
New South Wales Auditor-General's Report

Financial Audit

Universities: 2016 Audits



The role of the Auditor-General

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Public Finance and Audit Act 1983*.

Our major responsibility is to conduct financial or 'attest' audits of State public sector agencies' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to agencies to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to agencies and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on agency compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an agency is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an agency's operations, or consider particular issues across a number of agencies.

Performance audits are reported separately, with all other audits included in one of the regular volumes of the Auditor-General's Reports to Parliament – Financial Audits.

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Pursuant to the *Public Finance and Audit Act 1983*,
I present 'Universities: 2016 Audits'.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

Margaret Crawford
Auditor-General
6 June 2017

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Section One

Universities



Executive Summary

This report analyses the results of the financial statement audits of the ten NSW universities and their controlled entities for the year ended 31 December 2016. The table below summarises key observations.

Financial performance and reporting

Financial reporting

No qualified audit opinions were issued on the ten NSW universities' financial statements. The quality of financial reporting continued to improve.

Financial sustainability

All NSW universities recorded a surplus in 2016. However, uncertainties remain over Commonwealth Government policies on tertiary education and overseas student revenues. Some universities are developing stress testing and scenario analysis models to assess and manage these risks.

Expenditure growth rate

Expenditure growth rate exceeded revenue growth in five NSW universities (six in 2015). However, combined revenue growth exceeded expenditure growth for all NSW universities by 1.1 per cent (negative 1.3 per cent in 2015).

Universities are managing the impact of continued downtrend in Commonwealth Government grants by diversifying revenue and constraining expenditure.

Financial controls

No high risk internal control deficiencies

There were no high risk financial control deficiencies identified during our audits and the number of repeat audit recommendations to address financial control issues decreased.

Better management of information security needed to counter cyber threats

Universities continue to face challenges in managing information security.

With increasing technology disruption and the need to protect intellectual property derived from research, there is heightened exposure to cyber-security risks.

Governance

Project risk governance

All NSW universities can get more value out of project risk governance through better change management processes, setting and monitoring project benefit indicators, and sharing key lessons learnt throughout the project timeline.

Compliance management framework

To manage diverse compliance and legislative obligations, universities need to maintain a centralised compliance system. This would ensure legislative requirements are up to date and emerging compliance risks are promptly escalated and dealt with.

Teaching and research

Skilled employment shortages in NSW

The Department of Employment published data in 2016 and reported areas where there is evidence of skills shortage in NSW. NSW universities' course enrolment statistics do not appear to mirror the published skills shortages.

Teaching and other income subsidise cost of research

NSW universities need to design an appropriate process to capture all direct and indirect costs associated with research activities and determine a funding mechanism for any deficit. This could reduce any risk of teaching income being diverted to fund research activities.

Financial performance and reporting

No significant financial reporting issues

No qualified audit opinions were issued on the ten universities' financial statements. The introduction of early close procedures improved the quality and timeliness of financial reporting.

Financial performance indicators are improving

All NSW universities recorded a surplus in 2016. Combined overseas students' course income exceeded domestic students' course income for the first time in 2016.

Course income from overseas students is concentrated to one regional area (income concentration risk). Some NSW universities' business models depend on international students' intake to be financially sustainable. These universities manage income concentration risk by focusing on increasing the geographical diversity of overseas students.

Five universities had expenditure growth increasing more than revenue growth in 2016 compared to six in 2015. Combined universities revenue growth exceeded expenses by 1.1 per cent in 2016 compared to 2015 where expenses exceeded revenue by 1.3 per cent.

NSW universities are managing their financial positions.

- Average combined operating margin increased from 5.2 per cent in 2015 to 6.2 per cent in 2016.
- Combined debt decreased from 9.4 per cent of equity in 2015 to 8.5 per cent of equity in 2016.
- Combined current ratio (ability to repay short-term liabilities with current assets) decreased marginally from 1.9 in 2015 to 1.7 in 2016.

Financial controls

No high risk internal control deficiencies identified

Generally, our audits assessed universities' internal controls to be appropriately designed and operating effectively to produce reliable and timely financial reports. However, the audits identified areas where internal controls could be improved. These were reported to management.

The main areas for improvement related to information security in password settings and administration of user access. User password settings need to be improved on the financial systems, helping to reduce the risk of data leakage and inappropriate access. Almost half of the information security risks identified in the 2016 audits were reported in previous years but not fully addressed.

Recommendation

NSW universities should review the design and effectiveness of their information security controls to ensure intellectual property, staff and students data are adequately protected.

Management of leave remains a challenge for universities

Three universities made significant efforts to successfully reduce annual leave balances, however managing excess leave continues to be a challenge for academic staff.

Governance

Getting more from project risk governance

Our assessment of the ten NSW universities' project risk governance found planning and execution phases of projects were reasonably well managed. Overall, there are opportunities for improvement in the areas of change management, measuring project outcomes and sharing key lessons learnt.

Improving compliance frameworks at NSW universities

Seven NSW universities have a documented compliance management framework and maintain compliance registers at divisional levels. Areas for improvement include maintaining centralised compliance registers and monitoring changes in legislation.

Recommendation

NSW universities should have systems to capture all compliance matters. This includes developing processes to regularly update changes for all relevant legislative and other compliance requirements.

Teaching and research

Students fees and other income are applied to subsidise the cost of research

From 2014 to 2016, NSW universities' research expenses consistently exceeded research income, indicating teaching and other income was applied to subsidise research activities.

Introduction

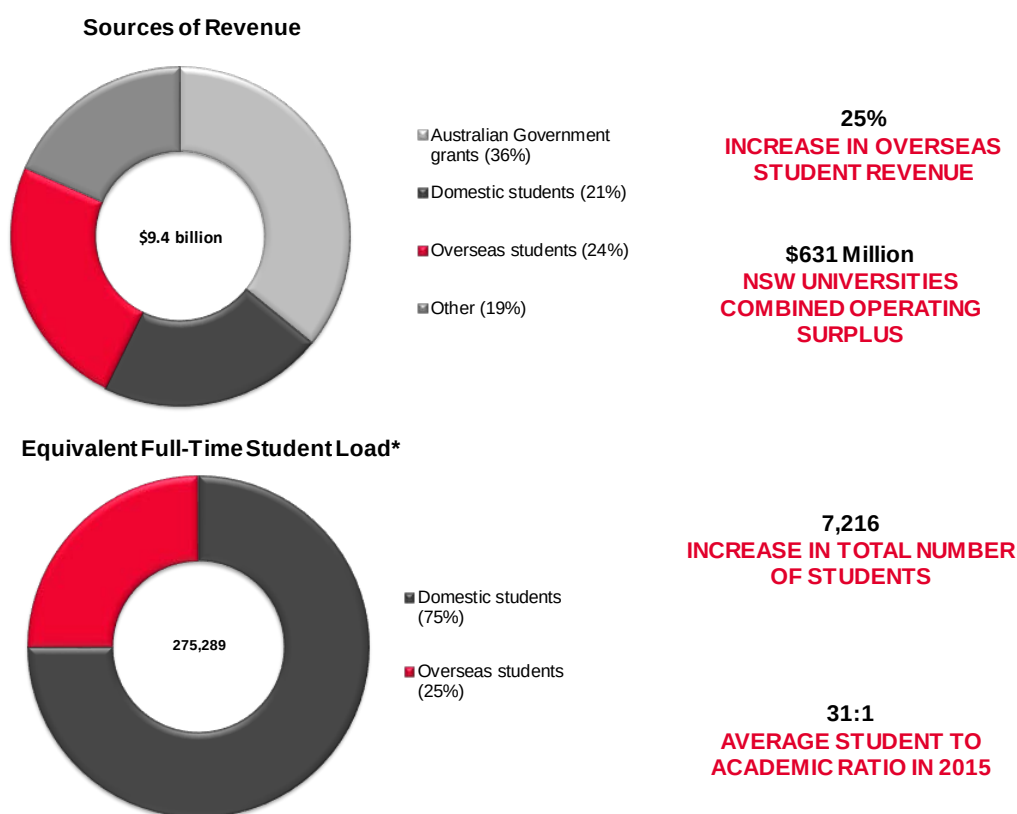
This report focuses on key observations and common issues identified from our financial audits of the ten NSW universities and their controlled entities in 2016. The universities are listed in Appendix Three.

In this report, parliament and other users of universities' financial statements are provided with an analysis of universities' results and key observations in the following areas:

- Financial Performance and Reporting
- Financial Controls
- Governance
- Teaching and Research.

Snapshot of NSW universities

A snapshot of NSW universities for the year ended 31 December 2016 is shown below.



* An equivalent full-time student load is a measure, for a year, of a student undertaking a course of study on a full-time basis.

Status of 2015 recommendations

Last year's Auditor-General's Report to Parliament on NSW universities included twelve recommendations. The table below describes the status of those recommendations.

Recommendation	Status
 Universities are encouraged to adopt early close procedures to improve the efficiency and timeliness of year-end financial reporting.	Early close procedures were adopted by nine universities in 2016. Charles Sturt University plans to implement early close procedures in the 2017 reporting year.
 Universities must have robust strategies to ensure negative expenditure and revenue trends are closely monitored and addressed to ensure sustainability.	All universities are monitoring their revenue and expenditure trends. They indicated strategies are in place to ensure sustainability in the medium to long term. NSW universities combined operating revenue grew 1.1 per cent more than expenses in 2016.
 NSW universities need to liaise with the Commonwealth Government Department of Education and Training to review and design appropriate metrics that would help universities maximise the resources allocated to teaching and research.	There was no coordinated effort from NSW universities to address the recommendation in 2016. Universities indicated they are improving their own internal performance metrics.
 Universities should focus on strategies to improve the financial viability of controlled entities.	Universities are at various stages of implementing strategies to address the financial viability of controlled entities.
 Recommendations should be addressed in a timely manner, especially those required to resolve repeat issues.	There were no repeated high risk issues in 2016. Recurring recommendations from previous years reduced in 2016.
 The management of user administration processes should be strengthened to prevent inappropriate access to financial information.	Issues continue to be identified over information security management. However, there were no high-risk issues identified by audit in 2016.
 Universities should continue efforts to reduce employee excess leave balances to manageable levels.	There was a ten per cent rise in the number of employees with excess leave balances in 2016. Universities have strategies in place to reduce existing levels of excess leave.
 Universities should continue to ensure they have plans to fund increasing employee long service leave liabilities.	In 2016, the long service leave liability increased 3.8 per cent to \$792 million. NSW universities indicated they have strategies in place to fund these liabilities.
 To help universities effectively manage assets, the asset management systems should capture reliable backlog maintenance data.	NSW universities have asset management systems at various levels of sophistication depending on their needs.
 Universities' controlled entities should design and implement 'fit-for-purpose' risk management processes under the university's overall risk management framework. High risks should be elevated to the respective university's strategic risk register.	Most NSW universities indicated they have a 'fit-for-purpose' risk management process which escalates relevant risks centrally to the university's risk register. Other universities are either implementing the recommendation or require a change in their governance policies before action can be taken.

Recommendation	Status
 Universities should include project risk management in their project management frameworks. Project risks that impact universities meeting their strategic objectives should be included in their strategic risk registers.	Most universities indicated they have appropriate processes to escalate significant and relevant project risks to the university's strategic risk register.
 NSW universities in conjunction with the Australian Bureau of Statistics should develop metrics to assess the impact of research and the benefits to the economy.	The Australian Research Council (ARC) is conducting an Engagement and Impact Assessment pilot in 2017. The pilot includes consultation with the university sector to consider a range of metrics to capture research engagement with end-users and the impact of research to the economy, society and environment.

Status of 2015 recommendations

 Fully addressed	 Partially addressed	 Not addressed. Repeated issue
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Financial Performance and Reporting

Financial performance and reporting are important elements of good governance. Confidence in public sector decision making and transparency is enhanced when financial reporting is accurate and timely.

This chapter outlines audit findings on financial performance and reporting of NSW universities for 2016.

Financial reporting

Observation

No significant financial reporting issues were identified in the ten universities' financial statement audits.

Five out of ten NSW universities' total operating expenditures grew faster than total revenue in 2016 (six in 2015).

However, combined total revenue grew by 1.1 per cent more than total expenses for all NSW universities.

Commonwealth Government grants decreased to 36 per cent of total revenue in 2016 (37 per cent in 2015).

The Department of Education withdrew its benchmark manual for the university sector 'Benchmarking: A Manual for Australian Universities'. The Manual, issued in 2000, was used to assess key performance measures for the university sector. In our previous reports, we recommended the need to update the Manual as some of the measures appeared outdated.

Conclusion

The quality of financial reporting continued to improve in the ten NSW universities.

There may not be sufficient resources to fund normal operations and maintain existing assets over the medium to longer term when expenditure growth rate exceeds revenue growth.

Universities are constraining expenses and streamlining activities to ensure financial sustainability.

Universities are addressing the continued downtrend in Commonwealth Government grants by diversifying revenue and stress testing various scenarios to understand and plan appropriate responses.

An independently designed benchmarking framework manual with relevant performance measurement metrics would enable performance assessment and comparability across the university sector.

