTAS Holdings is a company limited by shares. The company was registered on 15 August 2014 and established to act as a holding company for commercialisation activities of the University of Tasmania.	100	100
Sense-Co Tasmania Pty Ltd Sense-Co Tasmania is a company limited by shares. The company was registered on 19 August 2014 and established to focus on the commercialisation opportunities of sensing technology. The company is an 80% owned subsidiary of UTAS Holdings Pty Ltd.	80	80

All entities are incorporated in Australia.

23. NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated		Parent entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, the consolidated entity considers cash to include cash on hand, short term deposits at call and investments in money market instruments. Cash at the end of the reporting period, as shown in the Statement of Cash Flows, is reconciled to the related items in the Statement of Financial Position as follows:

Cash at bank and on hand	15,689	34,599	15,355	33,877
Short term deposits and bills	3,237	2,493	-	-
	18,926	37,092	15,355	33,877

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

23. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

	Consolidated		Parent entity	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
(b) Reconciliation of net cash used in operating activities to result				
Result	73,472	59,129	72,371	119,068
Capital grants	(17,774)	(23,037)	(17,774)	(23,037)
Depreciation and amortisation	40,179	34,960	39,941	34,678
Non-cash donations	-	(20)	-	(20)
Transfer of assets from the University of Tasmania Foundation Fund	-	-	-	(58,203)
(Profit)/loss on sale of property, plant and equipment	(1,071)	126	(1,071)	126
Impairment of property, plant and equipment	468	5,891	468	5,891
Movement in realised/unrealised (gains)/losses on investments	(64,379)	14,612	(62,688)	14,580
Net actuarial (gains)/losses in respect of superannuation plans	225	(85)	225	(85)
Change in Assets and Liabilities				
(Increase)/decrease in receivables and contract assets	(4,702)	(3,224)	(4,341)	(2,969)
(Decrease)/increase in provision for impaired receivables	(572)	539	(1,648)	539
(Increase)/decrease in inventories	(54)	39	(54)	39
(Increase)/decrease in other non-financial assets	(4,398)	(1,473)	(4,412)	(1,414)
(Decrease)/increase in payables	21,811	(1,391)	21,262	(1,109)
(Decrease)/increase in provisions	6,747	(2,480)	6,698	(2,567)
(Decrease)/increase in other financial liabilities	(395)	395	(395)	395
(Decrease)/increase in unspent financial assistance	5,466	(6,179)	5,466	(6,179)
(Decrease)/increase in other liabilities	(14,177)	(3,121)	(14,216)	(3,124)
Net cash provided or used by operating activities	40,845	74,681	39,832	76,609

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

COVID-19

On 30 January 2020, the World Health Organisation declared the COVID-19 outbreak a public health emergency of international concern and on 11 March 2020 announced the virus was a global pandemic. On 1 February 2020 the Australian Government introduced a travel ban for anyone other than citizens, permanent residents and their immediate family members travelling from China. On 20 March 2020 this ban was extended to travel from the rest of the World.

The impact of COVID-19 and the associated public health measures are being managed and modelled by the University. A number of scenarios are being considered over the immediate, medium and longer term horizons, to inform strategic planning and to assess and manage the severity of the impacts (financial and non-financial).

Some key areas of anticipated financial impact include:

- course fees and charges, due to travel restrictions and teaching activity moving to a virtual model;
- an expected change in investment balances, due to a decline in equity markets;

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD (continued)

- potential impact on research outcomes and funding, due to disruption in research activity; and
- potential impact in industry and philanthropic partnerships.

However, due to the significant level of uncertainty including Government policy setting, the full economic impact for 2020 is uncertain.

In this environment the University has accelerated the implementation of its strategy, importantly prioritising the simplification of course offerings and the need for a dramatically simpler way of operating. As the situation continues to evolve, the University is implementing initiatives designed to contain expenditure through a range of non-salary initiatives and reduced capital projects. These measures, in conjunction with the University's robust financial management framework, are designed to minimise the impact on the University's financial position and preserve reserves during this period.

25. FINANCIAL RISK MANAGEMENT**Financial Risk Management Objectives and Policies**

The University's council has overall responsibility for the establishment and oversight of the consolidated entity's risk management framework. The Council established:

- The Audit and Risk Committee, which meets regularly to monitor and evaluate the consolidated entity's risk management framework;
- The Investment Advisory Committee as a sub-committee of the Audit and Risk Committee, which monitors and advises on investment strategy and performance.

