



UNIVERSITY OF SOUTH AUSTRALIA

OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1998

	Note	Consolidated		University	
		1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
OPERATING REVENUE					
Commonwealth government grants	1(d),3	126 421	137 821	126 421	137 821
Higher Education Contribution Scheme	4	52 817	43 994	52 817	43 994
South Australian government grants	1(d),5	2 538	2 563	2 538	2 463
Other research grants and contracts	1(d)	8 999	6 088	8 999	6 088
Scholarships and prizes		1 055	253	1 055	253
Donations and bequests		527	819	337	754
Investment income	1(d)	2 114	858	2 047	777
Fees and charges	1(d),6	36 386	35 982	33 075	33 246
Deferred income - government contributions for superannuation	18	13 600	600	13 600	600
Other		1 525	640	1 493	553
Total operating revenues before abnormal items		245 982	229 618	242 382	226 549
OPERATING EXPENSES					
Academic activities	7	139 913	141 999	139 913	141 999
Libraries	7	12 341	11 528	12 341	11 528
Other academic support services	7	18 313	15 712	18 313	15 712
Student services	7	5 774	3 672	5 774	3 672
Public services	7	3 551	5 208	3 551	5 208
Buildings and grounds	7	13 361	8 044	13 361	8 044
Administration and other general institutional services	7	25 832	30 621	25 832	30 621
Deferred employee benefits for superannuation	7,18	13 600	600	13 600	600
Other	7	3 208	2 446	-	-
Total operating expenses before abnormal items		235 893	219 830	232 685	217 384
Operating result before abnormal items		10 089	9 788	9 697	9 165
Abnormal items	1(i)	(4 892)	(12 124)	(4 892)	(12 124)
Operating result		5 197	(2 336)	4 805	(2 959)
Add accumulated funds at beginning of year		349 143	351 479	347 544	350 503
Transfers to reserves	27				
Unspent grant reserve		(8 373)	-	(8 373)	-
Workers' compensation reserve		(2 663)	-	(2 663)	-
Sub total transfers to reserves		(11 036)	-	(11 036)	-
ACCUMULATED FUNDS AT END OF YEAR		343 304	349 143	341 313	347 544

The operating statement is to be read in conjunction with the notes to and forming part of the financial statements.



UNIVERSITY OF SOUTH AUSTRALIA

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 1998

	Note	Consolidated		University	
		1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
CURRENT ASSETS					
Cash		1 320	1 825	942	1 482
Receivables	9	5 273	7 678	5 063	7 398
Investments	10	41 778	27 246	40 930	26 697
Other	11	22 332	18 885	22 323	18 871
Total current assets		70 703	55 634	69 258	54 448
NON-CURRENT ASSETS					
Investments	10	5 184	230	5 250	296
Property plant and equipment	1(f),12	452 717	440 405	452 407	440 155
Other	11	247 200	236 700	247 200	236 700
Total non-current assets		705 101	677 335	704 857	677 151
Total assets		775 804	732 969	774 115	731 599
CURRENT LIABILITIES					
Creditors	13	11 024	8 486	10 873	8 485
Borrowings	14	5 056	113	5 056	113
Accrued liabilities	1(h),15	14 329	16 695	14 297	16 670
Other	16	40 706	35 080	41 191	35 335
Total current liabilities		71 115	60 374	71 417	60 603
NON-CURRENT LIABILITIES					
Borrowings	14	25 163	30 219	25 163	30 219
Accrued liabilities	1(h),15	17 779	15 480	17 779	15 480
Other	16	247 200	240 950	247 200	240 950
Total non-current liabilities		290 142	286 649	290 142	286 649
Total liabilities		361 257	347 023	361 559	347 252
Net Assets		414 547	385 946	412 556	384 347
EQUITY					
Asset revaluation reserve	27	60 207	36 803	60 207	36 803
Other reserves	27	11 036	-	11 036	-
Accumulated results of operations		343 304	349 143	341 313	347 544
TOTAL EQUITY	27	414 547	385 946	412 556	384 347

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements.



UNIVERSITY OF SOUTH AUSTRALIA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 1998

	Note	Consolidated		University	
		1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
		Inflows (outflows)	inflows (outflows)	Inflows (outflows)	inflows (outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Inflows:					
Higher Education Contribution Scheme:					
Student payments		7 678	7 231	7 678	7 231
Higher Education Trust Fund		46 053	36 838	46 053	36 838
Interest and investment earnings		2 114	739	2 047	658
Fees and charges and other		49 315	40 269	44 711	37 357
Outflows:					
Staff salaries		(104 157)	(102 023)	(101 728)	(101 656)
Staff salary related expenditure		(44 917)	(53 773)	(44 559)	(53 656)
Interest and other expenditure of finance paid		(2 897)	(2 658)	(2 897)	(2 658)
Other		(59 626)	(55 537)	(58 188)	(53 638)
Net cash used in operating activities	28(ii)	(106 437)	(128 914)	(106 883)	(129 524)
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Proceeds from sale of property, plant and equipment		488	347	262	205
Repayment of loan from controlled entity		-	-	-	997
Outflows:					
Investment		(349)	(10)	(349)	(10)
Payments for property plant and equipment		(8 231)	(11 259)	(7 893)	(11 112)
Net cash provided or used in investing activities		(8 092)	(10 922)	(7 980)	(9 920)
CASH FLOWS FROM FINANCING ACTIVITIES					
Inflows:					
Borrowings		-	-	-	-
Outflows:					
Repayment of borrowings		(113)	(157)	(113)	(157)
Net cash provided or used in financing activities		(113)	(157)	(113)	(157)
CASH FLOWS FROM GOVERNMENT					
Inflows:					
Commonwealth government grants		127 677	144 931	127 677	144 931
South Australian government grants		2 363	1 883	2 363	1 783
Net cash from government		130 040	146 814	130 040	146 714
Net increase/(decrease) in cash held		15 398	6 821	15 064	7 113
Cash at beginning of reporting year		27 516	20 695	26 624	19 511
Cash at end of reporting period	28(i)	42 914	27 516	41 688	26 624

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998**

1. Statement of Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of these financial statements are:

(a) Basis of Preparation

The financial statements are a special purpose report for the Commonwealth Department of Education, Training and Youth Affairs (DETYA) and a general purpose financial report. They have been prepared on a full accrual basis and in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Public Sector Accounting Standards Board and the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the requirements of DETYA.

The financial statements comply, except as identified below, with relevant provisions of the Treasurer's Instructions issued pursuant to the Public Finance and Audit Act 1987 and the Accounting Policy Statements issued pursuant to the Treasurer's Instructions. The format of the Operating Statement and the basis of recognising grant income are not consistent with requirements of the Accounting Policy Statements to the extent that the requirements of the Accounting Policy Statements and the DETYA guidelines conflict.

The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

Unless otherwise indicated, all amounts are rounded to the nearest thousand dollars.

(b) Principles of Consolidation

The consolidated accounts include the accounts of the University and its controlled entities (detailed in Note 22). The effects of transactions between controlled entities included in the consolidated accounts have been eliminated.

(c) Comparative Figures

The previous year's figures are provided in the financial statements for comparative purposes. Where applicable, comparative figures have been adjusted to conform with changes in presentation and classification in the current year.

(d) Revenue Recognition

(i) Grants

Grant revenue from DETYA is recognised in the period to which it relates. In accordance with DETYA instructions, the DETYA advance of \$13.098 million received in 1998 for the 1999 academic year (1997 \$14.455 million) has been recognised as income in advance of the operating year and recorded as a liability. Other grants are recognised as revenue when they are received.