Financial performance

Observation

Sustainability indicators for most of the ten NSW universities improved marginally in 2016.

Revenue generated from Universities' asset base varies from approximately 38 per cent in Sydney Metropolitan universities to approximately 75 per cent in regional universities.

Conclusion

An assessment of how Universities' assets are utilised could provide a guide to improve financial sustainability.

Some reasons universities may have a low revenue return on assets include:

- having surplus assets
- new investments in infrastructure prior to optimising usage
- increasing property values in metropolitan areas.

Financial reporting

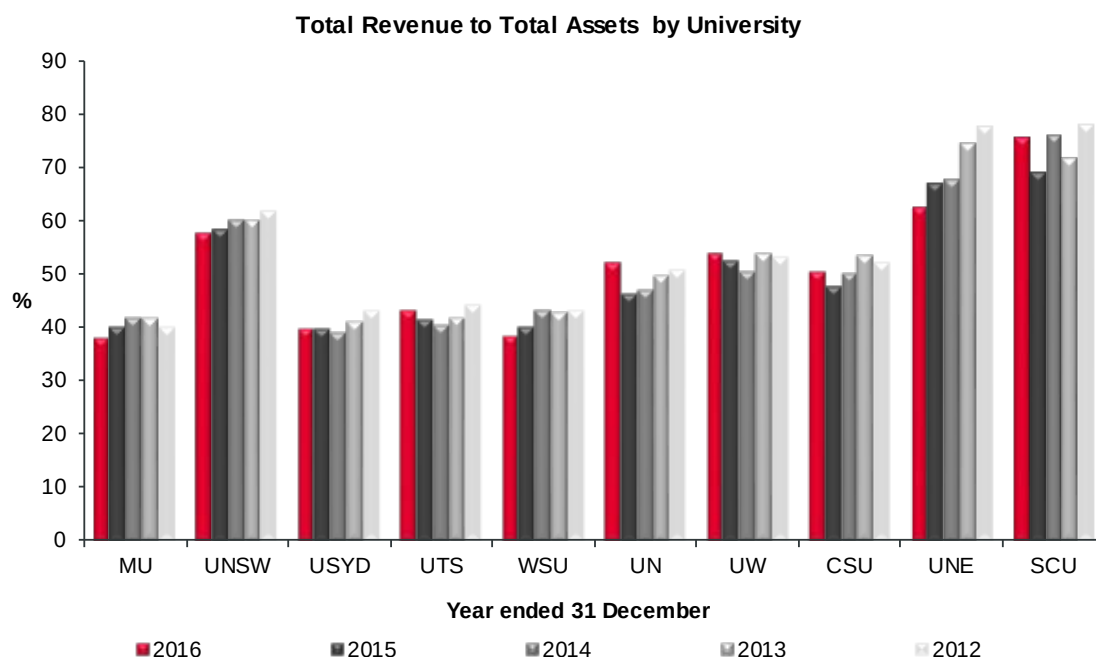
Audit results

No modified audit opinions were issued on the ten NSW universities' 2016 financial statements. No controlled entity's audit opinion was modified in 2016 (one in 2015).

Revenue to total assets

Revenue generated from asset base highest in country universities

A measure of how efficient universities use assets is the amount of revenue the assets generate. The graph below shows the revenue earned as a percentage of total assets.



Note: Total assets excludes Defined Benefits Superannuation Receivable.

Source: University financial statements (audited).

The University of New England and Southern Cross University generated the highest percentage of revenue from their asset bases in 2016. They achieved a return of about 62 per cent and 75 per cent respectively. This was mainly driven by the lower valuation of the asset base in the country area.

Of the Sydney metropolitan universities, the University of New South Wales generated the most revenue from its asset base, with about 58 per cent. Macquarie University and Western Sydney University generated the least revenue, returning about 38 per cent.

Some reasons universities may have a low revenue return on assets include:

- having surplus assets
- new investments in infrastructure prior to optimising usage
- increasing property values in metropolitan areas.

Revenue generated from total assets across all NSW universities was 46 per cent. The fact that some universities record assets at cost and others at fair value should be considered when comparing these ratios. Ordinarily, universities that record their assets at cost should have a higher return of revenue from their asset base.

Rate of increase in operating expenditure compared to operating revenue

Five out of ten universities' operating expenses grew faster than operating revenue

The 'earnings gap' compares the growth in revenue to the growth in operating expenses. A negative earnings gap implies operating revenues may not be sufficient to fund present operations and maintain the existing assets over the medium to longer term. In 2016, combined revenue growth was 1.1 per cent more than combined expenditure growth as shown in the table below.

Combined revenue for all NSW universities increased by 7.8 per cent and was mainly achieved from a \$557.8 million increase in student fee income and \$143.9 million increase in Commonwealth Government grants.

Combined operating expenses for all NSW universities increased by 6.7 per cent. This was primarily due to employee related expenses increasing by \$263.1 million.

Year ended 31 December	Operating revenues			Operating expenses			Earnings gap
	2016 \$m	2015 \$m	Revenue growth rate % ^(a)	2016 \$m	2015 \$m	Expenses growth rate % ^(b)	Positive/ (negative) % ^(a-b)
Sydney metropolitan							
MU	1,015	930	9.1	971	909	6.8	2.3
UNSW	1,912	1,761	8.6	1,766	1,684	4.9	3.7
USYD	2,173	2,041	6.5	2,036	1,881	8.2	(1.7)
UTS	936	827	13.2	863	790	9.3	3.9
WSU	775	756	2.5	740	714	3.6	(1.1)
Sydney metropolitan total	6,811	6,315	7.9	6,376	5,978	6.7	1.2
Major regional							
CSU	555	510	8.8	522	472	10.6	(1.8)
UN	765	718	6.6	681	657	3.7	2.9
UW	731	671	8.9	681	620	9.8	(0.9)
Major regional total	2,051	1,899	8.0	1,884	1,749	7.7	0.3
Country							
UNE	319	325	(1.8)	306	308	(0.6)	(1.2)
SCU	236	199	18.6	219	203	7.9	10.7
Country Total	555	524	5.9	525	511	2.7	3.2
Total	9,417	8,738	7.8	8,785	8,238	6.7	1.1

Source: University financial statements (audited).

Southern Cross University had the highest positive earnings gap result at 10.7 per cent. The result was mainly due to revenue growth, driven by an increase of \$13.4 million in Commonwealth Government Education Investment Fund capital grants and \$11.9 million rise in student income.

Five out of ten universities had a negative earnings gap in 2016. Charles Sturt University had the highest negative earnings gap. Charles Stuart University's revenue increased 8.8 per cent mainly due to student income growth. However, expenses increased 10.6 per cent because of higher contract tuition service expenses, resulting in negative earnings gap of 1.8 per cent. The University of Sydney's negative earnings gap of 1.7 per cent was due to a \$65 million increase in employee related expenses and a \$39 million write down of capitalised project costs.

Operating cost per student

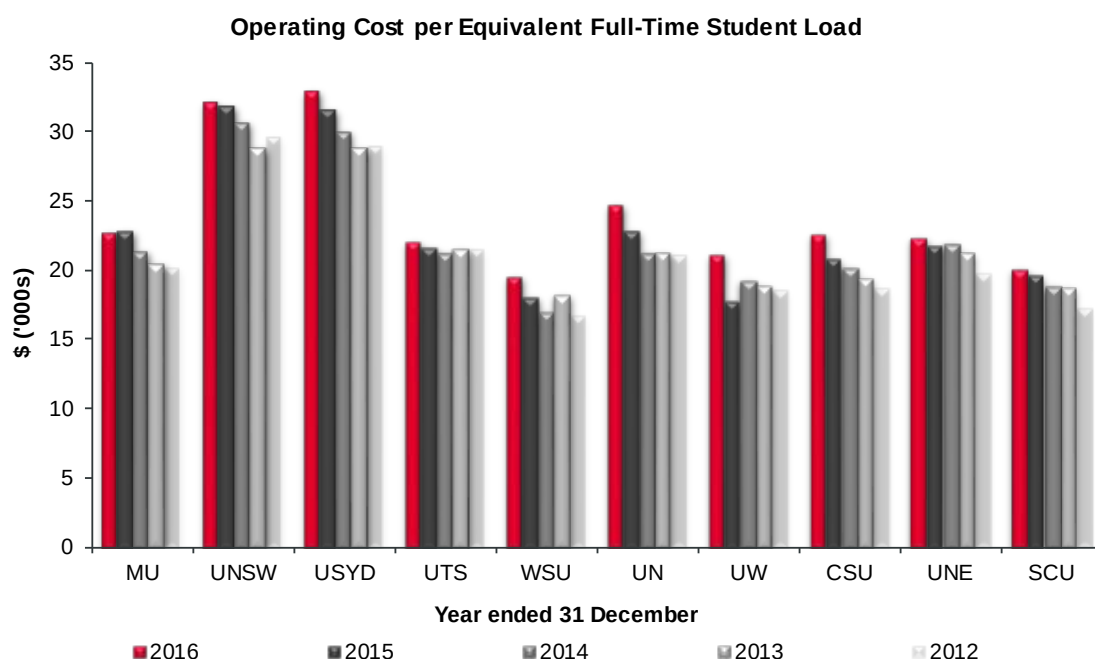
Operating costs per equivalent full-time student load increased in 2016

Managing costs effectively is important for universities to operate sustainably in a competitive environment. In 2016, based on parent entity figures only, NSW universities incurred weighted average operating costs (excluding research expenditure) of \$25,322 (\$24,152 in 2015) for every equivalent full-time student load (EFTSL).

Sydney metropolitan universities had the highest average operating cost per EFTSL at \$26,728 (\$25,991). Country universities had the lowest average operating cost per EFTSL at

\$21,211 (\$20,809). Higher average costs at Sydney metropolitan universities are reflective of the courses offered.

The graph below compares the operating cost per EFTSL for each NSW university.



Operating cost per EFTSL is calculated as total operating costs less research expenditure divided by EFTSL.

Sydney metropolitan universities include: MU, UNSW, USYD, UTS & WSU.

Major regional universities include: CSU, UN & UW.

Country universities include: UNE & SCU.

Source: Universities' audited financial statements; research data provided by the respective universities (unaudited) and student numbers from Department publications.

The overall weighted average operating cost per EFTSL increased 4.8 per cent in 2016. The increase was 2.8 per cent for the Sydney metropolitan universities, 11.1 per cent for the major regional universities, and 1.9 per cent for the country universities.

Sources of revenue

Universities can reduce exposure to financial risk by diversifying revenue sources to different degrees depending on factors such as location, size, perceived standing, facilities and staff profiles.

NSW universities' total combined revenues by source in percentages are shown below.

Year ended 31 December		2016	2015	2014	2013	2012
Five year trend		%	%	%	%	%
Student course fees						
Domestic students		21	22	22	22	21
Overseas students		24	21	19	18	18
Total student course fees	↑	45	43	41	40	39
Australian Government grants	↓	36	37	39	40	42
Other		19	20	20	20	19
Total revenue		100	100	100	100	100

Note: Commonwealth Government grants (operating and capital) do not include Higher Education Loan Programs, such as the Higher Education Contribution Scheme (HECS). These amounts are included in student course fees.

↑ Trend upwards.

↓ Trend downwards.

Source: University financial statements (audited).

NSW universities' combined Commonwealth Government grants, as a proportion of combined revenue, decreased gradually over the past five years.

Commonwealth Government grants increased in 2016

Commonwealth Government grant revenue increased \$144 million in 2016. Commonwealth Government grants (operating and capital) are a major source of revenue for NSW universities. They accounted for 36.0 per cent of revenue in 2016 (37.0 per cent in 2015).

Southern Cross University and the University of New England's Commonwealth Government grants accounted for 49.8 per cent and 49.1 per cent of their total revenues respectively. As funding pressures increase, universities need to supplement Commonwealth Government grant income through other revenue streams and constrain expenditure growth.

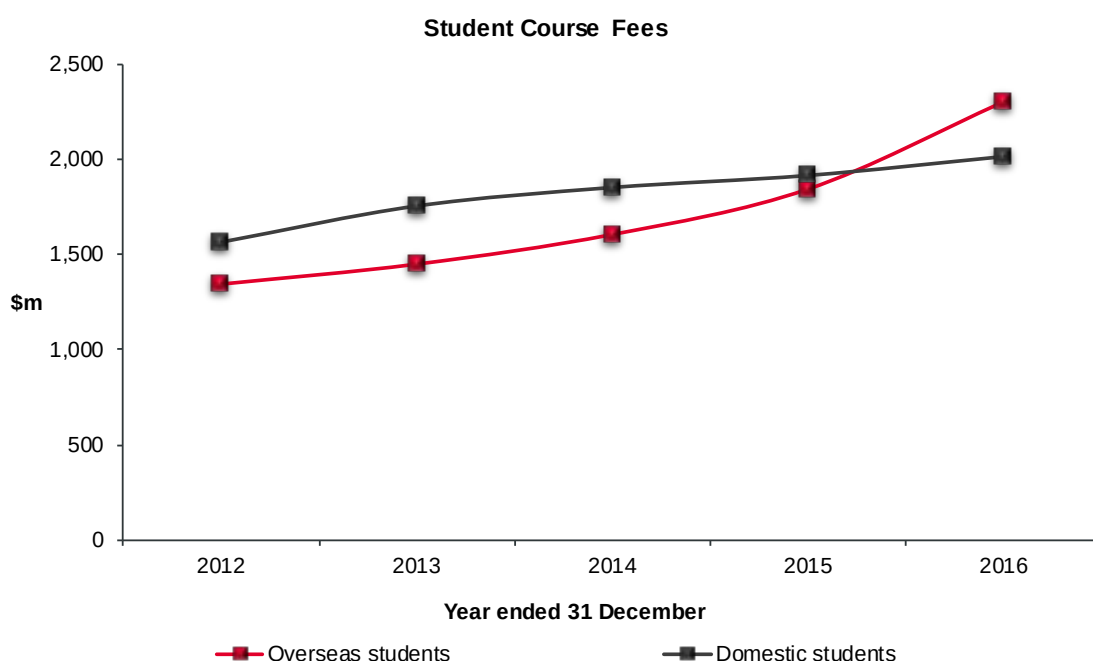
Macquarie University and the University of Technology Sydney had the most balanced and diverse revenue sources. Macquarie University received 24.1 per cent of its revenue from non-core revenue sources and 23.7 per cent from overseas students. The University of Technology Sydney received 32.7 per cent of its revenue from overseas students.