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

a) Credit risk

The maximum exposure to credit risk on financial assets of the consolidated entity, excluding investments, relates to receivables which are exposed to the risk of financial loss due to the other party to the contract failing to discharge a financial obligation. The maximum credit risk exposure in relation to receivables is the carrying amount less the provision for expected credit loss. The consolidated entity is not materially exposed to any individual or group. Accounts receivable credit terms are 30 days.

b) Liquidity risk

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The University's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities through maintenance of sufficient liquid assets and borrowing facilities and active monitoring of cash flow forecasts. The following table summarises the maturity of the consolidated financial assets and financial liabilities.

c) Foreign currency risk

Amounts payable or receivable in foreign currencies at balance date are converted into Australian currency at market exchange rates at balance date. Currency conversion gains and losses are included in the net result for the year. The consolidated entity holds minimal foreign current denominated monetary assets or liabilities; there is therefore limited exposure to foreign currency risk.

d) Interest rate risk

The consolidated entity is not exposed to interest rate risk on its long term borrowings as they are at a fixed interest rates. It has minimal exposure to interest rate risk through its holdings of cash and other short term assets, and short term borrowings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

25. FINANCIAL RISK MANAGEMENT (continued)

Consolidated	Non interest bearing	Floating	1 year or less	Over 1 year to 5 years	More than 5 years	Carrying amount as per Statement of Financial Position	Fair value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31 December 2019							
Financial assets							
Cash and cash equivalents	-	15,689	3,237	-	-	18,926	18,926
Receivables	35,300	-	-	-	-	35,300	35,300
Other financial assets	1	406,022	-	36,559	-	442,582	442,582
Total financial assets	35,301	421,711	3,237	36,559	-	496,808	496,808
Financial liabilities							
Payables	37,631	-	-	-	-	37,631	37,631
Borrowings	-	68,600	-	125,000	-	193,600	204,340
Total financial liabilities	37,631	68,600	-	125,000	-	231,231	241,971
31 December 2018							
Financial assets							
Cash and cash equivalents	-	34,599	2,493	-	-	37,092	37,092
Receivables	35,293	-	-	-	-	35,293	35,293
Other financial assets	1	343,611	-	60,642	-	404,254	404,254
Total financial assets	35,294	378,210	2,493	60,642	-	476,639	476,639
Financial liabilities							
Payables	30,600	-	-	-	-	30,600	30,600
Borrowings	-	-	-	93,600	-	93,600	103,140
Total financial liabilities	30,600	-	-	93,600	-	124,200	133,740

e) Market risk

Exposure to other price risk arises due to the inherent risk of unfavourable movements in the market value of the consolidated entity's investments. The consolidated entity's Investments mainly comprise investments in managed investment funds. The investment fund has a longer-term investment strategy with a growth-style portfolio including equities. It is acknowledged there may be short-term fluctuations in asset values from time to time with such a strategy. The possibility of a negative return is approximately one year in seven. Historical trends for such a strategy indicate that, with reasonable probability, unrealised losses will be recovered in the short to medium term.

The managers place a great deal of emphasis on risk management and constantly examine the risk and return profiles of the portfolios in terms of both asset allocation and the active management of each asset class within the portfolio. This ensures a well diversified portfolio of assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

25. FINANCIAL RISK MANAGEMENT (continued)

The University's investment policy has established benchmarks for the portfolio. During 2019 the following benchmarks applied: Equities 45% (actual at 31 December 2019: 47.7%); alternatives 40% (35.7%), Global Property 5% (5.8%), fixed interest 9.5% (8.8%); and cash and cash equivalents 1% (2.0%).

f) Summarised sensitivity analysis

The following table summarises the sensitivity of the consolidated entity's financial assets and liabilities to interest rate risk and other price risk.

Consolidated	Carrying amount	Interest rate risk				Market risk				
		Impact on result	-0.5%		1.0%		Impact on result	-10%		Impact on equity
			Impact on equity	Impact on result	Impact on equity	Impact on result				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
31 December 2019										
Financial assets										
Cash and cash equivalents	18,926	(95)	(95)	189	189	n/a	n/a	n/a	n/a	
Receivables	35,300	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Other financial assets	442,582	-	-	-	-	(44,258)	(44,258)	44,258	44,258	
Total financial assets	496,808	(95)	(95)	189	189	(44,258)	(44,258)	44,258	44,258	
Financial liabilities										
Payables	37,631	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Borrowings	193,600	343	343	(686)	(686)	n/a	n/a	n/a	n/a	
Total financial liabilities	231,231	343	343	(686)	(686)	-	-	-	-	
31 December 2018										
Financial assets										
Cash and cash equivalents	37,092	(185)	(185)	371	371	n/a	n/a	n/a	n/a	
Receivables	35,293	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Other financial assets	404,254	-	-	-	-	(40,425)	(40,425)	40,425	40,425	
Total financial assets	476,639	(185)	(185)	371	371	(40,425)	(40,425)	40,425	40,425	
Financial liabilities										
Payables	30,600	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Borrowings	93,600	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Total financial liabilities	124,200	-	-	-	-	-	-	-	-	

