



Annual Report 2002



Contents

Chancellor's Statement	2	RMIT's Focus for 2003	28
Vice-Chancellor's Statement	3	Corporate Governance	30
		Major Committees	31
Our Commitment to Quality	4	External Reviews	32
2002 at a Glance	5	RMIT Companies	33
RMIT in 2002	8	Organisational Summary	35
Our Students	9	Senior Officers	36
		RMIT People	37
Teaching and Learning	10	Promotional Activities	38
Research and Innovation	12	Consultancies	39
Internationalisation	16	Buildings and Maintenance	40
Regional and Community Partnerships	18	Statutory Requirements	40
RMIT, Sustainability and the Triple Bottom Line	21	Financial Report	42
Triple Bottom Line + 1— <i>Social</i>	22		
Triple Bottom Line + 1— <i>Environmental</i>	24	Compliance Index	98
Triple Bottom Line + 1— <i>Financial</i>	26		
Triple Bottom Line + 1— <i>Governance</i>	27	Glossary	100

Report of the RMIT Council for the period 1 January to 31 December 2002

To the Honourable Lynne Kosky MP, Minister for Education and Training

In pursuance of the provisions of the Financial Management Act 1984, the Tertiary Education Act 1993 and relevant decisions of the Public Accounts and Estimates Committee of Parliament, the Council of the Royal Melbourne Institute of Technology (RMIT University) has the honour to transmit to you its Annual Report for the year ended 31 December 2002.

Council delegated approval for the Chancellor to approve the Annual Report on its behalf on 7 April 2003. The Chancellor approved the report on 8 April 2003.



Peter Thomas
Acting Chancellor
8 April 2003

Chancellor's Statement



2

RMIT has a proud heritage of serving working people through the provision of high quality work-related education and research that reflects business and community aspirations. This heritage is reflected in the ethos of a modern, internationalised university that is engaged in learning partnerships with communities in metropolitan Melbourne, regional Australia and throughout the world, with a commitment to innovation: the generation of new ideas and their take-up by people.

During 2002 RMIT reviewed the university's strategic directions to better respond to the changing environment in which educational institutions are operating. The resultant strategic plan, *Dissolving the Boundaries*, was endorsed by Council and lays the foundation of the university's strategies for 2003 – 2006.

2002 posed a number of serious challenges for RMIT. The problematic implementation of the Academic Management System, a computing package designed to manage all facets of our interaction with students, resulted in major financial and administrative costs to the university. Council has endorsed a strategy for remedying the problems arising from the AMS, and a strategy for rebuilding financial strength and so providing a sustainable base for the future.

Despite the difficulties faced in 2002 the university has expanded its range of programs and services, and had a highly successful year in delivering quality teaching and research. This is a testament to the commitment of the staff and the broader RMIT community, and the strength of the underlying quality of its core activities in education, training and research. It reflects the fact that RMIT is well positioned to face the challenges of the future.

A handwritten signature in black ink, appearing to read 'Peter Thomas', written in a cursive style.

Peter Thomas
Acting Chancellor

Vice-Chancellor's Statement

During 2002 we continued to refine and progressively implement our strategy for *Dissolving the Boundaries*, developed through consultation with staff, industry and community partners. The strategy builds on our rich history of serving working people and delivers a vision for the future, dissolving the boundaries within the university and across industry and the communities with which we engage. It provides the directions for building a sustainable RMIT, a knowledge organisation that anticipates and responds to the needs of a changing world.

This changing world brings about uncertainty but also opportunity. Our future success will depend on our capacity to build on our teaching and research strengths while embracing the challenge of changing the ways we work. We have a solid foundation on which to build: a strong reputation for work-ready graduates and practical research, and most importantly a passionate and talented workforce.

RMIT laid a solid foundation during 2002 to meet the financial and business challenges facing the university over the next 2 – 3 years. Much has been written and interpreted about RMIT finances over 2002. During the first half of 2002 the university focused on two key issues:

- Addressing the key drivers of deteriorating financial outcomes evident at the end of 2001;
- Understanding the operational and financial impact of the Academic Management System (AMS) and planning the remediation program.

During the second half of 2002, the AMS remediation program accelerated, with fundamental overhauls of both governance and project management processes, focused stabilisation and improvement initiatives and more rigorous financial controls. Based upon a full evaluation of progress and likely future development options, it was decided to write off the university's early investment in the AMS project of \$13.1 million, bringing the total operating loss for the 2002 year after AMS write-off to \$17.7 million.

The final result for the year reflects an operating loss of \$4.6 million before AMS write-off, which is consistent with general expectations of a deficit between \$3 and 5 million.

These actions and decisions have not been taken lightly. They reflect the outstanding efforts and perseverance of both staff and students as we work through these difficulties, but most of all they reflect our determination to face the realities of our challenges, to set things right and move forward over 2003 and 2004.

Working together we will meet our key objectives of improving the consistency and quality of our teaching; developing the performance and profile of our research; and creating a collaborative and inclusive working environment across the university.

RMIT's strategic directions embody a number of important themes:

- The importance of providing our increasingly diverse population of students with an education that prepares them to succeed in an international environment.
- The desire to contribute more strongly to the innovation agenda by promoting the use of knowledge and creativity in a variety of settings through working in partnership with others.
- The need to enhance and invest in organisational and staff capability, in teaching and learning and research and development.
- Meeting high standards of excellence in an environment in which the mix in physical and virtual delivery of education is ever changing.
- The need to improve the quality of services to students and enterprises (teaching quality, administrative services, research management).

Our work in 2002 showed that a new organisational design was needed to facilitate the need to improve our organisational capability and to build closer relationships within and outside the university. We determined that a new structure and redefinition of the expectations of our people would help to facilitate this. In drawing up the new structure, adopted by Council late 2002, other university and organisational models were reviewed and evaluated. The preferred model was for a flat structure with Pro Vice-Chancellor roles developed to oversee the academic, strategic and support work of the university. Recruitment of the new team is now well

advanced and its members are demonstrating leadership in the new ways of working.

Whilst much attention in 2002 was necessarily concerned with remediating our Academic Management System and managing through a difficult financial period, this annual report reflects many of the university's performance highlights for 2002.



RMIT was ranked first in Victoria for first-preference applications received through VTAC for both 2002 and 2003. Further, the employment rate for RMIT graduates was above the national average as was the rate of graduate enterprise formation.

Throughout 2002 we continued to innovate in teaching and learning and made significant gains in our research performance in terms of both output and the number and size of the competitive grants received.

I am confident the university will continue to strengthen and make a sustained and significant contribution to society. Our staff and students are passionately committed to this mission. They want to make a difference and, as this annual report demonstrates, they are continuing to do so.

A handwritten signature in black ink, appearing to read 'Ruth Dunkin'. The signature is fluid and cursive.

Ruth Dunkin
Vice-Chancellor

Vision

To make a difference through education, research and innovation.

Mission

To provide professional and vocational education and training to individuals and enterprises on a regional and international basis.

To provide outcome-related research and consultancy services that address real-world issues.

Values

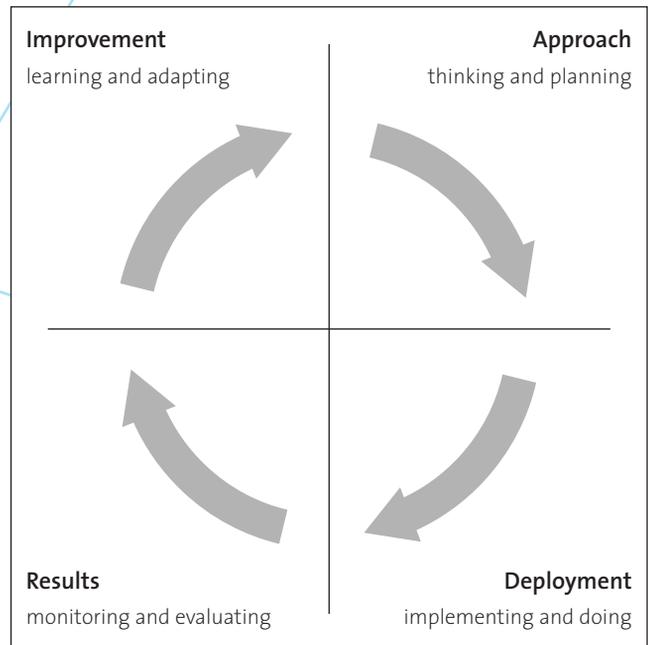
The values that will characterise RMIT as a service organisation, and that will be embraced by both staff and students of the university are:

- client focus;
- quality processes;
- practicality and relevance;
- global imagination;
- cultural diversity;
- fairness to all;
- innovation and enterprise;
- environmental care;
- learning and personal growth;
- ethical behaviour and responsibility; and
- technological/professional orientation.

Our Commitment to Quality

RMIT's approach to quality management is underpinned by a strong commitment to continuous improvement and a whole-of-organisation framework that revolves around:

- Leadership and direction;
- Strategic and operational planning;
- Information and analysis;
- Staff;
- Students, clients and stakeholders;
- Products, services and process management; and
- RMIT performance outcomes.



2002 at a Glance

- Highest number of first-preference applications of any university in Victoria for both Higher Education and TAFE places.
- Graduate employment and enterprise formation ahead of national average.
- Significant increase in successful research funding applications.
- Five-star ranking from *Good University Guide 2003* for cultural diversity and popularity.
- VET fee-for-service income target exceeded by 41%.
- Increase in female participation in engineering research.
- Increased demand for postgraduate courses.

	2002	2001
Students (HE)	34,725	32,687
Students (TAFE)	22,518	22,909
Total students	57,243	55,596
Operating revenue	\$541.0 million	\$483.9 million
Research grants, fees and other revenue	\$17.6 million	\$13.3 million



City



Bundoora



Vietnam

Campuses

City 124 La Trobe St,
Melbourne 3000

Brunswick 25 Dawson St,
Brunswick 3056

Bundoora Plenty Rd,
Bundoora 3083

Vietnam 21 Pham Ngoc Thach St,
District 3, Ho Chi Minh City



Brunswick



City

6



Brunswick



Hamilton

Sites

Fishermans Bend 226 Lorimer St,
Fishermans Bend 3207

Hamilton Glenelg Hwy,
Hamilton 3350

East Gippsland Princes Hwy,
Fulham 3850

RMIT Teaching Portfolios

Science, Engineering and Technology

Faculties:

- Applied Science
- Engineering
- Life Sciences

Design and the Social Context

Faculties:

- Art, Design and Communication
- Constructed Environment
- Education, Language and Community Services

Business

Faculty:

- Business

Academic units are clustered by portfolio

Programs

RMIT is one of only five dual-sector (TAFE and Higher Education) universities in Australia. It offers:

- Apprenticeship and traineeship training (TAFE)
- Certificates I – IV (TAFE)
- Diploma (TAFE)
- Undergraduate Degree
- Graduate Certificate
- Graduate Diploma
- Master Degree (by research and coursework)
- Doctorate (professional, research, by publication)
- Senior Doctorate by Publication

Key Networks

Australian Technology Network

- Curtin University of Technology
- Queensland University of Technology
- RMIT University
- University of South Australia
- University of Technology, Sydney

Global University Alliance

- Athabasca University, Canada
- Auckland University of Technology, New Zealand
- George Washington University, US
- RMIT University
- University of Derby, UK
- University of Glamorgan, UK
- University of South Australia
- The University of Wisconsin Milwaukee, US

Open Learning Australia

- Curtin University of Technology
- Griffith University
- Macquarie University
- Monash University
- RMIT University
- Swinburne University of Technology
- University of South Australia

Research

RMIT Research Centres

- Centre for Advanced Technology in Telecommunications
- Centre for Applied Social Research
- Centre for Design at RMIT
- Centre for Management Quality Research
- Microelectronics and Materials Technology Centre
- Rheology and Materials Processing Centre
- RMIT Multimedia Database Systems
- Sir Lawrence Wackett Centre for Aerospace Design Technology
- Transport Research Centre
- Centre for Youth Affairs Research and Development
- Transport Research Centre

Cooperative Research Centres

Centres link industry with government and higher education research organisations

- Advanced Composite Structures
- Australian Photonics
- Australian Telecommunications
- Construction Innovation
- Intelligent Manufacturing Systems and Technologies
- Microtechnology
- Polymers
- SMART Internet Technology
- Water Quality and Treatment

RMIT in 2002

8

From humble beginnings as the Working Men's College in 1887, RMIT University today stands proudly as one of Australia's leading educational institutions. Across Australia and throughout the world, the university has established a reputation for highly practical and relevant educational programs and innovative research and development.

The university's academic goal is to educate students to demonstrate leadership and contribute creatively, critically and responsibly to their professions, vocations, employers and the community, both locally and internationally. All areas of the university worked towards achieving this objective in 2002.

RMIT aims to be at the forefront in meeting the learning needs of its students in the information age. Traditional classroom teaching methods are complemented by flexible program delivery. At the same time, we strive to further enhance our reputation for producing work-ready graduates. Achieving this goal requires close networks with industry to ensure that programs are continuously adapted to reflect changing graduate skill requirements and cater for new and emerging industries. This commitment to equipping our students with the skills



Dr Madeleine Reeve and Dr Magdellen Juma at the launch of RMIT's involvement in the African Virtual University.

that are relevant for today's environment has resulted in graduate employment rates in 2002 that are above the national average.

RMIT is one of Australia's largest universities, with campuses in Melbourne's CBD, Bundoora and Brunswick and specialised sites or services in the Victorian regional areas of Hamilton and East Gippsland. Overseas, RMIT operates RMIT International University Vietnam. As the university has grown physically, the RMIT family has also grown. The alumni network has reached 120,000 graduates located in 78 countries.

In 2002, RMIT recorded 57,243 enrolments, including about 25,000 undergraduate, 8,000 postgraduate, and 22,000 TAFE enrolments. International students accounted for 14,000 enrolments, with 7,600 students studying in Melbourne and another 6,400 studying offshore through international partners and at RMIT International University Vietnam (data as at 31 March 2002).

RMIT is also one of Australia's most 'internationalised' universities. International students form almost 25 per cent of the total student body and are drawn from more than 90 countries. The university maintains strong links internationally and has formalised partnerships with more than 200 education providers worldwide.

RMIT is a founding member of the Global University Alliance, a group of eight universities across the globe that share resources to provide quality online education throughout the Asian region. In Australia, the university is a member of the Australian Technology Network, a coalition of five Australian universities that share a heritage of working with industry and a united vision to provide career-driven,

technology-oriented education for tomorrow's leaders. We are also a partner in Open Learning Australia, which develops and delivers accredited online and distance education programs at TAFE, undergraduate and postgraduate levels.

Research and development activity has increased 10-fold over the past decade. In 2002 RMIT was successful in 26 Australian Research Council Discovery and Linkage research grant applications, worth a total \$3.6 million. The research effort centres on practical, real-world outcomes and focuses on Information Technology; Biotechnology and Drug Technology; Globalisation and Cultural Diversity; Social Policy and Urban and Regional Development; Entrepreneurship and Innovation; Environmental Sustainability; and Advanced Manufacturing. We are partners in more than 20 research centres and institutes including nine cooperative research centres.

If the founder of the Working Men's College, Francis Ormond, were to revisit his creation today, he would see an institution that, while much changed, is equally committed to making a difference to its students' lives. RMIT in 2002 is a university shaping today's minds and producing tomorrow's leaders. It is an environment of state-of-the-art applied learning and innovative research... in short, an organisation that students, staff and even Ormond himself should be proud of.

RMIT was granted university status on 1 July 1992, under the *Royal Melbourne Institute of Technology Act 1992*, when it also merged with the Phillip Institute of Technology. The university is responsible to the Minister for Education and Training, The Hon. Lynne Kosky.

Our Students

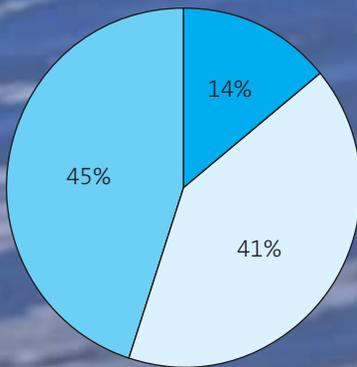
The heartbeat of any learning institution is undoubtedly its students. RMIT is focused on arming its students with the skills they will need to succeed.

Our staff work closely with industry to ensure courses remain relevant and students graduate with the knowledge and skills to thrive in an international marketplace. RMIT students experience applied education—real work situations and experience—as part of their programs.

It is a critical point of distinction for the university and has led more Victorians to choose RMIT as their first-choice university than any other over the past three years.

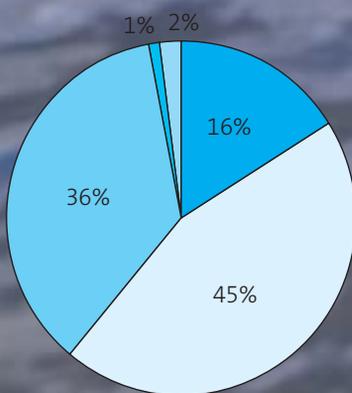
Of course, our students are also here to enjoy all that the university experience has to offer. RMIT, the RMIT Union and the RMIT Student Union offer students a huge range of activities, entertainment, resources and recreational facilities.

RMIT prides itself on the diversity of its student population. Students come to RMIT from more than 90 countries around the world. With more than 14,000 international students (almost 25 per cent of the total student population), RMIT is one of Australia's most internationalised universities. The interaction between local and foreign students is a unique asset that yields advantages for all students.



Students by age

- 15 - 19
- 20 - 24
- 25+



Students by qualification

- Postgraduate
- Undergraduate
- VET Certificate
- VCE
- Other



Teaching and Learning

Goal: To educate students to demonstrate leadership and contribute creatively to their professions, vocations, employers and the community in an international and local context.

In 2002, RMIT's teaching and learning strategy focused on:

- engagement with students, communities and industries;
- innovation and excellence informed by best practice; and
- internationalisation.

RMIT has a long-standing reputation for producing Victoria's most employable graduates and a history of collaborating with industry to develop programs that give RMIT graduates a competitive advantage in the workplace. This practical orientation to teaching and learning is recognised as a distinctive organisational strength and is supported by opportunities for work-integrated learning. Such authentic learning experiences ease the transition to the workplace and foster graduate confidence. In 2000, RMIT adopted an indicator—graduate enterprise formation—that shows our commitment to the national innovation agenda. In 2002 there was a notable increase in the number of RMIT graduates that formed their own enterprises.

To sustain this competitive edge, the university places significant emphasis on improving teaching and learning practices. Importantly this is contributing to dissolving the boundaries within the university, between teaching and support staff, faculties and central



RMIT Physical Education and Human Movement students teach sports to adults with intellectual disabilities.

groups, and across the TAFE and Higher Education sector. Participation in activities such as the annual Business Plan Competition, and the Young Achievers and Students in Free Enterprise programs provide students with many opportunities to apply their ideas and skills to real business settings. As well, RMIT's final-year engineering students organised and hosted *INGENIUS*, an innovative presentation to CEOs, Members of Parliament and the public, highlighting their outstanding design work informed by work-integrated learning. Final-year design students formed mock companies and designed garments to commercial design briefs using state-of-the-art fabrics under a partnership between major textile producer WL GORE and Associates and the RMIT School of Fashion and Textiles.

Staff are continually reviewing the diversity, objectives, structure and modes of delivery of programs offered to RMIT's TAFE and Higher Education students. The aim is to ensure learning is informed by best practice and the delivery of education and training is sufficiently flexible to meet the demands of today's students. The university partnered Kangan Batman Institute of TAFE under the banner Aerospace Industry Research and Education to strengthen Victoria's profile as a provider of research, education and training services to the international aerospace and aviation industry.

In 2002, further progress was made in the use of technology to underpin online educational service delivery. RMIT's approach to meeting the increasing demand for flexible learning makes use of online technology to complement traditional teaching practices and resources. RMIT Vietnam is based on these new flexible teaching

models and RMIT also became the first foreign university in China to offer academic diploma programs via an electronically mediated learning environment.

In response to changing student and industry needs, a number of new onshore programs were developed and delivered in 2002.

The development of pathways and dual awards for TAFE and Higher Education, as well as synergistic degrees such as the Master of Business and Biotechnology, is helping to dissolve the boundaries between sectors and traditional disciplines. At the same time it is supporting continuing professional development of RMIT students and graduates working in emerging industries.

RMIT promotes quality in teaching and learning by focusing on program improvement underpinned by a rigorous quality assurance process and measurement system. Each RMIT program is reviewed every five years to ensure it remains current and industry-relevant. This process continued in 2002 with academic programs appraised against six criteria: the need for the

New Onshore Programs by Type

	2002
Undergraduate Degree	2
Graduate Certificate	8
Graduate Diploma	1
Master by Coursework	4
Non-accredited Courses	2
Certificate	2
Certificate I	2
Certificate II	8
Certificate III	20
Certificate IV	26
Diploma	16
Advanced Diploma	12

program, educational design, equity management, resources, student feedback and stakeholder requirements.

Consistent with RMIT's commitment to student-centred learning, students are encouraged to provide feedback and actively participate in program and course development. Excellence in teaching is encouraged through the active promotion of a university-wide recognition program that is linked to the Australian Awards for University Teachers.

RMIT has a long history and special responsibility for making education accessible to all individuals and communities, regardless of socio-economic standing or other disadvantage. In 2002 the Schools Network Access Program (SNAP) continued to allocate RMIT places to identified secondary students. SNAP brings together secondary principals and RMIT representatives to nominate students who have the potential to benefit from an RMIT education but did not achieve the academic results required to gain a place because of social or economic disadvantage.

RMIT's strong commitment to internationalisation is an integral component of the organisational approach to teaching and learning. This involves the inclusion of specific strategies designed to expose RMIT students to international experiences, enabling graduates to understand and succeed in a global context. An extensive education abroad program includes exchange programs with partner institutions worldwide, international work placements, study tours and overseas research projects. Several hundred undergraduate and postgraduate students took part in the program during the past year.

As a means of recognising and

celebrating the qualities and capabilities that RMIT strives to develop in students and graduates, a number of outstanding individuals were awarded Honorary Doctorates in 2002.

Honorary Doctorates 2002

Dr Sally Goold OAM (Doctor of Nursing Honoris Causa), an indigenous nurse who has had a long and distinguished career in cardio-thoracic and coronary care nursing, and a tireless worker striving towards developing national, state and professional policies and guidelines that help improve nurse education opportunities for indigenous people in Australia;

Dr William Lim (Doctor of Architecture Honoris Causa), the doyen of radical architects in Asia and an Adjunct Professor of RMIT University who is well known in Asia for pioneering every phase of design innovation in the Asian region since the 1960s;

Dr Garry Emery (Doctor of Design Honoris Causa), Australia's foremost graphic designer who is well known around the world for his design work on Australia's new Parliament House in Canberra, Australian Embassies in Beijing and Tokyo, Sydney Opera House, Sydney 2000 Olympic precinct, Australian War Memorial and Kuala Lumpur City Centre;

Dr Elery Hamilton-Smith OAM (Doctor of Applied Science Honoris Causa), for his outstanding contribution to social work, conservation and environmental management, and university education throughout his long and distinguished career;

Professor Edward de Bono (Doctor of Design Honoris Causa), a leading authority in creative thinking,

Francis Ormond Medal

Awarded by the university Council, the Medal recognises distinguished service by RMIT academic or general staff. The 2002 winner was Ms Jill Beer, from the School of Economics and Finance.

innovation and the direct teaching of thinking as a skill, for his contribution to the development of thinking, his work teaching creative and conceptual thinking to many organisations, governments, communities and schools, and his efforts to promote thinking to the young;

Dr Paul G. Hawken (Doctor of Applied Science Honoris Causa), one of the world's leading authorities on global sustainability, an eminent entrepreneur, lecturer, journalist and best-selling author. Mr Hawken presented the keynote address at the RMIT 2002 graduation ceremony in Melbourne.



Left to right: Dr Garry Emery, Dr Sally Goold, Dr William Lim, RMIT Vice-Chancellor Professor Ruth Dunkin, Chancellor Don Mercer and Dr Elery Hamilton-Smith.

Research and Innovation

Goal: To undertake world-class, outcome-related research and development, and to support innovation to underpin future economic and social development in the communities in which we operate.

RMIT aims to be valued by its research clients for delivering useful, novel, timely and cost-effective research outcomes that make a real difference to its communities.

The 2002 Research and Innovation strategy incorporates three major elements: support for research excellence; relevance to the needs of partners; and concentrated/coordinated activities to maximise impact. These elements are embodied in five principles that govern all research and innovation activity:

- Research excellence in selected areas;
- Alignment with national and international innovation;
- Focus on outcomes with a range of partners;
- Further development of a research culture; and
- Positioning of research students for careers.

Promoting Research Excellence and Growing Capacity

In 2002, RMIT research activity was focused through seven cross-discipline Virtual Research Institutes (VRIs).

Resources flowed directly to faculties and research capability has been enhanced through, for example, the recruitment of postdoctoral fellows/research assistants. Each faculty drove its own processes for the allocation of funds.

RMIT has contributed to innovation through:

- Commonwealth Government initiatives such as Cooperative Research Centres (CRCs);
- Partnerships with one or more universities of complementary strengths; and
- Cooperative work with specific companies or groups of companies.

In 2002 the Partnerships Group

produced marketing materials showcasing RMIT's expertise, brokered meetings across institutions and enterprises and coordinated cross-university gatherings of RMIT researchers to catalyse new initiatives.