Revenue from overseas student course fees surpassed domestic student fees

Student course fees were a significant source of revenue in 2016, representing 45.8 per cent (42.9 per cent in 2015) of NSW universities' total combined revenues.

The University of Technology Sydney and Charles Sturt University recorded the highest percentage of total revenues from student course fees at 53.1 per cent in 2016 (52.1 per cent) and 47.7 per cent (45.6 per cent) respectively. The University of Newcastle had the lowest percentage at 31.9 per cent in 2016 (31.1 per cent for University of New England).

Student course fees are received directly from students or through Higher Education Loan Programs. Total student course fees for NSW universities from 2012 to 2016 are shown below.



Source: University financial statements (audited).

Total revenue from overseas students surpassed the total revenue from domestic students for the first time in 2016. Revenue from overseas fee-paying students increased \$458 million (24.9 per cent) and has increased 71.4 per cent since 2012. This continued to be a significant revenue stream for universities, representing 24.4 per cent (21.0 per cent in 2015) of total revenues.

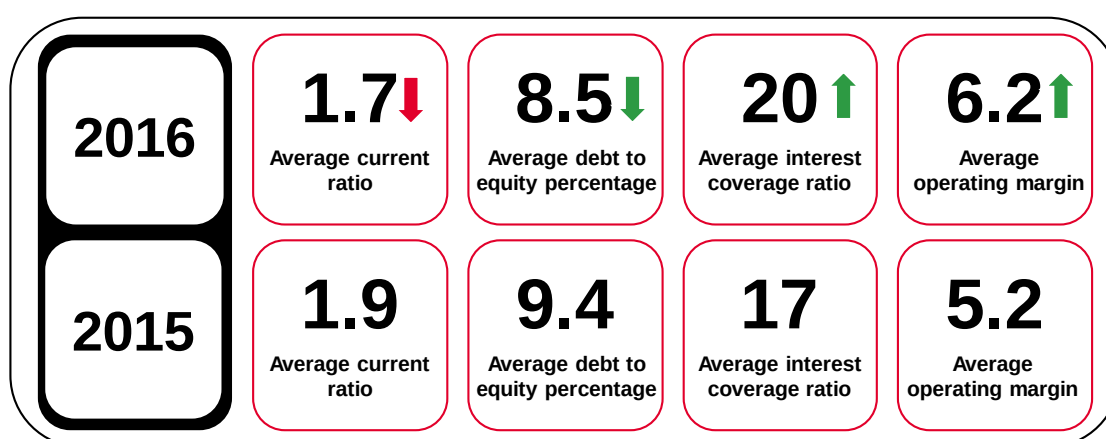
Total revenue from domestic students increased \$99.8 million (5.2 per cent) compared to 2015 and \$453 million (29 per cent) since 2012. In 2016, domestic student course fees represented 21.4 per cent of total university revenues, which has remained relatively consistent over the last four years.

Financial performance

Sustainability indicators

NSW universities' sustainability indicators improved marginally

Universities manage their finances so they can meet current and future spending commitments to provide high quality education, invest in future growth, adapt quickly to emerging threats and remain financially sustainable.



The table below summarises the performance of NSW universities against some commonly accepted sustainability indicators for the year ended 31 December 2016.

Sustainability indicators at 31 December 2016				
University	Current ratio 1.5 - 3.0 ^a	Debt to equity percentage ^b	Interest coverage ratio > 2.0 ^c	Operating margin percentage ^d
Sydney metropolitan				
Macquarie	2.0	17.3	7.2	4.4
New South Wales	1.3	1.5	124.9	7.4
Sydney	1.5	11.5	15.6	6.3
Technology Sydney	1.6	12.2	13.5	7.7
Western Sydney	1.4	9.3	31.8	4.4
Major regional				
Charles Sturt	1.8	3.7	88.5	6.0
Newcastle	0.9	0.0	31.1	9.0
Wollongong	3.7	5.7	22.0	5.8
Country				
New England	4.0	4.7	40.9	3.3
Southern Cross	0.9	5.2	39.4	0.1

- a The Commonwealth Government Department of Education and Training's (the Department) 'Benchmarking: A Manual for Australian Universities' considered a ratio between 1.5 and three as good practice (the manual has been withdrawn by the department).
- b The Department does not provide a debt to equity benchmark. Acceptable debt to equity percentages vary depending on the nature of the entity and industry.
- c Australian Shareholders' Association publication 'The top 15 Financial Ratios' considers a ratio greater than two to be reasonable. The Department does not provide an interest coverage ratio.
- d The operating margin percentage is the operating result as a proportion of income, excluding capital grants.
- Source: University financial statements (audited).

A definition of each sustainability indicator is provided in Appendix Two.

NSW universities recorded an overall operating surplus of \$631 million in 2016. The University of New South Wales had the highest surplus of all NSW universities in 2016 at \$146 million (\$160 million in 2015 for the University of Sydney).

Southern Cross University recorded an operating surplus of \$16.8 million, a significant turn-around from a deficit of \$3.7 million in 2015. This was mainly driven by \$13.4 million increase in Commonwealth Government capital funding for the Education Investment Fund and \$11.9 million rise in overseas students' revenue.

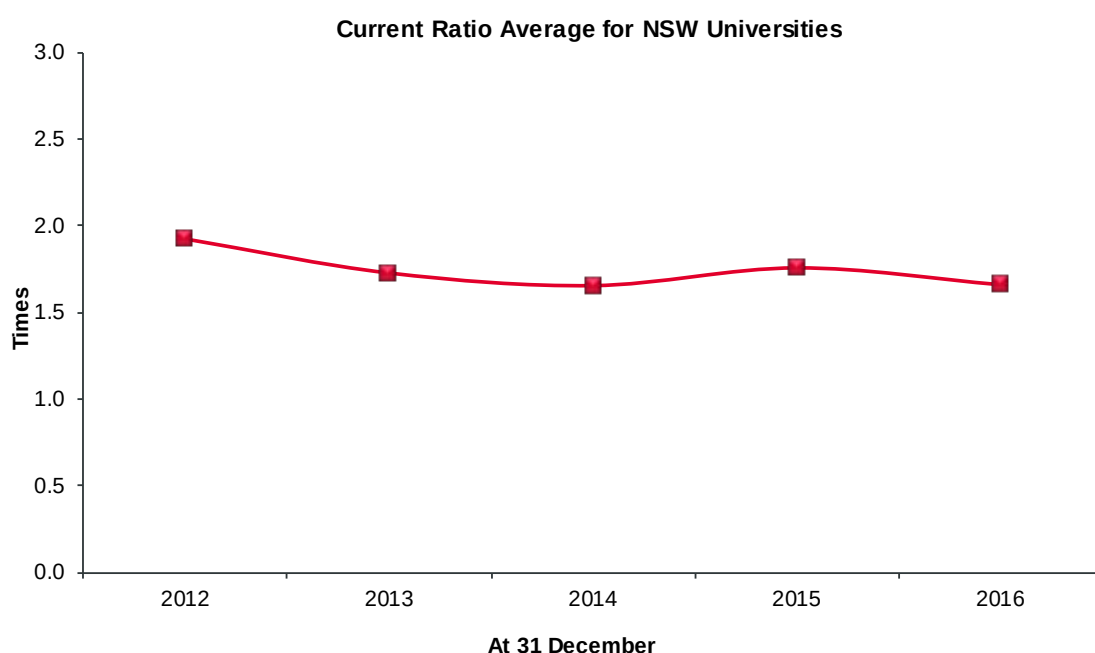
Current ratio

Ability to repay short-term debt is steady

The current ratio measures an entity's ability to repay short-term liabilities. A ratio of less than one suggests sufficient resources may not be available to settle short-term debt obligations when they fall due.

Annual leave and long service leave liabilities expected to be settled more than 12 months after 31 December 2016 are excluded from current liabilities.

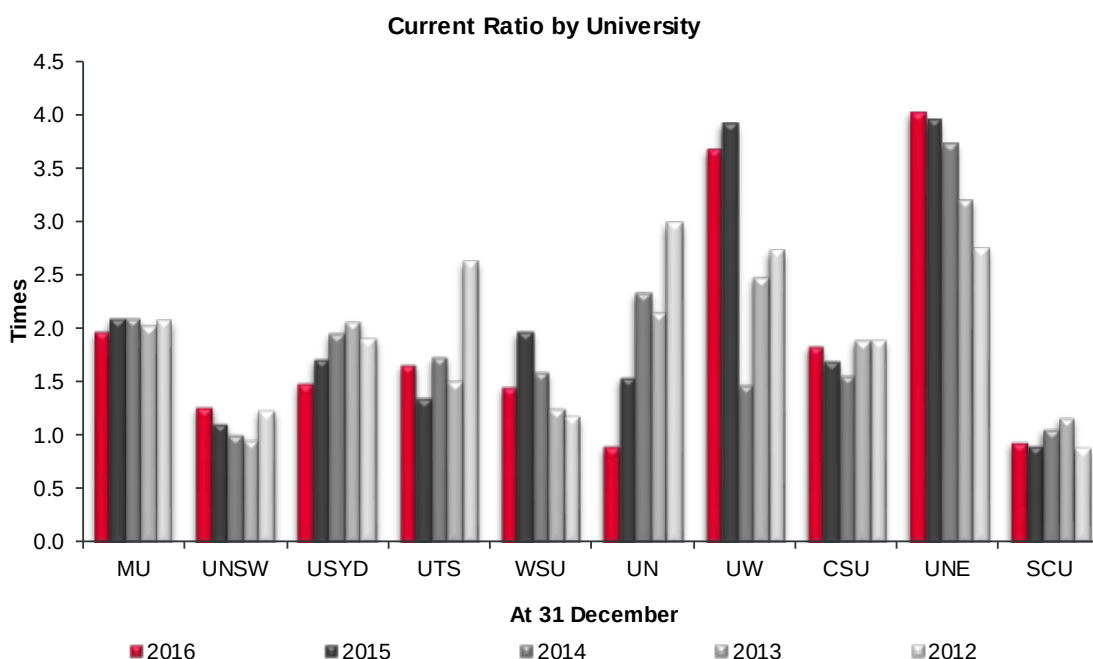
The average current ratio for all NSW universities over the last five years is shown below.



Source: University financial statements, as adjusted (audited).

The average current ratio for the ten NSW universities has remained between 1.6 and 1.9 over the last five years. The Commonwealth Government Department of Education and Training's (the Department) 'Benchmarking: A Manual for Australian Universities' considered a ratio between 1.5 and 3.0 as good practice (the manual has been withdrawn by the Department).

The current ratio for each NSW university over the last five years is shown below.



Source: University financial statements, as adjusted (audited).

At 31 December 2016, four universities (three at 31 December 2015) had current ratios of less than 1.5, and two universities (two at 31 December 2015) more than 3.0.

Southern Cross University and the University of Newcastle both had the lowest ratio of 0.9 in 2016. Whilst a ratio of less than one suggests there may not be sufficient resources to pay short-term obligation, Southern Cross University had access to a \$24.0 million unused bank loan facility at 31 December 2016 to meet any short-term obligation. The University of Newcastle had the ability to liquidate \$268 million of investments intended to be held long-term and access to a \$10.0 million unused bank overdraft facility at 31 December 2016.