(ii) Other Research Grants and Contracts

Income from Other Research Grants and Contracts is recognised in the period to which the grant relates, or the period in which the contract services are provided.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998**

(d) Revenue Recognition (continued)

(iii) Fees and Charges

Fees and charges comprise revenue earned from the provision of courses and other services. Fees and charges are recognised in the period the courses or services are provided. Revenue on commercial projects is recognised with regard to progress on the project.

(iv) Investment Income

Interest income is recognised as it accrues.

(e) Inventories

Consumable supplies are not recognised in the statement of financial position as the value of these supplies is not considered to be material.

(f) Property, Plant and Equipment

Items of property, plant and equipment have been recognised in the financial statements as follows:

(i) Land

Land occupied by the University is owned by the University in its own right and by the State Government. The value of the land is reflected in the University's financial statements on the basis that the University effectively controls the land occupied.

Land controlled by the University at 31 December 1998 has been recognised at unimproved value as determined by the Department for Administrative and Information Services.

Land is revalued every five years at unimproved value as determined by the Department for Administrative and Information Services.

(ii) Buildings

Buildings controlled by the University at 31 December 1998 have been recognised at independent valuation. The valuation was carried out as at 31 December 1998 by the Department for Administrative and Information Services, and is on the basis of written down current cost.

Buildings under construction are valued at the cost of construction.

Buildings are independently revalued every five years on the basis of their existing use. Where a building's valuation is above its recoverable amount, the building valuation is reduced to its recoverable amount in accordance with AAS10.

(iii) Infrastructure

Infrastructure controlled by the University at 31 December 1998 is recognised at independent valuation. The valuation was carried out as at 31 December 1998 by the Department for Administrative and Information Services and is on the basis of written down current cost.

Infrastructure is independently revalued every five years. Where the infrastructure valuation is above its recoverable amount, the infrastructure valuation is reduced to its recoverable amount in accordance with AAS10.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998**

(f) Property, Plant and Equipment (continued)**(iv) Library Collection**

The library collection is reported at Directors' valuation, based on written down current cost as at 31 December 1998. The collection is reviewed at least every five years for valuation purposes.

(v) Plant and Equipment

The IT network is reported at Director's valuation, based on written down current cost at 31 December 1998. All other items of plant and equipment are recorded at historical cost less accumulated depreciation.

(vi) Leased Property, Plant and Equipment

Payments made under operating leases are charged as an operating expense in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

The University has not entered into any finance leases.

(g) Depreciation

Depreciation is calculated on a straight line basis on all property, plant and equipment other than buildings under construction and land which are not subject to depreciation. Rates are calculated to allocate the cost or value of the assets over their estimated useful life to the entity.

Asset Class	1998		1997	
	Estimated Useful Life	Depreciation Rate	Estimated Useful Life	Depreciation Rate
Property				
Land	-	-	-	-
Buildings	40	2.5%	40	2.5%
Infrastructure	40	2.5%	40	2.5%
Library Collection				
Serials	25	4%	50	2.0%
Monographs	20	5%	40	2.5%
Audio Visual Materials	10	10%	10	10%
Plant and Equipment				
IT equipment	3	33 ¹ / ₃ %	3	33 ¹ / ₃ %
Non IT equipment	10	10%	10	10%
Motor Vehicles	5	20%	5	20%
Major IT facilities	10	10%	10	10%



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998**

(h) Accrued Liabilities

The long service leave liability is independently estimated by the long hand method prescribed by AAS30. This takes into account the probability of staff remaining with the University until an unconditional entitlement has been accrued. A future cash outflow has been estimated on the basis of when leave will be taken and that cashflow is discounted using the interest rate in risk free government securities to derive the long service leave liability.

The liability for annual leave and leave loading is calculated on current wage rates and includes superannuation oncosts and the applicable payroll tax.

Sick leave is considered to be taken from the current year's accrual. As the accrual always significantly exceeds the leave taken, no liability is recorded.

(i) Abnormal Items

The University incorporated the results of the Unisure Unit Trust into the University accounts for the first time (refer to note 23 for further details). Prior period income and expenses brought to account for the first time resulted in an abnormal gain of \$3 125 000. The University also adopted for the first time an actuarial approach to measuring workers' compensation liability. This resulted in an abnormal expense of \$926 000 for the period.

The University entered in a major staff separation program as a result of Commonwealth government funding cutbacks and non funding of pay rises. This program commenced in 1997 and was substantially completed in 1998. The University incurred redundancy expenses of \$4 615 000 in 1998 (1997: \$12 124 000).

The University revalued all its major assets in 1998. Major IT facilities were revalued downwards and a decrement of \$876 000 has been classified as an the expense of the period.

The University reviewed its debtors in light of the downturn in the Asian economy and provided for an additional \$1 600 000 for bad debts. The debts in question have not been written off and the University is actively pursuing them.

Summary of abnormal items	1998	1997
	\$'000	\$'000
Prior period result : Unisure Unit Trust	3 125	-
Increase in Workers' Compensation liability	(926)	-
Redundancy expenses	(4 615)	(12 124)
Major bad debt expense	(1 600)	-
Asset revaluation decrement	(876)	-
	<u>(4 892)</u>	<u>(12 124)</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998**

2. Change in Accounting Policy

During 1998 the University revalued its campuses ie land, buildings and infrastructure. As these are valued as a group, it was decided to treat these as a single class of assets. Previously land was treated as a separate class from buildings and infrastructure. The effect of this change meant that increments and decrements from the revaluation could be offset. Had this change not been made, the decrement from the revaluation of land would have been an expense of the period (\$7 805 000) and the operating result would have changed from a surplus of \$4 805 000 to a deficit of \$3 000 000.

The University has adopted for the first time, the presentation of revalued assets on a gross basis (ie revalued assets are shown at their replacement cost with accumulated depreciation to provide a net value at written down current cost). Previously, revalued assets were shown on a net basis (ie at written down current cost with no accumulated depreciation). This change is only one of presentation and there is no financial impact. Refer to note 8, Property, Plant and Equipment.

The University decided to increase the depreciation rates for the library collection to better reflect the latest estimate of their useful life to the University. The effect of this change was to increase depreciation expense for the period by \$1 017 000.

The University incorporated the results of the Unisure Unit Trust into the University accounts for the first time so as to better reflect the entire operations of the University. The effect of this was to increase the operating result before abnormals by \$464 000 and after abnormals by \$2 663 000. Assets increased by \$5 089 000 and liabilities by \$2 426 000. Note 19 (ii) provides details about Unisure Pty Ltd.

There have been no other changes to accounting policies for 1998.



UNIVERSITY OF SOUTH AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

3.1 Commonwealth Government Grants Excluding HECS

	University	
	1998 \$'000	1997 \$'000
Grants pursuant to the Higher Education Funding Act 1988, excluding HECS:		
Operating purposes excluding HECS ^{(1) (2)}	117 518	126 248
Special Research Assistance:		
Large Research Grants	205	1 095
Small Research Grants	228	227
Research Infrastructure Grants	1 818	1 832
Special Research Initiatives	-	17
Research Fellowships	10	71
International Research Fellowships	28	-
Australian Postgraduate Awards	866	668
Overseas Postgraduate Research Scholarships	176	174
ATSI Grants	13	14
International Projects	-	19
SPIRT Scheme (Collaborative Research Grants – ongoing)	1 462	1 922
SPIRT Scheme - Other (including APA (Industry))	978	373
Sub-total pursuant to the Higher Education Funding Act 1988	123 302	132 660
Other Commonwealth government grants:		
Other Commonwealth Government Research Grants	2 142	2 849
CALUSA Migrant Language Training Program Grant	77	357
Aboriginal Tutorial Assistance Scheme Grant	363	487
Child Care Centre Building Grant	-	823
Rural Health Grant	359	312
Other Commonwealth Grants	178	333
Sub total Other Commonwealth Government grants	3 119	5 161
Total Commonwealth government grants excluding HECS	126 421	137 821