The RMIT Commercialisation Forum was established in 2002 to foster improved communication with regard to commercialisation of our research and innovation providing a pool of expertise for use via the Ideas/IP Evaluation Panel.

RMIT is continuing to build its research capacity through the appointment of research specialists. Eight Innovation Professors have now been appointed in the areas of globalisation, risk management, spatial information architecture, health psychology, regional policy/infrastructure, drug development and architecture/design.

Enhancing the Research Culture

There was a strong emphasis in 2002 on developing an entrepreneurial and innovative spirit in all research students. Students are assigned the intellectual property (IP) arising from their research. Those who wish to exploit this IP through the more common commercialisation pathways can access the support services available to staff researchers. An Ideas Incubator provided access to support the direct transfer of students' IP into small start-up enterprises.

In 2002 a university-wide research and innovation calendar of events was introduced. It included a *Research Highlights* magazine, an annual research awards event, inaugural lectures by innovation professors, debates on topical research matters and informal social gatherings to facilitate the development of internal



research networks. Feedback from researchers indicates these initiatives have played a positive role in reinforcing researcher confidence and performance.

Research Links with Teaching and Learning

RMIT recognises the critical links between research and teaching and continues to strengthen ties between the two areas through:

- Programs such as the Undergraduate Research Opportunities Program for connecting undergraduates to postgraduate research;
- Involving undergraduates in practice-based research teams;
- Adopting a team PhD approach to encourage ongoing dissemination within the interdisciplinary body of researchers;
- Strengthening the communication skills of research staff and students;
- Increasing the number of staff undergoing higher research degree training; and
- Targeted recruitment of research staff.

Focus in 2003

RMIT will invest an additional \$15 million in research and innovation from 2002 – 2004. This will include the **recruitment and development** of more leading-edge researchers.

The university will also focus on lifting performance in **winning competitive grants** (particularly from the Australian Research Council (ARC) and, where appropriate, the National Health and Medical Research Council (NH&MRC)).

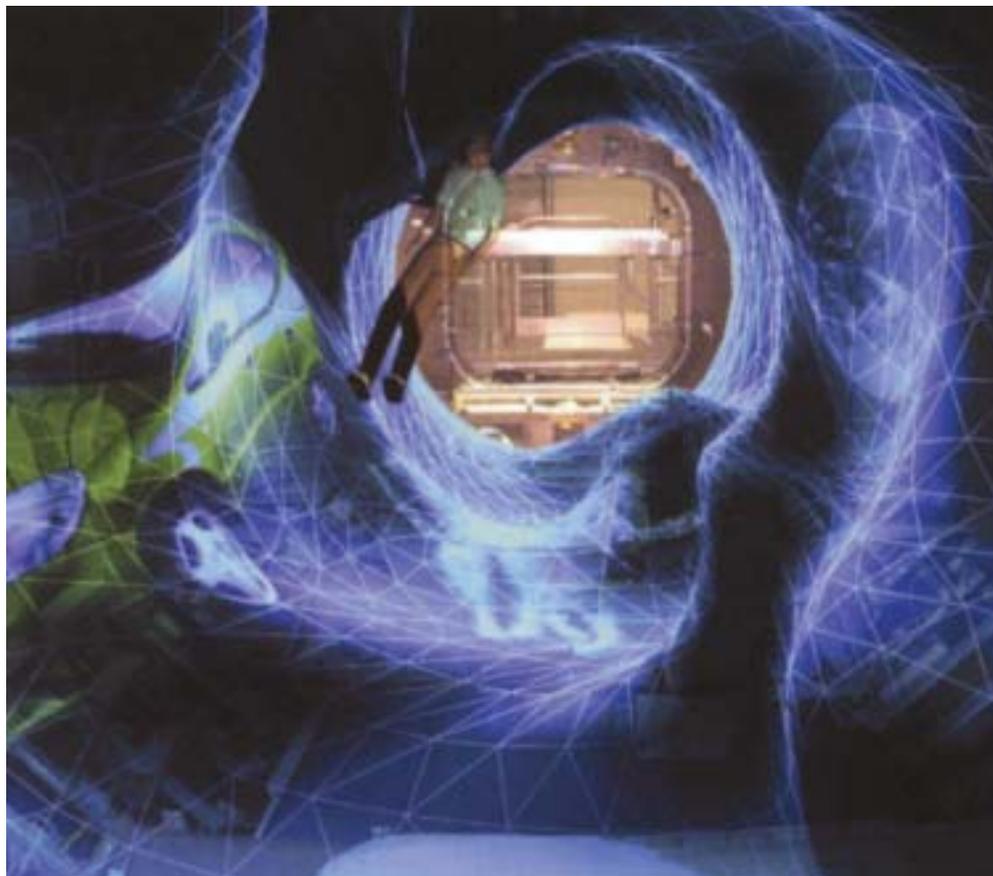
Emphasis will be placed on enhancing the **quality of research supervision** and research training management and on strengthening **IP policy** to better reflect new and emerging models of commercialisation (e.g. spin-off companies) that might involve staff and research students.

Virtual Research Institutes

- Information Technology and E-commerce
- Advanced Manufacturing and Materials
- Biotechnology and Drug Technology Development
- Social Policy and Urban and Regional Development
- Enterprise Development and Entrepreneurship
- Environmental Sustainability
- Globalisation and Cultural Diversity

Cooperative Research Centres

- Advanced Composite Structures
- Australian Photonics
- Australian Telecommunications
- Construction Innovation
- Intelligent Manufacturing Systems and Technologies
- Microtechnology
- Polymers
- Smart Internet Technology
- Water Quality and Treatment



Architecture student Mireille Downard's exploration of anti-gravitational forces in space.

Major Research Grants 2002

- RMIT received almost \$2.3 million in ARC Discovery funding for 15 research projects in 2003. The result represents exceptional growth for RMIT over the past two years.
- The university received \$1.3 million in ARC Linkage funding in 2002 for 11 collaborative research projects involving industry and community partners. Industry partners include ANZ Bank, the Bureau of Meteorology and Telstra.
- RMIT received a \$4.25 million grant from the State Government to develop Victoria's first Centre of Excellence in Digital Design. The new centre of excellence will develop expertise in design and digital technology and work in partnership with other education providers, as well as RMIT's extensive networks.
- RMIT's School of Medical Sciences was awarded over \$1 million in grant and fellowship funding by the National Health and Medical Research Council (NHMRC).
- RMIT was awarded a grant of \$398,500 to develop a scallop hatchery at the new RMIT and East Gippsland Institute of TAFE (EGIT) marine facility being built at Lakes Entrance.
- Science, Technology and Innovation (STI) funded projects include:
 - Nanotechnology Victoria (\$12 million);
 - Victorian Institute of Chemical Sciences (\$5 million);
 - Virtual Reality Observatory of Melbourne (\$1.3 million);
 - Collaborative Optical Leading Testbed (\$4 million);
 - Australian Sustainable Industry Research Centre (\$2.4 million); and
 - Centre for Education and Research in Environmental Strategies (\$350,000).

Other Highlights

RMIT opened a new \$800,000 **Engine and Supercharger Test Facility** in March, which offers specialised research and commercial services. Located at the Bundoora East Campus, the facility conducts research and independent testing for the automotive industry relating to supercharger technology, and has a facility for teaching and research programs in mechanical and automotive engineering.

During the 2001/2002 summer break over 30 young researchers participated in RMIT's **Summer Research Scholarship Program**. The program gave current and recent undergraduates the opportunity to work on projects under the supervision of RMIT researchers. Projects covered a range of subjects including the development of a software module for the simulation of polymers; the health care needs of residents in Whittlesea; an activities program for children in day care designed to improve health and motor-skills development and a report on current greenhouse gas emissions for a water company.

RMIT International University Vietnam, RMIT University and Vietnam's Ministry of Science, Technology and Environment signed an **agreement on cooperative and collaborative research and development** in April. The memorandum of understanding paves the way for joint research projects in science and technology, in particular water resources; environmental sustainability; information resources and library systems and information and communication technology. RMIT students and staff based in Australia will travel to Vietnam and undertake research in areas that provide trade opportunities for Australia as well as benefiting Vietnam socially, environmentally and financially.

The Governor of Victoria awarded prestigious **Victoria Fellowships** to RMIT researchers, Dr Gary Rosengarten and Dr Minh Nguyen. Dr Rosengarten was recognised for his work in micro and nanotechnology and Dr Nguyen for his research into materials for the aerospace industry. Each Fellow receives a travel grant of up to \$15,000 to undertake a short-term overseas study mission. Only six of the Fellowships are awarded each year.

In January this year the Aurora-RMIT 101 solar car successfully circumnavigated Australia in 24 days, securing **two world records** in the process: the world's longest continuous solar car journey using only sunshine (13,054 km); and the fastest 100 km on the open road at an average speed of 111.24 km/h.

RMIT University students Simon Feeny and Marko Nokkala beat off international competition to secure two of only five PhD internships at the **United Nations World Institute for Development Economic Research (WIDER)**. They are the first students at an Australian university to receive the internships. WIDER, based in Helsinki, Finland, is one of the world's leading and most respected development economics research institutions.

Research Project Highlights

RMIT research highlights are published in more detail at: www.rmit.edu.au/rd/pubs.



Internationalisation

Goal: To extend the scope of RMIT's international activities and create a sense of global understanding and imagination in its students, staff and clients.

In 2002 RMIT continued to strengthen and extend the scope of its internationalisation endeavours through a range of activities and programs, on and offshore. Highlights include:

Internationalising the Student Experience—Mobility Programs

Approximately 500 RMIT students participated in international study or work placement including exchange programs, clinical and work placements, research projects and study tours. A university-wide, multi-disciplinary study tour to the Shanghai Institute of Foreign Trade, China, the first of its kind, attracted 46 RMIT participants. Other destinations for study tours in 2002 included the USA, France, Italy, Denmark, India and Bangladesh.

The RMIT International Industry Experience and Research Program continued to be recognised as a unique program for internationalising the student experience. In 2002, over 120 students from across the university were placed in world-class international organisations including BASF, Bosch, BMW, Daimler-Chrysler, Eads, Fujitsu-Siemens and Micronas for periods of between three and 12 months.

Participation in international mobility programs was encouraged and supported through the award of 49 travel grants valued at \$1000 offered as part of the university's International Scholarship Program. Assisted by these grants, RMIT students travelled to a range of educational institutions in Asia, Canada, Europe, South America, the United Kingdom and the United States. RMIT received Commonwealth Government funding for five projects under the University Mobility in Asia and the Pacific program. Funding for student and staff mobility projects in China, Japan, Mexico and Malaysia totalled \$93,000.

Internationalisation of Teaching and Learning

RMIT launched the Working Globally Seminar Series, a professional development forum comprising seminars and workshops for university staff engaged in international work on and offshore. The series will continue in 2003.

Expanding RMIT's Global Reach

A new program, 'The Diploma of Communication and Media', was added to programs offered in Indonesia through International Education Programs, RMIT's partner in Jakarta.

In Taiwan, RMIT commenced offering the MBA in Aviation Management to senior staff of China Airlines as part of the airline's strategy to improve its management performance.

Enrolments in programs delivered in China have continued to grow, with Shanghai showing particularly strong growth. Two new programs at Bachelor and Masters level are planned for introduction at Shanghai Institute of Foreign Trade.

RMIT won the tender for provision of online courseware and quality assurance for IT programs at the African Virtual University. These programs will be made available through four African universities.

Contributing to International Communities—the RMIT International Scholarship Program

In 2002, through its International Scholarship Program (ISP), RMIT contributed \$1.62 million to international and local student communities to fund new and ongoing scholarships and awards. Fifty-six academic scholarships were awarded to newly commencing international students across a range of categories including postgraduate research and coursework, undergraduate and TAFE.

Collaborative International Research Links and Projects

A joint RMIT-University of California Los Angeles (UCLA) Water Environment Workshop on Environmental Policies and Practices in the Water Industry was held in Melbourne and attracted over 100 participants. A joint committee from RMIT's School of Civil and Chemical Engineering and UCLA's Department of Civil and Environmental Engineering organised the two-day event, chaired by RMIT's Dr Nira Jayasuriya.

RMIT and RMIT International University Vietnam (RIUV) jointly conducted three Environment Workshops in Vietnam in collaboration with local universities and Government institutions in Hanoi, Hue and Ho Chi Minh City. Detailed action plans for further research have been developed for each location in Vietnam.

Strategic Development of Partnerships, Networks and Alliances

RMIT's strategic framework for regional and country engagement was further extended with the development of 'Country Frameworks' to inform decision-making related to international activities. In 2002 Country Frameworks were completed for China, Malaysia and Taiwan.

Strengthening Quality Assurance

Key university policies and operating procedures were revised and new ones developed to ensure compliance with the *Education Services for Overseas Students (ESOS) Act 2000* and the *National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students*. A review of quality assurance processes for offshore programs has resulted in enhanced procedures that are integrated with RMIT's Program Quality Assurance system and incorporate procedures for the delivery of offshore research-based awards.



RMIT Melbourne students preparing for a study trip to RMIT Vietnam.

New Offshore Programs 2002	Location
Certificate in Foundation Studies	Jakarta
Diploma of Computer Science	African Virtual University
Bachelor of Applied Science (Computer Science)	African Virtual University
Bachelor of Commerce	Vietnam Campus
Graduate Certificate in Educational Leadership and Management	Vietnam Campus
Graduate Diploma in Educational Leadership and Management	Vietnam Campus
Master of Business Administration (Aviation Management)	Singapore
Master of Education (Educational Leadership and Management)	Vietnam Campus

Regional and Community Partnerships

Goal: To be an active and valued member of the communities in which the university operates.

18

RMIT aims to make a difference to the communities and regions we serve by engaging with our communities. RMIT values its community partnerships and is committed to achieving mutually beneficial outcomes through:

- Extending our involvement with communities, industry, schools and local government in regions;
- Establishing cooperative projects and programs with community groups that articulate to learning, research and innovation;
- Nurturing sustainable partnerships between community and regional stakeholders and RMIT;
- Ensuring education and research programs are shaped by community needs and aspirations;
- Building capacity to be agile and responsive to community and regions; and
- Exploring and contributing to the scholarship of engagement.

RMIT identifies a number of key regions—in Victoria these are the inner city region of Melbourne, the northern metropolitan region of Melbourne, Hamilton and surrounds, and East Gippsland.



Mary Collins from RMIT's Department of Social and Community Services with a special needs child in Ho Chi Minh City.

Inner City Region of Melbourne

RMIT works with schools in the region to address issues of disadvantage and to support students in transition to education, training and employment. A number of programs supported schools including:

- programs where RMIT engineering students demonstrate experiments in rocket science in schools and programs that bring students into science facilities at RMIT; and
- programs that support young people into TAFE and provide TAFE and industry experience for Year 10 secondary students in building, electronics, engineering and plumbing.

A key development in work in the city has resulted in programs that focus on people marginalised from learning and social participation. The whereveruni project provides technology-based learning in partnership with the Salvation Army Urban Heart Mission in the CBD and the Melbourne Youth Learning Opportunities (MYLO) program is developing an informal learning model for disengaged young people in the CBD.

Northern Metropolitan Region of Melbourne

RMIT continued to collaborate with other education providers, local government and industry to address the region's development priorities through networks including NorthLink, the Northern Industry Education and Training Link (NIETL) and the Northern Area Consultative Committee (NACC).

Partnerships are active with local government, industries and community organisations, including research projects with local government areas in understanding social and community issues for cities, new industry

development for small farmers in the region, developing innovation and export capacity for small to medium enterprises and professional development with Adult and Community Education providers.

RMIT University partners with local government, TAFE and other further education providers, youth service providers and school communities to deliver support to students and the development of pathways. A leading example of this approach is The Whittlesea Youth Commitment—a community-based initiative aimed at ensuring a successful transition for local young people from education to work or further training. Other programs focus on critical aspects of transition, including: a project that explores issues around the re-engagement of early school leavers facing long-term unemployment, another which secures commitments from employers to host students for work placement, one which has developed a model of an industry-school partnership and one focused on communication across the Local Learning Employment Network and the local community.

East Gippsland

RMIT has an ongoing commitment to the East Gippsland region and has been working strategically in the region in partnership with the East Gippsland Institute of TAFE (EGIT) since 1993. The partnership includes delivery of RMIT programs at EGIT campuses as well as a large research effort that began with 18 scholarships on environmental issues.

The EGIT-RMIT Research and Education Centre being built at Lakes Entrance will open in February 2004 and house TAFE marine programs, RMIT higher education

programs and environmental and aquaculture research activities. In 2002 RMIT approved the appointment of two new postdoctoral research fellows and was awarded a \$400,000 Federal Government grant to develop a scallop hatchery to support the development of that industry in the region.

RMIT Hamilton

During 2002, RMIT continued to develop its presence in Hamilton and the Southern Grampians region. RMIT Hamilton is the university's largest regional project, involving all faculties, 200 community members and groups, 32 schools, 150 host families and most local businesses.

2002 Hamilton Highlights

- Three Handbury Fellowships awarded;
- The Australian National Training Authority Learning Communities Audit;
- Study of the economic impact of RMIT Hamilton on the Southern Grampians Shire;
- Research for the Glenelg/Hopkins Catchment Management Authority;
- 10 MMM project with the Western District Health Services and Southern Grampians Adult Education;
- RMIT Hamilton RICE program and the Southern Grampians Shire were

awarded the Federal Government Victorian 'Can Do' community prize for 2002;

- Professional Development Centre established at RMIT Hamilton; and
- Southern Grampians Business Excellence Award in the Education and Training category.

Cross-Regional

RMIT also works across regions developing models of engagement and working with communities.

RMIT Learning Networks completed the three-year component of the Victorian Flexible Learning Network project providing programs and professional development to adult and community education providers across regions in the north and west of Victoria. RMIT is also developing new courseware to enhance links to regional

communities and to provide learning experiences for RMIT staff and students. Approximately 250 undergraduate students travelled to the southern Grampians, north-west and north-central Victoria in 2002.

Scholarship

It is important to RMIT that the scholarship of community engagement is developed with the practice. The university recognises community engagement as a crucial and emerging role for universities, going beyond the traditional notion of service delivery. This research area is tied to work across the university, our communities and to state, national and international developments. In 2002 RMIT played a key role and was a partner with the State Government of Victoria in the Victorian OECD Learning Cities and Regions Conference.

RMIT Hamilton Programs

- Bachelor of Nursing
- Bachelor of Commerce (online)
- Master of Education by Project Research
- Graduate Certificate in Business Management (Health)
- Sustainable Regional Development Course (part of the graduate program in environment and planning)
- Certificate III in Civil Construction
- Certificate II in Pre-Employment Program
- Certificate III in Garment Construction
- Doctorate programs



Nursing students at RMIT Hamilton.



RMIT, Sustainability and the Triple Bottom Line

Since 1887, RMIT University has carried out its goal to serve people with dedication and accomplishment. As part of this mission, we are committed to building a sustainable organisation that serves the needs and aspirations of stakeholders. We believe sustainability is at the core of the university's obligations, its activities and its contributions to society. It is about how we deal with students and employees, how we interact with the community, how we treat the environment, how we remain economically viable, and how we manage our organisation.

As well as fulfilling our statutory requirements, the university adopts the Triple Bottom Line reporting system, used worldwide to assess corporate performance against social, environmental and economic parameters. In line with RMIT's commitment to good governance in all of its activities, we have expanded this performance reporting methodology to the *Triple Bottom Line + 1* system used in this Annual Report.

The set of key indicators in this Annual Report have been developed to aid in measuring our performance and progress on this journey towards becoming a sustainable institution as well as contributing to global sustainability in all its dimensions.

Triple Bottom Line + 1—Social

RMIT is committed to the principles of social equity, supporting its students, staff and local communities. We aim to make the university an enjoyable and rewarding learning and working environment, giving equal access to all. We seek to be a valued corporate citizen serving communities locally, regionally and internationally.

To achieve this, we must:

- Maintain our reputation for excellence;
- Meet our students' expectations and make their time at RMIT valuable; and
- Value our staff and make their work environment safe.

Share of First Preferences

RMIT has been No. 1 in first preferences for HECS-funded Higher Education (HE) places in Victoria for the past three years. It also enrolls the largest number of Victorian students transferring from other universities after their first year. Demand continues to be very strong for most undergraduate programs.

Fee-paying undergraduate applications are growing slowly. RMIT performs well in this small market, behind Monash and Melbourne.

In 2002, applications for TAFE places offered through VTAC continued to be well ahead of other TAFE institutions. This is partly due to our profile configuration.

Graduates in Employment

The percentage of HE graduates in full-time employment is calculated as the proportion of Australian resident bachelor degree graduates available for full-time employment who are engaged in full-time employment at the time of the survey (approximately four months after degree completion).

The percentage of VET graduates in employment is calculated as the proportion of surveyed VET graduates whose courses were of at least 200 hours or one semester in duration, that have progressed into employment at the time of the survey (approximately five months after program completion).

In spite of the administration difficulties experienced throughout 2002, RMIT has continued to perform above national average in the HE sector

and above average against both the national and Victorian averages for the VET sector.

Occupational Health and Safety

During 2002 the number of work-related injuries/incidents reported by staff, students, contractors and visitors at RMIT decreased from 321 to 259. The total number of injuries resulting from these incidents was 175 (140 staff and 35 non-staff). Seven incidents required notification to WorkSafe Victoria due to the serious nature of the accident.

RMIT received 71 new WorkCover claims in 2002. This compares to 75 received in 2001. Of these, 39 claims resulted in time lost from work of one day or more and 32 resulted in no time lost. The predominant injuries were sprains/strains and stress-related illnesses.

22

Share of first preferences			
	2002	2001	2000
RMIT HE share of first preferences (HECS-funded places)	18.6%	18.7%	20.4%
RMIT HE share of all preferences (Fee-paying places)	16.6%	21.9%	22.7%
RMIT TAFE share of first preferences	27.7%	30.3%	30.6%

Source: Victorian Tertiary Admissions Centre. Measured at main VTAC Change of Preference Period.

HE full-time employment			
	2002	2001	2000
RMIT	83%	86%	87%
National	81%	83%	84%

Source: Course Experience Questionnaire, Graduate Careers Council of Australia.

VET employment			
	2002	2001	2000
RMIT	78%	77%	79%
Victoria	72%	73%	76%
National	73%	73%	76%

Source: Student Outcomes Survey, National Centre for Vocational Education Research.

RMIT University continues to address key health and safety issues and work proactively to enhance its structures and systems through programs including:

- Consolidation of the newly formed faculty committees;
- Compliance programs focusing on manual handling, noise and plant;
- Warden recruitment and training to support the university's management of emergencies;
- Purchase and implementation of an integrated health and safety management system;
- Restructure of the central Occupational Health and Safety Unit to provide greater support to line managers;
- Health and safety representative forum; and
- Training programs and information sessions.

RMIT supports a strong culture of reporting incidents as a proactive way of managing hazards and their associated risks. These figures (in table below) show incidents reported by staff, students, contractors and visitors, and the university is satisfied that the figures demonstrate a strong awareness of the policy and procedures for incident reporting as well as the benefits of early intervention.



Gender Distribution of New Staff Recruited

The ratio of female participants in the Victorian workforce to male participants has increased from 43.3 per cent to 44.5 per cent between 2000 and 2002. This demographic change is part of a continuing social trend, which is

expected to continue over the long term. RMIT follows a similar trend in the recruitment of new staff. The ratio showed positive growth with 53 per cent of recruitment in 2000 being female rising to 55 per cent in 2002. It is expected that this will remain constant in 2003.

OHS incidents reported			
	2002	2001	2000
RMIT	259	321	301
% Change	-19.3%	+6.7%	+40.7%

New employees					
	Female	%	Male	%	Total
2001	200	(56%)	158	(44%)	358
2000	162	(53%)	145	(47%)	307

Employee type (2002)					
	Female	%	Male	%	Total
Academic	42	(40%)	64	(60%)	106
Executive	4	(44%)	5	(36%)	9
General	160	(63%)	93	(37%)	253
Teaching	19	(46%)	22	(54%)	41
Total	225	(55%)	184	(45%)	409

Benchmark (Vic. Workforce)					
	Female	%	Male	%	Total
2002	1,148,500	(44%)	1,433,900	(56%)	2,582,400
2001	1,096,900	(44%)	1,414,400	(56%)	2,511,300
2000	1,071,800	(43%)	1,404,900	(57%)	2,476,700

Triple Bottom Line + 1—*Environmental*

In 1995, RMIT became a signatory to the Tallories Declaration, a ten-point action plan for incorporating sustainability and environmental literacy in teaching, research, operations and outreach at colleges and universities. This Declaration has been signed by more than 275 universities in over 40 countries. Since then we have also become partners and signatories to a number of other global and local programs and partnerships including the Greenhouse Challenge and the Global Compact. These commitments are reflected across RMIT in policy, strategy, teaching and learning, research and operations.

Environmental Measures

Measured per equivalent full-time student unit (EFTSU), RMIT's natural gas, electricity and water consumption levels all fell in 2002, leading to reductions in the amount of greenhouse gas produced to support the university's operation.

This positive trend is due to energy management initiatives within Property Services and some increased awareness among students and staff of the importance of conserving natural resources, which has been contributed to by the efforts of the Green Team within Property Services.

Figures for 2000 have not been provided because the data is not considered sufficiently reliable.