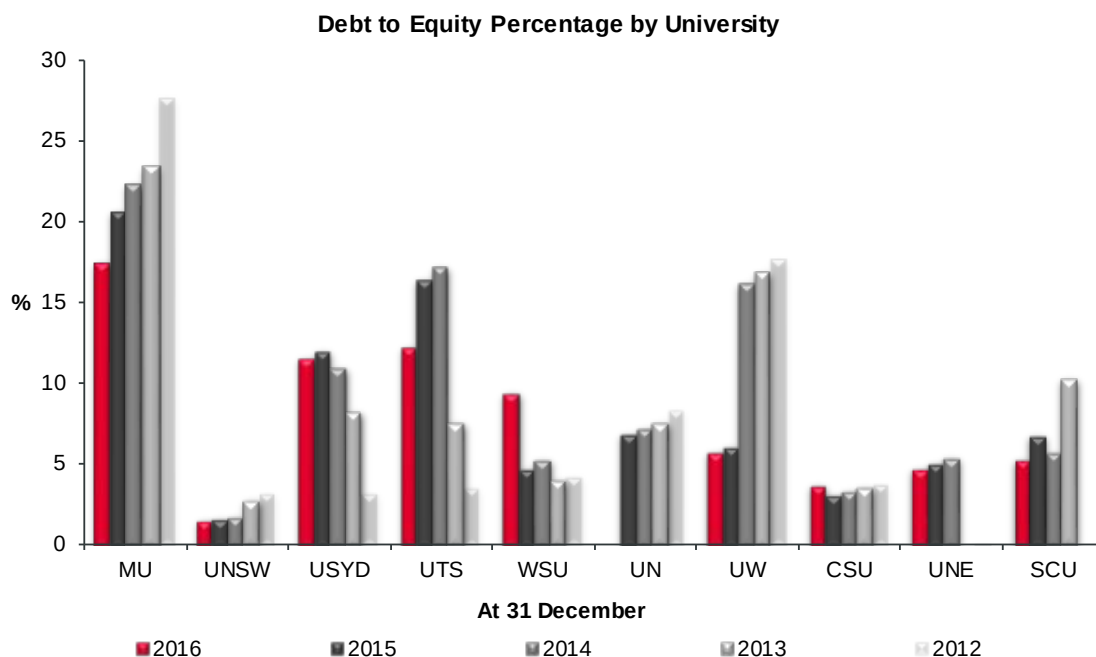
Borrowings

Debt to equity improved marginally

Universities' borrowings totalled \$1.4 billion at 31 December 2016, a decrease of \$41.9 million from 31 December 2015.

The debt to equity percentage indicates whether a university is more reliant on borrowings (debt) or equity (reserves and retained earnings) to fund asset acquisitions and other activities. A higher percentage generally indicates a greater risk exposure to interest rate changes and economic downturns.

The graph below shows the percentage of debt to equity for each NSW university at 31 December over the last five years.



Source: University financial statements (audited).

At 31 December 2016, Macquarie University and the University of Technology Sydney had the highest debt to equity percentages of 17.3 per cent (20.5 per cent at 31 December 2015) and 12.2 per cent (16.3 per cent) respectively.

The University of Technology Sydney's debt to equity of 12.2 per cent reflects the university's borrowing to fund its campus development capital program. Whilst Macquarie University had the highest debt to equity percentage, its average interest coverage rate is improving.

The University of Wollongong and Southern Cross University measure property, plant and equipment assets at cost. The University of Sydney's campus land and building assets are recorded at cost. Other NSW universities measure these assets at fair value. The different accounting treatments impact the debt to equity and operating margin percentage indicators.

Interest coverage ratio is steady

Consistent with NSW universities debt levels over the last five years, the combined interest coverage ratio decreased from 25 times in 2012 to 20 times in 2016.

The University of New South Wales and the Charles Sturt University had the highest interest coverage ratios of 124.9 and 89.0 times respectively, reflecting low levels of borrowings and strong capacity to service debt.

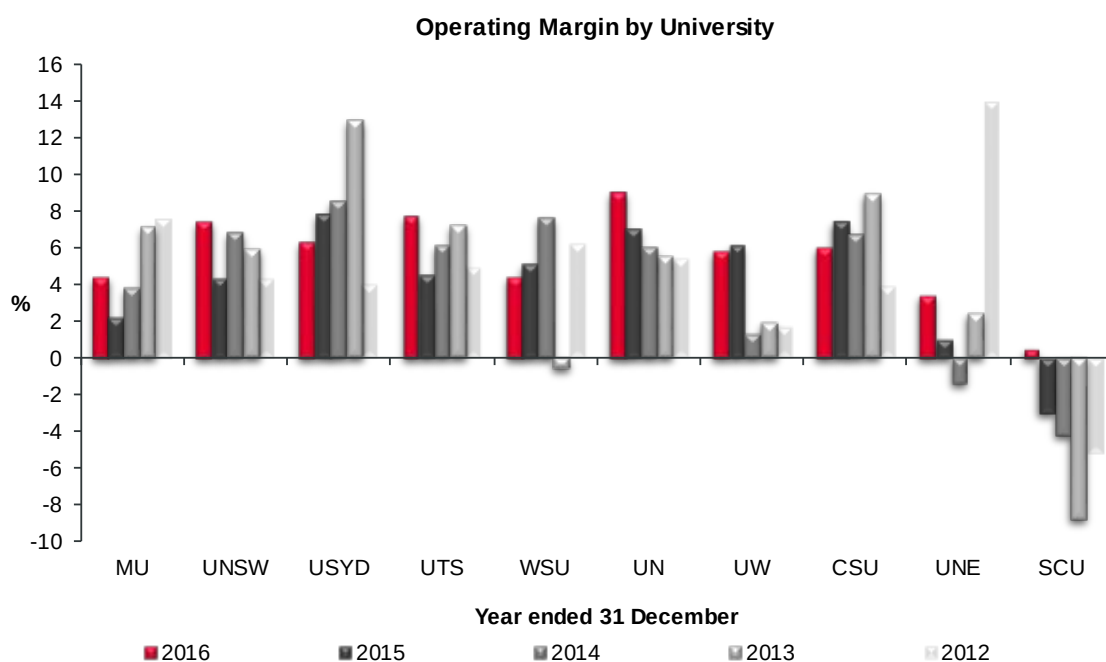
Macquarie University had the lowest interest coverage ratio of 7.2 times, reflecting its higher level of debt compared to other NSW universities.

Operating margin

A university's operating margin is the ratio of its operating result to total income, excluding capital grants. A negative operating margin means an entity's operating expenses are greater than its operating revenues.

The overall average operating margin of all ten NSW universities increased from 5.2 per cent in 2015 to 6.2 per cent in 2016.

The 2016 operating margin for each NSW university is shown below.



Source: University financial statements, as adjusted (audited).

The University of Newcastle recorded the highest operating margin of 9.0 per cent (7.8 per cent in 2015 for University of Sydney) primarily due to a \$24.7 million realised gain on disposal of investments.

Southern Cross University recorded the lowest operating margin of 0.1 per cent (negative 3.0 per cent in 2015). The turnaround was mainly driven by \$11.9 million rise in overseas student's revenue.

Stress testing and scenario analysis

Universities' ability to be financially resilient in the face of uncertainty

The NSW universities' ability to manage their financial resources could be impacted by uncertainties from Commonwealth Government tertiary education reforms. Stress testing and scenario analysis can be useful in ensuring a university's ability to remain financially resilient and respond to different uncertainties such as changes in government policies, concentration risk of overseas students and the impact of technological disruption amongst others.

Universities are addressing the continued downtrend in Commonwealth Government grants by diversifying revenue and stress testing various scenarios to understand and plan appropriate responses.

Controlled entities

Thirty per cent of controlled entities are not financially viable as standalone entities

Thirty per cent of university subsidiaries are not financially viable without the support of the parent university.

University as at 31 December	No of controlled entities	No of controlled entities requiring a letter of support for 31 December 2016
Macquarie University	17	1
University of New South Wales	16	7
University of Sydney	6	5
University of Technology	7	2
Western Sydney University	5	1
University of Newcastle	2	0
University of Wollongong	9	1
Charles Sturt University	2	0
University of New England	6	3
Southern Cross University	1	1
Total	71	21

Source: University and controlled entities' financial statements (audited).

The number of subsidiaries requiring letters of support from their parent highlights the need for universities to focus on improving the financial sustainability of controlled entities.

Financial Controls

Appropriate financial controls help ensure the efficient and effective use of resources and the implementation and administration of university policies. They are essential for quality and timely decision making.

In 2016, our audit teams made the following key observations on the financial controls of NSW universities.

Financial controls	
Observation	Conclusion
Medium and low risk information security issues made up 36 per cent of all issues identified during the 2016 university audits. Most information security issues related to managing access to the universities' financial information systems.	Universities should review the design and effectiveness of their information security controls to ensure intellectual property, staff and students data are adequately protected.
The number of staff with annual leave balances greater than 40 days grew to 1,642 across NSW universities. The proportion of staff with excess annual leave increased slightly to 5.1 per cent in 2016 (4.7 per cent in 2015).	Excessive leave balances expose universities to: - possible work health and safety issues - disruption to service delivery if key employees are absent for lengthy periods to reduce leave balances - undetected employee fraud - increased financial costs as salaries increase.
NSW universities reported backlog maintenance of \$596 million at 31 December 2016 (\$653 million in 2015). The wear and tear of universities' assets as represented by depreciation was \$632 million in 2016 (\$603 million). The amount spent on maintaining assets was \$193 million (\$185 million).	Universities should ensure assets used in service delivery operate safely and reliably over their expected useful lives. To address backlog maintenance, it is important for universities to have asset lifecycle planning strategies that ensure all assets are funded and maintained to a desired service level.

Internal controls

No high risk financial control deficiencies identified

We reported deficiencies in internal controls, matters of governance interest and unresolved issues identified during our audits to management and those charged with governance of NSW universities. We reported these through letters to management, which included our observations, assessment of the implications, our recommendations and risk ratings.

The 2016 audits did not identify high risk issues common across the NSW university sector. Generally, internal controls were working effectively to produce reliable and timely financial reports. However, issues creating moderate or low risk to the financial statements were identified. The table below describes the three most common issues across NSW universities.

Category	Risk Rating at University* and number of issues identified.	Issue Summary
Information security	● Moderate: 16 new, 11 repeat ● Low: 3 new, 6 repeat	Information security issues were identified in all NSW universities. Universities' financial IT systems were exposed to inappropriate access. Moderate risk exposures included weaknesses in password complexity and poor monitoring of privileged users' activities. Low risk exposures related to removal of staff access when their job role changed or when employment at the university ceased.
Policies and procedures	● Moderate: 13 new, 3 repeat ● Low: 14 new, 1 repeat	Seven NSW universities could improve their policies and procedures. Policy and procedures govern the way universities conduct their activities and provide clarity over accountability and responsibility for meeting desired objectives. Our audits identified moderate rated risks from policies and procedures governing: • project management • information security • risk management • controlled entities. Low rated risks included policies and procedures for : • contract management • accounting • asset management • conflicts of interest.
Payroll	● Moderate: 3 new, 2 repeat ● Low: 3 new, 3 repeat	Our audits identified low and moderate rated risks over the management of excess leave balances, staff timesheet approvals and monthly reconciliations. The issues were identified in six universities.

* ● High risk from the consequence and/or likelihood of an event that has had, or may have a negative impact on the entity.

* ● Moderate risk from the consequence and/or likelihood of an event that has had, or may have a negative impact on the entity.

* ● Low risk from the consequence and/or likelihood of an event that has had, or may have a negative impact on the entity.

In 2016, 99 (123 in 2015) management letter recommendations were reported to NSW universities. Of these, 29 (42) were identified in previous audits and had not been fully actioned by management. Some issues take longer to address due to the complexity of the issue and/or resource constraints. Audit and risk committees continue to monitor and advise university management on the implementation of audit recommendations.

The most common repeated audit findings related to weaknesses in information security controls (as detailed below).

Information security

Universities continue to face challenges in managing information security

Recommendation

Universities should review the design and effectiveness of their information security controls to ensure intellectual property, staff and students data are adequately protected.

The 2016 information system audits of universities focused on information technology (IT) processes and controls supporting the integrity, availability and security of financial data used to prepare the financial statements.

The audits identified opportunities to improve information security in password settings and administration of user access. User password settings need to be improved on the financial systems, helping to reduce the risk of data leakage and inappropriate access. Almost half of the issues identified in the 2016 audits were reported in previous years and had not been fully addressed.

With increasing technology disruption and the requirement to protect intellectual property (IP) derived from research, there is a need for cyber-security readiness. Strong information security risk management and controls help prevent cyber security threats. The 2016 Threat Report of the Australian Cyber Security Centre, identified intellectual property as a potential target for cyber criminals. Universities generate a significant amount of intellectual property through their investment of public and commercial funds into research. The report also noted that cyber criminals are using increasingly sophisticated ways to elicit this high value information.

A well-managed and effective IT control environment should:

- have a robust information security management framework
- focus on effectively managing IT security risks during times of change
- ensure financial systems can support critical business processes in a disaster
- regularly review system controls and associated business processes, especially in a changing environment
- define and monitor user accountabilities and responsibilities
- continuously educate users about the emerging techniques employed by cyber criminals.

Source: 2016, Australian Government, Information Security Manual, Controls.