Method and underlying assumptions of the sensitivity analysis:

1. The variation in interest rate risk takes into account interest rate movements during 2019 and future expectations.
2. A variation range of +/- 10% is estimated for other price risk based on investment returns over the past three years.
3. The University's foreign exchange risk is considered minimal.
4. \$125m of long term loans at fixed interest rates.
5. Short term borrowings calculated at current face value declining to 0 in 12 months.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

26. FAIR VALUE MEASUREMENTS

a) Fair value measurements

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

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

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

	Notes	Carrying amount		Fair value	
		2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Cash and cash equivalents	5	18,926	37,092	18,926	37,092
Receivables	6	35,300	35,293	35,300	35,293
Other financial assets	7	442,582	404,254	442,582	404,254
Total financial assets		496,808	476,639	496,808	476,639
Financial liabilities					
Payables	12	37,631	30,600	37,631	30,600
Borrowings	13	209,639	93,600	220,379	103,140
Total financial liabilities		247,270	124,200	258,010	133,740

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

- Financial assets at fair value through profit or loss
- Land and buildings
- Leasehold improvements
- Works of art
- Assets classified as held for sale
- Service concession asset

b) Fair value hierarchy

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

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices within level 1 that are observable for the asset or liability either directly or indirectly

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

i) Recognised fair value measurements

Fair value measurements recognised in the balance sheet are categorised into the following levels:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

26. FAIR VALUE MEASUREMENTS (continued)

Fair value measurements at 31 December 2019

Recurring fair value measurements	Notes	2019	Level 1	Level 2	Level 3
Financial assets		\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss					
Other financial assets	7	442,582	402,713	39,869	-
Total financial assets		442,582	402,713	39,869	-

Non-financial assets

Land	9	169,637	-	169,637	-
Buildings	9	410,691	-	-	410,691
Works of art	9	9,960	-	9,960	-
Service concession asset	11	142,903	-	-	142,903
Total non-financial assets		733,191	-	179,597	553,594

Fair value measurements at 31 December 2018

Recurring fair value measurements	Notes	2018	Level 1	Level 2	Level 3
Financial assets		\$'000	\$'000	\$'000	\$'000
Financial assets at fair value through profit or loss					
Other financial assets	7	404,254	381,336	22,918	-
Total financial assets		404,254	381,336	22,918	-

Non-financial assets

Land	9	92,963	-	92,963	-
Buildings and Leasehold improvements	9	443,917	-	-	443,917
Works of art	9	9,368	-	9,368	-
Service concession asset	11	140,824	-	-	140,824
Total non-financial assets		687,072	-	102,331	584,741

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

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

ii) Disclosed fair values

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

26. FAIR VALUE MEASUREMENTS (continued)

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

i) Level 2 fair values

Land, buildings and leasehold improvements are independently valued at regular intervals. An independent valuation of the University's land was performed by Messrs Tim Ashton and Craig Butler of Marsh Valuation Services during 2019. The valuation was performed to determine fair value in accordance with AASB116 *Property, Plant and Equipment*. The fair value was determined by employing current replacement cost.

Works of art are valued independently at regular intervals. An independent valuation of the University's works of art over \$5,000 was performed by Ms Rosanna Cameron during 2019. Works of art were valued by comparing selling prices of present pieces by the same artist. Management has assessed the remaining collection and deem that the carrying value represents the fair value.

ii) Level 3 fair values

Buildings and leasehold improvements are valued independently at regular intervals. An independent valuation of the University's buildings and leasehold improvements was performed by Messrs Tim Ashton and Craig Butler of Marsh Valuation Services during 2019. The valuation was performed to determine fair value in accordance with AASB116. The fair value was determined by employing current replacement cost.

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

The following table is a reconciliation of level 3 items for the period ended 31 December 2019 and 2018.

	Other financial assets	Buildings	Land	Works of Art	Service concession asset	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Level 3 Fair Value Measurements 2019						
Opening balance	-	443,917	-	-	140,824	584,741
Adoption of AASB16	-	(15,718)	-	-	-	(15,718)
Additions	-	848	-	-	2,585	3,433
Transfers from capital works in progress	-	32,401	-	-	-	32,401
Disposals	-	(1,764)	-	-	-	(1,764)
Depreciation and/or impairment	-	(13,057)	-	-	(3,760)	(16,817)
Revaluation	-	(35,936)	-	-	3,254	(32,682)
Closing balance	-	410,691	-	-	142,903	553,594
Level 3 Fair Value Measurements 2018						
Opening balance	-	415,625	-	-	143,512	559,137
Acquisitions	-	36,412	-	-	1,075	37,487
Transfers from capital works in progress	-	4,092	-	-	-	4,092
Depreciation and/or impairment	-	(12,212)	-	-	(3,763)	(15,975)
Closing balance	-	443,917	-	-	140,824	584,741