- (1) *Included in 'Operating purposes excluding HECS' are funds received from DETYA called State Super Supplementation. These funds are provided for superannuation costs above those provided in the Operating Grant for former employees who are part of the South Australian Superannuation scheme. The reconciliation below is provided for DETYA grant acquittal purposes.*

Reconciliation of State superannuation supplementation:

	1998 \$'000	1997 \$'000
<i>Amount received from DETYA</i>	19 800	19 205
<i>Deduct amount previously accrued</i>	(842)	(3 930)
<i>Add amount accrued for current year</i>	(3 139)	842
<i>Total State superannuation supplementation included in Operating purposes excluding HECS</i>	15 819	16 117

- (2) *Included in 'Operating purposes excluding HECS' is an amount of \$868 000 being an estimate of funds due from DETYA for enrolments above funded enrolment.*



UNIVERSITY OF SOUTH AUSTRALIA
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 1998

3.2 Amounts received pursuant to the Higher Education Funding Act 1988 excluding HECS and amounts expended

The amounts received in the reporting period for each grant is calculated on an accruals basis and includes the advance payment received in respect of the next period.

	University	
	1998	1997
	\$'000	\$'000
Operating purposes excluding HECS		
Amount received in previous period:		
advance payment received in previous period	13 628	8 837
carry-over from previous period	1 899	4 148
sub-total amount received in previous period	15 527	12 985
Amount received in the reporting period	112 690	131 039
Amount attributable to future period:		
advance payment received in respect of next period	(8 800)	(13 628)
under-expenditure in reporting period	(1 877)	(1 899)
sub-total amount attributable to future period	(10 677)	(15 527)
Amount expended in the reporting period	117 540	128 497
Reconciliation of Operating Purpose excluding HECS to note 3.1		
advance payment received in previous period	13 628	8 837
Amount received in the reporting period	112 690	131 039
advance payment received in respect of next period	(8 800)	(13 628)
Operating purposes excluding HECS	117 518	126 248
Large Research Grants		
Amount received in previous period:		
advance payment received in previous period	-	35
carry-over from previous period	560	84
sub-total amount received in previous period	560	119
Amount received in the reporting period	237	1 060
Amount attributable to future period:		
advance payment received in respect of next period	(32)	-
under-expenditure in the reporting period	(132)	(560)
sub-total amount attributable to future period	(164)	(560)
Amount expended in the reporting period	633	619



UNIVERSITY OF SOUTH AUSTRALIA
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 1998

3.2 Amounts received pursuant to the Higher Education Funding Act 1988 (continued)

	University	
	1998	1997
	\$'000	\$'000
Small Research Grants		
Amount received in previous period:		
advance payment received in previous period	-	-
carry-over from previous period	94	57
sub-total amount received in previous period	94	57
Amount received in the reporting period	228	227
Amount attributable to future period:		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	(91)	(94)
sub-total amount attributable to future period	(91)	(94)
Amount expended in the reporting period	231	190
Research Infrastructure Grants		
Amount received in previous period:		
advance payment received in previous period	-	56
carry-over from previous period	196	122
sub-total amount received in previous period	196	178
Amount received in the reporting period	1 906	1 776
Amount attributable to future period:		
advance payment received in respect of next period	(88)	-
under-expenditure in the reporting period	(265)	(196)
sub-total amount attributable to future period	(353)	(196)
Amount expended in the reporting period	1 749	1 758
Special Research Initiatives		
Amount received in previous period:		
advance payment received in previous period	-	-
carry-over from previous period	17	-
sub-total amount received in previous period	17	-
Amount received in the reporting period	-	17
Amount attributable to future period:		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	(17)	(17)
sub-total amount attributable to future period	(17)	(17)
Amount expended in the reporting period	-	-



UNIVERSITY OF SOUTH AUSTRALIA
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 1998

3.2 Amounts received pursuant to the Higher Education Funding Act 1988 (continued)

	University	
	1998	1997
	\$'000	\$'000
Research Fellowships		
Amount received in previous period:		
advance payment received in previous period	6	-
carry-over from previous period	21	-
sub-total amount received in previous period	27	-
Amount received in the reporting period	16	77
Amount attributable to future period:		
advance payment received in respect of next period	(12)	(6)
under-expenditure in the reporting period	(12)	(21)
sub-total amount attributable to future period	(24)	(27)
Amount expended in the reporting period	19	50
International Research Fellowships		
Amount received in previous period:		
advance payment received in previous period	-	-
carry-over from previous period	8	13
sub-total amount received in previous period	8	13
Amount received in the reporting period	28	-
Amount attributable to future period:		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	(8)	(8)
sub-total amount attributable to future period	(8)	(8)
Amount expended in the reporting period	28	5
Australian Postgraduate Awards		
Amount received in previous period:		
advance payment received in previous period	-	57
carry-over from previous period	15	41
sub-total amount received in previous period	15	98
Amount received in the reporting period	866	611
Amount attributable to future period:		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	(8)	(15)
sub-total amount attributable to future period	(8)	(15)
Amount expended in the reporting period	873	694



UNIVERSITY OF SOUTH AUSTRALIA
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 1998

3.2 Amounts received pursuant to the Higher Education Funding Act 1988 (continued)

	University	
	1998	1997
	\$'000	\$'000
Overseas Postgraduate Research Scholarships		
Amount received in previous period:		
advance payment received in previous period	-	-
carry-over from previous period	18	-
sub-total amount received in previous period	18	-
Amount received in the reporting period	176	174
Amount attributable to future period:		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	23	(18)
sub-total amount attributable to future period	-	(18)
Amount expended in the reporting period	217	156
ATSI (Aboriginal and Torres Strait Islander) Grants		
Amount received in previous period:		
advance payment received in previous period	1	1
carry-over from previous period	24	16
sub-total amount received in previous period	25	17
Amount received in the reporting period	12	14
Amount attributable to future period:		
advance payment received in respect of next period	-	(1)
under-expenditure in the reporting period	(12)	(24)
sub-total amount attributable to future period	(12)	(25)
Amount expended in the reporting period	25	6
International Projects		
Amount received in previous period:		
advance payment received in previous period	-	-
carry-over from previous period	8	-
sub-total amount received in previous period	8	-
Amount received in the reporting period	-	19
Amount attributable to future period:		
advance payment received in respect of next period	-	-
under-expenditure in the reporting period	(4)	(8)
sub-total amount attributable to future period	(4)	(8)
Amount expended in the reporting period	4	11



UNIVERSITY OF SOUTH AUSTRALIA
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 1998

3.2 Amounts received pursuant to the Higher Education Funding Act 1988 (continued)

	University	
	1998	1997
	\$'000	\$'000
SPIRT Scheme (Collaborative Research Grants - ongoing)		
Amount received in previous period:		
advance payment received in previous period	1 455	892
carry-over from previous period	218	151
sub-total amount received in previous period	1 673	1 043
Amount received in the reporting period	145	2 485
Amount attributable to future period:		
advance payment received in respect of next period	(138)	(1 455)
under-expenditure in the reporting period	(151)	(218)
sub-total amount attributable to future period	(289)	(1 673)
Amount expended in the reporting period	1 529	1 855
SPIRT Scheme - Other (Including APA (Industry))		
Amount received in previous period:		
advance payment received in previous period	24	13
carry-over from previous period	71	37
sub-total amount received in previous period	95	50
Amount received in the reporting period	954	384
Amount attributable to future period:		
advance payment received in respect of next period	-	(24)
under-expenditure in the reporting period	(301)	(71)
sub-total amount attributable to future period	(301)	(95)
Amount expended in the reporting period	748	339



