1 Directors’ report
for the year ended 31 December 2009

Australian Catholic University Limited
(Company Limited by Guarantee)
ACN 050 192 660

The directors present their report together with the financial statements of Australian Catholic University Limited (the Company) for the year ended 31 December 2009 and the auditors’ report thereon.

Directors
The directors of the Company in office at any time during or since the end of the financial year are:

Mr John Joseph Carroll
BBus MAppFin CPA MAoPM
Financier
Appointed 19 May 2006

Professor Judith Dorothy
Chapman AM
BA DipEd (Melb) Bed (LaTrobe) EdD
(NthColorado) FACE FACEA FWAIEA
Academic
Appointed 23 May 2008

Professor Gregory Joseph Craven
BA LLB (Hons) LLM (Melb)
Vice-Chancellor
Appointed 1 February 2008

Mr Alan Edgar Druery OAM
BA Bed St Med (Admin) (Qld) FYIE FACE
FACEA DUniv (QUT)
Retired Educational Administrator
Appointed 1 January 1991

Mr Stephen Noel Elder
Bed (Vic Aust) DipEd (LaT) FAiM
Educational Administrator
Appointed 23 May 2008

Mr Edward William Exell AM
BA (Hons) (Melb) BEc (ANU)
Retired Administrator
Appointed 30 September 1996

Most Reverend Bishop James Foley
DD DPh (Leuven)
Catholic Bishop
Appointed 30 September 1994

Ms Josephine Frawley
BA (Adel) DipTeach (Adel TCA) GradDipTESL
(SA CAE) Registration Certificate, Library
Association of Australia
Librarian
Appointed 20 August 2007

Professor Peta Goldburg RSM
BA MusEd (QldConservMus) GradDipRE (ACU)
MED (ACU) MASTTheol (UQ) PhD (N’castle)
ASDA LDSA ATCL
University Lecturer
Appointed 19 May 2006

Br Robert Julian McDonald CFC A0
BA DipEd (Syd) CertThe Formation (St Louis)
GradDip Lang in Ed (CSU)
Religious Brother
Appointed 30 September 1992

Ms Moira Therese Najdecki
BA DipEd GradDipRE MA MEdLeadership
Educational Administrator
Appointed 19 May 2006

Associate Professor Marea
Nicholson
TC BA (Macao) Med (Syd) DipTeach (N’cleCAE)
GradDipEdSt (NepeanCAE) PhD (Syd)
University Lecturer
Appointed 19 May 2006

Mr David Brian O’Connor AM
BA (UNE) PACert (Syd Tech Coll)
Retired Public Servant
Appointed 14 April 2000

Ms Susan Mary Pascoe
BA DipEd GradDip Special Ed Med Ed (Hons)
(Melb) FACE FACEL FAICD FAIM FIPAA
State Commissioner
Appointed 20 September 2001

Br Anthony Philip Robinson FMS
BA (N’castle) MA (Macao) MEdAdmin (UNSW)
MA (Dayton)
Province Secretary
Appointed 26 May 2005

Ms Bernadette Marie Therese
Steele
BA (Hons) LLB (Melb)
Lawyer
Appointed 11 August 2009

Mr James Wood
Student
Appointed 1 January 2009
Senior executive

The senior executive of Australian Catholic University Limited on 31 March 2010, the date of its Senate approval of this report, are:

**Vice-Chancellor**
Professor Greg Graven
BA LLB (Hons) LLM (Melb)
Appointed 1 February 2008

**Pro-Vice-Chancellor (Academic)**
Professor Gabrielle McMullen
BSc (Hons) (Monash) PhD (Monash) FRACI
Appointed 16 October 2000

**Pro-Vice-Chancellor (Research)**
Professor Thomas Martin
BSc (Syd) DipVetPath (Syd) PhD (Syd)
MBA (Syd) DipACLAM (UnivSA)
Appointed 5 October 2009

**Pro-Vice-Chancellor (Students, Learning and Teaching)**
Professor Anne Cummins
BED (Canberra CAE) GradDipEd (Syd Cath Coll) MA (Macquarie) MedL (ACU) GradDipEdStudies (RE) (CCAE)
Appointed 1 July 2009