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

27. SUPERANNUATION

	2019	2018
	\$'000	\$'000
Assets recognised in the Statement of Financial Position		
Current		
Deferred Government contribution for superannuation	582	627
Non-Current		
Deferred Government contribution for superannuation	6,673	6,580
Total superannuation assets	7,255	7,207
Liabilities recognised in the Statement of Financial Position		
Current		
Supplementary Pension Scheme	569	739
Retirement Benefits Fund	582	627
Total Current	1,151	1,366
Non-Current		
Supplementary Pension Scheme	4,272	4,854
Retirement Benefits Fund	6,673	6,580
Total Non-Current	10,945	11,434
Total superannuation liability	12,096	12,800

(a) Schemes operational and open to membership

i) UniSuper Limited

The majority of University staff are members of schemes and plans administered and managed by UniSuper Limited. UniSuper offers eligible members the choice of two schemes known as the Defined Benefit Division (DBD) and Accumulation Super.

The UniSuper Defined Benefit Division (DBD) is a defined benefit plan under Superannuation Law but, as a result of amendments to Clause 34 of the UniSuper Trust Deed, a defined contribution plan under Accounting Standard AASB119 *Employee Benefits*.

Accumulation Super is a cash accumulation productivity scheme.

(b) Schemes closed to future membership

i) Supplementary Pension Scheme liability

The University of Tasmania Staff Superannuation and Additional Benefits Scheme was closed on 31 December 1982 and wound up. One aspect of the scheme remains, the supplementary pension scheme.

Characteristics of scheme

The Supplementary Pension Scheme provides retirement benefits to former employees of the University and their dependents in the form of defined benefit pensions. The scheme is closed to new entrants and to the accrual of further benefits with all current beneficiaries in receipt of a pension. Pension payments are met on an emerging cost basis and no separate assets are held to meet these liabilities. As such, the scheme is not a regulated superannuation scheme. Future pension payments are linked to general salary increases for current University employees and hence the liabilities are sensitive to these awards. Pensions from the scheme are payable for life and therefore, to the extent that pensioners live longer (or shorter) than assumed, the present value of actual pension payments may differ to the liabilities disclosed.

An actuarial report was prepared by Geoff Morley of GM Actuaries Pty Ltd as at 31 December 2019 including estimates of future year liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

27. SUPERANNUATION (continued)

(b) Schemes closed to future membership (continued)

	2019	2018
	\$'000	\$'000
Liabilities recognised in the Statement of Financial Position		
Total liability	4,841	5,593
Current	569	739
Non-current	4,272	4,854
	4,841	5,593
Principal actuarial assumptions		
Discount rate	2.50%	2.50%
Inflation (pensions)	2.50%	2.50%
Reconciliation of change in liabilities		
Defined Benefit Obligation at 1 January	5,593	6,254
Service cost	-	-
Interest cost	132	146
Benefits paid	(659)	(892)
Actuarial (gains)/losses arising from changes in assumptions	397	-
Experience (gain)/loss on liabilities	(622)	85
Defined Benefit Obligation at 31 December	4,841	5,593

Sensitivity analysis

The valuation results are sensitive to changes in the assumptions adopted. The table below highlights this sensitivity to changes in discount rate and salary increase assumptions (with reference to 31 December 2019 actuarial report):

Assumption	Liability as at 31 December 2019	Change in liability
	\$'000	\$'000
Actual	4,841	-
Reduce discount rate by 0.5%	5,019	178
Increase salary increase assumption by 0.5%	5,029	188

27. SUPERANNUATION (continued)

(b) Schemes closed to future membership (continued)

ii) Retirement Benefits Fund (RBF)

Characteristics of scheme

The University has a liability in respect of a small number of former staff who transferred from the Tasmanian College of Advanced Education and who are members of the State Government scheme, the Retirement Benefits Fund.

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the University's beneficiaries of the Retirement Benefits Fund on an emerging cost basis. Accordingly the liability of \$7.3m (2018: \$7.2m) is recognised in the Statement of Financial Position and the right to re-imburement from the Commonwealth is recorded as an asset.

The defined benefit section of RBF is closed to new members. All new members receive accumulation only benefits.

Description of the regulatory framework

The scheme operates under the Public Sector Superannuation Reform Act 2016 and the Public Sector Superannuation Reform Regulations 2018. Although the scheme is not formally subject to the Superannuation Industry (supervision) (SIS) legislation, the Tasmanian Government has undertaken (in a Heads of Government Agreement) to operate the scheme in accordance with the spirit of the SIS legislation. As an exempt public sector superannuation scheme (as defined in the SIS legislation), the scheme is not subject to any minimum funding requirements.