24

2002 Consumption		
Environmental indicators	Quantity consumed	Quantity per EFTSU
Waste produced (m ³)#	16,516	0.39
Electricity consumed (GJ) *Source Citipower (Origin, Origin Energy, TXU)	182,683	4.27
Gas consumed (GJ) *Source TXU, Elgas, Origin Energy	122,072	2.85
Greenhouse Gas produced (tonnes CO ₂ equivalent)	81,505	1.91
Water consumed (Kl)	313,028	7.32
# Waste data includes City, Bundoora and Brunswick campuses *Gas and Electricity data includes City, Bundoora, Brunswick and Hamilton campuses		
2001 Consumption		
Environmental indicators	Quantity consumed	Quantity per EFTSU
Waste produced (m ³)#	15,714	0.40
Electricity consumed (GJ) *Source Citipower	184,921	4.67
Gas consumed (GJ) *Source TXU	113,274	2.86
Greenhouse Gas produced (tonnes CO ₂ equivalent)	77,833	1.97
Water consumed (Kl)	298,203	7.53
# Waste data includes City, Bundoora and Brunswick campuses *Gas and Electricity data includes City, Bundoora and Brunswick campuses		



Triple Bottom Line + 1—Financial

Data Section

	2002	2001	2000	1999	1998
Net operating result attributed to RMIT Entity	(0.6)	8.6	22.6	45.1	14.2
Cash flow	42.9	43.6	49.2	66.7	38.8
Total assets	1,340	1,300	1,231	1,186	1,114
Total liabilities	418	392	372	350	339
Net assets	922	909	859	836	776

Report on Operations

Operating Result

The Consolidated Entity's operating result from ordinary activities after tax was a deficit of \$0.6m down from \$8.0m on 2001.

The result is largely due to:

- the need of the parent entity to continue to fund the development of its Administrative Management System (AMS); and
- the need to provide ongoing funds for the system during 2002 to the order of \$11.2m.

The abnormal write down of carrying value of AMS was recorded, amounting to \$13.1m.

There was also required to increase provision for student debtors \$2.8m and long service leave and annual leave \$5.7m.

Cash Flow

Cash flow from operations is only slightly below previous years:

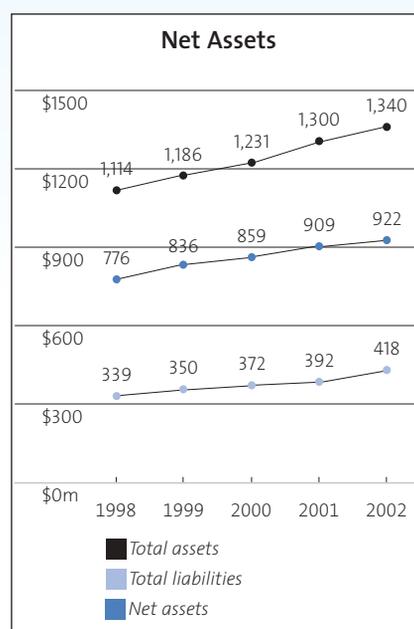
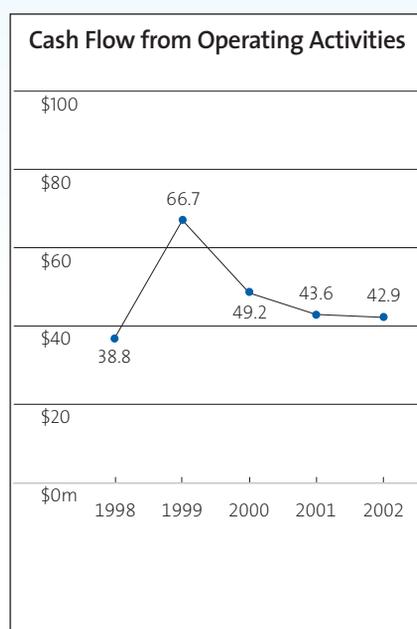
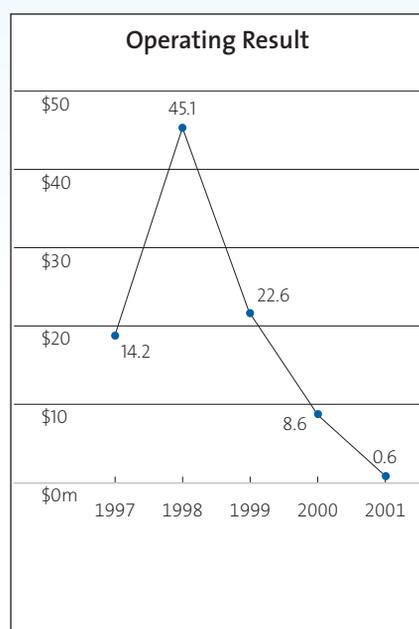
- While the operating result was affected by a number of non-cash charges, cash flow from operating activities still remains strong only marginally down on last year;

- Net cash reinvested into the group totalled \$41m;
- Cash borrowing of \$25m insured ensured the group achieved positive fund inflows for the year of \$26.9m.

Net Assets

The net assets of the Consolidated Entity continued to grow; both current and non-current assets have increased in value over 2001.

26



Triple Bottom Line + 1—Governance

At its base level, good governance means good decision-making. For RMIT, good governance is not just about making these decisions, but developing formal and informal structures that ensure we continue to make and implement them. We must accept the highest standards of integrity, accountability and ethical behaviour as well as transparency and consistency in all actions.

The university Council has made a number of changes to its own operations in recent years, including a rationalised and streamlined committee structure and endorsement and progressive implementation of the recommendations of the report of the internal review of governance practices. These recommendations include induction of new members, use of a corporate governance checklist, assessment of Council members' performance and regular reporting to the RMIT community on matters discussed at Council. A major review of the Council's operation will be undertaken in 2003 under the guidance of the new Chancellor.

Council Members' Attendance			
% Attendance	2002	2001	2000
Council	86%	80%	89%
Finance and Major Initiatives Committee	89%	85%	67%
Audit and Risk Management Committee	92%	85%	65%
Remuneration Committee	82%	73%	75%
Planning and Quality Committee	78%	100%	60%
Membership Committee	85%	n/a	n/a

RMIT's Focus for 2003

Strategic Priorities

AUQA

In preparation for the AUQA audit in July 2003 the RMIT AUQA portfolio has been produced. The process of preparation revealed a number of improvement opportunities across all of the university's activities and they will be a focus of attention in 2003.

Process Simplification

In 2003 a major project is being undertaken to review and simplify RMIT business processes.

The objectives of the project are to:

- improve student and customer service levels;
- increase the proportion of expenditures on teaching and research activity; and,
- reduce the difficulty experienced and effort required by staff in administering processes.

Research in 2002 identified student administration; teaching and learning development, renewal and approvals; research; finance; information technology; and human resources as priority areas for consideration. Implementation will occur throughout 2003 and 2004.

Budget

A review of RMIT's budget process has been undertaken. Implementation of the results of this review work will assist the university in better monitoring of its financial situation and will provide systems that support the achievement of fiscal targets.

Teaching Quality

RMIT will continue to develop and implement a revitalised teaching and learning strategy. Teaching quality improvement will be measured by improved student feedback.

Research Strength

Building on research grant success in 2002, RMIT will continue to focus on increasing research income and building capability in areas of strength and relevance.

Portfolio Development

The new senior structure approved during 2002 will be further developed with the aim of *Dissolving the Boundaries* consistent with the university's Strategic Plan.

AMS

Remediation of the student academic administration system will continue to be a priority item into 2003 as documented below.

Academic Management System

RMIT's vision for the Academic Management System (AMS) was ambitious. The university's aim was to deliver a functionally rich and highly flexible integrated learning and administration platform. This included a web-based, self-service system designed to enhance service to students, improve administrative efficiency and release academic staff for research and teaching and learning activities.

The AMS development and implementation was made more challenging by the size and diversity of RMIT's student population. Whilst complex in nature, an integrated solution is fundamental to managing the student learning experience and providing a richer, more productive environment to underpin academic processes. Integrated higher education/TAFE functionality could only be delivered by a student management system that was supported by groundbreaking technology.

The administrative difficulties associated with the AMS project were serious and the financial and administrative consequences for RMIT have been significant. That the university moved quickly to strengthen project governance, to examine thoroughly the causes of the failures and to identify and expeditiously implement remedial measures was recognised by the Auditor-General in his report into the system, released in early 2003.

The highest priority throughout 2002 was to ensure that the university met its administrative commitments to students while educational service delivery continued. This was achieved as a direct result of the enormous commitment from many RMIT staff.

2002 Initiatives:

- Implementation of **new AMS governance arrangements**, with the Vice-Chancellor as project sponsor. The structure includes the appointment of an RMIT Project Director with substantial experience in large-scale implementations.
- Creation of the **AMS Board** to monitor remediation progress and set future priorities.
- Appointment of Ernst and Young to undertake **project quality assurance**.
- Introduction of a comprehensive **project charter, risk and issues management and communication strategy**.
- **Formation of the AMS Operational Committee** to facilitate consultation with a wide range of university stakeholders, including day-to-day operational users.
- The appointment of **business process owners** for critical streams of AMS functionality, e.g. enrolments and financials.
- Introduction of an **industry-recognised project methodology** and project office to manage and control all AMS-related activity. This includes the program of work, application control environment, a thorough testing regime and procedures for user acceptance and approval of new AMS functionality.

Fully implementing the AMS is a critical and complex issue for the university. In 2003, the focus will switch from stabilising the current AMS system to re-implementation. Work is now underway to reconfirm the university's system requirements and to reassess the most appropriate technology solution/s moving forward. At the same time, within the time constraints of the academic calendar, we will continue to work assiduously towards minimising the impact of the current difficulties on our students and staff.



Corporate Governance

University Council

RMIT University is governed by a Council that consists of:

- the Chancellor;
- the Vice-Chancellor;
- the Chairperson of the Academic Board;
- the Chairperson of the Board of Technical Studies (or, if that person is not a member of the university's staff, a member of staff nominated by the Board);
- three people elected by and from the staff of the university as prescribed by the Statutes;
- two people elected by and from the enrolled students of the university as prescribed by the Statutes;
- six people appointed by the Governor in Council;
- one person appointed by the Minister; and
- six people appointed by the Council.

Consistent with the *Royal Melbourne Institute of Technology Act 1992* as from time to time amended, the Council is the governing authority of the university and has the direction and superintendence of the university. Accordingly, Council members participate in the formulation of policy and monitoring of the university's performance. The Council appoints the Vice-Chancellor, executives at Deputy Vice-Chancellor and Pro Vice-Chancellor levels, and Deans of Faculties.

Members of Council as required by legislation have duly completed declarations of pecuniary interests. No members of Council hold shares as nominees, or beneficially in any statutory authority or subsidiary related to the university. Members of Council do not hold shares in RMIT—no shares are distributed by RMIT—or in related companies. Council members have not received remuneration for being members of Council. RMIT does not make loans to councillors or related parties of councillors.

Council Members in 2002

Mr Don Mercer

BSc (Hons) St And, MEc Manch
Chancellor
Elected by RMIT Council (Chancellor)

Professor Ruth Dunkin

BA (Hons) Melb, GradDipMgmt CIAE, MPubAd
Harv, PhD Melb
Vice-Chancellor
Vice-Chancellor (ex officio)

Professor Peter Coloe

BSc (Hons) Monash, PhD Monash, FASM
Head, Department of Biotechnology
and Environmental Biology
Chair, Academic Board (ex officio)

Mr Ian Sapwell

ARMIT, TTrIC, MIREE (Aust)
Deputy Dean, Faculty of Art, Design and
Communication
Chair, Board of Technical Studies (ex officio)

Ms Lee Burton

BA Monash, DipEd Rusden
Senior Lecturer—Media Education,
Faculty of Education, Language and
Community Services
*Elected by the Academic Staff (HE)—Resigned
4/3/2002*

Ms Kaye Hilliar

Teacher, School of Accounting and Law (VET),
Faculty of Business
Elected by the Academic Staff (VET)

Mr Neil Robinson

Dip App Phys RMIT, BSc (Hon) LaTrobe, MSc
LaTrobe, TTTC
Senior Lecturer, Department of Applied
Physics, Faculty of Applied Science
*Elected by the Academic Staff (HE)—Elected
28/3/2002*

Ms Colleen Coutts

GradDip (IR) RMIT
Faculty Executive Officer, Faculty of Life
Sciences
Elected by the General Staff

Mr Rory Hunter

Student
Elected by the Students

Mr Rhavy Nursimulu

Adv Dip (International Trade) RMIT
Student
Elected by the Students

Ms Heather Carmody

GradDip Org Change and Dev RMIT, GradDip
Hlth Sci, BSoc Sci Curtin, A/ship in Social
Sciences (Social Work)
Principal Consultant, The Empower Group
*Appointed by the Governor in Council (Deputy
Chancellor)*

Mrs Evelyn Danos

BSc, LLB Monash
Director, James Richardson Corporation
Pty Ltd
Appointed by the Governor in Council

Mr Garry Ringwood

BCom NSW, FSCPA
Executive Director, Executive Interim
Management
*Appointed by the Governor in Council (Deputy
Chancellor)*

Ms Jane Tongs

BBus (Accounting) RMIT, MBA Melb, ICA, ICD
Company Director
Appointed by the Governor in Council

Dr Robert Frater

BSc, BEd, PhD, DScEng Syd
Vice President for Innovation, ResMed Ltd
Appointed by the Governor in Council

Mr Ross Hepburn

BE Melb, MAdmin Monash
Group Manager Community Support,
City of Greater Dandenong
Appointed by the RMIT Council (Treasurer)

Mr John Mitcham

DipAppChem, Cert. M'ment RMIT
Retired Director and General Manager,
Manufacturing Division, Kodak
(Australasia) Pty Ltd
Appointed by the RMIT Council

Dr John Nieuwenhuysen

MA Natal, PhD London
Retired CEO Committee for Economic
Development of Australia (CEDA)
*Appointed by the RMIT Council—Appointed
4/3/2002*

Mr Peter Thomas AM

BCom Melb, MAICD
Company Director
Appointed by the RMIT Council

Ms Jenny Varcoe-Cocks

Dip Bus Studies VUT
Consultant
Appointed by the RMIT Council

Mr Peter Summers

BA UWA
Consultant
Appointed by the Minister

Major Committees

Audit and Risk Management Committee

The Audit and Risk Management Committee acts on behalf of Council to monitor and oversee all audit controls and risk management of the university and all associated policies and procedures.

The Committee:

- reviews and approves internal audit arrangements, and receives regular reports on internal audit activities;
- considers the annual financial statements in the light of any comments from the Auditor-General's agent and the Auditor-General's representative, and recommends to Council adoption of the statements;
- reviews and approves processes and procedures to identify and monitor financial and non-financial risks to the university;
- receives regular reports on the university's risk management activities;
- considers any matters having a significant impact on the university's audit and risk management functions,

and makes appropriate recommendations to Council, taking account of the brief of other committees of Council, or to the Vice-Chancellor; and

- considers any matters referred to it by either the Council or the Vice-Chancellor.

Risk Management 2002

Effective risk management is an essential element in the university's corporate governance framework. The university's governing body, RMIT Council, plays a fundamental role in the management of institutional risk through its Audit and Risk Management Committee.

The Audit and Risk Management Committee, on behalf of RMIT Council, has responsibility for setting strategy and overseeing risk management within the university as a whole. This Committee acts to ensure that the university has a sound system of internal management and control and that it delivers value for public monies expended. The Committee also periodically monitors the processes

for identifying, evaluating and managing the risks faced by the university.

To this end and to supplement previous risk management initiatives such as the development of draft risk management policy and guidelines, further work was undertaken throughout the year on refining the university's strategic business risk profile structured around the key categories of RMIT's Strategic Plan. This updated organisational business risk profile was then used to ensure that identified high-end business risks were subject to appropriate and independent coverage by internal audit and other assurance activities in the future.

The university's overall risk management strategy and business risk profile also includes consideration of the risks associated with commercial joint ventures and associated bodies. An outline of the extent and nature of risk for the key joint ventures and associated bodies is provided in the table below.

Associate/Commercial Venture	Principal Objects	Level of Financial Risk (High, Medium or Low)	Level of Reputation Risk (High, Medium or Low)
RMIT Student Union	Provision of student services	Medium	Medium
Melbourne Cooperative Book Shop (RMIT Book Shop)	Provision of books and other publications	Low	Medium
Melbourne Community TV Consortium (Channel 31)	Provision of community television	Medium	Medium
Open Learning Agency of Australia Pty Ltd	Provision of online learning	Low	Medium
Global University Alliance	Provision of online learning	Medium	Medium
Victorian Partnership of Advanced Computing	Provision of high performance computing	Medium	Medium
BioComm International	Commercialisation of Biotechnology R&D	Low	Medium
Department of Human Services	Provision of Disability Training Services	Medium	Medium
Commonwealth Department of Family and Community Services	Commercial Services	Low	Medium
Hong Kong Arts Centre	Provision of educational services	Medium	Medium
Hong Kong Baptist University	Provision of educational services	Medium	Medium
Wuhan University of Science and Technology	Provision of educational services	Medium	Medium
Hong Kong Management Association	Provision of educational services	Medium	Medium
Malaysian Institute of Management	Provision of educational services	Medium	Medium
Lasalle-SIA College of the Arts	Provision of educational services	Medium	Medium
Limkokwing Institute of Creative Technology	Provision of educational services	Medium	Medium
Shanghai Institute of Foreign Trade	Provision of educational services	Medium	Medium
Super Guide Consultants	Provision of educational services	Medium	Medium
Metropolitan College	Provision of educational services	Medium	Medium
IMC Technologies Pte Ltd	Provision of educational services	Medium	Medium
Informatics	Provision of educational services	Medium	Medium
Singapore Institute of Management	Provision of educational services	Medium	Medium
CRC for Advanced Composite Structures	Research	Low	Medium
CRC for Australian Phototonics	Research	Low	Medium
CRC for Australian Telecommunications	Research	Low	Medium
CRC for Construction Innovation	Research	Low	Medium
CRC for Intelligent Manufacturing Systems and Technologies	Research	Low	Medium
CRC for Microtechnology	Research	Low	Medium
CRC for Polymers	Research	Low	Medium
CRC for SMART Internet Technology	Research	Low	Medium
CRC for Water Quality and Treatment	Research	Low	Medium

Finance and Major Initiatives Committee

The Committee receives and reviews the proposed annual budget of the university, and recommends its adoption by Council. It also:

- receives and reviews regular financial reports;
- reports to Council on the financial situation of the university;
- receives and reviews policies with regard to investment funds, and monitors the effectiveness of these policies;
- receives and reviews the capital program budget, and recommends its adoption by Council;
- advises Council on major initiatives and projects involving significant financial commitment, and/or a significant non-financial risk; and
- monitors the progress of major programs, initiatives, and projects, and advises Council of any emerging significant issues.

Membership Committee

This Committee discharges a number of responsibilities on behalf of the Council with respect to Council membership. The Committee recommends to Council people to be appointed by the Council itself, pursuant to Section 7 (2) (i) of the university's Act. The Committee also

recommends candidates to be considered for appointment to Council by the Governor in Council. These recommendations pass through the Chancellor to the Minister for Education and Training. Under revised State Cabinet guidelines that came into effect in 2001, Cabinet approval is required for Governor in Council, and Ministerial appointments to university councils.

Remuneration Committee

This Committee determines the remuneration policies and procedures for all categories of staff in the university, as well as the remuneration for members of the university's executive staff. The Remuneration Committee resolves matters relating to the employment of members of the Vice-Chancellor's Executive Team.

Planning, Quality and Performance Committee

This Committee receives and reviews the university's Strategic Plan, and recommends it to Council. It monitors the processes involved in the development of the Profile and the Strategic Plan and other planning processes affecting the activities of the university. In addition, the Committee:

- monitors the overall performance of the university, and of its various

sections, against agreed performance measures;

- monitors the implementation and integration of quality improvement strategies and processes throughout the institution;
- reports regularly to Council on key issues connected with planning, quality, and performance within the university; and
- is a source of advice to the Vice-Chancellor on issues relating to planning, quality, and performance within the university.

Academic Board and Board of Technical Studies

The Academic Board:

- undertakes academic oversight of all prescribed programs and courses of study in higher education within the university; and
- provides advice to Council on matters relating to the conduct and content of these programs and courses.

The Board of Technical Studies:

- undertakes academic oversight of all TAFE prescribed programs and courses of study; and
- provides advice to Council on the conduct and content of these programs and courses, and the awarding of certificates and diplomas in TAFE programs.

External Reviews

ISO

RMIT has certification to ISO 9001:1994—Quality Management Systems. A short audit of student support areas was undertaken prior to the major triennial audit, for re-certification, in March 2002. A routine surveillance audit occurred in October.

The triennial audit reported a major non-conformance regarding timely implementation of internal audit recommendations about the Academic Management System (AMS). The corrective action plan developed in response was approved by the auditor and upon its implementation, certification to ISO 9001:1994 was retained. Progress against the corrective action plan was reviewed in the October

surveillance audit and found to be satisfactory. No non-conformances were found in this later audit.

External Faculty and Support Unit Reviews

The process of organisational reviews continued in 2002. The Business Faculty was reviewed in accordance with the Terms of Reference for Faculty and Support Unit Reviews 2001, as amended in September 2002. The review panel, comprised of five external senior academic and corporate managers (HE and TAFE), considered a submission from the Faculty (including a self-assessment) and centrally provided data and held a site visit. During this visit, the panel met with the university

Executive and the Dean, staff, students, research partners and industry representatives of the Faculty. The Review Report, together with the Faculty's Action Plan, will be submitted to Council in early 2003.

Victorian Auditor-General

The Victorian Auditor-General conducted the following reviews at RMIT:

- 2001 financial statements audit(s) of RMIT and controlled subsidiary entities;
- Review of implementation of AMS;
- Follow-up review of implementation of AMS; and
- Review of establishment of RMIT International University Vietnam company and campus.

RMIT Companies

Human Research Ethics Committee

The RMIT Human Research Ethics Committee was established by Council to safeguard the interests of participants in research conducted at RMIT. The committee reviews ethical aspects of proposed research involving people to ensure that it complies with National Health and Medical Research Council (NH&MRC) guidelines. The 17-member Committee meets the requirements specified in the NH&MRC guidelines and includes additional members to advise on particular aspects of research. Projects involving risks believed to be above the everyday norm are referred to the main committee for consideration and approval. The RMIT Human Research Ethics Committee reports annually each July to the Australian Health Ethics Committee.

RMIT International University Vietnam

RMIT has established the first fully foreign-owned university in Vietnam—RMIT International University Vietnam (RMIT Vietnam). It provides professional and vocational education, training programs, outcome-related research and consultancy services that address real-world issues appropriate to Vietnam's economic and social development and to its environmental sustainability.

2002 Highlights

- Student enrolment targets have been achieved.
 - University development is progressing as planned. The Ho Chi Minh City campus is fully occupied.
 - A new campus development strategy has been adopted to develop multi sites in CBD Ho Chi Minh City and Saigon South.
- In 2002, RMIT Vietnam had total enrolments of 1557 and offered programs in:
- Master of Systems Engineering, Master of Education;
 - Graduate Diploma of Tertiary Teaching and Learning;
 - Bachelor of Commerce;
 - Bachelor of Applied Science in Computer Science;
 - Multimedia and Software Engineering;
 - University Preparatory Programs; and
 - English Language Programs.

The university awarded a substantial number of partial and full scholarships to students on the basis of academic excellence and had a total of 91 part and full-time staff comprising local Vietnamese and foreign nationals in 2002.

The university also provided project management and professional expertise in the development of a number of Learning Resource Centres (LRCs) in Vietnamese universities. While the Hue University LRC was nearing completion, the university had

attracted a further US\$11 million in donations for the development of LRCs for Danang and Can Tho Universities, and for feasibility studies for Thai Nguyen University and Vietnam National University Hanoi.

In July 2002, the former Australian Ambassador to Vietnam, His Excellency Mr Michael Mann was appointed as the Founding President of RMIT International University Vietnam. Mr Mann's extensive experience in Asia, as a diplomat and in the media, was invaluable in furthering the provision of education, training, research, project management and community engagement in Vietnam, as well as building strong relationships with industry and professions in the south-east Asian region and globally. Mr Mann succeeded Professor David Wilmoth who had been the Director-General of the university since its establishment in January 2001. Professor Wilmoth continues to be a member of the Board of Management.

RMIT Vietnam Holdings Pty Ltd

RMIT Vietnam Holdings Pty Ltd continued to function as a holding company for RMIT Vietnam and as a repository for project funds and major donations destined for Vietnam. During the year, it received over \$22 million in donations for RMIT Vietnam and for projects such as the LRC programs, the National Library Management System project and the RMIT Vietnam scholarship program.

RMIT International Pty Ltd

RMIT International Pty Ltd promotes and develops RMIT's global business and enables RMIT to achieve its internationalisation objectives through the recruitment of onshore international students and through international business development, consultancy, training, research and project management services.

Performance Overview

RMIT International's total revenue for 2002 increased by 26.7 per cent (from \$15 million to \$19 million) with revenue from projects making up \$11.4 million of this.

2002 Highlights

International Student Recruitment

The number of onshore international students at RMIT continued to increase and reached 7600 (as at 31 March 2002).

In 2002 over 65 per cent of onshore international students came from Indonesia, China, Hong Kong, Malaysia, India and Singapore while the remaining 35 per cent came from over 90 other countries. Information technology was the

most popular field of study and the RMIT Business Faculty had the largest international student cohort.

The study abroad program for students coming to RMIT for one or two semesters grew by over 60 per cent in 2002. The majority of students came from the existing markets of North America, Western Europe and Scandinavia.

RMIT International's global marketing program contributed to maintaining the university's position in mature markets and focused on the new markets of Latin America, Eastern Europe, Middle East and Southern Africa.