**Pro-Vice-Chancellor (Administration and Resources) and Company Secretary (9 years)**
Mr John Cameron
MC:om (Hons) (UNSW) CPA
Appointed 1 January 2009

**Dean, Faculty of Arts and Sciences**
Professor Gail Crossley
BSc (Hons) PhD (Melb) DipEd (SydCAE)
Appointed 25 October 2006

**Dean, Faculty of Education**
Professor Marie Emmitt
TITC (Toorak) BA BEd MEd (Monash) MACE
Appointed 19 January 2004

**Dean, Faculty of Health Sciences**
Professor Pauline Nugent
RN BAppSc NER (LincolnInst) MedSt (Monash)
Appointed 12 March 2007

**Dean, Faculty of Theology and Philosophy**
Professor Anne Hunt OAM
BSc (Melb) DipEd (MelbCE) BEd (Monash) BTheol (YU of MCD) MSc (Ed) (Fordham)
MA Theol (Catholic Theological Union Chicago DTheol (MCD)
Appointed 1 July 2009

Directors’ meetings

The number of directors’ meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are shown below.

<table>
<thead>
<tr>
<th>Directors</th>
<th>Senate meetings</th>
<th>Standing and Finance Committee meetings</th>
<th>Honorary Awards Committee meetings</th>
<th>Audit Committee meetings</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
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<tr>
<td>Mr JJ Carroll</td>
<td>4</td>
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<tr>
<td>Professor JD Chapman</td>
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<tr>
<td>Professor GJ Craven</td>
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<tr>
<td>Mr AE Druery</td>
<td>4</td>
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<tr>
<td>Mr SN Elder</td>
<td>4</td>
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<tr>
<td>Mr EL Exell</td>
<td>4</td>
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<td>Most Reverend Bishop J Foley</td>
<td>4</td>
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<tr>
<td>Ms J Frawley</td>
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<tr>
<td>Professor P Goldburg</td>
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<tr>
<td>Br RJ McDonald</td>
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<tr>
<td>Ms MT Najdecki*</td>
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<td>6</td>
<td>6</td>
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<tr>
<td>Associate Professor M Nicholson</td>
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<tr>
<td>Mr DB O’Connor</td>
<td>4</td>
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<td>5</td>
<td>6</td>
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<tr>
<td>Ms SM Pascoe†</td>
<td>–</td>
<td>1</td>
<td>–</td>
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<tr>
<td>Br AP Robinson</td>
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<td>–</td>
<td>–</td>
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<tr>
<td>Ms BM Steele‡</td>
<td>2</td>
<td>2</td>
<td>–</td>
<td>–</td>
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<tr>
<td>Mr J Wood</td>
<td>4</td>
<td>4</td>
<td>–</td>
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</tr>
</tbody>
</table>

**A** Number of meetings attended

**B** Number of meetings held during the time the director held office throughout the year

*Ms Moira Najdecki joined the Audit Committee in 2009
† Ms Susan Pascoe resigned as a Director effective from 15 April 2009
‡ Ms Bernadette Steele was appointed as a Director effective from 11 August 2009
Principal activities

The principal activities of Australian Catholic University during the course of the financial year were those of a university operating at both an undergraduate and a postgraduate level on six campuses across the states of Queensland, New South Wales and Victoria and the Australian Capital Territory. The University also undertook formal entrepreneurial activities through the conduct of special non-award and fee-paying courses including offshore programs in Hong Kong. It has links in a number of other countries including the United States, Indonesia, Pakistan and East Timor.

Review and result of operations

There was a positive result for the year ended 31 December 2009 of $14.85m (2008 $8.84m). Significant increases in revenue include Commonwealth Government Financial Assistance – Commonwealth Grants Scheme $21.26m (including $4.29m Better Universities Renewal Fund and $2.25m Teaching and Learning Capital Fund), HECS–HELP $3.89m and fees and charges $3.65m. A significant increase in expenditure was employee benefits, $19.06m. This increase includes one-off staff restructuring costs of $3.0m, largely comprising staff voluntary redundancy and early retirement costs. Other expenses increased by $3.33m.

It will be noted from the Supplementary Income Statement provided on page 101, which separately identifies revenue and expenditure for both operating activities and capital activities, that the overall positive result of $14.85m comprised operating activities of $7.02m and capital activities of $7.83m.