Human resources

Excess annual leave

Managing excess annual leave balances remains a challenge for universities

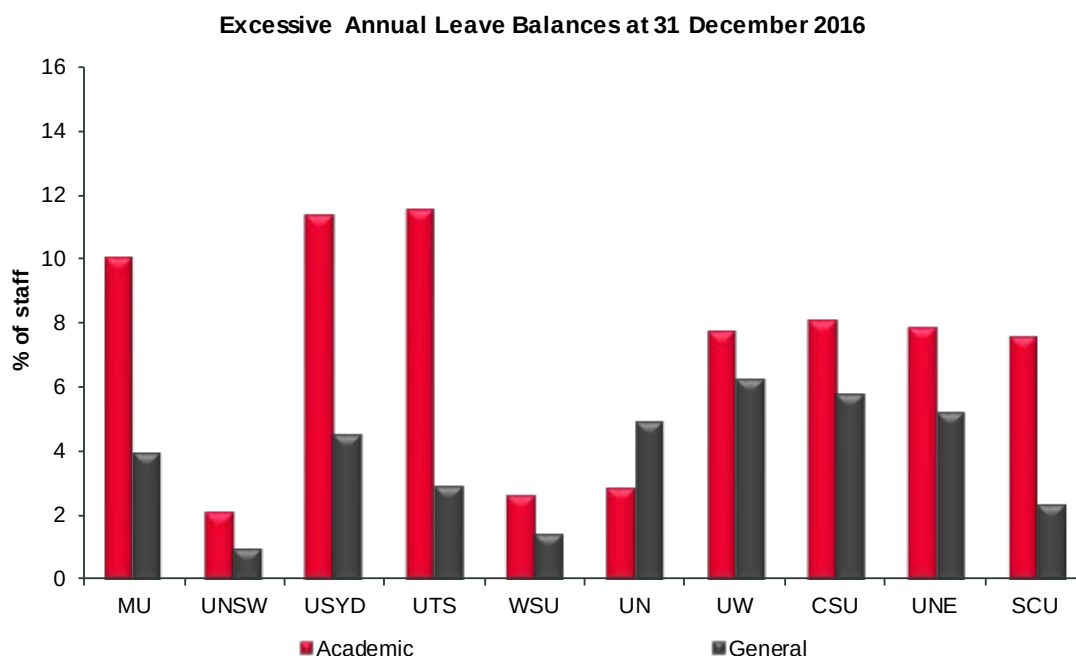
NSW universities are finding it challenging to reduce annual leave balances of employees to suitable levels. The percentage of academic staff with excess annual leave balances increased to 7.2 per cent in 2016 (6.8 per cent in 2015). For general staff, the percentage increased to 3.6 per cent (3.2 per cent in 2015).

The implications of excessive leave balances include:

- possible work health and safety issues
- disruption to service delivery if key employees are absent for lengthy periods to reduce leave balances
- undetected employee fraud
- increased financial costs as salaries increase.

At 31 December 2016, all universities had staff with annual leave balances exceeding 40 days. In total, 1,642 (1,493 in 2015) or 5.1 per cent (4.7 per cent) of all university staff had over 40 days of annual leave.

The graph below shows the percentage of academic and general staff with annual leave balances exceeding 40 days at 31 December 2016 at each university.



Source: Data provided by universities (unaudited).

Asset management

Asset maintenance

Backlog maintenance decreased nine per cent to \$596 million

Conclusion

Universities have an obligation to ensure assets used in service delivery operate safely and reliably over their expected useful lives. For effective management of backlog maintenance, it is important to have asset lifecycle planning strategies that ensure all assets are funded and maintained to a desired service level.

Universities' estimated backlog maintenance decreased nine per cent to \$596 million in 2016 (\$653 million). The University of New South Wales, the University of Sydney and the University of Newcastle had the highest percentages of their asset value with backlog maintenance at 7.6 per cent, 10.6 per cent and 10.6 per cent respectively.

Universities spent \$193 million in 2016 (\$185 million) maintaining their buildings and equipment to ensure the safety of users and to optimise service potential of their investment in these assets.

Wear and tear on universities' assets, as represented by depreciation, was \$632 million in 2016 (\$603 million). This is \$439 million higher than funds spent on maintenance. This difference may be acceptable for newer assets, however the gap between maintenance and depreciation should be carefully monitored for ageing assets. This gap may help universities plan strategies in managing backlog maintenance.

The table below compares depreciation rates and maintenance expense rates across NSW universities. The rates are calculated as a percentage of property plant and equipment excluding land.

	2016 Maintenance expense rate*	2016 Depreciation rate*	2016 Gap	2015 Gap	2016 Backlog maintenance**
University	% (a)	% (b)	% (a-b)	%	\$m
Sydney metropolitan					
Macquarie	1.1	4.2	(3.1)	(3.1)	3.0
New South Wales	1.8	7.4	(5.6)	(5.5)	152.5
Sydney	1.7	5.8	(4.1)	(3.9)	307.0
Technology Sydney	1.1	5.1	(4.0)	(4.3)	18.6
Western Sydney	2.2	3.2	(1.0)	(0.8)	8.5
Major regional					
Charles Sturt	1.0	5.3	(4.3)	(4.1)	1.1
Newcastle	2.6	4.6	(2.0)	(1.5)	95.0
Wollongong	1.5	6.1	(4.6)	(4.6)	5.5
Country					
New England	2.9	6.9	(4.0)	(5.1)	1.5
Southern Cross	1.2	4.4	(3.2)	(3.6)	3.2
Total	1.7	5.4	(3.7)	(3.7)	595.9

* Source: Data sourced from universities' financial statements (audited).

** Source: Data sourced from universities (unaudited).

The University of New South Wales and the University of Wollongong have the two largest gaps between the maintenance expense and depreciation rates in 2016. While this correlation could be attributed to the age of their properties, it is important to address the backlog to ensure the safety of users and longevity of the assets economic life.

Backlog maintenance estimates for some universities could vary significantly depending on the assumptions used, the quality and timing of condition assessments and the robustness of the systems used to capture information. Most universities adopted recommendations in previous Auditor-General reports to design and implement systems that provide more reliable backlog maintenance information.

Governance

Governance refers to the high-level frameworks, processes and behaviours that ensure universities meet their intended purpose, conform with legislative requirements, and meet expectations of probity, accountability and transparency.

This chapter outlines audit findings on the governance of NSW universities and their controlled entities.

Governance	
Observation	Conclusion
All NSW universities have project risk governance programs in place. However, there are opportunities to improve.	NSW universities can get more value from project risk governance through better change management processes, setting and monitoring project benefit indicators, and sharing key lessons learnt throughout the project timeline.
Six NSW universities have designed enterprise wide risk management structures to align individual business unit's objectives to the overall strategic goals of the university. This mitigates the risk of faculties operating in silos. Faculties operating in silos can experience diminished service quality through duplication of activities and reduced alignment with overall strategic objectives of the university.	Fully implemented risk management processes can break down silos by embedding risk management in decision-making and ensuring all initiatives support the strategic direction of the University.
Universities take a reactive approach when reporting student complaints and grievances to those charged with governance. Reporting tends to be on a case by case basis and considered in isolation to observable themes that may expose the university to reputational risks.	Reputational risks to the university can be addressed when observable themes in the complaint and grievance processes are promptly escalated to those charged with governance. This would create an open and transparent culture and promote a positive student experience.
Not all universities strategic risks are clearly aligned to their strategic priorities. The strategic risks of controlled entities were not always included in the university's strategic risk registers.	Linking strategic risks to strategic priorities would ensure all uncertainties impacting universities' strategic objectives are captured. The inclusion of controlled entities' risk management processes under the University's Enterprise Risk Management Framework would ensure their strategic risks are adequately captured.
Three NSW universities do not have a compliance management framework to manage their diverse compliance and legislative obligations.	A fit-for-purpose centralised compliance process would ensure legislative requirements are up to date and emerging compliance risks are promptly escalated and dealt with.

Project risk governance

Projects governance capabilities in NSW universities is improving

We reviewed ten projects valued at \$0.5 billion across all NSW universities, examining governance arrangements over the project lifecycle comprising:

- project planning
- project execution
- monitoring and review
- culture.

Our review identified strengths and opportunities for improvement as detailed below:

Project Risk Governance Assessment	
Strengths	Opportunities for improvement
Project Planning	
Project goals were aligned with the university's strategic goals, and were supported by an approved business case.	Making sure business cases contain specific short term and long term benefits which align with the University's strategic priorities. Establishing a clear policy to clarify when a project requires a business case.
There is a defined process to assess emerging issues arising during the project period, including an impact assessment on the project's objective.	Project risk identification and mitigation strategies are not always captured and clearly defined upfront.
A project governance structure is in place.	Formally documenting project roles and responsibilities in the project plan / business case. Documentation of change management plans.
Project execution	
Established risk reporting structure for risk communication and escalation was defined.	Ensure the project risk register identifies, monitors and reports on project risks and link to the strategic risk register.
Processes to identify and approve changes to project budgets and scope are clearly defined.	Project outcomes are measured against the approved business case. Ensure independent quality / probity reviews are conducted.
A scheduling process to monitor progress of key milestones including a critical path analysis was evident.	
Monitoring and review	
Steering Committee receives project status update from the project team regularly.	Capturing lessons learnt and key learnings during the project lifecycle to apply to other projects.
Escalation and reporting processes are clearly defined for times when risks become issues.	Defining a project handover process to the end-user, also covering sub-contractors. Develop a process of regular updates and review of the business case to ensure desired outcomes are achieved. Define project closure process.

Project Risk Governance Assessment	
Strengths	Opportunities for improvement
Culture	
Project sponsor and steering committee actively seek out unexpected events and emerging risks.	Discussion on overall attitude of risk culture with the risk management and internal audit teams should be formalised.
Watching briefs on project risks are presented at regular project meetings.	
Awareness of project to encourage open and transparent escalation of concerns on time.	

Effective risk management breaks down silos

Silos create artificial boundaries between faculties and may result in duplication of efforts, wasted resources and jeopardise achievement of the University's overall goals.

Over the last two years, we assessed and reported the risk management maturity of all universities. Our findings indicate that most universities have designed enterprise wide risk management structures that align faculty objectives to the university's strategic goals. When risk management reaches optimal maturity, and is embedded in decision-making, it would foster cross-function collaboration to ensure all initiatives support the university's strategies, and therefore breaking down the silos.

Some methods for universities to break down silos include:

- bringing people together across functions, levels and geographical locations to solve problems and make decisions by promoting collaboration within the University
- a rigorous risk management process to ensure all projects, programs and initiatives throughout the university are assessed against a unified vision
- improving governance arrangements by identifying the root cause creating the silo mentality to ensure appropriate solutions are designed to improve the culture
- developing an incentive structure for executives and management who successfully establish common goals and promote collaboration.

Research integrity and ethics

Research integrity includes honesty in research, excellence in research practice, transparency, open communication and a duty of care towards research subjects. Research ethics involves analysis of ethical issues facing research participants. A Research Ethics framework or policy supports the university community's efforts to act ethically and in the public interest.

Good research integrity and ethics include:

- providing guidelines on responsible conduct of research including the code of conduct and complaints handling procedures
- publishing a research ethics and integrity commitment statement
- dedicating an ethics committee to protect participants and obtain relevant approvals
- Reporting research integrity issues to those charged with governance. Integrity issues include; research misconduct, plagiarism and other research practices that undermine research outcomes.
- Promoting open and transparent communication of issues across the University. This would encourage awareness and highlight the impact and consequences of breaching research integrity and ethics.

The Audit Office Governance Lighthouse includes ethics as a key component of good governance. It also includes guidance on ethics which is based on 'Principle 3: Acting Ethically and Responsibly', issued under the governance principles of the Australian Securities Exchange (ASX). Universities can refer to this guidance when considering broad ethical requirements on our website at www.audit.nsw.gov.au/publications/better-practice-guides.

Culture

Student complaint and grievance handling procedures are a mechanism to promote a positive culture within a university. In the university context, risk culture is the shared perception and values among staff and students that define desired attitudes and behaviours.

Student complaints and grievances are particularly important as they weigh on a University's reputation and the potential of negative media coverage.

A well-managed student complaint and grievance mechanism should:

- clearly define student complaints procedures covering complaint reporting, resolution and appeal processes
- analyse student complaints and grievances by themes
- develop a strategy to address the issues
- report to the council on issues and themes to help assess emerging risks, promote positive students' experience and create an open and transparent culture at the university.

Strategic risks across NSW universities

Most NSW universities maintain a risk register that articulates risks associated with their business focus and long term strategies. The risk mitigation strategies, and measures of performance are monitored through metrics and reported to those charged with governance.

Five common strategic risks from across NSW universities are summarised below. All universities include the potential impact of government policy change as one of their key risks.

Top 5 strategic risks across NSW universities

- Potential impact of government policy changes
- Technology disruption impacting competitive advantage and delivering industry relevant offerings
- Market for international students increasingly competitive
- Future financial sustainability
- Investment in research not providing the desired outcomes and excellence.

Universities' strategic risks were broadly aligned to their strategic priorities. However, the link between some universities' strategic risks to their strategic priorities was not clear. For example, some universities reported that driving research quality and excellence was one of their strategic priorities, but they had no reference to it in their strategic risk registers. Another example was a focus on academic excellence and student centricity, with no associated risks appearing in the strategic risk register.

Strategic risks of controlled entities were not consistently elevated to the respective university's strategic risk register. The inclusion of controlled entities' risk management processes under the University's Enterprise Risk Management Framework would ensure their strategic risks are adequately captured and reported.