International Projects

The International Projects Unit demonstrated significant positive growth in 2002. By sector, new projects were won in health, environment, education and training, and governance, with continued growth of commercial contracts in flight training. Geographically, projects are currently being implemented in China, Cambodia, South Africa, Tuvalu, Indonesia (training in Australia), and Kenya (and a number of other African countries served by the African Virtual University).

New, large-scale projects commencing in 2002 included the Transjurisdiction Environmental Management (Component A) Project to develop policies and strengthen institutions for the People's Republic of China (PRC); a five-year project for developing a model for reform of the Vocational Education and Training (VET) system across five industries in the Municipality of Chongqing (PRC), and the online delivery of the first internationally accredited AVU/RMIT computer science programs through the African Virtual University (AVU) in Kenya.

The expansion of existing projects and repeat work from clients included work in aviation management training to the Civil Aviation Authority in Papua New Guinea, delivery of customised short courses/study tours for the State Power Corporation of China, expansion of the Austrade Institute virtual project, implementation of the flight training contract with Hainan Airlines and the continued agreement for collaborative training programs with the Tianjin Municipal Government from China.

Highlights of Major Projects in 2002

Demand for Management Training in China—Tianjin Municipal Government

Delivered in conjunction with the Melbourne City Council, this executive management program has established RMIT within Tianjin, Melbourne's sister city in the People's Republic of China, as a provider of quality customised short programs.

Kunming and Other Cities

The training models created for the Tianjin market have been extensively promoted throughout China. An eight-week customised management-training program with the Kunming Municipal Government commenced in September 2002 with two RMIT trainers delivering the first four weeks in Kunming with the final four weeks delivered in Melbourne in November. Kunming has committed to an ongoing partnership with RMIT.

State Power Corporation of China

The partnership with the State Power Corporation of China delivered twelve three-week study tours during 2002. The value of this relationship has been further realised in the agreement for RMIT to deliver a customised MBA in collaboration with the North China Electric Power University in Beijing. The State Administration of Foreign Experts Affairs (SAFEA) in China has approved RMIT as one of only 51 accredited overseas training organisations.

Training Programs in the UAE

RMIT delivered engineering-based training programs in Dubai in association with PROMIS Engineering. A four-month human resource management industry program commenced for participants from a range of sectors in the United Arab Emirates (UAE).

Aviation Training Programs

Training demands within the aviation sector have focused on RMIT's expertise in the provision of integrated packages ranging from English language, aerospace engineering, customised flight training to award-based programs. Thirty pilot cadets from Hainan Airlines, China, are participating in a flight-training program at RMIT's Point Cook flight-training centre. The final phase of this training package will be completed in early 2003 when the students undertake advanced training with Qantas.

E-Learning in Africa

In June 2002, RMIT University was selected to partner with the African Virtual University (AVU) in Kenya to extend the higher education system in Africa by providing accredited training and education in areas of specialisation critical to economic development in the region. During the four-year project, RMIT University will deliver the first internationally accredited programs offered through the AVU. The diploma and degree programs in computer science and information technology will be delivered to students through a network of AVU partner institutions across sub-Saharan Africa using integrated satellite, Internet, video, multimedia, print media and classroom technologies.

Spatial Vision Innovations Pty Ltd

Spatial Vision Innovations Pty Ltd is an RMIT start-up company helping to pioneer

the use of geospatial technology in non-traditional areas such as environmental management.

2002 Highlights

- Increased sales by 27 per cent to \$2.1 million derived from a client base that continues to expand.
- Became a reseller of the Land Victoria VICMAP range of digital data and won contracts to supply data to Australia Post and Victoria Police.
- Supported the Victorian government's native vegetation management program through the development of systems for tracking native vegetation permits and environmental works projects, managing the outputs of large vegetation mapping exercises and the production of innovative biodiversity and vegetation mapping products.
- Reinforced our position as the leading spatial solution provider in the Victorian water industry.
- Awarded the ESRI US 2002 New Business Partner of the Year for Australia.
- Awarded the 'Australian Safer Community Award—Victoria', in the Local Government Category, for the City of Monash 'Interactive Emergency Management Plan' CD-ROM.

RMIT Training Pty Ltd

RMIT Training includes four separate businesses, and provides a number of direct services to the university on a fee-for-service basis. The commercial businesses vary in scope and industry sector. Two of the businesses—the English language learning and publishing businesses—are well established and profitable, the other two are in start-up phase.

2002 was the most successful year for RMIT Training since the company was established six years ago. During the year, the company made a \$2.4 million donation to the university, resulting in a net loss of \$1.2 million at year-end. When the effect of the donation is excluded, the company made a net profit of \$1.2 million, \$334,000 above budget.

RMIT English Worldwide

A reorganisation of staff and reporting arrangements consolidated the English language business within a single business unit, called RMIT English Worldwide (REW). The new business operates the English Language centre in Melbourne (formerly the Centre for English Language Learning) and a growing number of overseas sites. A record number of students (more than 1100) attended the Melbourne centre, many on path to study at RMIT University. The number of offshore sites increased from two to five in 2002, all operated in partnership with a local university or college. Nearly 2000 students undertook English language courses with RMIT English Worldwide in countries other than Australia during the year.

RMIT English Worldwide achieved a net profit for the period of just under 50 per cent above budget. The strong performance reflects a sound business model, excellent teaching and learning practices and growing demand for English language in many parts of the world.

RMIT Publishing

RMIT Publishing, the second largest business within RMIT Training, was established more than ten years ago as an electronic publishing business. It has developed a strong following of loyal customers and state-of-the-art information technology. During the period there was a high level of investment in new systems for delivery of products. Despite funding this investment from cash flow, the business achieved a year-end net profit of just under \$100,000. Consolidation of the system in 2003 will position the business for international expansion in the future.

RMIT IT Test Labs

The IT Test Labs business was below budget in its final returns for the year, as new markets proved difficult to identify and budget targets for sales were not met. A consortium of test agencies—IT Test—was formed during the year and will support this business into 2003.

RMIT Workforce Solutions

The Workforce Solutions operation grew out of the former Assessment Centre and represents a rationalisation of objectives and resources. The business reviewed its operations during 2002 and eliminated a number of unprofitable activities, including international projects that were not sustainable. The new business model is focused on selected areas of vocational training, workplace assessment and a limited range of high quality human resource management services to business and government. While the result for 2002 was disappointing, the new structure positions the business well for success in 2003.

Services to RMIT University

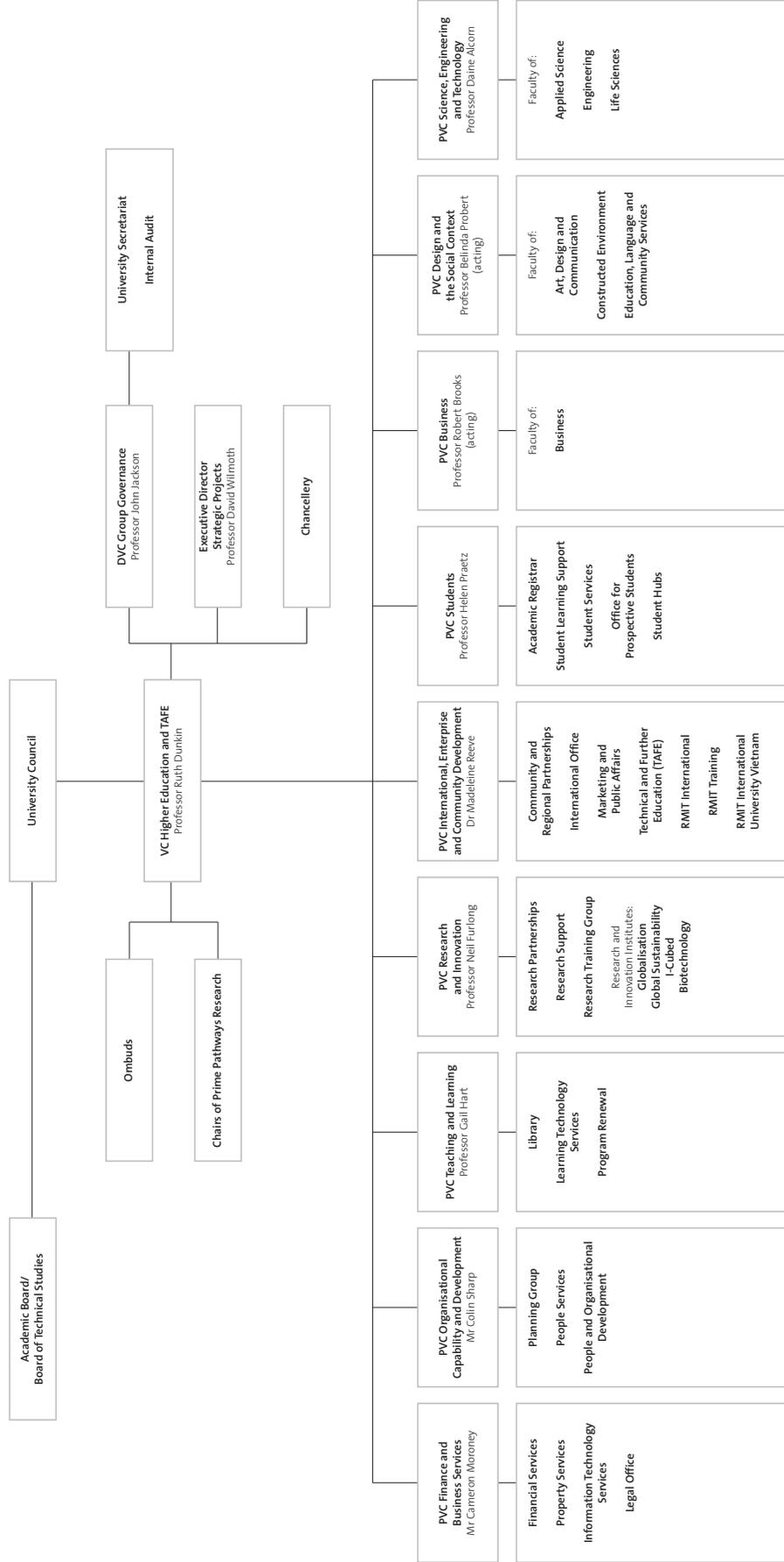
The company operates a marketing and booking service for short courses and single subjects offered by the university, and employment services to students, alumni and the wider RMIT community. These services were strengthened during the period to reflect the needs of RMIT and community demand.

Other controlled entities

- Meltech Services Ltd—Dormant.
- RMIT Innovation Limited—Dormant.
- RMIT Resources—Dormant. Requested deregistration 21/12/02.
- City Tech Pty Ltd—Dormant. Requested deregistration 21/12/02.
- RMIT (Malaysia) Sdn Bhd—Dormant. Propose to liquidate in 2003.

Organisational Summary

March 2003



Senior Officers

Vice-Chancellor and President

Dr Ruth Dunkin

Dr Ruth Dunkin is the Chief Executive Officer of RMIT, both for Higher Education and TAFE. She is responsible for ensuring strong, effective leadership and clear direction within the university through an appropriate vision and strategic plan.

Pro Vice-Chancellor Teaching and Learning

Professor Gail Hart

Professor Hart provides vision and leadership for teaching and learning within the broad scholarship framework at RMIT University, including program development and delivery and teaching improvement. She is directly responsible for RMIT Libraries; Distributed Learning Systems (DLS) and Curriculum Innovation and Design (CID).

Pro Vice-Chancellor Research and Innovation

Professor Neil Furlong

Professor Furlong has a leadership role in the development of discovery and practice-based research and is building and enhancing capability across the university in research and innovation. He is directly responsible for Research Partnerships; Research Support; RMIT's Research Training Group; and the four Virtual Research and Innovation Institutes—Globalisation, Global Sustainability, Interactive Information (I-Cubed) and Biotechnology research institutes.

Pro Vice-Chancellor Students

Professor Helen Praetz

Professor Praetz works closely with faculties and academic staff to implement and enhance a university-wide approach to student-centred learning and support. She is responsible for identifying and planning services to meet the needs and aspirations of RMIT's different student groups. Her portfolio includes responsibility for the office of the Academic Registrar; Student Learning Support; Student Services; the Office for Prospective Students; and Student Hubs.

Pro Vice-Chancellor International, Enterprise and Community Development

Dr Madeleine Reeve

Dr Reeve's responsibilities include identifying and broking business and commercial enterprise and community needs in the local and international communities that RMIT serves. In addition she oversees the establishment of new models of interaction and partnership in a wide range of locations, including Vietnam. She is directly responsible for Community and Regional Partnerships; the International Office; Marketing and Public Affairs; RMIT International Pty Ltd; RMIT Training Pty Ltd; and RMIT International University Vietnam.

Acting Pro Vice-Chancellor Business

Professor Robert Brooks

The Pro Vice-Chancellor Business provides management vision and leadership and has overall responsibility for the RMIT Business Faculty, maintaining its strategic focus, fostering a culture that embraces change, encourages innovation, identifies and facilitates opportunities to enhance student life and develops strategic partnerships with industry, government, professional and community organisations.

Acting Pro Vice-Chancellor Design and Social Context

Professor Belinda Probert

Professor Probert contributes to RMIT's planning, policy and strategic development, enhances the profile and position of the university and the portfolio, and provides academic leadership, support and management of the faculties within the portfolio. She is responsible for the academic leadership and overall management of the faculties of Art, Design and Communication; the Constructed Environment; and Education, Language and Community Services.

Pro Vice-Chancellor Science, Engineering and Technology

Professor Daine Alcorn

Professor Alcorn contributes to RMIT's planning, policy and strategic development, enhances the profile and position of the university and the portfolio, and provides academic leadership, support and management of the faculties within the portfolio. She is responsible for the academic leadership and overall management of the faculties of Applied Science, Engineering and Life Sciences.

Pro Vice-Chancellor Finance and Business Services

Mr Cameron Moroney

Mr Moroney is responsible for the overall planning, development, deployment and control of finances and resources to enable the university to achieve its objectives. He provides leadership and management of Financial Services, Property Services, IT Services, and the University Legal Office.

Pro Vice-Chancellor Organisational Capability and Development

Mr Colin Sharp

Mr Sharp is responsible for driving the changes in organisational capability required to deliver RMIT's strategic directions. He has overall responsibility for Planning, Coordination and Quality Assurance; People Services; and People and Organisational Development (POD).

Deputy Vice-Chancellor Group Governance

Professor John Jackson

Professor Jackson is responsible for the proper administrative governance of RMIT. He oversees operation of the Council Secretariat and the university's internal audit processes.

Executive Director Strategic Projects

Professor David Wilmoth

Professor Wilmoth leads the development of specific major new initiatives, both domestically and internationally.

RMIT People

People Services

People Services' Strategic Framework is aligned with RMIT's *Dissolving the Boundaries* strategic plan and is designed to ensure an aligned and integrated approach to people management across the university. Key focus areas include leadership, workforce planning, and management of change, culture and systems/processes.

The RMIT Open Program was launched in 2002 to support staff professional development. More than 50 different development sessions were available, with sessions categorised into three main areas promoting skill and knowledge building:

- leadership and management;
- integrative work skills; and
- organisational knowledge and processes.

Following the success of the program and evaluation of each session, the RMIT Open Program will continue in 2003.

A number of organisational policies ensure RMIT attracts and retains high quality staff. These include:

- The Academic Staff Promotions Scheme 2002/03;
- The Incremental Progression Policy; and
- The Easing Into Retirement Scheme.

People Services implemented a number of success initiatives to induct and support new staff members at RMIT in 2002. These included Welcome Events—which provided new staff with

key information about RMIT; the Ambassador Program—a group-mentoring scheme for new starters; and RMIT campus tours.

The working parties of management and union representatives arising from the enterprise agreements have made significant progress.

RMIT and the NTEU have agreed on Workload Distribution and Management Guidelines for academic and general staff for implementation in 2003. The intent of the guidelines is to ensure that workloads for staff are realistic, reasonable and distributed equitably and that the process used in allocation is open and accountable. A draft performance review system for TAFE teaching staff was prepared for parties to consider.

Policies and procedures have been reviewed in order for the university to comply with the Australian Quality Training Framework standards for the national vocational education and training system.

RMIT successfully applied for the second-round Commonwealth salary supplementation. In order to achieve the second-round funding, RMIT had to demonstrate a commitment to workplace reform, and evidence of progress in implementing flexibility and efficiency initiatives through its enterprise agreements, management practices and policies and procedures.

There was no time lost due to industrial action in 2002.

People Services continues to improve and extend the support it provides to the university. The improved use of existing systems in 2002 has enabled staff leave and pay information to be delivered through an online Employee Self-Service system. The system has incorporated a full review process of our leave management and qualification records.

RMIT has established procedures to ensure compliance with sections 7 and 8 of the Public Sector Management and Employment Act 1988. The university is committed to equal opportunities and fair processes in all human resource management procedures.

Staff are bound by the university's code of ethics and various other policies intended to ensure that in the course of their employment they:

- act impartially;
- act with integrity and avoid real or apparent conflicts of interest;
- accept responsibility for results; and
- provide responsive service.

Access and Equity

RMIT supports access and equity through a case management service backed by associated policies that offer staff and students a safe and discrimination-free environment. RMIT is an active member of the Australian Technology Network's Women's Executive Development Leadership Program and hosted the Clare Burton Memorial Seminar with Moira Rayner as keynote speaker in 2002.

	Total FTE		Female FTE		% Female		% Change	
	2001	2002	2001	2002	2001	2002	'00 – '01	'01 – '02
Academic	986	1,047	345	357	35.00%	34.04%	9%	3.35%
Executive	91	86	22	25	24.00%	28.85%	7%	13.16%
General	1,621	1,737	954	1,029	59.00%	59.26%	0.10%	7.87%
TAFE/VET	506	535	175	193	35.00%	36.08%	2%	10.34%
Total	3,204	3,405	1,496	1,604	47%	47.09%	15%	7.19%

	LEVEL A		LEVEL B		LEVEL C		LEVEL D		LEVEL E	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
Female %	51	44.4	38	38.4	31	31.8	26	23.9	21	14
Male %	49	55.6	62	61.6	69	68.2	74	76.1	79	86

Level A is the standard entry-level category. Level E academics have received Associate Professorial titles at RMIT.

Scale	% Female	
	2001	2002
HEW 1	38	14
HEW 2	83	75
HEW 3	59	58
HEW 4	77	76
HEW 5	62	63
HEW 6	60	64
HEW 7	54	54
HEW 8	44	41
HEW 9	48	52
HEW 10	47	50

Pay scales range from HEW (Higher Education Worker) 1 (lowest) to HEW 10 (highest).

For the second successive year, RMIT was named an Employer of Choice for Women 2002, by the Equal Opportunity for Women in the Workplace Agency (EOWWA). Companies awarded the much-coveted citation are required to meet extremely stringent criteria including having transparent policies that support women across the organisation; educating employees on their rights and obligations regarding sex-based harassment; and delivering improved outcomes for women and the business.

Earnings of General Staff 2002		
	>\$30,000	>\$40,000
Female	91%	55%
Male	94%	71%

Salary Range		
	Male	Female
Less than \$30,000	51%	49%
\$30,001 – \$40,000	31%	69%
\$40,001 – \$50,000	41%	59%
\$50,001 – \$60,000	56%	44%
\$60,001 – \$70,000	61%	39%
\$70,001 – \$80,000	66%	34%
\$80,001 – \$90,000	71%	29%
\$90,001 – \$100,000	53%	47%
More than \$100,000	76%	24%

Promotional Activities

The Marketing and Public Affairs (MPA) group at RMIT University acts as a central information hub and interface between the university's management and the university's external stakeholders: the general public, government, prospective students, other institutions and partners. MPA undertakes a diverse range of activities to promote and market the university.

All RMIT media releases issued in 2002 are located at www.rmit.edu.au.

Details of events and activities promoted by MPA are featured on the 'What's on @ RMIT' web calendar—www.whatson.rmit.edu.au.

Events included:

Open Day

Open Day was held in August, again attracting bumper crowds to all campuses. This once-a-year activity is held to welcome, educate and inform prospective students about the range of RMIT's programs, as well as clubs and societies and student services.

Postgraduate Month

Postgraduate Month was again held in October, and featured a busy program of information sessions and seminars for potential postgraduate students for programs across the university.

International Student Information Day

An RMIT International Student Information Day was held in May and October and drew enquiries about undergraduate and postgraduate study from an international audience.

These events and the university's postgraduate programs were publicised through an advertising awareness campaign and the university's website.

Building Official Openings

- The Minister for Sport, the Hon. Justin Madden, officially opened the RMIT Bundoora Netball Centre in February 2002.
- RMIT's Interactive Information Institute (I-Cubed), located at the City campus, was officially opened by the Minister for Education and Training, the Hon. Lynne Kosky, in October.

Corporate Publications

During 2001 the following publications were available from the university in paper and/or digital format:

- Alumni magazine—www.alumni.rmit.edu.au/magazine
- Annual Report 2001—www.rmit.edu.au/annualreport/2000
- Brochures and handbooks describing TAFE, bachelor degree and postgraduate programs—www.rmit.edu.au/academicprograms
- RMIT Update, a weekly newsletter for RMIT staff—www.rmit.edu.au/news/e-mailnews
- RMIT Experts Guide—www.ca.rmit.edu.au/expert
- Short course handbook—www.rmit.edu.au/shortcourses
- Openline staff newspaper—www.rmit.edu.au/news/openline
- Promotional material for Open Day,

student orientation and staff induction

- Schools Bulletin, a quarterly newsletter for secondary school careers teachers
- Staff and Student Handbook
- Student Diary
- Staff Diary
- What's on @ RMIT web calendar—www.whatson.rmit.edu.au

The university's web site (www.rmit.edu.au) provides comprehensive information about various aspects of RMIT's operations. Significant sub-sites include:

- Admissions and course information—www.rmit.edu.au/admissions
- Human resources—www.rmit.edu.au/ps
- International—www.rmit.edu.au/international
- News and media relations—www.rmit.edu.au/news
- Research and development—www.rmit.edu.au/departments/rd

Copies of printed and electronic publications are available from:

Marketing and Public Affairs
RMIT University
GPO Box 2476V
Melbourne Vic 3001
Telephone (+61 3) 9925 2717

Consultancies

Consultancies During 2002 Costing in Excess of \$100,000 Each

Name	Ordered Amount (\$)	Invoiced Amount (\$)	Future Commitments (\$)	Description
T-Systems Pty Ltd	3,693,244	3,693,244	0	Software Implementation and Support
SMS Management and Technology	3,193,850	2,903,500	290,350	Software Implementation and Support
Common Ground Publishing Pty Ltd	962,130	777,868	184,262	Subject Development
Peoplesoft Australia Pty Ltd	843,251	766,591	76,659	AMS Implementation
Gartner Group Pacific Pty Ltd	602,907	527,559	75,348	IT Strategy (AMS)
Congruent Professional Service Pty	472,753	429,775	42,978	AMS Infrastructure Support
Motet Consulting Pty Ltd	421,410	333,100	88,310	Functional Analyst (AMS)
Clifton Consulting Services	292,600	93,064	199,536	Development of Communications Strategy
Alan Long Quality Pty Ltd	292,338	251,333	41,005	Industry Presentations
Ajilon Consultants and Solutions Transformations	217,250	188,850	28,400	Software Development and Implementation (OH&S)
Presence of IT—Victoria Pty Ltd	166,341	154,252	12,090	Disability Training Project
Silicon Graphics Pty Ltd	166,219	149,384	16,835	Software Support (HR)
Optim Pty Ltd	152,788	122,414	30,374	Systems Support (I-Cubed)
SAP Australia	148,500	112,267	36,233	Industry Presentations
Forrester Taylor and Associates	148,071	96,210	51,861	Software Implementation and Support
Entity Solutions	147,356	102,520	44,836	Change Management (AMS)
GNR Computer Consultants Pty Ltd	146,905	133,550	13,355	Program Management (AMS)
KPA Consulting Pty Ltd	143,934	143,934	0	Software Implementation and Support (AMS)
CWCC Pty Ltd	140,965	24,800	116,165	Financial Review
Novell Pty Ltd	134,809	134,809	0	Project Support
Learning Edges Australia P/L	132,778	100,789	31,989	Enterprise Network Architect
Grace Lynch and Associates Pty Ltd	132,660	119,123	13,537	Program Renewal Project
JBA Consulting Pty Ltd	131,560	109,200	22,360	Teaching and Learning Support
Lisa Crawford	130,016	75,148	54,868	Establishment of Centre of Excellence in Digital Design
Michele Azzopardi	124,506	113,188	11,319	Migration Management (AMS)
Caterson Aerospace Consultants	110,000	100,000	10,000	Project Management for Digital Design Precinct
Briarean Business Solutions Pty	107,800	67,208	40,592	Facilities Management (Engineering)
A & V Management Consulting Pty Ltd	107,525	94,525	13,000	Project Support
MGI Meyrick Webster Pty Ltd	105,421	78,033	27,389	Project Support
Infinite Resources Consultancy	102,373	93,526	8,847	Review of Strategic Direction—School of Art and Culture
	100,701	85,497	15,205	Marketing, International Liaison and Administration
Total	13,772,961	12,175,259	1,597,701	
594 Consultancies less than \$100,000 each	6,918,641	5,907,932	1,010,708	

Buildings and Maintenance

All new projects were carried out in compliance with the *Building Act 1993*.

Work on existing facilities that required regulatory upgrading was funded from the Property Capital Expenditure Projection approved by the university Council.