UNIVERSITY OF SOUTH AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

3.3 Acquittal of Commonwealth Government Grants pursuant to the Higher Education Funding Act 1988

The following Commonwealth government grants were under-expended in the 1998 reporting period:

	University		
	Grant available in respect of the reporting period \$'000	Amount expended in the reporting period \$'000	Under-expenditure in the reporting period \$'000
Operating purpose <u>excluding</u> HECS:			
• Quality Assurance	238	238	0
• Higher Education Innovation Program	776	579	197
• Equality of Opportunity	344	184	160
• Joint Commonwealth/Industry Places	139	59	80
• Restructure & Rationalisation Program	1 260	489	771
• Staff Development Fund	964	295	669
Sub-total all grant categories for operating purposes	3 721	1 844	1 877
Large Research Grants	765	633	132
Small Research Grants	322	231	91
Research Infrastructure Grants	2 014	1 749	265
Special Research Initiatives	17	-	17
Research Fellowships	31	19	12
International Research Fellowships	36	28	8
Australian Postgraduate Awards	881	873	8
ATSI Grants	37	25	12
International Projects	8	4	4
SPIRT Scheme (Collaborative Research Grants – ongoing)	1 680	1 529	151
SPIRT Scheme – Other (including APA (Industry))	1 049	748	301
Sub-total other grant categories	6 840	5 839	1 001
Total	10 561	7 683	2 878

All under-expenditure is to be carried forward.



UNIVERSITY OF SOUTH AUSTRALIA
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 1998**

4. Higher Education Contribution Scheme

	University	
	1998	1997
	\$'000	\$'000
a) Amounts received pursuant to the Higher Education Funding Act 1988 from HECS Trust Fund and amounts expended:		
Amount received in previous period:		
Advance payment received in previous period	3 591	2 891
carry-over from previous period	-	-
sub-total amount received in previous period	3 591	2 891
Amount received in the reporting period	45 576	37 315
Amount attributable to future period:		
advance payment received in respect of next period	4 028	3 591
under-expenditure in the reporting period	-	-
sub-total amount attributable to future period	4 028	3 591
Amount expended in the reporting period	45 139	36 615
b) HECS contributions actually received from students	7 678	7 379
c) Total HECS revenue for the reporting period	52 817	43 994

The information provided in Note 4 is only relevant to the University and so consolidated figures are not provided.



UNIVERSITY OF SOUTH AUSTRALIA
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 FOR THE YEAR ENDED 31 DECEMBER 1998**

5. South Australian government grants

State government grants for the following purposes were received during the reporting period:

	Consolidated		University	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
DETE Certificate Teaching	71	332	71	332
DETE - Child Care Centre Building	-	680	-	680
AnTEP	150	150	150	150
Research Grants	2 290	1 221	2 290	1 221
Other	27	180	27	80
Total State Government grants	2 538	2 563	2 538	2 463

DETE is the Department of Education, Training and Employment
 AnTEP is the Anangu Teacher Education Program



UNIVERSITY OF SOUTH AUSTRALIA
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6. Fees and charges

Fees and charges were collected from the following sources during the reporting period.

	Consolidated		University	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
Fee-paying overseas students	18 457	15 596	18 457	15 596
Fee-paying non-overseas postgraduate students	2 018	1 715	2 018	1 715
Open Learning Australia (OLA)	1 343	786	1 343	786
Fees - flying school	914	1 009	914	1 009
Hire of facilities	1 294	1 422	1 294	1 422
Consultancy	6 883	12 184	3 582	9 448
Other	5 477	3 270	5 467	3 270
Total fees and charges	36 386	35 982	33 075	33 246



UNIVERSITY OF SOUTH AUSTRALIA
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7. Expenses attributed to functions

	Consolidated		University	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Academic activities:				
Academic staff salaries	55 347	55 343	55 347	55 343
Academic staff salary related expenses	25 871	28 985	25 871	28 985
Non-academic staff salaries	15 670	14 920	15 670	14 920
Non-academic staff salary related expenses	3 732	3 714	3 732	3 714
Depreciation expense:				
Buildings and infrastructure	7 390	8 249	7 390	8 249
Plant and equipment	1 731	1 500	1 731	1 500
Sub-total depreciation expense	9 121	9 749	9 121	9 749
Other expenses	30 172	29 288	30 172	29 288
Total	139 913	141 999	139 913	141 999
Libraries:				
Academic staff salaries	116	299	116	299
Academic staff salary related expenses	54	9	54	9
Non-academic staff salaries	5 336	5 532	5 336	5 532
Non-academic staff salary related expenses	1 271	1 360	1 271	1 360
Depreciation expense:				
Buildings and infrastructure	1 163	1 005	1 163	1 005
Library collection	2 967	2 197	2 967	2 197
Plant and equipment	42	23	42	23
Sub-total depreciation expense	4 172	3 225	4 172	3 225
Other expenses	1 392	1 103	1 392	1 103
Total	12 341	11 528	12 341	11 528
Other academic support services:				
Academic staff salaries	383	1 293	383	1 293
Academic staff salary related expenses	179	810	179	810
Non-academic staff salaries	6 542	6 575	6 542	6 575
Non-academic staff salary related expenses	1 558	1 026	1 558	1 026
Depreciation expense:				
Buildings and infrastructure	417	475	417	475
Plant and equipment	803	909	803	909
Sub-total depreciation expense	1 220	1 384	1 220	1 384
Other expenses	8 431	4 624	8 431	4 624
Total	18 313	15 712	18 313	15 712



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Expenses attributed to functions (continued)

	Consolidated		University	
	1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Student services:				
Academic staff salaries	817	16	817	16
Academic staff salary related expenses	382	9	382	9
Non-academic staff salaries	1 226	1 401	1 226	1 401
Non-academic staff salary related expenses	292	305	292	305
Depreciation expense:				
Buildings and infrastructure	1 601	797	1 601	797
Sub-total depreciation expense	1 601	797	1 601	797
Other expenses	1 456	1 144	1 456	1 144
Total	5 774	3 672	5 774	3 672
Public services:				
Academic staff salaries	737	1 219	737	1 219
Academic staff salary related expenses	344	391	344	391
Non-academic staff salaries	823	1 074	823	1 074
Non-academic staff salary related expenses	196	418	196	418
Depreciation expense:				
Buildings and infrastructure	43	115	43	115
Plant and equipment	1	1	1	1
Sub-total depreciation expense	44	116	44	116
Other expenses	1 407	1 990	1 407	1 990
Total	3 551	5 208	3 551	5 208
Buildings and grounds:				
Academic staff salaries	7	-	7	-
Academic staff salary related expenses	3	-	3	-
Non-academic staff salaries	2 652	638	2 652	638
Non-academic staff salary related expenses	631	(282)	631	(282)
Depreciation expense:				
Buildings and infrastructure	307	219	307	219
Plant and equipment	48	138	48	138
Sub-total depreciation expense	355	357	355	357
Other expenses	9 713	7 331	9 713	7 331
Total	13 361	8 044	13 361	8 044



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Expenses attributed to functions (continued)