RBF is a complying superannuation fund within the provisions of the Income Tax Assessment Act 1997 such that the fund's taxable income is taxed at a concessional rate of 15%. However RBF is also a public sector superannuation scheme which means that employer contributions may not be subject to the 15% tax (if the RBF board elects) up to the amount of "untaxed" benefits paid to members in the year.

The Superannuation Commission is responsible for the governance of the scheme. As Trustee, the Superannuation Commission has a legal obligation to act solely in the best interests of scheme beneficiaries. The Superannuation Commission has the following roles

- Administration of the scheme and payment to the beneficiaries when required in accordance with the scheme rules; and
- Management and investment of the scheme assets.

Description of risks

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

- Legislative risk – the risk is that Legislative changes could be made which increase the cost of providing the defined benefits.
- Pensioner mortality risk - the risk is that Pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period.
- Inflation risk – the risk that Inflation is higher than anticipated, increasing pension payments, and the associated employer contributions.
- Investment risk – the risk that Investment returns will be lower than assumed and employers will need to increase contributions to offset this shortfall over the long term.
- Salary growth risk – the risk that wages or salaries will rise more rapidly than assumed, increasing defined benefit amounts and the associated employer contributions over the long term.

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

An actuarial report was prepared by Dr David Knox (Fellow of the Institute of Actuaries of Australia) at Mercer as at 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

27. SUPERANNUATION (continued)

(b) Schemes closed to future membership (continued)

	2019	2018
	\$'000	\$'000
Liabilities recognised in the statement of financial position		
Defined benefit obligations	9,143	9,078
Fair value of plan assets	(1,888)	(1,871)
Net liability	7,255	7,207
Current	582	627
Non-current	6,673	6,580
	7,255	7,207
Reconciliation of the fair value of scheme assets		
Fair value of scheme assets at beginning of the year	1,871	1,745
Interest income	53	54
Actual return on scheme assets less interest income	166	296
Employer contributions	578	635
Benefits paid	(780)	(859)
Taxes, premiums and expenses paid	-	-
Fair value of scheme assets at end of the year	1,888	1,871
Reconciliation of the Defined Benefit Obligation		
Present value of Defined Benefit Obligations at beginning of the year	9,078	9,107
Current service cost	-	-
Net interest	260	286
Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
Actuarial (gains)/losses arising from changes in financial assumptions	(925)	209
Actuarial (gains)/losses arising from liability experience	1,510	335
Benefits paid	(780)	(859)
Taxes, premiums and expenses paid	-	-
Present value of Defined Benefit Obligations at end of the year	9,143	9,078
Significant actuarial assumptions		
Assumptions to determine defined benefit cost		
Discount rate (active members)	3.00%	3.30%
Discount rate (pensioners)	3.00%	3.30%
Expected rate of increase of compulsory preserved amounts	3.00%	3.00%
Expected salary increase	3.00%	3.00%
Expected pension increase rate	2.50%	2.50%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

27. SUPERANNUATION (continued)

(b) Schemes closed to future membership (continued)	2019	2018
	\$'000	\$'000
Assumptions to determine Defined Benefit Obligation		
Discount rate (active members)	1.80%	3.00%
Discount rate (pensioners)	1.80%	3.00%
Expected salary increase	3.00%	3.00%
Expected rate of increase of compulsory preserved amounts	3.00%	3.00%
Expected pension increase rate	2.50%	2.50%

Funding arrangements

The employer contributes a percentage of each lump sum or pension benefit payment. This percentage may be amended by the Minister on the advice of the Actuary.

Sensitivity analysis

The Defined Benefit Obligation as at 31 December 2019 under several scenarios is presented below.

Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to expected pension increase rate sensitivity.

Scenario A: 1.0% p.a. lower discount rate assumption

Scenario B: 1.0% p.a. higher discount rate assumption

Scenario C: 1.0% p.a. lower expected pension increase rate assumption

Scenario D: 1.0% p.a. higher expected pension increase rate assumption

	Base Case	Scenario A -1.0% p.a. discount rate	Scenario B +1.0% p.a. discount rate	Scenario C -1.0% p.a. pension increase rate	Scenario D +1.0% p.a. pension increase rate
Discount rate	1.8% p.a.	0.8% p.a.	2.80% p.a.	1.8% p.a.	1.8% p.a.
Pension increase rate	2.50% p.a.	2.50% p.a.	2.50% p.a.	1.50% p.a.	3.50% p.a.
Defined Benefit Obligation (\$'000s)	9,143	12,106	10,228	10,271	12,035

The Defined Benefit Obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

Financial year ending	2020	2019
	\$'000	\$'000
Expected employer contributions	582	627

The weighted average duration of the defined benefit obligation is 8.0 years (2018: 7.6 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