Compliance management

Effective compliance management is a key component of the overall governance framework. It is broader than just ensuring legal obligations to regulatory bodies are met. It includes compliance with the internal code of practice and policies to meet contractual obligations.

Seven universities have a documented compliance management framework and compliance registers at divisional levels.

Some areas for improvement include:

- maintaining an integrated centralised compliance register
- updating compliance issues on a regular basis
- notifying any changes in legislation and compliance issues to those charged with governance.

Recommendation

NSW universities should have systems to capture all compliance issues. This includes developing processes to regularly update changes for all relevant legislative and other compliance requirements.

Teaching and Research

Teaching and research are core activities of universities. The quality of teaching is a key driver for growth and attracting students. Through research, universities contribute to economic growth, lead innovation and improve their global rankings.

This chapter reports on teaching and research in NSW universities for 2016.

Teaching and research	
Observation	Conclusion
Teaching income was applied to fund research in all NSW universities. Research expenditure consistently exceeded research income.	NSW universities need to design an appropriate process to capture all direct and indirect costs associated with research activities and determine a funding mechanism for any deficit. This could reduce any risks of teaching income being diverted to fund research activities.
The proportion of overseas students increased to 24.8 per cent in 2016 (23.1 per cent in 2015). Revenue generated from international students increased by \$458 million to \$2.3 billion in 2016.	There is a regional concentration risk to future revenues from overseas students. Some NSW universities' business models depend on international students' intake to be financially sustainable. These universities manage concentration risk by increasing focus on diversity of geographical location sources of overseas students.
The Department of Employment published data on skills shortages in NSW in 2016. NSW universities course enrolments are not aligned with the published skills shortage.	Aligning students' enrolment with the fields of skill shortages within the State would ensure funds are directed to educate graduates that can be employed.
NSW universities' research income increased to \$1.1 billion in 2015 (the most recent available data). Research income from industry and other sources increased to \$360 million in 2015 (\$311 million in 2014).	Measuring the impact of research is challenging. An increase in funding from industry to university research could be considered an indicator of research output benefits.

Teaching income

Teaching and other income subsidise research shortfalls

NSW universities' data from 2014 to 2016 indicates research expenditure consistently exceeded research revenue. The method of allocating indirect costs of research varies across universities making it difficult for comparison. Whilst revenue can be reliably allocated to teaching and research, allocating indirect expenditure is more difficult. When universities apply teaching income to subsidise research, students' experience may be impacted.

Universities need to design an appropriate process to capture and track all direct and indirect costs associated with research activities and determine appropriate funding mechanism for the deficits. This could reduce any risk of diverting teaching income to fund research activities.

Overseas student enrolments continue to rise

The number of full time students increased by 7,216 (2.7 per cent) in 2016. Full time students are measured as equivalent full-time student load (EFTSL) which includes part-time students.

Total EFTSL numbers and percentage of overseas students over three years is shown in the table below.

University	Total students (EFTSL)				Proportion of overseas students (%)			
Year ended 31 December	Three year trend	2016	2015	2014	Three year trend	2016	2015	2014
Sydney metropolitan								
Macquarie	↑	31,320	28,827	28,691	↑	24.3	21.7	24.0
New South Wales	↑	41,842	40,156	39,597	↑	31.8	28.3	26.8
Sydney	↑	47,706	45,054	43,265	↑	33.5	28.4	25.4
Technology Sydney	↑	31,604	29,355	27,747	↑	28.7	28.6	27.4
Western Sydney**	~	33,293	33,668	32,912	↑	10.8	9.9	10.0
Sydney metropolitan total	↑	185,765	177,060	172,212	↑	26.7	23.8	22.9
Major regional								
Charles Sturt	~	22,538	21,954	22,018	↑	22.7	20.8	19.0
Newcastle	↓	23,518	24,501	25,582	↓	14.0	15.1	15.9
Wollongong	↓	22,259	23,745	23,502	↓	33.6	39.3	39.2
Major regional total	↓	68,315	70,200	71,102	~	23.2	25.1	24.6
Country								
New England	~	11,459	11,678	11,659	↑	6.7	5.9	5.8
Southern Cross	↑	9,750	9,135	9,148	↑	20.3	17.4	15.1
Country total	↑	21,209	20,813	20,807	↑	13.0	10.9	9.9
Total*	↑	275,289	268,073	264,121	↑	24.8	23.1	22.3

* Student numbers in the table are for universities excluding controlled entities unless otherwise stated.

** Includes WSU The College.

Key: ↑ Trending upwards, ↓ Trending downwards, ~ No trend.

Source: Department publications (except for 2016, which was sourced from universities).

Total EFTSL increased by 11,168 since 2014. Overseas EFTSL increased by 15.9 per cent over the same period.

Sydney metropolitan universities had the highest proportion of overseas EFTSL at 26.7 per cent in 2016, an increase of 10,234 overseas students since 2014. University of Sydney and the University of NSW overseas EFTSL grew by 45.8 per cent and 25.3 per cent respectively. Over that same period, their domestic EFTSL decreased 1.8 per cent and 1.5 per cent respectively.

The increasing number of overseas students can have significant financial benefits to a university. However, there are associated risks, including pressure on capacity constraints and the need to maintain teaching quality. There is also a concentration risk from reliance on overseas students from the same geographical location in the event of an economic downturn from that region.

Student enrolments

Students' course enrolment not aligned with skills shortages

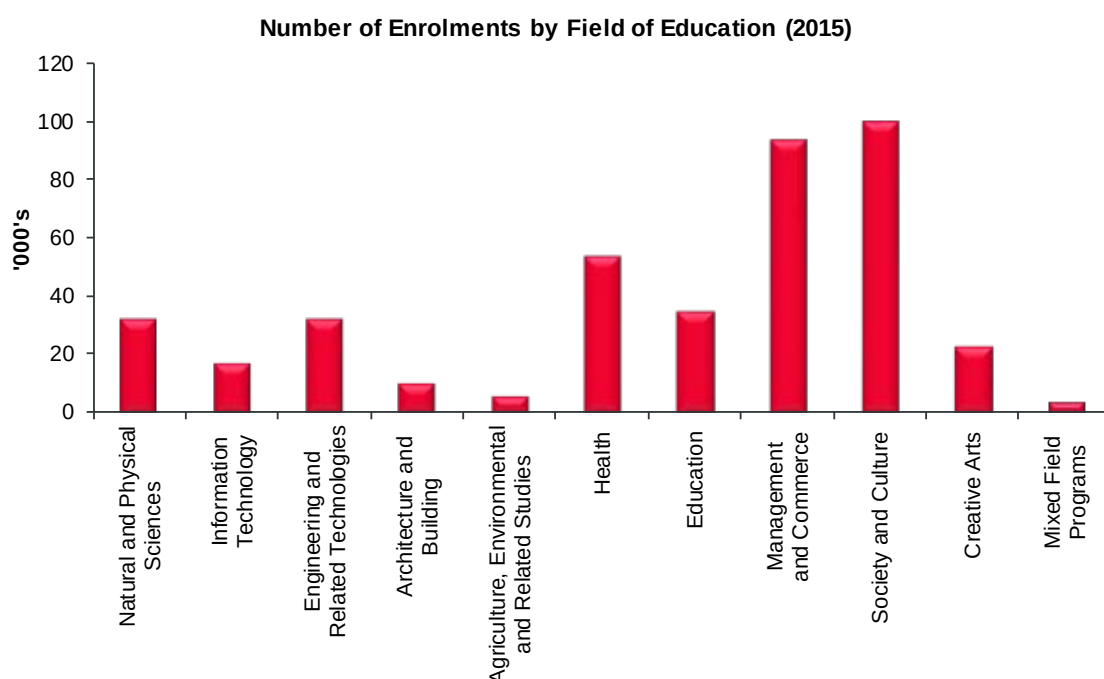
In 2016, the Commonwealth Department of Employment (Department) published data showing occupations, assessed specifically for New South Wales, where shortages or some recruitment difficulty were evident. These include:

- health and welfare support workers
- ICT professionals
- health professionals
- design, engineering, science and transport professionals.

Courses with the highest proportion of enrolled students such as creative arts, society and culture do not mirror the skills shortage requirements in NSW for health, ICT and engineering. Aligning students' enrolment with the fields of skill shortages within the State would ensure funds are directed to educate graduates that can be employed.

Society and Culture, Management and Commerce had the highest enrolments

The graph below shows the breakdown of total students enrolled in NSW universities split by course category in 2015 (based on the latest information published by the Department).



Source: Data analysed from Department publications.

The following course categories had the highest proportions of enrolled students in 2015:

- society and culture (24.6 per cent)
- management and commerce (23.1 per cent)
- health (13.2 per cent)
- education (8.6 per cent).

Students' experience

Three NSW universities have student to academic ratios below the national averages

Ensuring students receive a positive educational experience is an important purpose and responsibility of Australia's universities. There are several factors that contribute to students' experience in universities including the number of students per class, teaching quality, learning resources and student support.

The table below shows each NSW university's student to academic ratio from the Department of Education data.

University	Student academic ratio			Three year trend
Year ended	2015	2014	2013	
Sydney metropolitan				
Macquarie	38.0	38.0	38.6	~
New South Wales	20.0	19.4	21.9	↓
Sydney	24.0	23.7	23.5	~
Technology Sydney	36.5	35.4	34.1	↑
Western Sydney	35.0	39.5	39.4	↓
Sydney metropolitan average	30.7	31.2	31.5	~
Major regional				
Charles Sturt	31.8	28.0	26.0	↑
Newcastle	31.5	32.5	32.3	~
Wollongong*	32.0	32.5	33.3	↓
Major regional average	31.8	31.0	30.5	↑
Country				
New England	27.3	27.8	28.0	~
Southern Cross	35.7	35.5	32.9	↑
Country average	31.5	31.6	30.4	↑
NSW average	31.2	31.2	31.0	~
National average	29.3	29.1	28.2	↑

↑ Trending upwards >1, ↓ Trending downwards >1, ~ No trend <1.

* Student (EFTSL) includes overseas students taught through partnership programs with largely no corresponding FTE academics.

Source: Department publications (excludes research only staff) unaudited.

For 2015, the latest information published by the Department, the average student to academic ratio across all NSW universities was 31.2. The three-year trend shows the student to academic ratio was stable in the Sydney metropolitan and increased in major regional and country areas. Only three universities in NSW had ratios below the national average in 2015 (four in 2014).

A lower student to academic ratio may indicate a better teaching experience. Some universities believe this ratio is misleading because it does not consider other factors such as distance learning. The information in this report should be considered in this context.

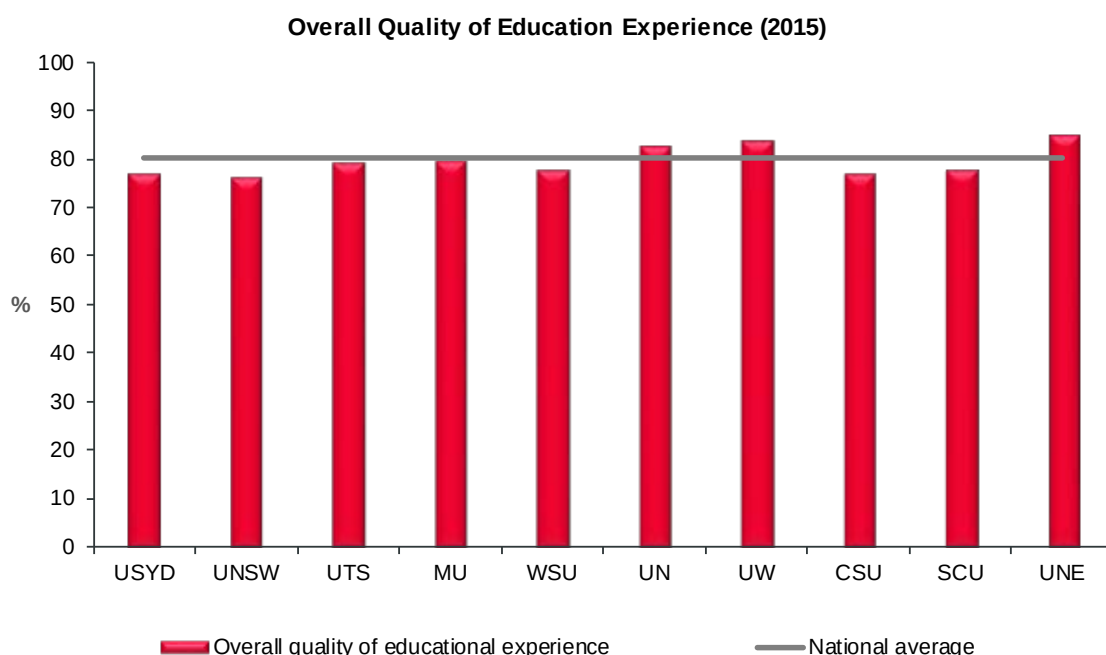
Three universities scored above the national average for student experience

In February 2016, the 2015 Quality Indicators for Learning and Teaching (QILT) released the survey results of about 145,000 Australian university students. QILT's survey measures the overall student satisfaction in six areas:

- overall quality of educational experience
- teaching quality
- learner engagement
- learning resources
- student support
- skills development.