	Consolidated		University	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
Administration and other general institutional services:				
Academic staff salaries	744	798	744	798
Academic staff salary related expenses	347	332	347	332
Non-academic staff salaries	11 145	13 471	11 145	13 471
Non-academic staff salary related expenses	2 654	4 307	2 654	4 307
Depreciation expense:				
Buildings and infrastructure	679	693	679	693
Plant and equipment	707	353	707	353
Sub-total depreciation expense	1 386	1 046	1 386	1 046
Other expenses	9 556	10 667	9 556	10 667
Total	25 832	30 621	25 832	30 621
Deferred employee benefits for superannuation:				
Academic staff salary related expenses	10 880	480	10 880	480
Non-academic staff salary related expenses	2 720	120	2 720	120
Total	13 600	600	13 600	600
Other:				
Non-academic staff salaries	1 541	365	-	-
Non-academic staff salary related expenses	358	213	-	-
Depreciation expense:				
Plant and equipment	86	72	-	-
Sub-total depreciation expense	86	72	-	-
Other expenses	1 223	1 796	-	-
Total	3 208	2 446	-	-
Total:				
Academic staff salaries	58 151	58 968	58 151	58 968
Academic staff salary related expenses	38 060	31 016	38 060	31 016
Non-academic staff salaries	44 935	43 976	43 394	43 611
Non-academic staff salary related expenses	13 412	11 181	13 054	10 968
Depreciation expense:				
Buildings and infrastructure	11 600	11 553	11 600	11 553
Library collection	2 967	2 197	2 967	2 197
Plant and equipment	3 418	2 996	3 332	2 924
Sub-total depreciation expense	17 985	16 746	17 899	16 674
Other expenses	63 350	57 943	62 127	56 147
Total	235 893	219 830	232 685	217 384

Staff salary related expenses include superannuation payments made on behalf of former employees (\$19.393 million) and the increase in the liability of the South Australian Superannuation fund (\$13.600 million) which relates to both existing and past employees. Refer to notes 17 and 18 for further details about the South Australian Superannuation fund. Calculation of average remuneration costs for employees will be distorted unless the above effects are adjusted for.



UNIVERSITY OF SOUTH AUSTRALIA
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8. Salary Related Expenses

The following salary related expenses (see Note 7) were incurred during the reporting period:

	Consolidated		University	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
Contributions to superannuation and pension schemes:				
Deferred employee benefits for superannuation	13 600	600	13 600	600
Emerging cost	19 393	22 086	19 393	22 086
Funded	9 717	9 112	9 533	9 015
Payroll tax	6 856	7 126	6 731	7 048
Workers compensation	820	827	799	813
Long service leave	2 654	3 140	2 654	3 140
Annual leave	(1 568)	(694)	(1 596)	(718)
Other	-	-	-	-
Total salary related expenses	51 472	42 197	51 114	41 984

Payments for annual leave are shown as direct salaries (Refer Note 7). The movement in the provision for annual leave is shown above.

Long service leave includes amounts paid for long service leave and the net movement in the provision for long service leave.



UNIVERSITY OF SOUTH AUSTRALIA
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	Consolidated		University	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
9. Receivables				
Current:				
Debtors	6 891	7 494	6 661	7 194
Student loans	459	435	459	435
Loan receivable	-	6	-	6
	<u>7 350</u>	<u>7 935</u>	<u>7 120</u>	<u>7 635</u>
Provision for doubtful debts	(2 077)	(257)	(2 057)	(237)
	<u>5 273</u>	<u>7 678</u>	<u>5 063</u>	<u>7 398</u>
10. Investments				
Current:				
Workers' compensation investment fund	135	-	135	-
Short term deposits	41 643	27 246	40 795	26 697
	<u>41 778</u>	<u>27 246</u>	<u>40 930</u>	<u>26 697</u>
Non-Current:				
Investment in controlled entity	-	-	66	66
Workers' compensation investment fund	4 954	-	4 954	-
Share Investments	230	230	230	230
	<u>5 184</u>	<u>230</u>	<u>5 250</u>	<u>296</u>
11. Other Assets				
Current:				
Deferred government superannuation contribution (see Note 18)	21 300	18 200	21 300	18 200
Prepayments	72	137	63	123
Accrued income	960	548	960	548
	<u>22 332</u>	<u>18 885</u>	<u>22 323</u>	<u>18 871</u>
Non-Current:				
Deferred government superannuation contribution (see Note 18)	247 200	236 700	247 200	236 700



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	Consolidated		University	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
12. Property, Plant and Equipment				
Land, Buildings and Infrastructure				
At independent valuation 31 December 1998	548 249	265 921	548 249	265 921
At University Council's valuation	-	66 312	-	66 312
At cost	-	98 647	-	98 647
Accumulated depreciation	(147 718)	(42 301)	(147 718)	(42 301)
	<u>400 531</u>	<u>388 579</u>	<u>400 531</u>	<u>388 579</u>
Library Collection				
At University Council's valuation 31 December 1998	105 901	38 959	105 901	38 959
At cost	-	8 399	-	8 399
Accumulated depreciation	(64 748)	(6 908)	(64 748)	(6 908)
	<u>41 153</u>	<u>40 450</u>	<u>41 153</u>	<u>40 450</u>
Plant and Equipment				
At University Council's valuation 31 December 1998	3 920	-	3 920	-
At cost	23 769	26 149	22 958	25 423
Accumulated depreciation	(16 656)	(14 773)	(16 155)	(14 297)
	<u>11 033</u>	<u>11 376</u>	<u>10 723</u>	<u>11 126</u>
Total Property, Plant and Equipment	<u>452 717</u>	<u>440 405</u>	<u>452 407</u>	<u>440 155</u>
Acquisitions				
The following property, plant and equipment was purchased or constructed during the year:				
Land, buildings and infrastructure	885	4 599	885	4 599
Library collection	2 587	2 214	2 587	2 214
Plant and equipment	4 632	3 262	4 229	3 121
	<u>8 104</u>	<u>10 075</u>	<u>7 701</u>	<u>9 934</u>
Disposals				
The following property, plant and equipment was disposed of or written off during the year:				
Land, buildings and infrastructure	-	69	-	69
Library collection	187	1 375	187	1 375
Plant and equipment	586	630	469	400
	<u>773</u>	<u>2 074</u>	<u>656</u>	<u>1 844</u>
Revaluations				
Land, buildings and infrastructure ⁽¹⁾	22 669	(3 823)	22 669	(3 823)
Library	1 083	-	1 083	-
Plant and equipment ⁽¹⁾	(347)	-	(347)	-
	<u>23 405</u>	<u>(3 823)</u>	<u>23 405</u>	<u>(3 823)</u>

(1) Includes reclassification of \$347 000 of IT infrastructure from Plant and equipment to Land, Buildings and Infrastructure.



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	Consolidated		University	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
13. Creditors				
Current:				
Trade creditors	10 975	6 931	10 824	6 930
Bank overdraft	49	1 555	49	1 555
	<u>11 024</u>	<u>8 486</u>	<u>10 873</u>	<u>8 485</u>
14. Borrowings				
Current:				
Not later than one year	5 056	113	5 056	113
Non-Current:				
Later than one year but not later than two years	5 056	5 056	5 056	5 056
Later than two years but not later than five years	5 057	10 113	5 057	10 113
Later than five years but not later than ten years	15 000	15 000	15 000	15 000
Later than ten years	50	50	50	50
	<u>25 163</u>	<u>30 219</u>	<u>25 163</u>	<u>30 219</u>
15. Accrued Liabilities				
Current:				
Annual leave	10 068	11 657	10 036	11 632
Long service leave	1 530	2 650	1 530	2 650
Separation scheme	890	1 527	890	1 527
Workers' compensation liability	1 016	-	1 016	-
Accrued interest	814	814	814	814
Other	11	47	11	47
	<u>14 329</u>	<u>16 695</u>	<u>14 297</u>	<u>16 670</u>
Non-Current:				
Workers' compensation liability	1 409	-	1 409	-
Long service leave	16 370	15 480	16 370	15 480
	<u>17 779</u>	<u>15 480</u>	<u>17 779</u>	<u>15 480</u>



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	Consolidated		University	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
16. Other Liabilities				
Current:				
Amounts invoiced in advance on uncompleted projects	1 449	1 748	1 255	1 567
Work in progress	(436)	(626)	(436)	(600)
	1 013	1 122	819	967
Revenue received in advance - DETYA	17 348	14 455	17 348	14 455
- Students	465	1 146	465	1 146
Provision for State superannuation (see Note 17 (i))	21 300	18 200	21 300	18 200
Funds held on behalf of external entities	580	157	1 259	567
	40 706	35 080	41 191	35 335
Non-Current:				
DETYA grant received in Advance	-	4 250	-	4 250
Provision for State superannuation (see Note 17 (i))	247 200	236 700	247 200	236 700
	247 200	240 950	247 200	240 950

17. Superannuation

The University contributes to the following employee superannuation funds:

(i) South Australian Superannuation Fund

A number of present and past employees of the University and its predecessor institutions are members of State Government Superannuation Schemes. Under the schemes benefits are paid as a lump sum or continuing pension on the termination of employees' service based on contributions made by the employee and the employee's final salary. Employee contributions and certain employer contributions are paid to the South Australian Superannuation Board (the Board) which is responsible for the administration of the schemes.