	2000	2001	2002
Projects certified for approval	16	66	51
Works under construction and the subject of mandatory inspections	6	8	11
Occupancy permits issued	32	45	40

	2000	2001	2002
S – Satisfactory—require periodic maintenance	67	73	75
A – Require expenditure of up to 25 per cent of capital replacement value (CRV)	28	23	21
B – Require expenditure of 24 – 50 per cent CRV	4	3	3
C – Require expenditure greater than 50 per cent CRV	1	1	1
D – Unsatisfactory—require demolition	0	0	0

Statutory Requirements

Freedom of Information

Material prepared by the university under Part 2 of the FOI Act

Published material (guides, procedures etc) together with a copy of RMIT's Part 2 statement may be inspected at Academic Administration Services on the city campus. Copies of Part 2 statements may be bought from that address for \$0.20.

Application Procedure

An application under the Freedom of Information Act should be made in writing to:

Freedom of Information Officer

RMIT University
GPO Box 2476V
Melbourne Vic 3001

The freedom of information officer is:

*John Lambrick,
e-mail: john.lambrick@rmit.edu.au*

Requests received in 2002 under the Freedom of Information Act 1992:

Access granted in full	3
Access granted in part	0
Access denied	0
Total requests	3

Fees and Charges

In 2002 there were no significant changes to the level of fees charged to students by the university:

Tuition Fees

In 2002 the level of tuition fees charged to local undergraduate and postgraduate full-fee paying students did not change. There were also no changes in the level of tuition fees charged to State Government funded TAFE students, and only a marginal increase in HECS fees. There was a marginal increase to international onshore student fees.

Compulsory Non-Academic Fees

The Compulsory Non-Academic Fee (CNAF) charged to higher education and international students increased by 3.2 per cent. There was no change in the Student Services and Administration Fee (SSAF) charged to local TAFE students.

The amount of compulsory non-academic fees collected by the university from students and prospective students during the year ended 31 December 2002 is shown in Note 37 to the annual financial statements of the university. The note also shows the purposes for which the university distributed those fees and the amounts of money made available to the university operations and student-related organisations.

Course Material and Administrative Fees

There were no significant changes to the level of fees charged as course material and administrative fees other than an increase for CPI of 3.2 per cent.

GST Refunds

In 2001 the Australian Taxation Office made a private ruling that CNAF and SSAF are GST-free supplies. Students who paid CNAF and SSAF in 2001 have been eligible for a refund on the GST component of their 2001 fees.

Schedule of Fees and Charges

All fees charged to students at RMIT University are set and approved under the authority of Council. An *Approved Schedule of Fees and Charges* is published each year that lists fees charged to students. A copy of the schedule of fees and charges for 2002 and 2003 is available upon request from the Academic Registrar.

Public Funding

All public funds allocated to the university have been allocated to the purposes specified by the Government or other public funding body.

National Competition Policy

The university has costing and pricing models that apply all relevant university costs including overhead costs and where appropriate adjusts prices to take account of any competitive advantage the university may have. This enables the university to comply with the National Competition Policy including the requirements of the Government policy statement *Competitive Neutrality: A Statement of Victorian Policy* and subsequent reforms.

Whistleblowers Protection Act 2001

(a) Procedures:

RMIT developed and introduced its policies and procedures relating to the Act in 1991. The procedures define key terms and detail actions relating to the reporting system, roles and responsibilities of confidentiality, collating and publishing statistics, receiving and assessing disclosures, investigations, action taken after an investigation, managing the welfare of whistleblowers and those against whom disclosures have been made, criminal offences and reviews.

The procedures are published on the RMIT web site at www.rmit.edu.au/browse?SIMID=hf2xmryvrw5d.

(b) Number and types of disclosures made during the year:

One disclosure—an anonymous letter alleging that a research student had been advantaged by having an influence on the selection of her examiners.

(c) Number of disclosures referred during the year by the public body to the Ombudsman for determination as to whether they are public interest disclosures:

Zero

(d) Number and types of disclosed matters referred to the public body during the year by the Ombudsman:

Zero

(e) Number and types of disclosed matters referred during the year by the public body to the Ombudsman to investigate:

Zero

(f) Number and types of investigations of disclosed matters taken over by the Ombudsman from the public body during the year:

Zero

(g) Number of requests made under section 74 during the year to the Ombudsman to investigate disclosed matters:

Zero

(h) Number and types of disclosed matters that the public body has declined to investigate during the year:

One

(i) Number and types of disclosed matters that were substantiated on investigation and the action taken on completion of the investigation:

Zero

(j) Recommendations of the Ombudsman under this Act that relate to the public body:

Zero

Complaints through State Ombudsman

There were six complaints made through the State Ombudsman during 2002.

Additional Information Available on Request

Consistent with the requirements of the Financial Management Act 1994, RMIT University has prepared material on the following items, details of which are available on request:

- statement regarding declarations of pecuniary interest;
- shares held beneficially by senior officers as nominees of a statutory authority or subsidiary;
- publications;
- changes in prices, fees, charges, rates and levies;
- major external reviews;
- major research and development activities;
- overseas visits undertaken;
- occupational health and safety assessments and measures;
- industrial relations issues; and
- major committees sponsored by RMIT University.

Enquiries regarding details of the above should be addressed to:

Denise Hurley

Public Affairs Manager
RMIT University
GPO Box 2476V
Melbourne Vic 3001
Tel. (+61 3) 9925 2000

Financial Report

RMIT and controlled entities
 Australian Business Number (ABN): 49 781 030 034
 Financial Report for the year ended 31 December 2002

Page no.

Councillor's Declaration	43
Auditor-General's Report	44
Financial Statements	
Statements of Financial Performance	46
Statements of Financial Position	47
Statements of Cash Flows	48
Notes to the Financial Statements	
1 – Statement of Significant Accounting Policies	49
2.1 – Working Capital Deficiency	54
2.2 – Significant item included in the Statement of Performance	54
3.1 – Commonwealth Government Financial Assistance	54
3.2 – Victorian State Government Financial Assistance	54
3.3 – Fees and Charges	55
3.4 – Investment Income	55
3.5 – Consultancy and Contract Research	55
3.6 – Other Revenue	55
4.1 – Employee Benefits	55
4.2 – Depreciation and Amortisation	56
4.3 – Buildings and Grounds	56
4.4 – Bad and Doubtful Debts	56
4.5 – Borrowing Cost Expense	56
4.6 – Other Expenses	57
5 – Individual Significant Items Charged against Revenue for the Year	57
6 – Sales of Assets	57
7 – Income Tax	58
8 – Remuneration of Auditors	58
9 – Accumulated Funds	58
10 – Cash Assets	58
11 – Receivables	59
12 – Other Financial Assets	59
13 – Inventories	60
14 – Other Assets	60
15 – Property, Plant and Equipment	60
16 – Intangibles	62
17 – Payables	63
18 – Finance Lease Liabilities	63
19 – Provisions	63
20 – Revenue in Advance	64
21 – Interest Bearing Liabilities	64
22 – Reserves	64
23 – Outside Equity Interest	65
24 – Contingent Liabilities	66
25 – Commitments for Expenditure	66
26 – Notes to Statement of Cash Flows	66
27 – Economic Dependency	67
28 – Events Subsequent to Balance Date	67
29 – Superannuation Commitments	68
30 – Disaggregation Information	70
31 – Additional Financial Instruments Disclosures	71
32 – Details of Controlled Entities	73
33 – Investments Accounted for Using the Equity Method	74
34 – Acquittal of Commonwealth Government Financial Assistance	75
35 – Directors' and Executives' Remuneration	77
36 – Related Parties	79
37 – Student General Service Fees	80
38 – Operating Results—Higher Education and TAFE	80
39 – Statements of Financial Position—Higher Education and TAFE	85

Councillor's Declaration

YEAR ENDED 31 DECEMBER 2002

In our opinion:

The consolidated financial statements of Royal Melbourne Institute of Technology (RMIT) set out on pages 46 to 97 consisting of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the accompanying notes thereto, present fairly the financial position of the university and its subsidiaries as at 31 December 2002 and their financial performance represented by the results of their operations for the year ended on that date.

In the Councillors' opinion, as at the date of this declaration, there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

The attached financial statements of the university and the consolidated entity have been prepared in accordance with Part 9 of the Directions of the Minister for Finance under the Financial Management Act 1994, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

All public funds allocated to the university have been allocated to the purposes specified by the Government or other public funding bodies.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

This declaration is made in accordance with a resolution of the Council of RMIT.



P. Thomas
Acting Chancellor



R. Dunkin
Vice- Chancellor



C. Moroney
Chief Finance and Accounting Officer

*Dated at Melbourne
This 16th day of April 2003*

Auditor-General's Report



AUDITOR GENERAL VICTORIA

AUDITOR-GENERAL'S REPORT

To the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Council of the Royal Melbourne Institute of Technology

Audit Scope

The accompanying financial report of the Royal Melbourne Institute of Technology for the financial year ended 31 December 2002, comprising a statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements, has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising the Royal Melbourne Institute of Technology and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 32 to the financial statements. The Members of the Royal Melbourne Institute of Technology's Council are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Council of the Royal Melbourne Institute of Technology as required by the *Audit Act* 1994.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act* 1994, so as to present a view which is consistent with my understanding of the Royal Melbourne Institute of Technology's and the economic entity's financial position, their financial performance and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Qualifications

Academic Management System

The Royal Melbourne Institute of Technology uses a computer system, the Academic Management System (AMS), to maintain accounting records for student related transactions including enrolment processing, tuition fee calculation, invoicing of fee-paying students, invoicing of other course related fees and receipting of student fees. During the financial year ended 31 December 2002, technical problems relating to systems performance of both the hardware and software effected the operation of AMS. These problems resulted in errors in billing fee-paying students, duplicate transactions, unreconciled differences between AMS, the general ledger and the bank account, a lack of supporting documentation for adjustments processed, difficulties in issuing Higher Education Contribution statements, and errors in processing and advising enrolment details. As a consequence, the accounting records produced by AMS were not adequate or sufficiently accurate to permit the application of necessary audit procedures. I have therefore been unable to obtain all the information and explanations required to form an opinion on the following balances for the economic entity and the Royal Melbourne Institute of Technology respectively - Fees and Charges as disclosed in note 3.3 of \$170.6 million and \$160.1 million, Student Loans and Student Debtors as disclosed in note 11 of \$5.3 million and \$5.3 million, Cash at bank and on hand as disclosed in note 10 of \$12.9 million and \$6.7 million, and Student Fees Revenue in Advance as disclosed in note 20 of \$6.6 million and \$6.0 million.

Victorian Auditor-General's Office Level 34, 140 William Street, Melbourne Victoria 3000
Telephone (03) 8601 7000 Facsimile (03) 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

Grant revenue

As disclosed in note 20 to the financial statements, the economic entity and the Royal Melbourne Institute of Technology has reported revenue in advance relating to advances from the Commonwealth Government of \$14.8 million (\$14.7 million as at 31 December 2001) as a current liability. As the economic entity and the Royal Melbourne Institute of Technology effectively controlled these funds at 31 December 2002, this amount should have been recognised as revenue in accordance with the requirements of Australian Accounting Standard AAS 15 "Revenue". Accordingly, for the financial year ended 31 December 2002, grant revenue and the operating result are understated by \$14.8 million (understated by \$14.7 million for the financial year ended 31 December 2001) and accumulated funds are understated and current liabilities are overstated by the same amounts. The \$14.7 million that should have been brought to account in the financial year ended 31 December 2001 in accordance with the requirements of AAS 15 has been included as grant revenue and in the operating result for the year ended 31 December 2002.

Qualified Audit Opinion

In my opinion, except for the effect on the financial report of such adjustments, if any, as might have been determined to be necessary had the limitation on the scope of my work as discussed above in the qualification paragraph relating to the Academic Management System not existed, and the effect of the qualification relating to Grant revenue also referred to above, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act* 1994, the financial position of the economic entity and the Royal Melbourne Institute of Technology as at 31 December 2002 and the results of their operations and their cash flows for the financial year ended on that date.

MELBOURNE
17 April 2003



J.W. CAMERON
Auditor-General

Statements of Financial Performance

for the year ended 31 December 2002

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
Revenue from Ordinary Activities					
Commonwealth Government financial assistance	3.1	120,699	115,198	120,699	115,198
Victorian State Government financial assistance	3.2	65,948	58,248	65,948	58,248
Higher Education Contribution Scheme					
Student contributions	34.1	8,180	8,159	8,180	8,159
Commonwealth payments	34.1	53,070	53,531	53,070	53,531
Postgraduate Loans Scheme	34.1	5,277	—	5,277	—
Fees and Charges	3.3	170,626	151,061	160,112	145,294
Superannuation					
Deferred Government contributions		3,116	6,687	3,116	6,687
Commonwealth supplementation		15,159	15,924	15,159	15,924
Investment income	3.4	1,857	3,467	401	1,790
Consultancy and contract research	3.5	17,567	13,348	17,567	13,843
Other revenue	3.6	79,454	58,255	31,834	26,645
Total revenue from ordinary activities		540,953	483,878	481,363	445,319
Expenses from Ordinary Activities					
Employee benefits	4.1	318,309	298,269	300,969	281,361
Depreciation and amortisation	4.2	27,800	24,444	24,461	23,276
Buildings and grounds	4.3	18,989	19,817	17,954	18,899
Bad and doubtful debts	4.4	3,189	2,634	3,848	10
Borrowing cost expense	4.5	2,022	1,097	2,017	1,087
Write-off—Student Administrative Management System	4.6	13,110	—	13,110	—
Other expenses	4.6	157,378	128,814	136,225	117,698
Total expenses from ordinary activities		540,797	475,075	498,584	442,331
Operating result from ordinary activities before income tax		156	8,803	(17,221)	2,988
Income tax related to ordinary activities	7	(587)	(198)	(509)	(198)
Operating result—after related income tax		(431)	8,605	(17,730)	2,790
Net operating result		(431)	8,605	(17,730)	2,790
Net operating result attributable to outside equity interests	23	(183)	14	—	—
Net operating result attributed to parent entity		(248)	8,591	(17,730)	2,790
Asset revaluation increment taken through reserve		13,524	41,476	13,524	41,476
Net exchange difference on translation of financial report of foreign controlled entity		58	65	—	—
Total revenue, expense and valuation adjustments attributed to the parent entity and recognised directly in equity		13,582	41,541	13,524	41,476
Total changes in equity other than those resulting from transactions with owners as owners		13,334	50,132	(4,206)	44,266

The above Statements of Financial Performance should be read in conjunction with the accompanying notes.

Statements of Financial Position

as at 31 December 2002

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
CURRENT ASSETS					
Cash assets	10	57,543	30,562	21,152	9,643
Receivables	11	44,117	53,728	45,630	52,409
Other financial assets	12	1,014	1,036	1,014	1,036
Inventories	13	1,056	1,008	–	–
Other assets	14	2,854	1,954	2,737	1,732
TOTAL CURRENT ASSETS		106,584	88,288	70,533	64,820
NON-CURRENT ASSETS					
Receivables	11	231,478	228,362	234,290	233,110
Deferred tax asset	7	43	–	–	–
Other financial assets	12	3,785	4,314	1,930	1,930
Property, plant and equipment	15	995,995	979,167	988,133	974,773
Intangibles	16	1,887	148	11	35
TOTAL NON-CURRENT ASSETS		1,233,188	1,211,991	1,224,364	1,209,848
TOTAL ASSETS		1,339,772	1,300,279	1,294,897	1,274,668
CURRENT LIABILITIES					
Payables	17	27,210	28,735	21,623	23,902
Current tax liabilities	7	604	198	509	198
Interest bearing liabilities	21	15,000	–	15,000	–
Finance lease liabilities	18	4	30	–	–
Provisions	19	48,996	45,816	47,626	44,607
Revenue in advance	20	25,925	32,264	21,221	27,462
TOTAL CURRENT LIABILITIES		117,739	107,043	105,979	96,169
NON-CURRENT LIABILITIES					
Payables	17	–	–	13,567	14,297
Deferred tax liability	7	26	–	–	–
Interest bearing liabilities	21	35,000	25,000	35,000	25,000
Finance lease liabilities	18	10	–	–	–
Provisions	19	265,088	259,479	264,363	259,008
TOTAL NON-CURRENT LIABILITIES		300,124	284,479	312,930	298,305
TOTAL LIABILITIES		417,863	391,522	418,909	394,474
NET ASSETS		921,909	908,757	875,988	880,194
EQUITY					
RMIT entity interest					
Accumulated funds	9	304,089	304,404	309,591	327,321
Reserves	22	617,890	604,241	566,397	552,873
Total RMIT entity interest		921,979	908,645	875,988	880,194
Outside equity interest in controlled entities	23	(70)	112	–	–
TOTAL EQUITY		921,909	908,757	875,988	880,194
Contingent liabilities	24				
Commitments	25				

The above Statements of Financial Position should be read in conjunction with the accompanying notes.

Statements of Cash Flows

for the year ended 31 December 2002

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
CASH FLOWS FROM OPERATING ACTIVITIES					
Inflows:					
Financial assistance					
Commonwealth Government Grants		137,162	134,236	137,162	134,236
Victorian State Government Grants		65,949	58,248	65,949	58,248
Higher Education Contribution Scheme					
Student payments		8,180	8,159	8,180	8,159
Higher Education Trust Fund		53,070	53,531	53,070	53,531
Postgraduate Loans Scheme		5,277	–	5,277	–
Consultancy and contract research		17,304	13,953	16,704	14,273
Interest received		1,886	3,520	386	1,899
Fees and charges		166,358	150,415	156,541	143,130
Other cash receipts in the course of operations		89,920	46,361	33,446	33,762
		545,106	468,423	476,715	447,238
Outflows:					
Payments of salaries and related costs		309,520	288,842	292,595	272,172
Payments to suppliers in the course of operations		190,607	134,909	158,295	129,437
Interest and other finance costs paid		2,022	1,097	2,017	1,087
		502,149	424,848	452,907	402,696
Net cash provided/(used) by operating activities	26(b)	42,957	43,575	23,808	44,542
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Proceeds from sale of investments		636	1,026	22	1,026
Proceeds from sale of property, plant and equipment		7,855	2,731	7,853	2,126
		8,491	3,757	7,875	3,152
Outflows:					
Payment for investments		–	181	–	997
Payment for intangible assets		14	65	–	–
Payments for property, plant and equipment		49,494	69,930	45,174	66,977
		49,508	70,176	45,174	67,974
Net cash provided/(used) by investing activities		(41,017)	(66,419)	(37,299)	(64,822)
CASH FLOWS FROM FINANCING ACTIVITIES					
Inflows:					
Proceeds from borrowings		25,000	–	25,000	–
		25,000	–	25,000	–
Outflows:					
Payments for finance leases		17	67	–	–
		17	67	–	–
Net cash provided/(used) by financing activities		24,983	(67)	25,000	–
Net increase/(decrease) in cash held		26,923	(22,911)	11,509	(20,280)
Cash at beginning of reporting period		30,562	53,408	9,643	29,923
Effects of exchange rate changes on the balances of cash held in foreign currencies		58	65	–	–
Cash at end of reporting period	26(a)	57,543	30,562	21,152	9,643

The above Statements of Cash Flows are to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 31 December 2002

1 Statement of Significant Accounting Policies

The main accounting policies used in preparing the financial report of RMIT University (RMIT) and the RMIT Consolidated Entity are listed below. These are presented to assist understanding of the financial reports.

1.01 Basis of Preparation of the financial report

This general purpose financial report has been prepared in accordance with:

- the Victorian Financial Management Act, 1994;
- Accounting Standards applicable in Australia;
- other authoritative pronouncements of the Australian Accounting Standards Board;
- Urgent Issues Group Consensus Views;
- Commonwealth Department of Education, Science and Training (DEST)—Reporting Requirements; and
- Australian Generally Accepted Accounting Principles (AGAAP).

This financial report has been prepared on an accruals basis and in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation.

The accounting policies adopted in preparing the financial report are consistent with those of the previous years, except where otherwise stated.

1.02 Preparing the financial report of the RMIT Group

The consolidated financial statements incorporate the assets and liabilities of all of the entities controlled by RMIT as at 31 December 2002 and the results of all controlled entities for the year then ended. RMIT and its controlled entities together are referred to in this report as the RMIT Consolidated Entity. The effects of all transactions between entities in the RMIT Consolidated Entity are eliminated in full.

Outside equity interests in the results and equity of controlled entities are shown separately in the statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during a financial year, its results and cash flows are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results and cash flows are included for the part of the year during which control existed.

The RMIT Consolidated Entity's retained earnings include controlled entities' retained earnings/accumulated losses since the time they became a controlled entity. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position.

A controlled entity exists where RMIT is able to dominate decision-making, directly or indirectly, relating to the financial and operating policies of that entity to enable that entity to operate with RMIT in achieving its objectives.

Controlled entities are listed in Note 32.

Accounting Treatment for Unfunded Superannuation Liabilities

In January 1999, the State Minister of Finance issued a directive under the State of Victoria's Financial Management Act (1994) requiring Victorian universities to recognise in their financial statements the aggregate unfunded superannuation liability.

In bringing to account the unfunded superannuation liability, the entity has also recognised the existence of a receivable (asset) of the same value from the Commonwealth Government. The Commonwealth Government has in the past provided funding to cover the cost of emerging cost superannuation. The entity asserts that Section 14(h) of the States Grants (General Purposes) Act 1994 acknowledges the existence of a constructive obligation on the Commonwealth to universities to enable them to satisfy this emerging debt on an annual basis.

Although the Commonwealth Government has undertaken to provide funding for the emerging superannuation costs in its grants to universities and to recover the State's share of the (28%) costs directly from the State Government, there is no executed agreement between either the Commonwealth or State Government and RMIT which guarantees the future provision of these funds, but there is a strong expectation that it will continue to do so. Based on a cost sharing arrangement with the Commonwealth, the State of Victoria has committed to make contributions to the Commonwealth equivalent to approximately 28% of the unfounded liabilities in relation to university employees. The remaining 72% is directly met by the Commonwealth.

The gross movements during the year in the Superannuation Deferred Benefit liability and the corresponding asset Government Contribution for Superannuation has been an increase of \$3.116 million (m) (2001—\$6.687m).

The net effect on the statement of financial performance is nil.

The above accounting treatment has resulted in the entity recording in its Balance Sheet a deferred receivable from the Commonwealth Government—Note 11—and a deferred liability for superannuation—Note 19—of \$248m (2001—\$244.9m).

The deferred liability as recorded in the accounts was assessed by the Victorian Superannuation Fund actuary as at 30 June 2002—Note 29.

1.03 Foreign currency transactions and overseas investments

Transactions made using foreign currency are converted into Australian currency at market exchange rates applicable at the date of the transactions. Amounts payable or receivable in foreign currencies at balance date are converted into Australian currency at market exchange rates at balance date. Currency conversion gains and losses are included in the operating result for the year.

Non-Australian controlled entities that operate with RMIT

Where non-Australian controlled entities' operations, either directly or indirectly, rely on RMIT financially and operationally, their financial reports are converted to Australian dollars using a method known as the temporal method of accounting.

Under this method:

- monetary statement of financial position items such as cash and receivables are converted into Australian dollars using market exchange rates at the balance date;
- non-monetary statement of financial position items (including equity at the date of investment) are converted at market exchange rates applicable at the date of the transactions (or at the date of revaluation);
- statements of financial performance are converted into Australian dollars at average exchange rates for the year unless there are significant identifiable transactions which are converted at the exchange rate that existed on the date of the transaction; and
- currency conversion gains and losses are recorded in the statement of financial performance.

Non-Australian controlled entities that operate on their own

Where non-Australian controlled entities' operations operate independently of RMIT both financially and operationally, their financial reports are converted to Australian dollars using the current rate method of accounting.

Under this method:

- assets and liabilities are converted into Australian dollars using market exchange rates at balance date;
 - shareholders' equity at the date of investment is converted into Australian dollars at the exchange rate current at that date.
- Movements post-acquisition (other than retained profits/losses) are converted at the exchange rates current at the dates of those movements:
- statements of financial performance are converted into Australian dollars at average exchange rates for the year unless there are significant identifiable transactions which are

converted at the exchange rate that existed on the date of the transaction; and

- currency conversion gains and losses are recorded in the foreign currency conversion reserve.

1.04 Rounding of Amounts

All dollar amounts in this financial report (except where indicated) have been rounded to the nearest thousand dollars for presentation. This has been done in accordance with the requirements of 9.2.2. (iii) (a) of the Financial Management Act 1994.

1.05 Revenue Recognition

Amounts disclosed as revenue are net of returns, allowances, duties and taxes paid. Revenue is recognised for the major business activities as follows:

Operating Grants

Revenue is recognised in the accounts upon advice from various government sources. Unconditional grants are brought to account at time of receipt, conditional grants are brought to account in the period to which they relate.

The above accounting treatment complies with the Department of Education Science and Training's Guidelines for the Preparation of Annual Financial Reports for the 2002 Reporting Period by Australian Higher Education Institutions, which requires the advance payment of the Commonwealth grant for operating purposes received in December 2002, relating to the year 2003, to be treated as deferred revenue.

Fees, Charges and Commercial Activities

Revenue from fees, charges and commercial activities comprises earned income (net of returns, discounts and allowances) from the provision of products or services to entities outside the RMIT Consolidated Entity. Revenue is recognised when the goods and services are provided, or when the fee in respect of the services provided is receivable and unconditional.