The information collected helps universities and the Government improve teaching and learning outcomes, while reporting on multiple facets of the student experience. QILT noted that care should be taken when interpreting survey results as the accuracy varies based on the number of students completing the survey.

The overall result for each NSW university and the national average are shown below.



Source: 2015 Student Experience Survey National Report.

Three out of five universities located outside of the major metropolitan areas achieved results above national averages of 80.1 per cent in the QILT survey. They include the University of New England (84.8 per cent), the University of Wollongong (83.9 per cent) and the University of Newcastle (82.6 per cent).

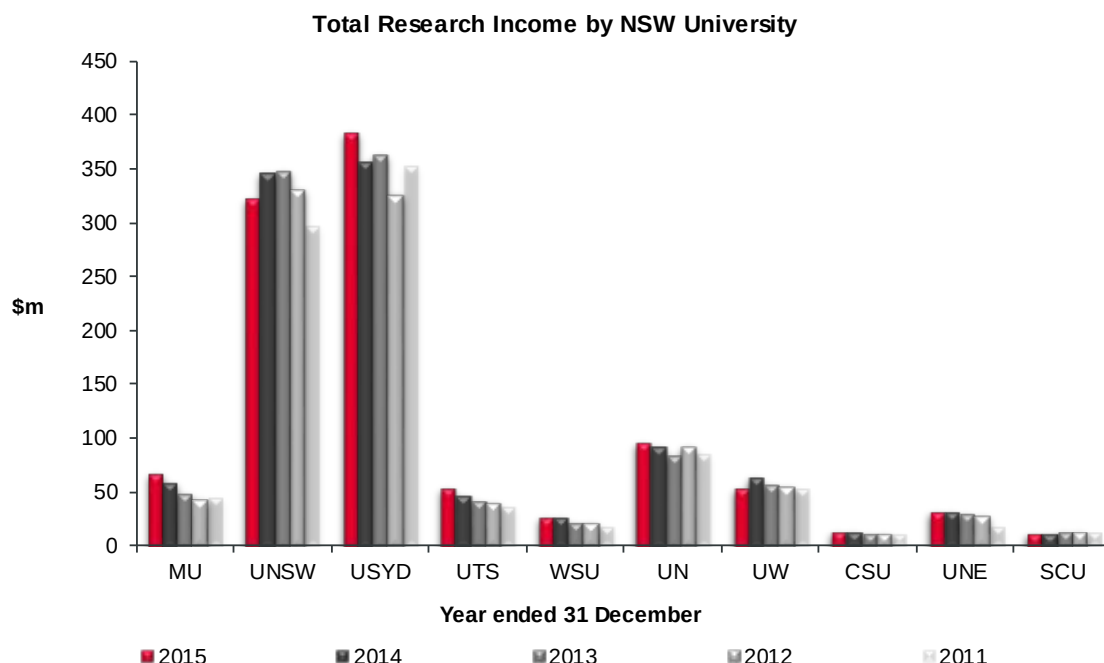
Other universities scoring above the national average were Macquarie University for teaching quality (82.2 per cent), Charles Sturt University and Southern Cross University for student support (74.1 per cent and 77.3 per cent respectively).

Research income

NSW universities' research income increased to \$1.1 billion in 2015

Most universities' research income is from Commonwealth Government grants. Each year, NSW universities provide the Department with research income data. The data is used to assess university research performance and determine the allocation of Commonwealth Government Research Block Grants. These grants reward universities for their success in obtaining non-government grants to support further research.

The graph below shows total research income received by NSW universities from 2011 to 2015. Research income data from the Department for 2016 was unavailable at the time of preparing this report.



Source: Data analysed from Department publications 2011–15.

Research income received by NSW universities increased to \$1.1 billion in 2015, an increase of 13.5 per cent over five years. The proportion of research income for each university remained relatively consistent over that period.

The University of Sydney and the University of New South Wales continue to be the top two recipients, receiving 36.1 per cent and 30.4 per cent of total research income respectively. Most came from Commonwealth Government competitive grants, other public sector sources and industry research grant funding.

In 2017, \$1.9 billion (\$1.8 billion in 2016) in block grants will be provided to eligible Australian higher education providers by the Commonwealth Government. NSW universities will receive \$557 million or 29.3 per cent of Commonwealth Government block grants.

Measuring research impact

Industry research income is a measure of research success

Measuring and assessing the impact of research on the economy and the society in general is difficult. The Commonwealth Government supports research as a key contributor towards improving Australia's productivity over the long term.

Research income generated by universities is a performance measure used by the Commonwealth Government to calculate various performance based research funding allocations.

A measure of research impact is the ability of universities to attract non-government research funding. Attracting non-government research funding is influenced by demonstrating how research is transferred into beneficial outcomes for industry.

The table below shows total research income from industry and other sources (non-government) over three years for each university.

University	Total research income from industry and other sources		
Year ended 31 December	2015	2014	2013
Sydney metro			
Macquarie	16,962	14,869	11,717
New South Wales	79,925	92,865	80,060
Sydney	163,535	117,413	122,645
Technology Sydney	20,487	15,345	13,578
Western Sydney	9,174	5,466	4,726
Sydney metro total	290,083	245,958	232,726
Major regional			
Charles Sturt	4,227	3,436	3,332
Newcastle	35,991	29,686	24,696
Wollongong	16,502	19,509	15,714
Major regional total	56,720	52,631	43,742
Country			
New England	8,044	7,161	7,753
Southern Cross	5,183	4,999	4,303
Country total	13,227	12,160	12,056
Total	360,030	310,749	288,524

Note: Other sources include funding from contracts, grants, donations, bequests, domestic and international higher degree research (HDR) fees, international competitive and peer-reviewed research income.

Source: Higher Education Research Data Collection (HERDC) Return: Category 3 Industry and other funding research (audited).

The University of Sydney and University of New South Wales attracted the most funds from industry and other sources. University of Newcastle attracted the most industry research fund in NSW outside of the Sydney metropolitan universities.

University world rankings

Overall, NSW university world rankings have improved

World university rankings, such as the Times Higher Education and QS World University rankings are another way the quality of research can be assessed. Both organisations consider research in their overall rating with 60 per cent of the Times Higher Education World University Ranking and 20 per cent of the QS World University Ranking tied to research.

The ratings for each NSW university for 2015–16 and 2016–17 are shown below (lower rankings are better).

University	Times higher education world university ranking			QS world university ranking		
	Movement	Ranking 2016–17	Ranking 2015–16	Movement	Ranking 2016–17	Ranking 2015–16
Sydney	↓	60	56	↓	46	45
New South Wales	↑	78	82	↓	49	46
Technology Sydney	~	201-250	201-250	↑	193	218
Newcastle	↑	201-250	251-300	↑	245	256
Wollongong	~	251-300	251-300	↑	218	243
Macquarie	↑	251-300	301-350	↓	247	229
Western Sydney	~	401-500	401-500	↑	551-600	651-700
New England	na	nr	nr	↓	701+	651-700
Charles Sturt	na	nr	nr	~	701+	701+
Southern Cross	↓	501-600	500	na	nr	nr

↑ Better, ↓ Worse, ~ No change, nr not rated, na Movement not applicable.

Source: QS World University Rankings and Times Higher Education World University Rankings for 2015–16 and 2016–17.

Overall, NSW universities world rankings have remained relatively consistent. The University of Newcastle's overall world ranking improved in both the Times Higher Education and QS World Ranking surveys in 2016–17.

Rankings calculated by QS and Times Higher weight the following factors:

- teaching (the learning environment) 30 per cent
- research (volume, income and reputation) 30 per cent
- citations (research influence) 30 per cent
- international outlook (staff, students, research) 7.5 per cent
- industry income (knowledge transfer) 2.5 per cent.

It is important to note that weighting is given to factors such as reputation which is highly subjective and hard to measure.

Section Two

Appendices



Appendix One – Financial Audit Reporting

Aggregated results of operations, financial positions and performance indicators

The aggregated tables in this appendix give the consolidated results of operations, financial positions and performance indicators for NSW universities.

Australian Accounting Standards require entities to report certain liabilities as current liabilities irrespective of when they are expected to be settled. Consequently, annual leave and long service leave liabilities expected to be settled more than 12 months after the reporting date are excluded for the purposes of calculating current ratios.

University information

Sydney metropolitan						
University	Macquarie		New South Wales		Sydney	
	2016	2015	2016	2015	2016	2015
	\$m	\$m	\$m	\$m	\$m	\$m
Abridged combined statement of comprehensive income (year ended 31 December)						
Australian Government grants	283	257	703	699	710	706
Higher Education Contribution Scheme	192	179	204	204	261	260
Fees and charges	296	255	759	629	752	608
Other	244	239	246	229	450	467
Total revenue	1,015	930	1,912	1,761	2,173	2,041
Employee benefits and on-costs	548	520	1,007	959	1,132	1,066
Depreciation and amortisation	73	64	156	144	188	174
Other	350	325	603	581	716	641
Total expenses	971	909	1,766	1,684	2,036	1,881
Surplus	44	21	146	77	137	160
Other comprehensive income:						
Net increase in revaluation of assets	264	34	74	61	35	48
Other	7	77	14	(25)	4	(1)
Total comprehensive income	315	132	234	113	176	207
Abridged combined statement of financial position (at 31 December)						
Current assets	431	418	565	413	618	482
Non-current assets	2,732	2,426	4,081	4,005	6,350	6,243
Total assets	3,163	2,844	4,646	4,418	6,968	6,725
Current liabilities	247	225	592	511	542	395
Non-current liabilities	871	889	1,424	1,510	2,041	2,122
Total liabilities	1,118	1,114	2,016	2,021	2,583	2,516
Net assets	2,045	1,730	2,630	2,397	4,385	4,208
Performance indicators (at 31 December)						
Current ratio ^(a)	2.0	2.1	1.3	1.1	1.5	1.7
Debt to equity percentage	17.3	20.5	1.5	1.6	11.5	12.0
Interest coverage ratio	7.2	5.3	124.9	90.0	15.6	15.8
Operating result as % of total revenue ^(b)	4.4	2.2	7.4	4.3	6.3	7.8
Student numbers	31,320	28,827	41,842	40,156	47,706	45,054

Key: All data except 'Student numbers' and 'Students per academic' are based on financial statements (audited).

Performance indicators as per the Commonwealth Government Department of Education and Training's discontinued manual for Australian Universities are:

- a Current ratio – an indicator of liquidity. Good practice is a ratio of more than 1.5 to less than three.
- b Operating result less capital grants as a percentage of total operating revenue – should be positive with a safety margin.

Sydney metropolitan						
University	Technology Sydney		Western Sydney		Total	
	2016	2015	2016	2015	2016	2015
	\$m	\$m	\$m	\$m	\$m	\$m
Abridged combined statement of comprehensive income (year ended 31 December)						
Australian Government grants	268	238	345	342	2,309	2,242
Higher Education Contribution Scheme	208	185	224	221	1,089	1,049
Fees and charges	359	304	97	94	2,263	1,890
Other	100	100	109	98	1,149	1,133
Total revenue	935	827	775	755	6,810	6,314
Employee benefits and on-costs	508	460	466	442	3,661	3,447
Depreciation and amortisation	82	78	44	40	543	500
Other	273	252	230	232	2,172	2,031
Total expenses	863	790	740	714	6,376	5,978
Surplus	72	37	35	41	434	336
Other comprehensive income:						
Net increase in revaluation of assets	123	38	19	110	515	291
Other	4	5	5	1	34	57
Total comprehensive income	199	80	59	152	983	684
Abridged combined statement of financial position (at 31 December)						
Current assets	246	239	286	252	2,146	1,804
Non-current assets	2,526	2,370	2,063	1,969	17,752	17,013
Total assets	2,772	2,609	2,349	2,221	19,898	18,817
Current liabilities	218	244	237	171	1,836	1,546
Non-current liabilities	837	848	446	443	5,619	5,812
Total liabilities	1,055	1,092	683	614	7,455	7,357
Net assets	1,717	1,517	1,666	1,607	12,443	11,459
Performance indicators (at 31 December)						
Current ratio ^(a)	1.6	1.3	1.4	2.0	--	--
Debt to equity percentage	12.2	16.3	9.3	4.7	--	--
Interest coverage ratio	13.5	9.8	31.8	47.7	--	--
Operating result as % of total revenue ^(b)	7.7	4.5	4.4	5.1	--	--
Student numbers	31,604	29,355	33,293	33,668	185,765	177,060

Key: All data except 'Student numbers' and 'Students per academic' are based on financial statements (audited).

Performance indicators as per the Commonwealth Government Department of Education and Training's discontinued manual for Australian Universities are:

- a Current ratio – an indicator of liquidity. Good practice is a ratio of more than 1.5 to less than three.
- b Operating result less capital grants as a percentage of total operating revenue – should be positive with a safety margin.