Under current arrangements, the Board pays the benefits and is reimbursed by the University. The Commonwealth government funds the University on an emerging cost basis for the supplementation costs and recovers the State's share of the cost directly from the State government.

The University's superannuation liability with respect to future benefits for current pensioners and employees was assessed by the Director Superannuation (State Superannuation Office), Department of Treasury and Finance as at 31 December 1998 to be \$279.3 million (1997 : \$263.9 million).

The University's liability under the scheme has been partly funded by an amount of \$10.9 million (1997: \$9 million) arising from 3% productivity employer contributions. This reduces the unfunded liability to \$268.5 million (1997: \$254.9 million). The net unfunded amount has been recognised in the accounts of the University as a liability and a corresponding receivable from the Commonwealth government (see Note 18). The asset and liability have been classified as current and non-current according to cash flow projections of the assessment.



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17. Superannuation (continued)

Recognition of the receivable from the Commonwealth is in accordance with DETYA Instructions and reflects an assessment that while there is no legislated requirement, the Commonwealth has committed to fund the University's emerging costs.

Assumptions adopted by the Director Superannuation (State Superannuation Office), Department of Treasury and Finance in determining the University's liability were:

Rate of increase in the Consumer Price Index	2.97% per annum
Rate of salary increases	4.00% per annum
Investment earnings	7.12% per annum

If an investment earnings rate of 2% per annum above the rate of salary increase had been assumed, rather than 3%, the unfunded liability would have been \$301 million.

Further details are provided in Note 18.

(ii) Superannuation Scheme for Australian Universities

The University contributes to the Superannuation Scheme for Australian Universities at a rate double the contributions made by employees. Employees' contributions are normally 7% of their gross salaries. The fund provides defined benefits based on years of service and final average salary.

The last actuarial investigation was conducted as at 21 October 1997 by Grant Harslett, FIA, FIAA. A funding and solvency certificate required under regulation 9.09(1) of the Superannuation Industry (Supervision) Regulations has been obtained with a date of effect of 26 November 1997.

As at 31 December, the University of South Australia's share of the fund was:

	1998	1997
	\$'000	\$'000
Net Market Value	65 921	59 341
Accrued Benefits	54 594	49 753
	<hr/>	<hr/>
Difference	11 327	9 588
	<hr/>	<hr/>
Vested Benefits	54 594	49 753
	<hr/> <hr/>	<hr/> <hr/>

(iii) Tertiary Education Superannuation Scheme

The University contributes to the fund at a rate determined by the trust deed. The scheme is non contributory for employees. The fund provides benefits based on the defined contributions of the University during the membership of the employee.

The University also makes contributions into the fund for employee entitlements arising under the Superannuation Guarantee Legislation.



UNIVERSITY OF SOUTH AUSTRALIA
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18. Deferred Government Superannuation Contribution

The Commonwealth government has undertaken to provide funding for emerging superannuation costs in its grants to institutions and to recover the State's share of the cost directly from the State government.

In 1998, an amount of \$13.6 million was brought to account to reflect the increase in the net unfunded past service cost for State superannuation.

	1998	1997
	\$'000	\$'000
Deferred government superannuation contribution at the beginning of the year	254 900	254 300
Increase in amount owing for unfunded liability	13 600	600
Deferred government superannuation contribution at the end of the year	<u>268 500</u>	<u>254 900</u>
Comprising:		
Current asset	21 300	18 200
Non-current asset	247 200	236 700
	<u>268 500</u>	<u>254 900</u>

19. Capital Expenditure Commitments

	Consolidated		University	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
Contracted for but not provided for and payable:				
Not later than one year	1 902	360	1 902	360
Later than one year but not later than two years	-	-	-	-
Later than two years but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	<u>1 902</u>	<u>360</u>	<u>1 902</u>	<u>360</u>

20. Lease Expenditure Commitments

	Consolidated		University	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
Operating lease rentals are payable as follows:				
Not later than one year	2 561	2 380	2 561	2 380
Later than one year but not later than two years	1 964	1 685	1 964	1 685
Later than two years but not later than five years	4 815	3 796	4 815	3 796
Later than five years	438	242	438	242
	<u>9 778</u>	<u>8 103</u>	<u>9 778</u>	<u>8 103</u>



UNIVERSITY OF SOUTH AUSTRALIA

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21. Contingent Liabilities

The University has entered into an agreement with the Minister of the Department of Education, Training and Employment to provide 35 spaces in a Child Care Centre built in 1997 at the University's City West campus. If the agreement is terminated within the first seven years, an amount of \$680 000, being the Minister's contribution to the Child Care Centre will be refunded. If the agreement is terminated after seven years, a sum of \$680 000 to be repaid is reduced on a pro rata basis reducing to zero after 21 years.

In 1994 the University received a state government grant of \$1 000 000 towards establishing the Ian Wark Research Institute. Under the conditions the grant was awarded, if the IWRI ceases to operate the University is liable to repay 10% of the grant for each complete year the IWRI fails to operate up to the year 2004.

The University has no other material contingent liabilities.

22. Controlled Entities

The University has 100% ownership of two controlled entities

(i) Techsearch Incorporated

Techsearch is the commercial arm of the University and has previously provided a range of services to support staff in commercial activities. As from July 1996 new University commercial activity has been generally conducted through the University and the support services previously provided by Techsearch are now provided by the University.

The University resolved to wind up Techsearch Incorporated from 1 July 1999, and put in place new operating structures which include ITEK Pty Ltd and the ITEK trust.

(ii) University of South Australia Foundation Incorporated

The Foundation's purpose is to partner the University, its alumni and its supporters in industry and elsewhere in generating interest in the University. At the same time it will seek to attract broadly based levels of philanthropic support for the benefit of the University.

The University funds the operating costs of the Foundation directly so that donations and bequests received are used for the intended purpose.

23. Associated Entities

The University has investments in the following associated entities:

(i) Australian Information Technology Engineering Centre Pty Ltd (AITEC)

The Centre is jointly owned by the University of Adelaide, the Flinders University of South Australia, the South Australian Minister of Education, Employment and Training and the University of South Australia.

AITEC is partly funded by the Commonwealth and offers a Master of Engineering degree program. As at 31 December 1998 the company had net assets of \$1.048 million (1997 \$1.018 million). The University's interest in the net assets is 25%, \$0.262 million (1997: \$0.254 million) and is not included in the statement of financial position.



UNIVERSITY OF SOUTH AUSTRALIA

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23. Associated Entities (continued)**(ii) Unisure Pty Ltd**

The University of South Australia is an exempt employer under the Workers Rehabilitation and Compensation Act, 1986, and is a shareholder along with the University of Adelaide and the Flinders University of South Australia in Unisure Pty Ltd, which manages workers' compensation claims on behalf of the three institutions. Unisure Pty Ltd is the trustee of the Unisure Unit Trust which holds the University's workers' compensation liabilities and the associated investments funds. As at 31 December 1998 the Unit Trust held net assets of \$2.663 million on behalf of the University of South Australia.