27. SUPERANNUATION (continued)

(c) Amounts recognised in statements

	2019	2018
	\$'000	\$'000
Amounts recognised in the Income Statement		
Supplementary Pension Scheme liability		
Current service cost	-	-
Interest expense	132	146
Retirement Benefits Fund		
Current service cost	-	-
Interest expense	260	286
Interest income	(53)	(54)
Deferred Government contribution		
Current service cost	-	-
Interest expense	(260)	(286)
Interest income	53	54
Total expense recognised in the Income Statement	132	146
Amount recognised in other comprehensive income		
Supplementary Pension Scheme liability		
Actuarial gains/(losses) arising from changes in financial assumptions	(397)	-
Actuarial gains/(losses) arising from liability experience	622	(85)
Retirement Benefits Fund		
Actuarial gains/(losses) arising from changes in financial assumptions	925	(209)
Actuarial gains/(losses) arising from liability experience	(1,510)	(335)
Deferred Government contribution		
Actuarial (gains)/losses arising from changes in financial assumptions	(925)	209
Actuarial (gains)/losses arising from liability experience	1,510	335
Total amount recognised in other comprehensive income	225	(85)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

28. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

Parent Entity only

28.1 Education - CGS and other education grants

	Commonwealth Grant Scheme		Indigenous Support Success Program		Access and Participation Program		Disability Performance Funding		National Institutes		Promotion of Excellence in Learning and Teaching	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during reporting period	203,699	200,225	2,660	2,354	6,920	6,841	261	175	7,823	7,677	-	-
Net accrual adjustments	(3,938)	(585)	-	259	-	-	-	-	-	-	(10)	-
Revenue for the period	199,761	199,640	2,660	2,613	6,920	6,841	261	175	7,823	7,677	(10)	-
Surplus/(deficit) from the previous year	-	-	-	-	-	-	(194)	(59)	-	-	107	207
Funds available for the period	199,761	199,640	2,660	2,613	6,920	6,841	67	116	7,823	7,677	97	207
Less expenses including accrued expenses	(199,761)	(199,640)	(2,660)	(2,613)	(6,920)	(6,841)	(406)	(310)	(7,823)	(7,677)	17	(100)
Surplus/(deficit) for the reporting period	-	-	-	-	-	-	(339)	(194)	-	-	114	107

	Australian Maths & Science Partnership Program		National Priorities		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during reporting period	-	(176)	370	-	221,733	217,096
Net accrual adjustments	-	-	(370)	-	(4,318)	(326)
Revenue for the period	-	(176)	-	-	217,415	216,770
Surplus/(deficit) from the previous year	1,088	1,066	-	-	1,001	1,214
Funds available for the period	1,088	890	-	-	218,416	217,984
Less expenses including accrued expenses	(1,132)	198	-	-	(218,685)	(216,983)
Surplus/(deficit) for the reporting period	(44)	1,088	-	-	(269)	1,001

28.2 Higher Education Loan Programs (excluding OS-HELP)

	HECS-HELP		FEE-HELP		SA-HELP		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash payable/(receivable) at beginning of year	5,145	12,038	-	(176)	370	-	221,733	217,096
Financial assistance received in cash during the reporting period	69,113	68,457	2,958	2,426	1,378	1,290	73,449	72,173
Cash available for the period	74,258	80,495	3,212	2,557	1,407	1,319	78,877	84,371
Revenue earned	(68,514)	(75,350)	(2,530)	(2,303)	(1,378)	(1,290)	(72,422)	(78,943)
Cash payable/(receivable) at end of year	5,744	5,145	682	254	29	29	6,455	5,428

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

28. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

Parent Entity only

28.3 Department of Education and Training Research

	Research Training Program		Research Support Program		Total	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during reporting period	24,666	24,657	22,706	23,489	47,372	48,146
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	24,666	24,657	22,706	23,489	47,372	48,146
Surplus/(deficit) from the previous year	-	-	-	-	-	-
Funds available for the period	24,666	24,657	22,706	23,489	47,372	48,146
Less expenses including accrued expenses	(24,666)	(24,657)	(22,706)	(23,489)	(47,372)	(48,146)
Surplus/(deficit) for the reporting period	-	-	-	-	-	-

28.4 Total Research Training Program Expenditure

	Total domestic students		Total overseas students		Total Research Training program	
	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Research Training Program fee offsets	18,687	18,152	210	663	18,897	18,815
Research Training Program stipends	5,180	5,345	573	488	5,753	5,833
Research Training Program allowances	5	7	6	2	11	9
Total for all types of support	23,872	23,504	789	1,153	24,661	24,657