An increase in investment earnings for the year contributed to the operating result with earnings of $4.16m in 2009 in comparison with $1.81m in 2008, an increase of $2.35m. Investments at balance date were held in bank deposits and bills.

There was an improvement in the cash and investments position of $9.87m, largely due to revenue exceeding expenditure and the receipt of the Federal Government Teaching and Learning Capital (TLC) Grant in advance of expenditure on approved capital projects.

There has been a change in classification of long-service leave liabilities between non-current and current liabilities. The current long-service leave liability now reflects the component of earned long-service leave to which staff are legally entitled. Previously, the current portion of the long-service leave liability reflected the component of long-service leave that staff were expected to use within 12 months of balance date.

A full triennial valuation of freehold land and buildings has been undertaken as at end of 2009, but formal release of the valuation report has been delayed as the valuer company has been placed into receivership. The sale of the business is currently under negotiation and it is expected that the report will be released once the sale has been completed. An interim independent valuation has been carried out for all properties of material value. Updated valuations are reflected in the financial statements. A valuation of all freehold properties will be reflected in the 2010 financial statements.

Significant changes in the state of affairs

A major capital expansion program is currently in place with significant capital expenditure expected during 2010 and 2011 to address a critical shortage of teaching and administrative space. Funding of expenditure will be from a combination of University cash reserves and external loan finance.

Financial highlights

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
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<tbody>
<tr>
<td>Commonwealth Government Grants</td>
<td>145,578</td>
<td>120,455</td>
</tr>
<tr>
<td>Deferred Superannuation Contribution</td>
<td>2,254</td>
<td>354</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>54,076</td>
<td>53,314</td>
</tr>
<tr>
<td>Finance Income</td>
<td>4,156</td>
<td>1,806</td>
</tr>
<tr>
<td>Salary Cash Expenses</td>
<td>(122,023)</td>
<td>(107,909)</td>
</tr>
<tr>
<td>Non-Salary Cash Expenses</td>
<td>(51,551)</td>
<td>(48,146)</td>
</tr>
<tr>
<td>Non-Cash Expenses (Depreciation, Amortisation and Provisions)</td>
<td>(17,644)</td>
<td>(11,036)</td>
</tr>
<tr>
<td>Net Operating Profit</td>
<td>14,846</td>
<td>8,838</td>
</tr>
<tr>
<td>Working Capital Surplus</td>
<td>34,218</td>
<td>28,457</td>
</tr>
</tbody>
</table>
Environmental regulation

The Company’s operations are not subject to any significant environmental regulations under either Commonwealth or state legislation. However, the directors believe that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements.

Matters subsequent to the end of the financial year

There are no items, transactions or events of a material or unusual nature that have arisen in the interval between the end of the financial year and the date of this report which are likely in the opinion of directors to affect significantly the operations of the Company, the results of these operations or the state of the Company in subsequent financial years.

Directors’ interests and benefits

Directors’ interests and benefits are set out in Notes 19 and 20 on pages 83 and 84.

Indemnification of directors and officers

During the year the Company renewed an agreement with its insurers to provide indemnification for all the directors and officers of the Company (as listed in this report), against all liabilities to another person (other than the Company) that may arise from their position as director or officer.

Directors and officers liability cover

During the year, the Company paid insurance premiums of $50,041 (2008 $49,686) in respect of directors and officers liability insurance contracts for directors and officers of the Company. The insurance provides cover against claims made by reason of any wrongful act committed or alleged to have been committed by a director or officer of the Company during the year. The Company has not entered into an agreement indemnifying the current auditors, KPMG, against any claims by third parties.

Proceedings on behalf of the company

There are no proceedings being pursued on behalf of the Company.

Lead auditors’ independence declaration

The lead auditor’s independence declaration is set out on page 55 and forms part of the directors’ report for the financial year ended 31 December 2009.

Non-audit services

Amounts paid to the Company’s auditors for non-audit services are outlined in Note 5 on page 72.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, amounts in the financial report and directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:

Professor G Craven
Director
31 March 2010
Sydney

Br RJ McDonald
Director
31 March 2010
Sydney