The 1998 University annual financial statements incorporate the financial transactions of the Unisure Unit Trust for the first time. See Note 1 for abnormal items relating to Unisure Unit Trust and Note 2 Change in Accounting Policies for the financial effect of the change.

24. Interest in Joint Ventures

The University has an interest in the following joint venture:

(i) Signal Processing Research Institute (SPRI) Building

The University and the Technology Development Corporation (subsumed by the MFP Development Corporation and subsequently the Land Management Corporation) entered into an agreement in 1991 to establish a building to house the Signal Processing Research Institute (SPRI) adjacent to the Levels at Mawson Lakes. The building is leased to University research centres affiliated with the SPRI and other lessees. The University has a 30% share of the joint venture with the MFP Development Corporation holding the remaining 70% share.

The 30 June 1997 financial statements of the MFP Development Corporation indicate that the assets of the joint venture comprise land and a building with a market value of \$2.450 million

The University's interest in the SPRI building joint venture is not included in the statement of financial position.

25. Cooperative Research Centres

The University participates in the following Cooperative Research Centres:

(i) Cooperative Research Centre for Sensor Signal and Information Processing (CSSIP)

The CSSIP is a national Cooperative Research Centre. Its purpose is to provide research and postgraduate education in signal and information processing for sensors.

The University has a commitment to the CSSIP to provide funding up to a maximum of \$100 000 for 1999.



UNIVERSITY OF SOUTH AUSTRALIA
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

25. Cooperative Research Centres (continued)

(ii) Centre for Water Quality and Treatment (CWQT)

The Centre for Water Quality and Treatment is a national Cooperative Research Centre. Its purpose is to enhance scientific and technological capabilities, support scientific research and encourage applications of science and technology in industry and other areas in the area of water quality and treatment.

The University has a commitment to the CWQT to provide cash funding of \$50 000 per annum, for the next four years.

(iii) CRC for Satellite Systems (CRCSS)

The University has a commitment to CRCSS to provide cash funding of \$100 000 per annum for the next six years.

26. Cooperative Multimedia Centre (CMC)

The University is a shareholder in Ngapartji Pty Ltd which is a CMC. The University shareholding is below that required for Ngapartji to be considered an associated company. The aim of Ngapartji is to provide an international focal point for the creation and development of world leading commercially successful skills, technology and products in interactive media.

The University has a commitment to pay \$25 000 per financial year to Ngapartji Pty Ltd in 1999.



UNIVERSITY OF SOUTH AUSTRALIA
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 1998

27. Reconciliation of Equity

	Consolidated		University	
	1998	1997	1998	1997
	\$'000	\$'000	\$'000	\$'000
Asset Revaluation Reserve				
Land, Buildings and Infrastructure Reserve				
Opening balance 1 January	36 803	40 507	36 803	40 507
Asset revaluation increment	22 322	-	22 322	-
Asset revaluation decrement	-	(3 704)	-	(3 704)
Closing Balance 31 December	59 125	36 803	59 125	36 803
Library Reserve				
Opening balance 1 January	-	-	-	-
Asset revaluation increment (Library)	1 082	-	1 082	-
Closing Balance 31 December	1 082	-	1 082	-
Closing balance 31 December	60 207	36 803	60 207	36 803
Accumulated Results of Operations				
Opening balance 1 January	349 143	351 479	347 544	350 503
Result of operations	5 197	(2 336)	4 805	(2 959)
Transfers to reserves	(11 036)	-	(11 036)	-
Closing Balance 31 December	343 304	349 143	341 313	347 544
Other Reserves				
Unspent HEFA Grant Reserve				
Opening balance 1 January	-	-	-	-
Transfers to reserves	2 878	-	2 878	-
Closing balance 31 December	2 878	-	2 878	-
Unspent Other Grant Reserve				
Opening balance 1 January	-	-	-	-
Transfers to reserves	5 495	-	5 495	-
Closing balance 31 December	5 495	-	5 495	-
Workers' Compensation Reserve				
Opening balance 1 January	-	-	-	-
Transfer of reserves	2 663	-	2 663	-
Closing balance 31 December	2 663	-	2 663	-
Total Equity	414 547	385 946	412 556	384 347



UNIVERSITY OF SOUTH AUSTRALIA
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 1998**

28. Notes to the Statement of Cash Flows

(i) Reconciliation of Cash

For the purpose of the statement of cash flows, cash includes cash on hand and at bank and short term deposits, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	Note	Consolidated		University	
		1998 \$'000	1997 \$'000	1998 \$'000	1997 \$'000
Cash		1 320	1 825	942	1 482
Short term deposits	10	41 643	27 246	40 795	26 697
Bank overdraft	13	(49)	(1 555)	(49)	(1 555)
		<u>42 914</u>	<u>27 516</u>	<u>41 688</u>	<u>26 624</u>

(ii) Reconciliation of operating result after abnormal items to net cash used in operating activities

Operating result after abnormal items	5 197	(2 336)	4 805	(2 959)
Add/(less) items classified as investing financing and government funding activities:				
(Profit)/loss on sale of plant and equipment	(26)	(62)	8	(6)
Commonwealth government grants	(127 677)	(144 931)	(127 677)	(144 931)
South Australian government grants	(2 363)	(1 883)	(2 363)	(1 783)
Add/(less) non-cash items:				
Plant & Equipment revaluation decrement	876	-	876	-
Depreciation	17 985	16 746	17 899	16 674
Increase/(decrease) in doubtful debt provision	1 820	(53)	1 820	(43)
Workers Compensation investment fund	(4 740)		(4 740)	
Other	-	42	-	-
Change in assets and liabilities:				
(Increase)/decrease in receivables	585	3 400	515	3 486
(Increase)/decrease in other assets	(13 947)	(1 055)	(13 952)	(1 041)
Increase/(decrease) in trade creditors	4 044	(1 886)	3 894	(1 874)
Increase/(decrease) in accrued liabilities	(67)	(720)	(74)	(737)
Increase/(decrease) in other liabilities	11 876	3 824	12 106	3 690
Net cash used in operating activities	(106 437)	(128 914)	(106 883)	(129 524)



UNIVERSITY OF SOUTH AUSTRALIA
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 1998**

28. Notes to the Statement of Cash Flows (continued)

(iii) Non Cash Financing and Investing Activities

Nil

(iv) Financing Facilities

The University has a \$4.0 million (1997 \$2.0 million) credit card facility with the National Australia Bank. The balance owing at the end of each monthly cycle is automatically paid by transfer from the University's NAB bank account. The unused portion of this facility as at 31 December 1998 was \$2.356 million (1997: \$1.767 million).

The University has entered into an arrangement with the Department of Treasury and Finance to provide a loan facility of \$35 million for the purpose of building a new campus at the University's City West site. As at 31 December 1998, \$30 million of this loan facility had been used (1997: \$30 million).

In addition, the South Australian Treasurer has agreed to provide a short term credit facility to 30 June 2001 of up to \$10 million. As at 31 December 1998 the unused amount available was \$10 million (1997: \$10 million). A condition of this facility is that any funds drawn down must be repaid prior to 30 June in the relevant financial year.

(v) Cash Balances Not Available for Use

There are no cash balances not available for use (1997 : \$0.480 million held as bank guarantees).

29. Segment Information

The University operates in the field of higher education in Australia and provides teaching and research services.