Interest Income

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

Sale of Non-Current Assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

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

Donations

Donations and contributions to assist in the acquisition of assets, being non-reciprocal

transfers, are recognised as revenue at the fair value of the asset received when the RMIT Consolidated Entity gains control of the contribution.

1.06 Research and Development—Note 3.5

Expenditure on research and development is charged against revenue as and when incurred on the basis that continuing research is part of the overall operations of the RMIT Consolidated Entity. Government grants received or receivable in relation to research and development costs which have been written-off during the current or previous periods are credited to the operating statement.

1.07 Income Tax—Note 7

RMIT and all the wholly-owned controlled entities except for those entities mentioned below have been granted exemption from Australian income accordance with the provisions of Section 50-5 of the Australian Income Tax Assessment Act. Income tax in relation to revenues generated in other jurisdictions is provided for as required in accordance with tax regulations operating in those jurisdictions. The following controlled entities have not been granted income tax exemption status:

- Spatial Vision Innovations Pty Ltd
- Inquisition Pty Ltd

In respect of the above controlled entities tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefits are virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates that are expected to apply when those timing differences reverse.

1.08 Bad and Doubtful Debts—Note 4.4

Trade debtors, student debtors and student loans that are known to be uncollectable are written off. A provision for doubtful debts is assessed and raised when some doubt as to collection exists.

1.09 Cash Assets—Note 10

Cash

- includes cash at bank and on hand, bank deposits, bills of exchange and promissory notes with an original maturity date not greater than three months.

Bank deposits

- recorded at amounts to be received and interest revenue is recognised on an effective yield to maturity basis.
- Bills of exchange and promissory notes
- valued at amortised cost with interest

revenue recognised on an effective yield to maturity 'basis'.

Statement of cash flows

- cash is shown net of outstanding bank overdrafts. Bank overdrafts (if any) are shown in Note 17.

1.10 Receivables—Note 11

Trade debtors are recorded at amounts to be received. A provision for doubtful debts is raised based on a general and specific review of the outstanding amounts at balance date. Bad debts that have been specifically provided for in previous years are recorded against the provision for doubtful debts (the provision is reduced). In all other cases, bad debts are written off as an expense directly in the statement of financial performance.

1.11 Investments—Note 12

Interest in listed and unlisted securities, other than controlled entities and associates in the consolidated statement of financial performance, are brought to account at cost, and income earned is recognised in the statement of financial performance when receivable. Controlled entities and associates are accounted for in the consolidated statement of financial performance as set out in Note 32.

Prior to the preparation of the accounts, the cost of investments in relation to their market value is reviewed. If considered necessary, a provision is made for any permanent diminution in the aggregate carrying value of these investments.

1.12 Inventories—Note 13

Inventories are measured at the lower of cost and net realisable value. Stock obsolescence is provided for on the basis of the relationship between items of stock and recent sales.

1.13 Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in the statement of financial performance in the reporting period in which the recoverable amount write down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present values using a market-determined, risk-adjusted discount rate. The councillors deem this as being appropriate.

1.14 Property, Plant and Equipment—Note 15 (i) Acquisition

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. The cost of property, plant and equipment constructed by the consolidated entity includes the cost of materials and direct labour, an appropriate proportion of fixed and variable overheads and capitalised interest.

(ii) Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefit, in excess of the originally assessed performance of the asset, will flow to the consolidated entity in future years. Where these costs represent separate components they are accounted for as separate assets and are separately depreciated over their useful lives.

(iii) Non-current assets constructed by the RMIT Consolidated Entity

The cost of non-current assets constructed by the RMIT Consolidated Entity includes the cost of all materials used in construction, direct labour on the project, borrowing costs incurred during construction and an appropriate proportion of variable and fixed overhead.

Borrowing costs included in the cost of non-current assets are those costs that would have been avoided if the expenditure on the construction of the assets had not been made. Borrowing costs incurred while active construction is interrupted for extended periods are recognised as expenses.

(iv) Disposal of revalued assets

The gain or loss on disposal of revalued assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the results in the year of disposal.

1.15 Revaluation of non-current assets

Subsequent to initial recognition as assets, land and buildings are measured at fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction. Revaluations are made with sufficient regularity to ensure that the carrying amount of each piece of land and each building does not differ materially from its fair value at the reporting date. Annual assessments are made, supplemented by independent assessments at least every three years.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net operating result, the increment is recognised immediately as revenue in the net operating result.

Revaluation decrements are recognised immediately as expenses in net statement of financial performance, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but no offset occurs in respect of different classes of non-current assets.

Revaluations do not result in the carrying value of land or buildings exceeding their recoverable amount.

1.16 Depreciation and Amortisation

(i) Complex assets

The components of major assets that have materially different useful lives are effectively accounted for as separate assets, and are separately depreciated.

(ii) Useful lives

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the straight-line method over their useful lives, with the exception of finance lease assets which are amortised over the term of the relevant lease, or, where it is likely the RMIT Consolidated Entity will obtain ownership of the asset, the life of the asset.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected in the current and future periods only.

The expected useful lives for each class of asset are as follows:

	2002 Years	2001 Years
Buildings	50 – 100	50 – 100
Plant and Equipment	10 – 33	10 – 33
Leased Plant and Equipment	10 – 33	10 – 33
Computer Equipment	3 – 10	3 – 10
Computer Software	4 – 10	4 – 10
Library Collections	5	5

1.17 Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the RMIT Consolidated Entity, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 10 years.

1.18 Leased non-current assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the

lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and a lease liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised on a straight-line basis over the term of the relevant lease, or where it is likely the RMIT Consolidated Entity will obtain ownership of the asset, over the life of the asset. Lease assets held at the reporting date are being amortised over periods ranging from 3 to 10 years.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between interest (calculated by applying the interest rate implicit in the lease to the outstanding amount of the liability), rental expense and reduction of the liability.

The present value of future payments for surplus leased space under non-cancellable operating leases is recognised as a liability, net of sub-leasing revenue, in the period in which it is determined that the leased space will be of no future benefit to the RMIT Consolidated Entity. Each lease payment is allocated between the liability and finance charge.

Other operating lease payments are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

1.19 Trade and Other Creditors—Note 17

Accounts payable, including accruals, are recorded when the RMIT Consolidated Entity is required to make future payments as a result of a purchase of assets or services prior to the end of the financial year and which are unpaid. The amounts are unsecured and are paid within 30 days of recognition.

1.20 Employee Entitlements—Note 19

(i) Wages, Salaries and Annual Leave

Liabilities for wages, salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(ii) Sick Leave

Sick Leave entitlements are non-vesting and are paid only upon a valid claim for Sick Leave by an employee. The amount of Sick Leave expected to be taken in future reporting periods is less than entitlements which are expected to accrue in those periods, therefore no provision for Sick Leave has been recognised.

(iii) Long Service Leave

The liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. In determining the liability,

consideration is given to expected future wages and salary levels, experience of employee departures and periods of service. Related on-costs have also been included in the liability.

Expected future payments are discounted using interest rates set out by the Reserve Bank of Australia that most closely match the terms of maturity of the related liabilities.

The proportion of long service leave estimated to be payable within the next financial year is included in the statement of financial position under current liabilities. The balance is included under non-current liabilities.

(iv) Superannuation

Superannuation schemes exist to provide benefits to the employees upon retirement, disability or death. The contributions made to these schemes by the consolidated entity and the emerging cost incurred from unfunded schemes are expensed in the statement of financial performance.

(v) Unfunded Superannuation Liabilities

In accordance with Accounting and Financial Reporting Bulletin No. 23 issued in January 1999 by the Department of Treasury and Finance under the State of Victoria's Financial Management Act 1994 and the revised instructions for the preparation of annual financial reports by Australian Higher Education Institutions issued July 1997 by the Department of Education, Science and Training (DEST), the effects of the unfunded superannuation liabilities of the university and its controlled entities have been recorded in the statement of financial performance and the statement of financial position.

The Commonwealth Government has undertaken to provide funding for emerging superannuation costs in its grants to the university and to recover the State's share of the cost directly from the State Government. There is no executed agreement between either the Commonwealth Government or the Victorian Government and the university that guarantees the future provision of those funds, but there is a strong expectation that it will occur. Further information is set out in Note.

Details in respect of the individual schemes and the amount of the unfunded superannuation liability determined by the actuary of the Victorian Superannuation Fund are set out in Note 29.

1.21 Interest Bearing Liabilities—Note 21

Loans are carried on the statement of financial position at their principal amounts that represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

1.22 Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the cost of qualifying assets.

1.23 Net Fair Values of Financial Assets and Liabilities

Net fair values of financial instruments are determined on the following bases:

- Financial instruments traded in an organised financial market (trade securities)—current quoted market bid price for an asset or offer price for a liability adjusted for any transaction costs necessary to realise the asset or settle the liability. Quoted market prices are available for listed, options, debentures and other equity and debt securities;
- Monetary financial assets and liabilities not traded in an organised financial market—cost basis carrying amounts of trade debtors, trade accounts payable and accruals (which approximates net market value);
- Fixed rate loans and bills of exchange—current risk adjusted market rates; and
- Investments in shares and other equity securities and debentures and other debt securities not traded in an organised financial market (other investments)—director's estimates of net market values based on future net cash flows, including transaction costs necessary to realise the securities, discounted at current risk adjusted market rates.

1.24 Goods and Services Tax System Charges

RMIT records revenue, expenses and assets net of any applicable goods and services tax (GST) except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables balances include GST where RMIT has either included GST in the price charged to customers or a supplier has included GST in their price charged to RMIT. The net amount of GST due, but not paid, to the ATO is included under payables.

RMIT does not include any estimate for GST in either accrued revenue or accrued expense balances. Accruals refer to a combination of items, some of which will be supported by the issue or receipt of a tax invoice at a later time depending on the nature of the item. In general, no tax invoice has been received or issued at the time the accrual is recorded.

To accord with Urgent Issues Group Abstract 31—Accounting for Goods and Services Tax (GST), which requires cash flows on a gross basis, RMIT has completed its cash flow statement in the following manner:

- from its accounting records RMIT has derived the amounts which have been shown in the statement of financial performance and statement of financial position, which are on a net GST basis where the GST is recoverable from the ATO; and
- it has determined the amount of GST that is required to be added to various line items in the cash flow statement by reference to its business activity statements prepared for the ATO.

Commitments, refer to note 25, are recorded net of GST, except where there is non-recoverable GST.

1.25 Insurance

The RMIT Consolidated Entity specifically carries the following types of insurance:

- property;
- fidelity (crime);
- professional indemnity;
- general liability;
- travel/personal accident;
- general third party;
- directors and officers;
- company reimbursement;
- workers compensation; and
- other insurance from time to time.

For those risks where the RMIT Consolidated Entity has no insurance, any losses are charged to the statements of financial performance in the year in which the loss is reported.

1.26 Intangible Assets and Expenditure Carried Forward

(i) Goodwill

Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight-line basis over 5 years, being the period during which the benefits are expected to arise.

(ii) Patents, intellectual property and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the periods of their expected benefit, which varies from 3 to 5 years.

1.27 Maintenance and Repairs

Plant of the consolidated entity is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with Note 1.16. Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

1.28 Web Site Costs

Costs in relation to web sites controlled by the RMIT Consolidated Entity are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefit. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are considered to be expenses. Costs incurred in building or enhancing a web site, to the extent

that they represent probable future economic benefit controlled by the Entity that can be reliably measured, are capitalised as an asset and amortised over the period of the expected benefits which vary from 3 to 5 years.

1.29 TAFE Division of RMIT University

The accounting systems and processes of RMIT University are presently unable to generate separate trial balances for the TAFE and Higher Education divisions because separate general ledgers are not maintained. Furthermore many support services are shared.

Where TAFE revenue and expenditure have not been directly attributed to specific TAFE cost centres (e.g. Aerospace Technology, Economics and Finance), the amounts have been allocated to the Schedule of Income and Expenditure based upon percentage estimates of services provided for TAFE relative to Higher Education.

The following is a summary of the material accounting policies adopted by the TAFE division in the preparation of the statement of financial performance at Note 38.

(i) Operating Revenue

Total Government Contributions

Primarily represents Vocational Education and Training (VET) Operating and Capital Grants from the Office of Training and Further Education specifically in relation to TAFE.

Fee for Service—Other

Primarily comprised of the following:

- Fees from non-Australian resident students undertaking RMIT-accredited VET courses in Australia;
- Tuition fees paid by outside organisations on behalf of students studying on and off campus.

This revenue is allocated directly to the relevant TAFE cost centres.

Ancillary Trading

Predominantly represents revenue derived from the sale of materials and attendance at conferences and seminars.

This is allocated directly to the relevant TAFE cost centres.

Student Fees and Charges

Represents regulatory fees received from VET-enrolled students in accordance with Ministerial direction.

This revenue is allocated directly to the relevant TAFE cost centres.

Investment Income

RMIT TAFE does not operate a separate investment account to RMIT Higher Education. As such, investment income for TAFE for the year is calculated in accordance with TAFE's estimated percentage share of the university's total investment balances held during the year.

Other Income

This revenue is allocated directly to the relevant TAFE cost centres.

(ii) Operating Expenses

All Expenditure

Expenditure in each classification can be attributed to the following:

- Direct teaching departments, or direct cost centres, incorporating all direct TAFE teaching and operating costs;
- Shared support services, including university-wide administration services and faculty administration services (such as financial services, property services, human resources and other administrative functions).

In these cases, costs that should be attributed to TAFE are not easily identifiable, as each support service assists both TAFE and Higher Education departments, faculties and cost centres to varying degrees. As such, percentage estimates of use between TAFE and Higher Education departments have been determined for each support service, and have been applied to each shared support cost centre to arrive at TAFE expenditure. This allocation policy is only intended as a reasonable approximation of TAFE's operating costs.

The range of percentages applied to individual shared support service cost centres to estimate TAFE expenditure allocations are as follows:

Operating Expenditure Category	TAFE Allocation % Range
Salaries, Wages, Overtime and Allowances	5 – 50
Superannuation	3 – 50
Payroll Tax	3 – 50
Consumables	3 – 50
Communication Expenses	3 – 50
Depreciation and Amortisation	3 – 50
Utilities	3 – 50
Fees and Charges	3 – 50
Contract Services	3 – 50
Travel and Motor Vehicle Expenses	3 – 50
Promotional Expenses	3 – 50
Other Expenses	3 – 50

(iii) Assets

The allocation of assets to the Higher Education or TAFE Divisions in Note 39 are made on the following basis.

Cash Assets

Bank accounts that have been specifically established for either the Higher Education or TAFE Division have been so allocated to that Division; all other account balances are allocated on a proportional basis.

Receivables

Trade debtors that are able to be directly attributable to either the Higher Education or TAFE Division have been so applied, all other trade debtors have been allocated on a proportional basis.

Student debtors have been allocated to

either the Higher Education or TAFE Division based on the enrolment status of the student.

Other debtors have been allocated to either the Higher Education or TAFE Division based on the nature of the debt and its relevance to the Divisions within RMIT.

Other Financial Assets

These have been allocated between either the Higher Education or TAFE Division based on their direct relationship to the Divisions established at the time of acquisition of the asset.

Other Assets

These have been allocated to either the Higher Education or TAFE Division based on the nature of the asset and its relevance to either the Higher Education or TAFE Division.

Property, Plant and Equipment

Land and building, motor vehicles and library assets have been attributed to either the Higher Education or TAFE Division based on RMIT's fixed asset register and their direct relationship to the Division established at the time of acquisition.

Software assets relating to the teaching departments have been attributed directly to either the Higher Education or TAFE Division. Strategic corporate software has been allocated to the Divisions on a proportional basis.

All other equipment has been attributed to either the Higher Education or TAFE Division based on RMIT's fixed asset register and its direct relationship to the Division established at the time of acquisition.

Intangibles

Relates to the Higher Education Division only.

(iv) Liabilities

The allocation of liabilities to the Higher Education or TAFE Divisions in Note 39 are made on the following basis.

Payables

Accounts payable that are able to be directly attributable to either the Higher Education or TAFE Division have been so applied; all other accounts payable have been allocated on a proportional basis.

Interest Bearing Liabilities

The interest bearing loan facility solely relates to the Higher Education Division.

Provisions

Provisions have been attributed to either the Higher Education or TAFE Division based as follows:

- directly to the appropriate Division in relation to the teaching staff operating within each Division;
- directly to the appropriate Division in relation to the administrative staff operating within the teaching department within each Division;
- administrative support staff not directly operating within the teaching departments have been allocated on a proportional basis; and

- a small number of teaching and administrative staff who operate across the two divisions within the teaching departments have been solely allocated to the area in which they predominantly operate, as it is impractical to determine their proportional contribution to each division.

Revenue in Advance

Revenue in advance that is able to be directly attributable to either the Higher Education or TAFE Division has been so applied; all other revenue in advance has been allocated on a proportional basis.

(v) Reserves

The asset revaluation reserve is directly attributable to either the Higher Education or TAFE Division based on property holdings held and the movements arising from any revaluation that has been undertaken by RMIT.

2.1 Working Capital Deficiency

The financial statements of the RMIT Consolidated Entity have been prepared on a going concern basis. As at 31 December 2002 the RMIT Consolidated Entity had a working capital surplus/(deficiency) of \$11.155m (2001—\$18.755m) and a working capital ratio of 0.91 (and in 2001—0.82).

The RMIT Consolidated Entity has in place a borrowing facility of \$50m, which has been fully utilised as at 31 December 2002.

Revenue received in advance—Note 20—largely relates to Government Operating Grant and Student Fees received in December 2002 and is recorded as a current liability at year end. This is subsequently transferred to income earned in January 2003, thereby significantly reducing the working capital deficiency.

On the basis of extensive management review of the entity's budgeting process, a cost reduction identification program and detailed cash flow projections for 2003, the Councillors of RMIT are of the opinion that sufficient cash reserves exist at the end of the 2002 financial year to fund the ongoing operations of RMIT and debts will be able to be paid as and when they fall due.

2.2 Significant item included in the Statement of Performance

The operational ineffectiveness of the Student Administrative Management System (AMS) has had a substantial impact on the financial controls and records of RMIT University and some of its controlled entities. This has resulted in the RMIT Consolidated Entity not being able to accurately report on revenues generated from student fees and has affected the ability to determine amounts outstanding and collectable.

The RMIT Consolidated Entity at the end of the financial year reviewed the carrying cost of its Students Administrative Management System and determined that the capitalised development costs attributed to the asset no longer had a future economic benefit. The total carrying cost of the asset, which has been written off against surplus/(deficit) from ordinary activities before income tax expense, amounted to \$13.110m.

The total expenditure on AMS applications for 2002 amount to \$24,298 inclusive of the \$13.110m write off of the asset.

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
3.1 Commonwealth Government Financial Assistance					
<i>(including Superannuation contributions from the Commonwealth, but excluding HECS and PELS)</i>					
Teaching and Learning	34.1				
Operating excluding HECS and PELS		97,010	92,784	97,010	92,784
Capital Development Pool		418	—	418	—
Australian Research Council	34.2				
Large Research		336	481	336	481
Research Fellowship		—	11	—	11
SPIRT		1,607	1,337	1,607	1,337
Linkage—Infrastructure		500	715	500	715
DEST	34.3				
Institutional Grants Scheme		4,239	3,757	4,239	3,757
Research Training Scheme		12,211	12,312	12,211	12,312
Systemic Infrastructure Initiative		508	—	508	—
Research Infrastructure		780	609	780	609
Australian Postgraduate Awards		2,077	1,896	2,077	1,896
International Postgraduate Research Scholarships		460	476	460	476
Other (Small Grants) Research		—	189	—	189
		120,146	114,567	120,146	114,567
Other Commonwealth Government					
Other		553	631	553	631
		553	631	553	631
		120,699	115,198	120,699	115,198
3.2 Victorian State Government Financial Assistance					
TAFE Recurrent		52,270	52,136	52,270	52,136
TAFE Capital		10,212	4,565	10,212	4,565
TAFE Other		3,466	1,547	3,466	1,547
		65,948	58,248	65,948	58,248

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
3.3 Fees and Charges					
Continuing education		19,076	8,189	19,076	9,395
Fee paying overseas students		105,352	102,217	102,724	102,217
Fee paying non-overseas postgraduate students		18,043	14,753	18,043	14,753
Fee paying non-overseas undergraduate students		4,317	2,628	4,317	2,628
Student enrolment fees	37	11,524	11,140	11,524	11,140
Other		12,314	12,134	4,428	5,161
		170,626	151,061	160,112	145,294
3.4 Investment Income					
Interest received and receivable		1,857	3,467	401	1,790
		1,857	3,467	401	1,790
3.5 Consultancy and Contract Research					
Commonwealth Government		9,128	6,771	9,128	6,771
Victorian State Government		1,765	1,469	1,765	1,469
Local Government		168	172	168	172
Industry and other		6,506	4,936	6,506	5,431
		17,567	13,348	17,567	13,843
3.6 Other Revenue					
Contract revenue (other than consultancy and contract research)		25,082	26,543	10,935	11,315
Proceeds from sale of property, plant and equipment		7,855	2,731	7,853	2,126
Product sales		11,367	10,048	2,562	2,311
Donations and bequests		25,237	8,894	3,568	3,492
Scholarships		750	871	750	871
Property rental		3,190	3,020	3,298	3,020
Gains (losses) from Foreign Exchange		44	92	44	92
Other		5,929	6,056	2,824	3,418
		79,454	58,255	31,834	26,645
Expenses from Ordinary Activities					
4.1 Employee Benefits					
Academic					
Salaries		124,690	118,764	124,690	118,764
Contributions to defined benefits superannuation schemes:					
Deferred employee benefits for superannuation		2,212	4,761	2,212	4,761
Emerging cost		13,684	14,658	13,684	14,658
Funded		15,293	13,752	15,293	13,753
Provisions for future emerging costs		–	–	–	–
Payroll Tax		7,615	7,107	7,615	7,107
Workers' Compensation		1,556	1,441	1,556	1,441
Long Service Leave Expense		3,291	1,533	3,291	1,533
Annual Leave Expense		9,068	9,066	9,068	9,066
		177,409	171,082	177,409	171,083

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
Non-Academic					
Salaries		105,943	97,166	91,446	82,515
Contributions to defined benefits superannuation schemes:					
Deferred employee benefits for superannuation		904	1,926	904	1,926
Emerging cost		3,693	3,586	3,693	3,586
Funded		13,657	12,120	12,134	10,905
Provisions for future emerging costs		—	—	—	—
Payroll tax		6,221	5,410	5,816	5,049
Workers' Compensation		1,320	1,195	1,171	1,037
Long Service Leave expense		2,522	1,638	2,248	1,514
Annual Leave expense		6,597	4,118	6,148	3,746
Other		43	28	—	—
		140,900	127,187	123,560	110,278
Total employee benefits		318,309	298,269	300,969	281,361
4.2 Depreciation and Amortisation					
Buildings		9,624	9,876	9,624	9,876
Building plant and improvements		923	627	223	82
Equipment, motor vehicles and furniture and fittings		11,913	10,998	11,102	10,393
Library collections		3,489	2,925	3,489	2,925
Development costs		1,365	—	—	—
Intangible assets		486	18	23	—
		27,800	24,444	24,461	23,276
4.3 Buildings and Grounds					
Facilities related—maintenance and service		10,191	10,581	10,191	10,581
Occupancy expenses		7,625	7,298	6,590	6,380
Minor works expenses		1,173	1,938	1,173	1,938
		18,989	19,817	17,954	18,899
4.4 Bad and Doubtful Debts					
(a) Bad debts written off in the operating statement					
Trade debtors		244	240	133	240
Student debtors		78	—	78	—
		322	240	211	240
(b) Amounts set aside to provision for doubtful debts					
Trade debtors		(19)	2,394	751	(230)
Student debtors		2,886	—	2,886	—
		2,867	2,394	3,637	(230)
Total bad and doubtful debts expense		3,189	2,634	3,848	10
(c) Bad debts written off against provision for doubtful debts					
Trade debtors		8	207	—	131
		8	207	—	131
4.5 Borrowing Cost Expense					
Interest on finance leases		1	2	—	—
Interest to other corporations		2,021	1,095	2,017	1,087
		2,022	1,097	2,017	1,087

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
4.6 Other Expenses					
Scholarships, grants and prizes		17,484	16,108	24,934	23,028
Telecommunications		6,730	9,096	6,447	8,705
Non-capitalised equipment		7,310	7,606	6,859	7,273
Travel, staff development and entertainment		12,428	10,909	11,841	10,628
Inventory used		20,142	15,862	12,067	11,906
Research and development costs written off		126	–	–	–
Operating lease rental expenses		17,346	11,297	17,454	11,297
Net foreign exchange loss		10	2	10	2
Carrying amounts of discontinuing assets	6(b)	20,917	7,728	20,901	7,233
Marketing, advertising and public relations		21,422	16,935	12,269	12,440
Administrative expenses		24,736	16,740	21,386	13,755
Finance, legal and other		10,958	6,144	9,010	5,630
Other expenses		10,879	10,387	6,157	5,801
		170,488	128,814	149,335	117,698
5 Individual Significant Items Charged against Revenue for the Year					
Amortisation or diminution in respect of:					
Investment		(80)	–	–	–
Bad debts written off		322	240	211	240
Amounts set aside to provisions:					
Doubtful debts		2,859	2,392	3,637	(230)
Employee entitlements		8,836	9,461	8,375	9,221
Expenditure in relation to AMS:					
Write-off of AMS capitalised costs		13,110	–	13,110	–
AMS costs incurred during year		11,189	–	11,189	–
6 Sales of Assets					
(a) Proceeds from disposal of assets					
Property, plant and equipment		7,855	2,731	7,853	2,126
		7,855	2,731	7,853	2,126
(b) Carrying amount of assets disposed					
Property, plant and equipment					
Write-off of non-functional computer application system		13,110	–	13,110	–
Disposal of land and buildings		5,300	5,725	5,300	5,725
Disposal of other assets		2,506	2,003	2,491	1,508
		20,916	7,728	20,901	7,233
(c) Surplus/(Deficit) from write off/sale of assets					
		(13,061)	(4,997)	(13,048)	(5,107)

Notes to the Financial Statements

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
7 Income Tax					
The prima facie income tax on operating profit is reconciled to the income tax provided in the financial statements as follows:					
Prima facie tax payable on operating profit/(loss) of tax paying controlled entities before income tax at 30%					
		61	—	—	—
Income Tax Effect of Permanent Differences					
Non-deductable expenditure					
		1	—	—	—
Income tax adjusted for permanent differences					
		62	—	—	—
Under provision in previous years					
		22	—	—	—
Future income tax benefits not previously recognised					
		(26)	—	—	—
Deferred income tax liability not previously recognised					
		20	—	—	—
Income tax expense relating to ordinary activities of tax paying controlled entities					
		78	—	—	—
Income tax on foreign operations of parent (RMIT University)					
		509	198	509	198
Income tax expense relating to ordinary activities		587	198	509	198
Aggregate Income Tax Expense Comprises					
Current tax provision					
		582	198	509	198
Under-provision prior year					
		22	—	—	—
		604	198	509	198
Future income tax benefit					
		(43)	—	—	—
Provision for deferred income tax					
		26	—	—	—
Income tax expense relating to ordinary activities		587	198	509	198
The income tax expense recorded in RMIT University represents tax on foreign operations.					
8 Remuneration of Auditors					
During the year the auditors of the parent entity and its related entities earned the following remuneration:					
Auditor-General of Victoria					
Auditing or reviewing the financial reports of the entity or any entity in the consolidated entity					
		400	149	292	103
9 Accumulated Funds					
Retained earnings at beginning of year					
		304,404	297,113	327,321	324,531
Net surplus attributable to members of the RMIT entity					
		(248)	8,591	(17,730)	2,790
Transfers to reserves					
		(67)	(1,300)	—	—
Retained earnings at end of year		304,089	304,404	309,591	327,321
10 Cash Assets					
Cash at bank and on hand					
		12,877	4,406	6,719	(1,131)
Bank short term deposits, maturing within 60 days					
	v	35,689	25,048	5,456	9,666
Bills of exchange accepted or endorsed by banks					
		8,977	499	8,977	499
Foreign currency bank accounts					
		—	609	—	609
		57,543	30,562	21,152	9,643

v Bank short term deposits

The deposits are bearing floating interest rates between 4.0% and 4.6% (2001—4.3% and 5.2%).