Major regional				
University	Charles Sturt		Newcastle	
	2016	2015	2016	2015
	\$m	\$m	\$m	\$m
Abridged combined statement of comprehensive income (year ended 31 December)				
Australian Government grants	215	208	342	330
Higher Education Contribution Scheme	129	131	141	143
Fees and charges	162	126	131	118
Other	49	45	151	127
Total revenue	555	510	765	718
Employee benefits and on-costs	278	271	398	382
Depreciation and amortisation	38	37	44	39
Other	206	164	239	235
Total expenses	522	472	681	656
Surplus	33	38	84	62
Other comprehensive income:				
Net decrease in revaluation of assets	(28)	21	(90)	(9)
Other	2	4	(17)	7
Total comprehensive income	7	63	(23)	60
Abridged combined statement of financial position (at 31 December)				
Current assets	165	128	120	291
Non-current assets	1,325	1,327	1,765	1,669
Total assets	1,490	1,455	1,885	1,960
Current liabilities	116	101	191	245
Non-current liabilities	436	423	464	461
Total liabilities	552	524	655	706
Net assets	938	931	1,230	1,254
Performance indicators (at 31 December)				
Current ratio ^(a)	1.8	1.7	0.9	1.5
Debt to equity percentage	3.7	3.0	0.0	6.8
Interest coverage ratio	88.5	70.4	31.1	23.1
Operating result as % of total revenue ^(b)	6.0	7.4	9.0	7.0
Student numbers	22,538	21,954	23,518	24,501

Key: All data except 'Student numbers' and 'Students per academic' are based on financial statements (audited).

Performance indicators as per the Commonwealth Government Department of Education and Training's discontinued manual for Australian Universities are:

- a Current ratio – an indicator of liquidity. Good practice is a ratio of more than 1.5 to less than three.
- b Operating result less capital grants as a percentage of total operating revenue – should be positive with a safety margin.

Major regional				
University	Wollongong		Total	
	2016	2015	2016	2015
	\$m	\$m	\$m	\$m
Abridged combined statement of comprehensive income (year ended 31 December)				
Australian Government grants	235	218	792	756
Higher Education Contribution Scheme	110	103	380	377
Fees and charges	286	239	579	483
Other	100	111	300	283
Total revenue	731	671	2,051	1,899
Employee benefits and on-costs	398	375	1,074	1,028
Depreciation and amortisation	39	38	121	114
Other	244	207	689	606
Total expenses	681	620	1,884	1,748
Surplus	50	51	167	151
Other comprehensive income:				
Net decrease in revaluation of assets	--	--	(18)	12
Other	8	8	(7)	19
Total comprehensive income	58	59	42	182
Abridged combined statement of financial position (at 31 December)				
Current assets	463	417	749	836
Non-current assets	1,183	1,154	4,273	4,150
Total assets	1,646	1,571	5,022	4,986
Current liabilities	185	167	492	513
Non-current liabilities	378	371	1,275	1,255
Total liabilities	563	538	1,767	1,768
Net assets	1,083	1,033	3,255	3,218
Performance indicators (at 31 December)				
Current ratio ^(a)	3.7	3.9	--	--
Debt to equity percentage	5.7	0.1	--	--
Interest coverage ratio	22.0	23.0	--	--
Operating result as % of total revenue ^(b)	5.8	6.1	--	--
Student numbers	22,259	23,745	68,315	70,200

Key: All data except 'Student numbers' and 'Students per academic' are based on financial statements (audited).

Performance indicators as per the Commonwealth Government Department of Education and Training's discontinued manual for Australian Universities are:

- a Current ratio – an indicator of liquidity. Good practice is a ratio of more than 1.5 to less than three.
- b Operating result less capital grants as a percentage of total operating revenue – should be positive with a safety margin.

University	Country					
	New England		Southern Cross		Total	
	2016 \$m	2015 \$m	2016 \$m	2015 \$m	2016 \$m	2015 \$m
Abridged combined statement of comprehensive income (year ended 31 December)						
Australian Government grants	156	164	118	97	274	261
Higher Education Contribution Scheme	72	73	56	52	128	125
Fees and charges	40	45	41	29	81	74
Other	51	43	21	22	72	65
Total revenue	319	325	236	200	555	525
Employee benefits and on-costs	181	180	127	123	308	303
Depreciation and amortisation	22	25	13	12	35	37
Other	103	104	79	69	182	173
Total expenses	306	309	219	204	525	513
Surplus	13	16	17	(4)	30	12
Other comprehensive income:						
Net increase/(decrease) in revaluation of assets	8	6	2	9	10	15
Other	4	5	--	--	4	5
Total comprehensive income	25	27	19	5	44	32
Abridged combined statement of financial position (at 31 December)						
Current assets	161	156	38	33	199	189
Non-current assets	677	673	360	343	1,037	1,016
Total assets	838	829	398	376	1,236	1,205
Current liabilities	58	58	55	51	113	109
Non-current liabilities	356	371	103	103	459	474
Total liabilities	414	429	158	154	572	583
Net assets	424	400	240	222	664	622
Performance indicators (at 31 December)						
Current ratio ^(a)	4.0	2.4	0.9	0.9	--	--
Debt to equity percentage	4.7	5.0	5.2	6.7	--	--
Interest coverage ratio	40.9	38.3	39.4	10.9	--	--
Operating result as % of total revenue ^(b)	3.3	1	0.1	(3.0)	--	--
Student numbers	11,459	11,678	9,750	9,135	21,209	20,813

Key: All data except 'Student numbers' are based on financial statements (audited).

Performance indicators as per Commonwealth Government's Department of Education and Training's discontinued manual for Australian Universities are:

- a Current ratio – an indicator of liquidity. Good practice is a ratio of more than 1.5 to less than three.
- b Operating Result less capital grants as a percentage of total operating revenue – should be positive with a safety margin.

Appendix Two – Financial Sustainability

Indicator	Formula	Description
Operating margin (percentage)	Operating result excluding capital revenue/Total income excluding capital revenue.	A positive result indicates a surplus, and the larger the percentage, the stronger the result. A negative result indicates a deficit. Operating deficits cannot be sustained in the long term.
Current (ratio)	Current assets/current liabilities	This measures the ability to pay existing liabilities in the next 12 months. A ratio above one means there is more cash and current assets than short-term liabilities. Current liabilities exclude current annual leave and long service leave liabilities expected to be settled after 12 months.
Debt to equity percentage	Debt/equity	This is a longer-term measure that compares all current and non-current interest bearing borrowings to equity. It complements the current ratio which is a short-term measure. A low percentage indicates less reliance on debt to finance the capital structure of an organisation.
Interest coverage (ratio)	Operating result before interest, tax, depreciation and amortisation/Interest incurred	This ratio indicates the extent to which earnings are available to meet interest payments. A lower ratio indicates less earnings are available and the business is more vulnerable to increases in interest rates.

Appendix Three – List of NSW Universities

Ten universities, established under State legislation, provide higher education in New South Wales:

University	Website
Sydney metropolitan	
Macquarie University (MU)	www.mq.edu.au
UNSW Sydney (UNSW)	www.unsw.edu.au
The University of Sydney (USYD)	www.sydney.edu.au
University of Technology, Sydney (UTS)	www.uts.edu.au
Western Sydney University (WSU)	www.westernsydney.edu.au
Major regional	
Charles Sturt University (CSU)	www.csu.edu.au
University of Newcastle (UN)	www.newcastle.edu.au
University of Wollongong (UW)	www.uow.edu.au
Country	
University of New England (UNE)	www.une.edu.au
Southern Cross University (SCU)	www.scu.edu.au

Appendix Four – Entities not Commented on in this Volume, by Minister

Entity name	Website	Period/year ended
Minister for Education		
Macquarie University		
Access Macquarie Limited	www.accessmq.com.au	31 December 2016
Australian Proteome Analysis Facility Limited	www.proteome.org.au	31 December 2016
CMBF Limited	www.mq.edu.au	31 December 2016
Macquarie University Property Investment Company Pty Limited	www.mq.edu.au	31 December 2016
Macquarie University Property Investment Trust	www.mq.edu.au	31 December 2016
MGSM Limited	www.mgsm.edu.au	31 December 2016
MUH Operations No. 2 Pty Limited	www.muh.org.au	31 December 2016
Risk Frontiers Flood (Australia) Pty Ltd	www.riskfrontiers.com	31 December 2016
Risk Frontiers Group Pty Ltd	www.riskfrontiers.com	31 December 2016
U@MQ Limited	www.mq.edu.au	31 December 2016
Macquarie University Clinical Associates Pty Ltd	*	31 December 2016
MUPH Clinic Pty Limited	*	31 December 2016
MUH Operations Pty Limited	*	31 December 2016
MUH Hospital Pty Limited	*	31 December 2016
Macquarie University Property Investment Company No.3 Pty Limited	*	31 December 2016
COH Property Trust	*	31 December 2016
Macquarie University Hong Kong Foundation Limited	*	31 December 2016
UNSW Sydney		
Australian Education Consultancy Limited	www.aecl.com.hk	31 December 2016
Cystemix Pty Limited	*	31 December 2016
NewSouth Innovations Pty Limited	www.innovations.unsw.edu.au	31 December 2016
Qucor Pty Ltd	*	31 December 2016
The New South Wales Minerals Industry/University of NSW Education Trust	*	31 December 2016
University of New South Wales Foundation	www.ufs.unsw.edu.au	31 December 2016

Entity name	Website	Period/year ended
Minister for Education		
University of New South Wales Foundation Limited	www.ufs.unsw.edu.au	31 December 2016
University of New South Wales Press Limited	www.unswpress.com	31 December 2016
UNSW & Study Abroad - Friends and U.S. Alumni, Inc.	www.giving.unsw.edu.au	31 December 2016
UNSW Global (Singapore) Pte Limited	www.unswglobal.unsw.edu.au	31 December 2016
UNSW Global Pty Limited	www.unswglobal.unsw.edu.au	31 December 2016
UNSW Hong Kong Foundation Limited	www.giving.unsw.edu.au	31 December 2016
UK Friends of UNSW Australia	www.giving.unsw.edu.au	31 December 2016
UNSW Global India Pvt Limited	www.unswglobal.unsw.edu.au	31 March 2017
Scientia Clinical Research Limited	*	31 December 2016
UNSW Hong Kong Limited	*	31 December 2016
University of Sydney		
Sydney Talent Pty Limited	*	31 December 2016
SydneyLearning Pty Limited	www.sydneylearning.nsw.edu.au	31 December 2016
The Warren Centre for Advanced Engineering Limited	www.thewarrencentre.org.au	31 December 2016
A14 Holdings Pty Ltd	*	31 December 2016
Westmead IVF Pty Limited	*	31 December 2016
Suzhou Xi Su Commercial Consulting Co Ltd	*	31 December 2016
University of Technology, Sydney		
accessUTS Pty Limited	www.accessuts.com.au	31 December 2016
Insearch (Shanghai) Limited	www.insearch.edu.au	31 December 2016
Insearch Education International Pty Limited	www.insearch.edu.au	31 December 2016
Insearch Limited	www.insearch.edu.au	31 December 2016
Piivot Pty Ltd	www.pivotgroup.com.au	31 December 2016
Sydney Educational Broadcasting Limited	www.2ser.com	31 December 2016
UTS Global Pty Limited	*	31 December 2016
Western Sydney University		
UWS Early Learning Limited	http://www.uws.edu.au/campuses/structure/cas/services/facilities/childcare	31 December 2016
uwsconnect Limited	www.uws.edu.au/uwsconnect	31 December 2016
UWS Enterprises Pty Limited	www.uwscollege.edu.au	31 December 2016
Whitlam Institute within the University of Western Sydney Limited	www.whitlam.org	31 December 2016

Entity name	Website	Period/year ended
Minister for Education		
Whitlam Institute within the University of Western Sydney Trust	www.whitlam.org	31 December 2016
University of Newcastle		
The University of Newcastle Research Associates Limited (TUNRA)	www.newcastle.edu.au	31 December 2016
UON Singapore Pte Ltd	www.newcastle.edu.au	31 December 2016
University of Wollongong		
UOWC Limited	www.uowenterprises.com.au	31 December 2016
UOWD Limited	www.uowenterprises.com.au	31 December 2016
The Sydney Business School Pty Limited	*	31 December 2016
University of Wollongong Recreation and Aquatic Centre Limited	www.urac.com.au	31 December 2016
Wollongong UniCentre Limited	www.unicentre.uow.edu.au	31 December 2016
Community College of City University Limited	*	30 June 2016
CCCU Trust	*	31 December 2016
University of Wollongong Asset Trust	*	31 December 2016
The University of Wollongong USA Foundation	*	31 December 2016
Charles Sturt University		
Charles Sturt Campus Services Limited	www.csu.edu.au	31 December 2016
Charles Sturt University Foundation Trust	*	31 December 2016
University of New England		
Agricultural Business Research Institute	www.abri.une.edu.au	31 December 2016
UNE Life Pty Limited	www.unelife.com.au	31 December 2016
Sport UNE Pty Limited	www.sportune.com.au	31 December 2016
UNE Foundation	www.une.edu.au	31 December 2016
UNE Foundation Ltd	www.une.edu.au	31 December 2016
UNE Partnerships Pty Ltd	www.une.edu.au	31 December 2016
Southern Cross University		
Norsearch Limited	www.norsearch.scu.edu.au	31 December 2016

* This entity has no website.

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