30. Auditors' Remuneration

	Consolidated		University	
	1998	1997	1998	1997
	\$000	\$000	\$000	\$000
Amounts paid or payable were:				
South Australian Auditor General	156	135	148	135
Other	4	19	-	-
	<u>160</u>	<u>154</u>	<u>148</u>	<u>135</u>



UNIVERSITY OF SOUTH AUSTRALIA
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 FOR THE YEAR ENDED 31 DECEMBER 1998

31. Employee remuneration over \$100,000

	University	
	1998 Number	1997 Number
\$100 000 - \$109 999	31	14
\$110 000 - \$119 999	6	7
\$120 000 - \$129 999	14	10
\$130 000 - \$139 999	7	2
\$140 000 - \$149 999	1	-
\$150 000 - \$159 999	2	1
\$160 000 - \$169 999	1	1
\$180 000 - \$189 999	-	1
\$190 000 - \$199 999	1	-
\$260 000 - \$269 999	1	1
	64	37
	\$'000	\$'000
Total remuneration received, or due and receivable, by senior employees from the University	7 692	4 541

The remuneration includes salary, employer's superannuation costs and other benefits, including the associated fringe benefits tax, but excludes the value of separation payments. As a result of a 3% payrise granted to staff from 10 January 1998, a number of staff received remuneration in excess of \$100,000 for the first time in 1998.

32. Additional Financial Instruments Disclosure

(i) *Interest Rate Risk*

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below.

1998	Note	Fixed interest maturing in				Non interest bearing \$'000	Total \$'000
		Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets							
Cash		1 320	-	-	-	1 320	
Receivables	9	-	-	-	5 273	5 273	
Investments	10	46 732	-	-	230	46 962	
		48 052	-	-	5 503	53 555	
Weighted average interest rate		4.86%					
Financial liabilities							
Bank overdraft*	13	49	-	-	-	49	
Accounts payable	13	-	-	-	10 975	10 975	
Borrowings	14	-	5 000	10 000	15 000	30 219	
Funds held on behalf of external entities	16	154	-	-	426	580	
		203	5 000	10 000	15 000	11 620	41 823
Weighted average interest rate		3.22%	8.20%	9.60%	10.18%		



UNIVERSITY OF SOUTH AUSTRALIA
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 1998

32. Additional Financial Instruments Disclosure (continued)

1997	Note	Floating interest rate \$'000	Fixed interest maturing in			Non interest bearing \$'000	Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
Financial assets							
Cash		1 825	-	-	-	-	1 825
Receivables	9	-	-	-	-	7 678	7 678
Investments	10	27 246	-	-	-	230	27 476
		<u>29 071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7 908</u>	<u>36 979</u>
Weighted average interest rate							
		5.05%					
Financial liabilities							
Bank overdraft ⁽¹⁾	13	1 555	-	-	-	-	1 555
Accounts payable	13	-	-	-	-	6 931	6 931
Borrowings	14	-	-	15 000	15 000	332	30 332
Funds held on behalf of external entities	16	103	-	-	-	54	157
		<u>1 658</u>	<u>-</u>	<u>15 000</u>	<u>15 000</u>	<u>7 317</u>	<u>38 975</u>
Weighted average interest rate							
		0.29%	-	9.13%	10.18%		

(1) The bank overdraft is caused by unpresented cheques. The University maintains sufficient cash in the bank overdraft account to cover presented cheques and to avoid incurring interest expense.

(ii) **Foreign Exchange Risk**

The University assesses the likely foreign exchange risk for offshore activities and enters into hedge arrangements if appropriate. As at 31 December 1998 the University had no hedge arrangements in place.

(iii) **Credit Risk Exposures**

Credit risk represents the loss that would be recognised if counter-parties failed to perform as contracted.

On-Balance Sheet Finance Instruments

The credit risk on financial assets excluding investments of the economic entity which have been recognised on the Statement of Financial Position, is the carrying amount, net of any provisions for doubtful debts.

The economic entity is not materially exposed to any individual overseas country or individual customer.



UNIVERSITY OF SOUTH AUSTRALIA
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 1998**

32. Additional Financial Instruments Disclosure (continued)

(iv) Net Fair Values of Financial Assets and Liabilities

Valuation Approach

Net fair values of financial assets and liabilities are determined by the economic entity on the following basis:

On-Balance Sheet Financial Instruments

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at amounts due from customers (reduced for expected credit losses) or due to suppliers.

The carrying amount of bank term deposits, accounts receivable, accounts payable and loans approximate net fair value.

The net fair value of unlisted share investments is determined by reference to underlying net assets of the respective entities.

Net Fair Values

The carrying amounts of financial assets and liabilities at the reporting date all approximate the net fair values except for borrowings at fixed rates of interest. The values of those borrowings are:

1998 Carrying Amount \$'000	1998 Net Fair Value \$'000
30,000	35,320
30,000	35,320

33. University Of South Australia Year 2000 Compliance

The University has established a comprehensive Y2K project to assess the impact of the date change from 1999 to 2000 will have on operations and to minimise or otherwise respond to possible problems.

The following are the key components of that project:

- ◆ Establishment of a Y2K Compliance Project Office with dedicated staff. The average full-time complement of the office over the duration of the project is 3 staff. The role of the office is to develop plans, monitor progress at all levels of the project, report on progress and to provide advice to the university community. Staff in this office report to the Director: Information Technology Services. Each organisational unit in the university is required to have staff dedicated to the project.
- ◆ Establishment of a Y2K Reference Group chaired by a member of senior management.
- ◆ Establishment of a clear budget for the project.
- ◆ Regular reporting to the University Council, the Vice Chancellor and senior management on the progress of the project.



UNIVERSITY OF SOUTH AUSTRALIA
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 1998**

33. University Of South Australia Year 2000 Compliance (continued)

- ◆ Establishment of clear responsibility at the organisational unit level
- ◆ Awareness program for all organisational unit managers
- ◆ Contingency planning workshop for staff
- ◆ Regular meetings and ongoing communication between Y2K Project Office staff and organisational unit Y2K Coordinators.
- ◆ Establishment of a clear methodology at the organisational unit level for the Y2K project. This involves the following major steps:
 - Analysis of critical functions
 - Resource Analysis
 - Hardware inventory
 - Trading Partners Action Plan
 - Software inventory
 - Testing of all Action Plans
 - PC testing
 - Development of contingency plans
 - Trading Partner inventory
 - Testing of contingency plans
 - Hardware Action Plan
 - Monitoring during the Y2K rollover.
 - Software Action Plan
- ◆ Establishment of university-wide contingency plans for key business processes.
- ◆ Review of all Corporate Administrative Information Systems, modifications and testing.
- ◆ Establishment of clear communication and monitoring processes during the Y2K rollover.
- ◆ Investigation and clarification of industrial issues to ensure that staff with appropriate skills are readily available during the rollover.

In the Corporate Administrative Information Systems area, the key system for 1999 is the Student Records System. This system has gone through the full cycle for Y2K compliance and the Y2K Student records System will be in production in early June 1999. Other major Corporate Administrative Information Systems (Finance, Human Resources) are on track for completion of the Y2K compliance program.

The University engaged external consultants to review the Y2K program in January 1999. The consultant's recommendations have been or will be addressed.

While the University is endeavouring to mitigate risks associated with the change of dates there can be no assurance that the University's Year 2000 compliance program will be completely successful.

This statement is a Year 2000 disclosure statement for the purposes of the Year 2000 Information Disclosures Act 1999. A person may be protected by that Act from liability for this statement in certain circumstances.



UNIVERSITY OF SOUTH AUSTRALIA

CERTIFICATE

**FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 1998**

To the best of our knowledge and belief, the foregoing Statement of Financial Position, Operating Statement, Statement of Cash Flows, and notes thereto, give a true and fair view of the state of affairs at 31 December 1998 and the financial transactions for the year then ended.

Mr David Klingberg
Chancellor

/ /99

Professor Kym Adey
Acting Vice Chancellor and President

/ /99