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
11 Receivables					
Current					
Trade debtors		20,522	23,989	13,319	17,674
Less provision for doubtful debts		(3,288)	(3,114)	(542)	(381)
		17,234	20,875	12,777	17,293
Student loans and student debtors		9,132	11,023	9,132	11,023
Less provision for doubtful debts		(3,820)	(934)	(3,820)	(934)
		5,312	10,089	5,312	10,089
Loans and Advances					
Government grants receivable		92	130	92	130
Government contributions—superannuation	S	16,500	16,500	16,500	16,500
Interest receivable		83	112	71	55
Other debtors		3,884	3,789	3,150	3,199
Amounts receivable from:					
Wholly-owned subsidiaries		—	—	7,506	2,910
Less provision for doubtful debts		—	—	(790)	—
		21,571	22,764	27,541	25,027
Total current		44,117	53,728	45,630	52,409
Non-Current					
Government contributions—superannuation	S	231,478	228,362	231,478	228,362
Amounts receivable from:					
Wholly-owned subsidiaries		—	—	2,812	4,748
Total non-current		231,478	228,362	234,290	233,110
Total receivables		275,595	282,090	279,920	285,519
S The States Grants (General Purposes) Act 1994—Section 14 provides for the Commonwealth and State Governments to meet the costs of unfunded superannuation liabilities, which, as determined for RMIT by the Victorian Superannuation Fund at 30 June 2002, amounted to \$248.0m (2001—\$244.9m). The increase in receivables between 2001 and 2002 has been shown as income with a corresponding increase in liabilities being recorded as an expense (Refer to Note 19) and consequently has no effect on the year end net assets position of the Entity.					
12 Other Financial Assets					
Current					
Listed investments—at cost					
Government and semi-government stocks and bonds		1,014	1,036	1,014	1,036
Total current		1,014	1,036	1,014	1,036
Non-Current					
Listed investments—at cost					
Managed trust funds		3,437	4,047	—	—
Unlisted investments—at cost					
Shares in controlled entities		—	—	1,699	1,699
Shares in non-related companies		428	427	311	311
Less Provision for diminution in value of investment		(80)	(160)	(80)	(80)
Total non-current		3,785	4,314	1,930	1,930
Total investments		4,799	5,350	2,944	2,966

Notes to the Financial Statements

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
Net Fair Values of Investments					
Traded securities and other securities that are readily traded on organised markets are listed. The aggregate net fair values of these securities are:					
Current					
Listed investments—at cost					
Government and semi-government stocks and bonds		1,065	1,103	1,065	1,103
Total current		1,065	1,103	1,065	1,103
Non-Current					
Managed trust funds		3,603	4,144	—	—
Total non-current		3,603	4,144	—	—
		4,668	5,247	1,065	1,103
The aggregate net fair value of other investments (excluding shares in associates) are:					
Non-Current					
Shares in non-related companies		37	36	—	—
Significant Terms and Conditions					
Bills of exchange, government and semi-government stocks and bonds are held until their maturity dates, which range between 30 days and 10 years.					
13 Inventories					
Current					
Trading stock		875	801	—	—
Work in progress		181	207	—	—
		1,056	1,008	—	—
14 Other Assets					
Current					
Library subscriptions		343	321	343	321
Salaries and allowances		2	1	—	—
Workcare		—	981	—	936
Interest		—	5	—	5
Other		2,509	646	2,394	470
		2,854	1,954	2,737	1,732
15 Property, Plant and Equipment					
Land					
Land		249,341	252,601	249,341	252,601
Buildings		678,537	651,261	677,309	650,391
Building plant and improvements		8,859	8,257	7,392	7,149
Equipment, motor vehicles and furniture and fittings		45,040	55,458	42,076	53,163
Library collections		7,928	7,818	7,928	7,818
Development costs		683	—	—	—
Capital works in progress		5,607	3,772	4,087	3,651
		995,995	979,167	988,133	974,773
The following are details of the valuation basis of these assets, together with depreciation and amortisation provided:					
Land					
Independent valuation—31.12.2001		—	252,601	—	252,601
Councillor's valuation—31.12.2002		249,341	—	249,341	—
		249,341	252,601	249,341	252,601

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
Buildings					
Independent valuation—31.12.2001		–	651,261	–	650,391
Councillor's valuation—31.12.2002		678,537	–	677,309	–
		678,537	651,261	677,309	650,391
Less accumulated depreciation		–	–	–	–
Net book value		678,537	651,261	677,309	650,391
Buildings plant and improvements—at cost					
		14,370	12,844	8,059	7,593
Less accumulated depreciation		(5,511)	(4,587)	(667)	(444)
Net book value		8,859	8,257	7,392	7,149
Equipment, Motor Vehicles, Furniture and Fittings—at cost					
Equipment		128,960	118,625	124,347	114,681
Furniture and fittings		4,213	3,804	3,923	3,665
Software		9,762	22,879	9,659	22,820
Financed leased equipment		–	37	–	–
Motor vehicles		3,594	3,444	3,323	3,182
Works of art		1,167	1,166	1,161	1,160
		147,696	149,955	142,413	145,508
Less accumulated depreciation		(102,656)	(94,497)	(100,337)	(92,345)
Net book value		45,040	55,458	42,076	53,163
Library collection—at cost					
	#	20,801	37,687	20,801	37,687
Less accumulated depreciation		(12,873)	(29,869)	(12,873)	(29,869)
Net book value		7,928	7,818	7,928	7,818
Development costs					
		2,048	–	–	–
Less accumulated depreciation		(1,365)	–	–	–
Net book value		683	–	–	–
Capital works in progress—at cost					
		5,607	3,772	4,087	3,651
Total assets					
		1,118,400	1,108,120	1,102,010	1,097,431
Total accumulated depreciation		(122,405)	(128,953)	(113,877)	(122,658)
Total net book value		995,995	979,167	988,133	974,773
# Fully depreciated library assets to the value of \$16.886m have been written off.					
Reconciliations					
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:					
Land					
Carrying amount at beginning of year		252,601	213,689	252,601	213,689
• additions		–	2,636	–	2,636
• adjustments due to revaluation of land		2,040	39,341	2,040	39,341
• disposals		(5,300)	(3,065)	(5,300)	(3,065)
Carrying amount at end of year		249,341	252,601	249,341	252,601
Buildings					
Carrying amount at beginning of year		651,261	588,429	650,391	588,429
• additions		1,838	35,365	1,480	35,365
• adjustments due to revaluation of Buildings		11,484	2,135	11,484	2,135
• transfers from capital works in progress		23,578	40,445	23,578	40,445
• transfers to Leasehold Improvements		–	(2,577)	–	(3,447)
• disposals		–	(2,660)	–	(2,660)
• depreciation		(9,624)	(9,876)	(9,624)	(9,876)
Carrying amount at end of year		678,537	651,261	677,309	650,391

Notes to the Financial Statements

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
Leasehold Improvements					
Carrying amount at beginning of year		8,257	5,305	7,149	2,659
• additions		1,405	1,168	466	979
• transfers from capital works in progress		120	146	–	146
• transfers from buildings		–	2,577	–	3,447
• disposals		–	(312)	–	–
• depreciation		(923)	(627)	(223)	(82)
Carrying amount at end of year		8,859	8,257	7,392	7,149
Equipment, Motor Vehicles, Furniture and Fittings					
Carrying amount at beginning of year		55,458	37,611	53,163	36,099
• additions		12,655	26,964	11,151	25,277
• transfers from capital works in progress		4,464	3,791	4,464	3,791
• disposals		(15,624)	(1,910)	(15,600)	(1,611)
• depreciation		(11,913)	(10,998)	(11,102)	(10,393)
Carrying amount at end of year		45,040	55,458	42,076	53,163
Library Collection					
Carrying amount at beginning of year		7,818	7,318	7,818	7,318
• additions		3,599	3,425	3,599	3,425
• depreciation		(3,489)	(2,925)	(3,489)	(2,925)
Carrying amount at end of year		7,928	7,818	7,928	7,818
Development Costs					
Carrying amount at beginning of year		–	–	–	–
• transfers between related entities		2,048	–	–	–
• depreciation		(1,365)	–	–	–
Carrying amount at end of year		683	–	–	–
Capital Works in Progress					
Carrying amount at beginning of year		3,772	48,033	3,651	48,033
• additions		29,997	121	28,478	–
• transfers from capital works in progress		(26,114)	(44,382)	(25,994)	(44,382)
• transfers between related entities		(2,048)	–	(2,048)	–
Carrying amount at end of year		5,607	3,772	4,087	3,651
Total					
Carrying amount at beginning of year		979,167	900,385	974,773	896,227
• additions		49,494	69,679	45,174	67,682
• adjustments due to revaluation of land and buildings		13,524	41,476	13,524	41,476
• transfers from capital works in progress		2,048	–	2,048	–
• transfers between related entities		–	–	(2,048)	–
• disposals		(20,924)	(7,947)	(20,900)	(7,336)
• depreciation		(27,314)	(24,426)	(24,438)	(23,276)
Carrying amount at end of year		995,995	979,167	988,133	974,773
16 Intangibles					
Licences and rights		165	165	–	–
Intellectual property		2,283	58	58	58
		2,448	223	58	58
Amortisation		(561)	(75)	(47)	(23)
		1,887	148	11	35

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
17 Payables					
Current					
Trade and other creditors		27,210	28,735	21,623	23,902
		27,210	28,735	21,623	23,902
Non-Current					
Amounts payable to:					
Other related parties		—	—	13,567	14,297
		—	—	13,567	14,297
		27,210	28,735	35,190	38,199
Trade accounts payable are generally settled within 30 days. The directors consider the carrying amounts of trade and other accounts payable approximate to their net fair values.					
18 Finance Lease Liabilities					
Finance Leased Equipment Capitalised					
Current		4	30	—	—
Non-current		10	—	—	—
		14	30	—	—
Lease commitments in respect of capitalised finance leases are payable as follows:					
Due within one year		5	30	—	—
Due after one year, but within five years		11	—	—	—
Due after five years		—	—	—	—
		16	30	—	—
Less future finance charges		2	4	—	—
Total lease liability		14	26	—	—
19 Provisions					
Current					
Annual Leave		27,917	25,320	26,862	24,405
Long Service Leave		4,579	3,996	4,264	3,702
Superannuation—deferred benefits	u	16,500	16,500	16,500	16,500
Total current		48,996	45,816	47,626	44,607
Non-Current					
Long Service Leave		33,610	31,117	32,885	30,646
Superannuation—deferred benefits	u	231,478	228,362	231,478	228,362
Total non-current		265,088	259,479	264,363	259,008
Total employee entitlements		314,084	305,295	311,989	303,615
u The Superannuation Deferred Benefits relate to unfunded superannuation liabilities for RMIT that have been determined by the Victorian Superannuation Board at 30 June 2002 at \$248.0m (2001—\$244.9m). The increase in liabilities between 2001 and 2002 has been shown as an expense with a corresponding increase in receivables being recorded as income (Refer to Note 11) and consequently has no effect on the year end net assets position of the Entity.					
Number of employees as at the end of the reporting period:		3,954	3,840	3,505	3,396
The following assumptions were adopted in measuring the present value of long service leave and retirement gratuity entitlements:					
Weighted average increase in employee costs		4.6%	3.8%	4.6%	3.8%
Weighted average discount rates		4.8%	5.5%	4.8%	5.5%
Weighted average settlement period		15 yrs	17 yrs	15 yrs	17 yrs

Notes to the Financial Statements

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
20 Revenue in Advance					
Government advances—Commonwealth Government		14,821	14,737	14,821	14,737
Research grants		342	604	342	430
Student fees		6,551	11,794	5,997	11,459
Projects fees		4,138	5,096	61	83
Other		73	33	—	—
		25,925	32,264	21,221	27,462
21 Interest Bearing Liabilities					
Commercial bills of exchange					
Current		15,000	—	15,000	—
Non-current		35,000	25,000	35,000	25,000
		50,000	25,000	50,000	25,000
(a) Commercial bill acceptance facility:					
The unsecured bill acceptance facility may be drawn at any time and is subject to annual review. The bill acceptance facility has been drawn as a source of primarily long-term finance and is available until the year 2004.					
Credit facility available		50,000	50,000	50,000	50,000
Amount utilised		50,000	25,000	50,000	25,000
Unused credit facility		—	25,000	—	25,000
(b) Credit card facility:					
The Consolidated Entity has entered into an arrangement with its bankers for the provision of a corporate credit card facility at no interest, provided the debt outstanding is repaid on a monthly basis.					
Credit facility available		7,500	7,500	7,500	7,500
Amount utilised		6,460	5,665	6,460	5,665
Unused credit facility		1,040	1,835	1,040	1,835
22 Reserves					
Consolidated Reserves					
Balance at beginning of year		604,241	561,400	552,873	511,397
Transfers from/(to) accumulated funds		67	1,300	—	—
Revaluation of land and Buildings		13,524	41,476	13,524	41,476
Foreign exchange losses		58	65	—	—
Balance at end of year		617,890	604,241	566,397	552,873
Represented by:					
Asset revaluation reserve		606,255	592,731	566,397	552,873
Fixed asset replacement reserve		1,637	1,637	—	—
Capital projects reserve		10,000	9,933	—	—
Foreign currency translation reserve		(13)	(71)	—	—
Capital profits reserve		11	11	—	—
		617,890	604,241	566,397	552,873
Movements in Reserves During the Year Were:					
Asset Revaluation Reserve					
Balance at beginning of year		592,731	551,255	552,873	511,397
Revaluation of land and buildings		13,524	41,476	13,524	41,476
Balance at End of Year		606,255	592,731	566,397	552,873
Fixed Asset Replacement Reserve					
Balance at beginning of year		1,637	1,507	—	—
Transfers from accumulated funds		—	130	—	—
Balance at end of year		1,637	1,637	—	—

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
Capital Projects Reserve					
Balance at beginning of year		9,933	8,763	–	–
Transfers from accumulated funds		67	1,170	–	–
Balance at end of year		10,000	9,933	–	–
Foreign Currency Translation Reserve					
Balance at beginning of year		(71)	(136)	–	–
Foreign exchange gains/(losses)		58	65	–	–
Balance at end of year		(13)	(71)	–	–
Capital Profits Reserve					
Balance at beginning of year		11	11	–	–
Balance at end of year		11	11	–	–
Nature and Purpose of Reserves					
Asset Revaluation Reserve					
The asset revaluation reserve is used to record asset revaluation increments and decrements in the value of non-current physical assets.					
Fixed Asset Replacement Reserve					
The fixed asset replacement reserve sets aside retained earning to be used for replacing assets that exist on the asset register.					
Capital Projects Reserve					
The capital projects reserve sets aside retained earnings to be used for major projects over \$10,000.					
Foreign Currency Translation Reserve					
The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, the translation of transactions that hedge the RMIT entity's net investment in a foreign operation to the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation.					
Capital Profits Reserve					
Upon disposal of revalued assets, any related revaluation increment standing to the credit of the asset revaluation reserve is transferred to the capital profits reserve.					
23 Outside Equity Interest					
Outside Equity Interest in Controlled Entities Comprises:					
Interest in retained surplus at the beginning of the financial year after adjusting for outside equity interest in entities acquired during the financial year	14				
Interest in operating surplus after income tax		(183)	14	–	–
Interest in extraordinary items after income tax		–	–	–	–
Interest in retained surplus at the end of the financial year		(169)	14	–	–
Interest in share capital		99	98	–	–
Interest in reserves		–	–	–	–
		(70)	112	–	–

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
24 Contingent Liabilities					
Guarantees					
(a) RMIT has guaranteed the bank overdraft of Melbourne Community Television to a limit of:		220	220	220	220
(b) RMIT has guaranteed contract performance to various organisations to the extent of:		1,241	631	1,241	541
Litigations					
Claims for unspecified damages have been lodged against the Consolidated Entity. The Consolidated Entity has disclaimed liability and is defending the actions. Legal advice indicates that it is unlikely that any significant liability will arise.					
25 Commitments for Expenditure					
(a) Operating leases					
Commitments for future lease payments exist under current non-cancelable lease agreements held by the Consolidated Entity.					
Future Minimum Rental Payments for Leased Premises:					
Due within one year		2,325	1,881	2,325	1,866
Due after one year but within five years		10,522	7,473	10,522	7,463
		12,847	9,354	12,847	9,329
Future Minimum Rental Payments for Leased Equipment:					
Due within one year		10,298	8,607	10,288	8,435
Due after one year but within five years		6,856	8,397	6,856	8,224
		17,154	17,004	17,144	16,659
(b) Capital and other commitments					
The Consolidated Entity has a commitment with respect to capital and other expenditure that has been contracted for at balance date.					
Plant and equipment					
Due within one year		70	2,583	70	2,556
Building works					
Due within one year		3,573	12,134	3,573	12,121
Other non-capital commitments					
Due within one year		3,743	6,543	3,740	6,541
		7,386	21,260	7,383	21,218
26 Notes to Statement of Cash Flows					
(a) Reconciliation of cash					
For the purpose of the statements of cash flows, cash represents cash on hand, at bank and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the reporting period is shown in the Statements of Cash Flows and is reconciled to the related items in the financial statements as follows:					
Cash at the beginning of year					
Cash at bank and at hand		4,406	2,008	(1,131)	(452)
Short-term money market deposits		25,048	26,856	9,666	5,831
Foreign currency bank accounts		609	–	609	–
Bills of exchange accepted or endorsed by banks		499	24,544	499	24,544
		30,562	53,408	9,643	29,923
Cash at the end of year					
Cash at bank and at hand		12,877	4,406	6,719	(1,131)
Short-term money market deposits		35,689	25,048	5,456	9,666
Foreign currency bank accounts		–	609	–	609
Bills of exchange accepted or endorsed by banks		8,977	499	8,977	499
		57,543	30,562	21,152	9,643
Cash movement for the year		26,981	(22,846)	11,509	(20,280)

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
(b) Reconciliation of net cash provided by operating activities to operating surplus					
Operating surplus for the year		(431)	8,605	(17,730)	2,790
Eliminate non-cash flows					
Loss/(gain) on sale of property, plant and equipment	6	13,061	4,997	13,048	5,107
Depreciation on property, plant and equipment	4.2	27,314	24,426	24,437	23,276
Amortisation of investments	5	(80)	–	–	–
Provision for doubtful debts	2,867	2,392	3,637	(230)	–
Bad debts written off	5	322	420	211	240
Amortisation of intangible assets	4.2	486	18	23	–
Interest on finance leases	4.5	1	2	–	–
Change in Operating Assets and Liabilities					
Net (increase)/decrease in receivables		1,268	(16,015)	1,753	(5,948)
Net (increase)/decrease in inventories		(48)	(144)	–	–
Net (increase)/decrease in other assets		(3,119)	(582)	(1,006)	(429)
Net (increase)/decrease in deferred tax assets		(43)	–	–	–
Net increase/(decrease) in deferred revenue		(6,339)	3,109	(6,241)	2,013
Net increase/(decrease) in creditors		(1,523)	6,919	(3,012)	8,535
Net increase/(decrease) in current tax liability		406	–	311	–
Net increase/(decrease) in deferred tax liability		26	–	–	–
Net increase/(decrease) in employee entitlements		8,789	9,428	8,377	9,188
Net cash provided by operating activities		42,957	43,575	23,808	44,542
27 Economic Dependency					
The RMIT Consolidated Entity is reliant on a significant volume of its revenue being derived from:					
Commonwealth Government financial assistance		209,352	206,270	209,352	206,270
Victorian State Government financial assistance		67,713	59,717	67,713	59,717
		277,065	265,987	277,065	265,987
Other revenue		263,888	217,891	204,298	179,332
		540,953	483,878	481,363	445,319
The percentage of the RMIT Consolidated Entity revenue was sourced from:					
Commonwealth Government financial assistance		38.70%	42.63%	43.49%	46.32%
Victorian State Government financial assistance		12.52%	12.34%	14.07%	13.41%
28 Events Subsequent to Balance Date					
There have been no events that have occurred since balance date that have affected or that may materially affect the accounts.					

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
29 Superannuation Commitments					
Funds to which RMIT or any controlled entity contributes:					
(a) Defined Benefits Schemes					
State Superannuation Fund—closed		17,378	18,244	17,378	18,244
Unisuper DBP/ICP		24,109	15,859	24,069	15,827
State Employees Retirement Benefits Scheme—closed		102	103	102	103
(b) Defined Contribution Schemes					
Victorian Superannuation Fund		2,987	3,253	2,957	3,240
Advance Credit—closed		—	1	—	—
AMP—closed		9	9	—	3
Australian Retirement Fund		32	33	—	—
AXA Australia Tailored Superannuation Fund		633	695	2	25
BT Lifetime Superannuation Employer Plan		86	—	—	—
Colonial State Bank		—	2	—	—
Commonwealth Bank of Australia		3	—	—	—
Connect		18	—	—	—
Fitzgerald Services P/L Superfund		6	—	—	—
Health Super		4	—	—	—
Hesta—closed		1	10	—	—
Host Plus		149	107	—	—
Local Authorities Superannuation		9	4	—	—
MLC Superannuation		5	10	—	—
MTAA Superannuation		5	4	—	—
Norwich Superannuation Fund		—	5	—	—
RACV Superannuation Fund		—	3	—	—
Retail Employees Superannuation Trust		38	26	—	—
RMIT Superannuation Plan—closed		297	307	296	300
RMIT Union Tailored Superannuation		186	179	—	—
Superannuation Trust of Australia		135	48	—	—
The Select Fund		—	2	—	—
Tertiary Education Superannuation Scheme		98	5,196	—	5,157
Zurich Superannuation		33	3	—	3
Other		4	13	—	—
		46,327	44,116	44,804	42,902

State Superannuation Fund

RMIT has in its staffing profile a number of employees who are members of the State Superannuation Fund, administered by the Government Superannuation Office.

As at 30 June 2002, the Superannuation Fund was carrying total liabilities for member benefits in excess of the value of the scheme's assets. Hence, unfunded superannuation liabilities exist that are recognised in the financial statements of the scheme. The notional share of this public sector employee superannuation scheme's unfunded liabilities attributable to RMIT, as assessed by the scheme as at 30 June 2002, amounted to \$248m (2001—\$244.9m). In January 1999 the Victorian Department of Treasury and Finance issued Accounting and Financial Reporting Bulletin 23 under the Financial Management Act 1994, requiring Victorian universities to recognise in their Financial Statements the unfunded superannuation liability. The State Grants (General Purposes) Act 1994 section 14 provides for the Commonwealth and the State

Governments to meet the costs of unfunded superannuation liabilities as they emerge. As stated in the Financial Statements for the State of Victoria 1997–1998, based on a cost sharing arrangement with the Commonwealth, the State is only required to make a contribution to the Commonwealth equivalent to approximately 28% of unfunded liabilities in relation to university employees. The remaining 72% is to be met by the Commonwealth. The State has reported its liability accordingly. For the 1998 annual report, the Victorian Minister for Finance recommended that the financial statements were presented on the basis that both a liability and an offsetting asset be recognised in respect of the unfunded superannuation obligations. The same presentation has been followed in 2002. The basis for this treatment is:

(a) The Commonwealth Government has provided funds for the unfunded superannuation liabilities of universities since funding responsibility for higher education transferred to the Commonwealth in 1975. The Commonwealth has confirmed its intention to continue making these payments in the current triennium.