28.5 Other Capital Funding

	Education Investment Fund		Linkage Infrastructure, Equipment and Facilities Grant		Jobs & Growth in Tasmania Education - Driven Economic Revitalisation of Launceston & Burnie Campuses		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during reporting period	-	2,000	386	702	8,000	10,000	8,386	12,702
Net accrual adjustments	-	-	-	-	-	-	-	-
Revenue for the period	-	2,000	386	702	8,000	10,000	8,386	12,702
Surplus/(deficit) from the previous year	-	14,452	-	(480)	8,147	-	8,147	13,972
Funds available for the period	-	16,452	386	222	16,147	10,000	16,533	26,674
Less expenses including accrued expenses	-	(16,452)	(386)	(209)	(15,565)	(1,853)	(15,951)	(18,514)
Surplus/(deficit) for the reporting period	-	-	-	13	582	8,147	582	8,160

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

28. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

Parent Entity only

28.6 Australian Research Council Grants

	Discovery		Linkages		Networks and Centres		Special Research Initiatives		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during reporting period	9,132	8,264	2,998	2,866	-	-	-	8,532	12,130	19,662
Net accrual adjustments	(4,198)	-	10,230	-	-	-	(6,503)	-	(471)	-
Revenue for the period	4,934	8,264	13,228	2,866	-	-	(6,503)	8,532	11,659	19,662
Surplus/(deficit) from the previous year	3,628	3,539	(7,771)	590	-	-	13,533	9,273	9,390	13,402
Funds available for the period	8,562	11,803	5,457	3,456	-	-	7,030	17,805	21,049	33,064
Less expenses including accrued expenses	(8,570)	(8,175)	(5,452)	(11,227)	-	-	(7,029)	(4,272)	(21,051)	(23,674)
Surplus/(deficit) for the reporting period	(8)	3,628	5	(7,771)	-	-	1	13,533	(2)	9,390

28.7 Other Australian Government Financial Assistance

	2019	2018
	\$'000	\$'000
Cash received during the reporting period	81,201	85,790
Cash spent during the reporting period	(81,201)	(85,790)
Net cash received	-	-
Cash surplus/(deficit) from the previous year	-	-
Cash surplus/(deficit) for the reporting period	-	-

28.8 OS-HELP

	2019	2018
	\$'000	\$'000
Cash received during the reporting period	1,170	1,298
Cash spent during the reporting period	(1,397)	(1,151)
Net cash received	(227)	147
Cash surplus/(deficit) from the previous year	218	71
Cash surplus/(deficit) for the reporting period	(9)	218

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

28. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (continued)

Parent Entity only

28.9 Higher Education Superannuation

	2019	2018
	\$'000	\$'000
Cash received during the reporting period	596	625
Cash available	596	625
Cash surplus/(deficit) from the previous year	3	(85)
Cash available for the reporting period	599	540
Contributions to specified defined benefit funds	(597)	(537)
Cash surplus/(deficit) for the reporting period	2	3

28.10 Student Services and Amenities Fee

	2019	2018
	\$'000	\$'000
Unspent/(overspent) revenue from previous period	(34)	334
SA-HELP revenue earned	1,378	1,290
Student services fees direct from students	4,108	4,152
Total revenue expendable in period	5,452	5,776
Student services expenses during period	(5,803)	(5,810)
Unspent/(overspent) student services revenue	(351)	(34)



Independent Auditor's Report

To the Members of Parliament

University of Tasmania

Report on the Audit of the Consolidated Financial Report

Opinion

I have audited the financial report of the University of Tasmania and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statements of income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the declaration by the Members of the Council (the Council).

In my opinion, the accompanying financial report is in accordance with the financial reporting requirements of Section 12 of the *University of Tasmania Act 1992* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its consolidated financial performance and its cash flows for the year then ended
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

I confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, was provided to Council on the same date as this auditor's report.

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To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
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Valuation of Land and buildings and service concession assets

Refer to notes 9, 11 and 26

The Group's Property, plant and equipment at 31 December 2019 included land and buildings totalling \$580.33m recognised at fair value. The Group's service concession assets represent purpose built student accommodation assets totalling \$142.90m recognised at fair value.

The fair value of land is valued with reference to observable prices in an active market.

The valuation of buildings and service concession assets is based on current replacement cost, which requires significant judgement in determining:

- the cost to acquire or construct a substitute asset with similar utility
- adjustments for obsolescence which encompass the assets' functional, economic and physical obsolescence
- the remaining useful life as a proportion of total useful life.

- Assessing the scope, expertise and independence of experts engaged to assist in the valuations.
- Evaluating the appropriateness of the valuation methodology applied to determine fair values.
- Testing, on a sample basis, the mathematical accuracy of the valuation calculations.
- Evaluating the expert's assessment of the useful lives.
- Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions used.

Valuation of Investments

Refer to note 7 and 26

The Group holds investments totalling \$442.58m at 31 December 2019 recognised at fair value. A significant amount of the investment portfolio is managed by an investment manager and is held in managed funds. These funds invest in varied investment categories, although the majority of funds are invest in listed equities or listed equity investments.

- Reviewing and evaluating the monitoring controls exercised over the performance of the investment manager.
 - Obtaining confirmations from the managed fund investment managers as to their controls over the existence, completeness and valuation of assets under their management.
-

...2 of 5

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
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The majority of the investments in managed funds can be valued using market data, and therefore are relatively non-judgemental. However, significant judgement is required for investments where no market data is available.

- Obtaining direct confirmation of units held in, and unit values of managed funds from the trustees of those funds.
- Examining, on a sample basis, audited financial statements for selected managed funds.
- Obtaining Auditor Control Reports on the design, implementation and operating effectiveness of controls of managed funds.
- Obtaining confirmations from trustees of managed funds that existing, and any new, controls are still operating effectively from the date of the last Auditor Control Report to the date of the confirmation.
- Obtaining, on a sample basis, direct confirmation of balances held in other investments.
- Evaluating the adequacy of disclosures made in the financial report, including those regarding key assumptions used.

Revenue recognition

Refer to notes 1.9.1 and 2.6

The Group generates significant revenue from contracts with customers. Australian accounting standards AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* became effective for the 2019 financial year and significantly impacted the basis for recognition of revenue derived from contracts with customers, including research contracts.

The adoption of AASB 15 and AASB 1058 resulted in the Group recognising contract liabilities, arising from unsatisfied performance obligations, of \$90.86m and \$77.86m at 1 January 2019 and 31 December 2019, respectively. Contract assets totalling \$3.71m and \$5.27m were also recognised at 1 January 2019 and 31 December 2019, respectively. The impact of the adoption of AASB 15 and AASB 1058 on the Income Statement for the year ended 31 December 2019 was to increase the Net result from continuing operations by \$14.56m.

- Assessing management's transitional approach to recognising revenue, assets and liabilities in accordance AASB 15 or AASB 1058.
- Assessing the scope, expertise and independence of expert engaged to assist in management in determining the appropriate treatment of revenue arrangements under AASB 15 and AASB 1058.
- Evaluating the work of management's expert in determining the basis of revenue recognition for selected arrangements with customers.
- Testing, on a sample basis, the basis of revenue recognition arising enforceable agreements with customers, including obtaining evidence as to the satisfaction of sufficiently specific performance obligations under those contracts.

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Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
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Significant judgement is required in the identification of sufficiently specific elements of revenue performance obligations, along with the determination of the appropriate treatment and timing of recognition under the new standards.	<ul style="list-style-type: none"> • Testing, on a sample basis, the calculation of contract assets and liabilities at 1 January 2019 and 31 December 2019. • Evaluating the adequacy of disclosures made in the financial report as to the nature and effect of the changes arising from the adoption of AASB15 and AASB1058.
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Responsibilities of the Council for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *University of Tasmania Act 1992 and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

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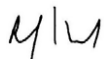
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- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

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

I also provide the Council with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the Council, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Rod Whitehead
Auditor-General

Tasmanian Audit Office

20 February 2020, except as to Note 24, which is as of 29 May 2020
Hobart

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MANAGEMENT CERTIFICATE FOR THE YEAR ENDED 31 DECEMBER 2019**STATEMENT BY PRINCIPAL ACCOUNTING OFFICER**

In my opinion:

- (a) the financial statements present a true and fair view of the financial position of the University and the consolidated entity as at 31 December 2019 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date, and comply with Australian Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012 and the Financial Statement Guidelines for Australian Higher Education Providers for the 2019 Reporting Period (issued by the Department of Education and Training);
- (b) at the time of signing the statements there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due;
- (c) the amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended, and the University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure; and
- (d) the University charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

In addition, at the date of signing I am not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



DAVID CLERK
Chief Operating Officer

14 February 2020, except as to Note 24, which is as of 22 May 2020

STATEMENT BY THE CHANCELLOR AND THE VICE-CHANCELLOR

In our opinion:

- a) the financial statements present a true and fair view of the financial position of the University and the consolidated entity as at 31 December 2019 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date, and comply with Australian Accounting Standards, the Australian Charities and Not-for-profits Commission Act 2012 and the Financial Statement Guidelines for Australian Higher Education Providers for the 2019 Reporting Period (issued by the Department of Education and Training);
- b) at the time of signing the statements there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due;
- c) the amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended, and the University has complied with applicable legislation, contracts, agreements and program guidelines in making expenditure; and
- d) the University charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

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



HON. MICHAEL FIELD AC
Chancellor

14 February 2020, except to Note 24,
which is as of 22 May 2020



Professor Rufus Black
Vice-Chancellor

14 February 2020, except to note 24,
which is as of 22 May 2020

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