(b) The Victorian Government Solicitor has advised that it is appropriate for universities to recognise a receivable from the Commonwealth and State Governments on the grounds they have a legal claim on the funding of their unfunded superannuation liabilities. The Commonwealth Department of Education, Training and Youth Affairs' 'Instructions for preparing Annual Financial Reports for the 2002 Reporting Period' also requires that the unfunded superannuation

obligations are treated as an asset and liability. Unisuper DBP/ICP (formerly Superannuation Scheme Australian Universities). The last actuarial assessment was conducted by Mr Grant Harslett (FIA, FIAA) of Towers Perrin on 18 May 2000. As at 30 June 2002 the accrued benefits of the plan were assessed at \$87,122m (30 June 2001—\$77,629m) while the net market value of the plans assets were \$81,038m (30 June 2001—\$85,664m). This equates to a net shortfall of members' accumulated funds of \$6,084m (30 June 2001—\$8,035m surplus). Towers Perrin has confirmed that this situation is expected to occur from time to time as investment markets can vary considerably. The actuary expects all commitments to members to be met and the existing contribution rates to remain appropriate.

Basis for calculating employer's contribution to:
(a) Defined Benefits Schemes State Superannuation Fund

RMIT is required to contribute as and when Higher Education Sector contributors become beneficiaries under the scheme. The employer's contribution is that which is required to meet the defined benefit. RMIT is required to

contribute on a fortnightly basis for TAFE employees in respect of:

- Revised Scheme 15.5%
- New Scheme 8%, 8.5%, 9.5% or 10% based on member's selection

Unisuper DBP/ICP

RMIT's contribution rates throughout 2002 were at either 7% for those employees contributing 3.5% or at 14% for those employees contributing 7% of base salary.

State Employees Retirement Benefits Scheme

Presently, RMIT is required to contribute on account of eligible employees at the rate of 15% of salary. This increased from 1st May 1993 to 20% of salary and 105% of pensions paid.

(b) Defined Contribution Schemes

Victorian Superannuation Fund

RMIT is required to contribute on account of members of the fund at the rate required to meet the 'Superannuation Guarantee'—currently 9%.

RMIT Superannuation Plan

RMIT contributes on account of eligible employees at the rate of 14% of salary.

RMIT Union Tailored Superannuation

The employer is required to contribute 3% of salary of eligible employees. In addition, employees may contribute 2.5% or 5%—this is matched by the employer at 5% or 10% respectively (or for particular employees 15% or 17.5%)

Unisuper Award Plus Plan

RMIT is required to contribute on account of members of Unisuper DBP/ICP at the rate of 3% of salary and for other eligible employees at the rate of 9%.

AXA Australia Tailored Superannuation Fund

RMIT contributes 9% of salary of eligible employees. RMIT also contributes an additional 1% of salary of eligible employees, in accordance with the terms and conditions of the enterprise agreement, where employees match the extra 1% through salary sacrifice. In addition, employees may contribute to this fund. Under engagement letters with the former Technisearch Ltd., staff transferring from the university in 1993 and prior have an additional 2% of salary paid into the fund by RMIT.

Australian Retirement Fund	}
AXA Australia Tailored Superannuation Fund	}
BT Lifetime Superannuation Employer Plan	}
Colonial State Bank	}
Commonwealth Bank of Australia	}
Connect	}
Fitzgerald Services P/L Superfund	}
Health Super	}
Hesta—Closed	}
Host Plus	}
Local Authorities Superannuation	}
MLC Superannuation	}
MTAA Superannuation	}
Norwich Superannuation Fund	}
RACV Superannuation Fund	}
Retail Employees Superannuation Trust	}
RMIT Superannuation Plan—Closed	}
RMIT Union Tailored Superannuation	}
Superannuation Trust of Australia	}
The Select Fund	}
Tertiary Education Superannuation Scheme	}
Zurich Superannuation	}
Other	}

The employer is required to contribute on account of eligible employees at the rate of 9%.

No contribution remained unpaid at the end of the year except to the extent of normal and current terms of payment. The amount payable at 31 December 2002 was \$1,532m (2001—\$1,647m).

30 Disaggregation Information

The university operates predominantly in the field of Higher Education in Australia and provides teaching and research services. The university provides both higher education and vocational education and training. The university also delivers educational and examination services in overseas countries.

	Revenue		Results		Assets	
	2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
Industries						
Higher Education	373,342	353,745	(20,209)	4,347	1,057,649	1,041,733
Vocational Education and Training	108,021	91,574	2,479	(1,557)	237,248	232,935
Other	59,590	38,559	17,299	5,815	44,875	25,611
	540,953	483,878	(431)	8,605	1,339,772	1,300,279
Geographical Regions						
Australia	513,218	465,524	(21,711)	4,797	1,336,455	1,299,036
South-East Asia	27,735	18,354	21,280	3,808	3,317	1,243
	540,953	483,878	(431)	8,605	1,339,772	1,300,279

31 Additional Financial Instruments Disclosures

(i) Interest Rate Risk

The RMIT Consolidated Entity's exposure to interest rate risk, and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

	Note	Weighted Average Interest Rate %	Floating Interest Rate \$	Non 1 Year or Less \$	1 to 5 Years \$	Over 5 Years \$	Interest Bearing \$	Total \$
31 December 2002								
Assets								
Cash assets	10	2.85	12,877	—	—	—	—	12,877
Short-term deposits	10	4.50	35,689	—	—	—	—	35,689
Bills of exchange	10	4.50	8,977	—	—	—	—	8,977
Receivables	11	—	—	—	—	27,617	27,617	—
Deferred tax asset							43	43
Other assets	14	—	—	—	—	—	2,854	2,854
Government stocks—short-term	12	4.31	—	1,014	—	—	—	1,014
Managed trust funds	12	8.97	3,437	—	—	—	—	3,437
Shares in non-related companies	12	—	—	—	—	—	348	348
			60,980	1,014	—	—	30,862	92,856
Liabilities								
Payables	17	—	—	—	—	—	27,210	27,210
Tax liabilities	7	—	—	—	—	—	26	26
Finance leased equipment capitalised	18	—	—	4	10	—	—	14
Borrowings	21	4.83	50,000	—	—	—	—	50,000
			50,000	4	10	—	27,236	77,250
Net Financial Assets (Liabilities)			10,980	1,010	(10)	—	3,626	15,606
31 December 2001								
Assets								
Cash assets	10	2.35	4,406	—	—	—	—	4,406
Short-term deposits	10	4.26	25,048	—	—	—	—	25,048
Bills of exchange	10	5.17	499	—	—	—	—	499
Foreign currency bank accounts	10	3.00	609	—	—	—	—	609
Receivables	11	—	—	—	—	—	37,228	37,228
Other assets	14	—	—	—	—	—	1,954	1,954
Government stocks—short-term	12	6.94	—	1,036	—	—	—	1,036
Managed trust funds	12	10.13	4,047	—	—	—	—	4,047
Shares in non-related companies	12	—	—	—	—	—	267	267
			34,609	1,036	—	—	39,449	75,094
Liabilities								
Payables	17	—	—	—	—	—	28,735	28,735
Finance leased equipment capitalised	18	—	—	30	—	—	—	30
Borrowings	21	5.41	25,000	—	—	—	—	25,000
			25,000	30	—	—	28,735	53,765
Net Financial Assets (Liabilities)			9,609	1,006	—	—	10,714	21,329

Notes to the Financial Statements

(ii) Credit Risk

The RMIT Consolidated Entity has not obtained any collateral or other security for its financial assets; they are unsecured. The credit risk on financial assets, excluding investments, of the RMIT Consolidated Entity that have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts. The RMIT Consolidated Entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties and by performing extensive due diligence procedures on major new customers.

(iii) Market Risk

The RMIT Consolidated Entity's exposure to market risk is borne by the secure investments placed in bank accepted commercial bills and 11.00 a.m. deposits through the short-term money market.

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
(iv) Reconciliation of Net Financial Assets to Net Assets					
Net Financial Assets as above		15,606	21,329		
Non-Financial Assets and Liabilities					
Inventories	13	1,056	1,008		
Government contributions—superannuation	11	247,978	244,862		
Property, plant and equipment	15	995,995	979,167		
Intangibles	16	1,887	148		
Current tax liabilities	7	(604)	(198)		
Employee entitlements	19	(314,084)	(305,295)		
Revenue in advance	20	(25,925)	(32,264)		
Net assets per Statement of Financial Position		921,909	908,757		

	Note	2002	Net Fair	2001	Net Fair
		Carrying Amount \$,000	Value \$,000	Carrying Amount \$,000	Value \$,000
(v) Net Fair Values					
The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are as follows:					
Financial Assets					
Cash assets	10	12,877	12,877	4,406	4,406
Bank short-term deposits, maturing within 60 days	10	35,689	35,689	25,048	25,048
Foreign currency bank accounts	10	–	–	609	609
Receivables	11	27,617	27,617	37,228	37,228
Other assets	14	2,854	2,854	1,954	1,954
Bills of exchange accepted or endorsed by banks	10	8,977	8,977	499	499
Government stocks—short-term	12	1,014	1,065	1,036	1,103
Government stocks—long-term	12	–	–	–	–
Managed trust funds	12	3,437	3,603	4,047	4,144
Shares in non-related companies	12	348	348	267	267
		92,813	93,030	75,094	75,258
Financial Liabilities					
Payables	17	27,210	27,210	28,735	28,735
Finance lease liabilities	18	14	14	30	30
Interest bearing liabilities	21	50,000	50,000	25,000	25,000
		77,224	77,224	53,765	53,765

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

32 Details of Controlled Entities

	Notes	Class of Shares	Place of Incorporation	% Ownership	Shares Held		Contribution to Consolidated Entity's Surplus	
					2002	2001	2002	2001
Controlled Entities—Corporate								
RMIT Resources Ltd	(a)	Limited by Guarantee	Victoria, Australia	100	—	—	65	—
Meltech Services Ltd	(b)	Limited by Guarantee	Victoria, Australia	100	—	—	—	—
RMIT Training Pty Ltd	(c)	Ordinary	Victoria, Australia	100	502,000	502,000	(1,187)	897
RMIT Innovation Limited	(d)	Limited by Guarantee	Victoria, Australia	100	—	—	20	(459)
Spatial Vision Innovations Pty Ltd	(m)	Ordinary	Victoria, Australia	51	102,000	102,000	64	(43)
RMIT International Pty Ltd	(e)	Ordinary	Victoria, Australia	100	200,002	200,002	(185)	458
RMIT (Malaysia) Sdn. Bhd.	(f)	Ordinary	Kuala Lumpur, Malaysia	100	2	2	(25)	(14)
RMIT Vietnam Holdings Pty Ltd	(g)	Ordinary	Victoria, Australia	100	12	12	18,465	4,597
RMIT International University Vietnam	(h)		Vietnam	100	1,959,197	983,282	(431)	(1,252)
Citytech Pty Ltd	(i)	Ordinary	Victoria, Australia	100	12	12	—	—
Inquirion Pty Ltd	(j)	Ordinary	Victoria, Australia	50.05	10,010	1,000	(221)	—
Controlled Entities—Other								
RMIT Union	(k)	Unincorporated Body			—	—	(38)	1,291
RMIT Foundation	(l)	Unincorporated Body			—	—	223	313
							16,750	5,788

(a) RMIT Resources Ltd is a company incorporated under the Corporations Act 2001, limited by guarantee and without a share capital. The liability of members at balance date was limited to \$4 being two members with a liability of \$2 each.

(b) Meltech Services Ltd is a company incorporated under the Corporations Act 2001, limited by guarantee and without a share capital. The liability of members at balance date was limited to \$120, being six members with a liability limited to \$20 each. Three directors, being a majority of directors, are nominees of RMIT. Accordingly, Meltech Services Ltd is a subsidiary of RMIT.

(c) RMIT Training Pty Ltd is a company incorporated under the Corporations Act 2001, with a share capital of 502,000 ordinary shares of \$1 each.

(d) RMIT Innovation Limited is a company incorporated under the Corporations Act 2001, limited by guarantee and without a share capital. The liability of members at balance date was limited to \$60 being six members with a liability of \$10 each.

(e) RMIT International Pty Ltd is a company incorporated under the Corporations Act 2001, with a share capital of 200,002 ordinary shares

of \$1 each.

(f) RMIT (Malaysia) Sdn. Bhd. is a company incorporated under the Malaysian Companies Act 1965, with an issued share capital of two ordinary shares of RM\$1 each, which are held by RMIT.

(g) RMIT Vietnam Holdings Pty Ltd is a wholly owned entity of RMIT University and has 12 ordinary shares of \$1 each. The company's principal activity is to hold funds for distribution to operations at the RMIT International University Vietnam Campus and RMIT's investment in RIUV.

(h) RMIT International University Vietnam is a jointly owned entity of RMIT Vietnam Holdings Pty Ltd (1,434,910 ordinary shares of US\$1) and RMIT University (524,287 ordinary shares of US\$1). Its purpose is to provide advanced education to the Vietnamese community in Vietnam.

(i) Citytech Pty Ltd is a company incorporated under the Corporations Act 2001, with an issued share capital of twelve ordinary shares of \$1 each, which are held by RMIT.

(j) Inquirion Pty Ltd was incorporated on the 16 December 2001. RMIT acquired 10,010 ordinary shares of \$1 each, which is 50.05% of the equity in the company on 1 January 2002,

with the balance being held by RMIT employees. RMIT has the power to appoint the board and therefore has substantial influence over its operations. The operating results of the entity have been included in the consolidated statement of financial performance since the date of acquisition.

(k) The RMIT Union is an unincorporated body. The Union has been consolidated with RMIT in order to comply with AAS24—Consolidated Financial Reports.

(l) The RMIT Foundation is a Trust. Its principal purpose is to raise funds, provide grants to RMIT for the conduct of research and construction of teaching facilities, provide for scholarships and to engage visiting scholars. The trust is controlled by the RMIT Council.

(m) Spatial Vision Innovations Pty Ltd is a company incorporated under the Corporations Act 2001, with a share capital of 200,000 ordinary shares of \$1 each. The company is a subsidiary of RMIT Innovation Limited, which hold 51% of the issued capital.

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
33 Investments Accounted for Using the Equity Method					
Share of net profits accounted for using the equity method included in the statement of financial performance:					
		Investment carrying amount			
Name					
Inquiry Pty Ltd		–	1,000	–	1,000
Principal activities: Research and Development					
Balance date: 31 December					
Ordinary share ownership interest—Consolidated and the Company					
Inquiry Pty Ltd was incorporated on the 16 December 2001; RMIT purchased 50% of the equity in the company with the balance being held by RMIT employees.					
Results of associates					
Share of associates' profit from ordinary activities before income tax expense		–	–	–	–
Share of associates' income tax expense relating to profit from ordinary activities		–	–	–	–
Share of associates' profit from extraordinary items after related income tax expense		–	–	–	–
Share of associates' net profit—as disclosed by associates		–	–	–	–
Share of post-acquisition retained profits and reserves attributable to associates					
Retained profits					
Share of associates' retained profits at beginning of period		–	–	–	–
Share of associates' net profits accounted for using the equity method		–	–	–	–
Dividend from associates		–	–	–	–
Share of associates' retained profits at end of year		–	–	–	–
Movements in carrying amount of investments					
Carrying amount of investments in associates at the beginning of the financial year		1,000	–	1,000	–
Investments in associates acquired during the year		–	1,000	–	1,000
Investments classified as associates at beginning of the year that were reclassified as a controlled entity on 1 January 2002		(1,000)			
Share of associates' net profit		–	–	–	–
Dividends received from associates		–	–	–	–
		–	1,000	1,000	1,000
Share of increment in associates' asset revaluation reserves		–	–	–	–
Carrying amount of investments in associates at end of year		–	1,000	1,000	1,000
Commitments					
Share of associates' expenditure commitments contracted but not provided for and payable:					
Operating leases					
Due within one year		–	–	–	–
Due after one year, but within five years		–	–	–	–
Due after five years		–	–	–	–
Capital and other commitments					
Due within one year		–	–	–	–
Due after one year, but within five years		–	–	–	–
Due after five years		–	–	–	–
Contingent liabilities		–	–	–	–
Inquiry Pty Ltd was deemed a controlled entity effective 1 January 2002. Refer Note 32(j) for further information.					

34.4 Category of Financial Assistance

	Amount of unspent financial assistance as at 31 December		Amount of unspent financial assistance that it is more likely will be approved by the Commonwealth for carry forward		Amount of unspent financial assistance that it is more likely will be recovered by the Commonwealth	
	2002	2001	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Teaching and Learning						
Operating purposes excluding HECS and PELS	344	287	344	287	–	–
HECS	–	–	–	–	–	–
PELS	–	–	–	–	–	–
Capital development pool	–	–	–	–	–	–
Large research	294	479	294	479	–	–
SPIRT	742	548	742	548	–	–
Research fellowship	–	–	–	–	–	–
International Grants Scheme	–	–	–	–	–	–
Linkage-Infrastructure	–	443	–	443	–	–
Research Training Scheme	–	–	–	–	–	–
Systemic Infrastructure Initiative	394	–	394	–	–	–
Research Infrastructure	283	434	283	434	–	–
Australian Postgraduate Awards	601	439	601	439	–	–
International Postgraduate Research Scholarships	165	257	165	257	–	–
Other (Small Grants) research	76	138	76	138	–	–
Total	2,899	3,025	2,899	3,025	–	–

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
35 Directors' and Executives' Remuneration					
(a) Directors' remuneration					
Income received or due and receivable by all councillors of each entity in the Consolidated Entity from all companies in the Consolidated Entity and any related bodies corporate, including insurance premiums to indemnify liabilities while acting as a councillor.		3,702	2707	986	763
Number of parent entity councillors whose income from the parent entity and any related bodies corporate was within the following bands:					
				2002 No.	2001 No.
\$0				14	15
\$40,000 – \$49,999				1	–
\$60,000 – \$69,999				1	–
\$70,000 – \$79,999				–	1
\$80,000 – \$89,999				1	1
\$90,000 – \$99,999				1	–
\$130,000 – \$139,999				–	1
\$140,000 – \$149,999				2	1
\$320,000 – \$329,999				–	1
\$400,000 – \$409,999				1	–
				21	20

(b) Executive Officers' remuneration

Income received or due and receivable by Australian-based executive officers (including executive councillors) of the Consolidated Entity, from all entities in the Consolidated Entity and any related entities, whose income is \$100,000 or more:

2,131 3,366 1,342 2,977

The number of executive officers whose income was within the following bands:

	2002 No.	2001 No.	2002 No.	2001 No.
\$110,000 – \$119,999	1	1	–	–
\$120,000 – \$129,999	2	5	–	4
\$140,000 – \$149,999	1	1	–	1
\$150,000 – \$159,999	–	4	–	3
\$160,000 – \$169,999	–	3	–	3
\$170,000 – \$179,999	3	5	3	5
\$180,000 – \$189,999	2	–	2	–
\$210,000 – \$219,999	1	1	1	1
\$290,000 – \$299,999	1	–	–	–
\$320,000 – \$329,999	–	1	–	1
\$400,000 – \$409,999	1	–	1	–
	12	21	7	18

(c) Retirement and superannuation payments

Amounts of a prescribed benefit given during the year by the parent entity or a related party to director or a prescribed superannuation fund in connection with the retirement from a prescribed office:

– – – –

There were no other transactions with councillors, or other related parties of a councillor during the year.

(d) Responsible persons related disclosures

In accordance with the directions of the Minister for Finance under the Financial Management Act 1994, the following disclosures are made for the responsible Ministers and responsible Members of Council.

(i) Responsible Ministers:

The names of persons who were Responsible Persons at any time during the financial year were:

The Hon. Lynne Kosky MP

(ii) The names of each person holding the position of Member of Council during the financial year were:

NAME	NAME
Burton, L	Moore, N <i>Resigned 31.12.2001</i>
Carmody, H	Nieuwenhuysen, J <i>Appointed 4.3.2002</i>
Coloe, P	Nursimulu, R <i>Appointed 27.3.2002</i>
Coutts, C	Ringwood, G
Danos, E	Robinson, N <i>Appointed 5.3.2002</i>
Dunkin, R	Sapwell, I
Frater, R	Summers, P
Hepburn, R	Thomas, P
Hilliar, K <i>Appointed 1.1.2002</i>	Tongs, J
Hunter, R <i>Appointed 1.1.2002</i>	Varcoe-Cocks, J
Johnson, S <i>Resigned 31.12.2001</i>	Wilkinson, J <i>Resigned 31.12.2001</i>
Mercer, D	Williams, R <i>Resigned 31.12.2001</i>
Mitcham, J	

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
36 Related Parties					
The following related party transactions occurred during the financial year and were conducted on normal terms and conditions unless otherwise stated:					
(a) Councillors					
The names, remuneration and retirement benefits of persons who were councillors of RMIT at any time during the financial year are set out in Note 35.					
(b) Transactions with Members of Council related entities are as follows:					
The terms and conditions of the transactions with Members of Council and their related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-councillor related entities on an arm's length basis.					
The aggregate amounts recognised during the year relating to Members of Council and their related parties were as follows:					
	Councillor	Transaction			
	R. Hepburn	Sales revenue—Hire of equipment	–	19	– 19
(c) Non-councillor related parties					
The classes of non-councillor related parties are:					
Wholly-owned controlled entities					
Partly-owned controlled entities					
Ownership interest in these entities is set out in Note 32.					
(d) Transactions with non-councillor related parties—wholly-owned controlled entities:					
All transactions with wholly-owned controlled entities are on normal terms and conditions.					
o					
Transactions between RMIT University and other entities in the wholly-owned group during the years ended 31 December 2002 and 2001 consisted of:					
<ul style="list-style-type: none"> • donations and bequests to RMIT University; • the payment of property rental to RMIT University; • the payment of consulting and professional fees for projects to RMIT University; • the payment of marketing cost by RMIT University; • the provision of grants and scholarship funds by RMIT University, and • the payment of consulting service fees by RMIT University. 					
Aggregate amounts receivable from, and payable to wholly-owned controlled entities:					
	Current receivables	–	–	6,716	2,910
	Non-current receivables	–	–	–	4,748
	Non-current payables	–	–	13,567	14,297
The aggregate amounts included in the surplus/(deficit) from ordinary activities before income tax expense that resulted from transactions with non-councillor related parties are:					
Revenue	• Contract income	–	–	1,225	5,601
	• Donations and bequests	–	–	3,997	369
	• Rental income	–	–	108	–
Other expenses	• Marketing expenses	–	–	6,500	6,100
	• Grants	–	–	5,197	5,450
	• Scholarships and prizes	–	–	–	1,926
(e) Transactions with partly-owned controlled entities:					
RMIT and its associated entities work together on a number of projects involving the flow of funds between each entity on normal commercial terms and conditions and at market rates. Other than these normal business dealings, there were no other transactions with partly-owned controlled entities.					
Aggregate amounts receivable from, and payable to partly-owned controlled entities:					
	Non-current receivables	–	–	–	2,210
	Non-current payables	–	–	–	1,105

Notes to the Financial Statements

	Note	Consolidated		RMIT	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
The aggregate amounts included in the surplus/(deficit) from ordinary activities before income tax expense that resulted from transactions with partly-owned controlled entities are:					
Revenue—Contract income		–	–	1,408	90
Other expenses—Professional services		–	–	124	51
The aggregate amounts of other transactions					
Loan repayment by related parties		–	–	75	50
37 Student General Service Fees					
In accordance with The Tertiary Education (Amendment) Act 1994, the following compulsory non-academic fees were collected by RMIT from students and prospective students:					
Fees Collected					
General Service Fee		8,391	7,697	8,391	7,697
Enrolment Fee		3,133	3,443	3,133	3,443
		11,524	11,140	11,524	11,140
Distribution of Fees by Way of Grants to:					
Student Union Council		2,857	2,479	2,857	2,479
RMIT Union		5,197	4,994	5,197	4,994
RMIT Teaching Departments		3,133	3,374	3,133	3,374
RMIT Student Services		337	293	337	293
		11,524	11,140	11,524	11,140
The collection and distribution of fees has been audited in accordance with The Tertiary Education (Amendment) Act 1994.					
38 Operating Results—Higher Education and TAFE					
Operating revenue and expenses for the Higher Education and TAFE divisions of the university are shown in the following tables. The figures refer only to the university—consolidated totals are not included. Refer Note 1.29 for further information.					
Statements of Financial Performance					
Revenue from Ordinary Activities					
Commonwealth Government financial assistance	38.01	120,524	115,014	175	184
Victorian State Government financial assistance	38.02	1,933	73	64,015	58,175
Higher Education Contribution Scheme					
Student contributions		8,180	8,159	–	–
Commonwealth payments		53,070	53,531	–	–
Postgraduate Loans Scheme		5,277			
Fees and charges	38.03	123,429	116,253	36,683	29,041
Superannuation					
Deferred Government contributions		3,116	6,687	–	–
Commonwealth supplementation		15,159	15,924	–	–
Investment income	38.04	155	1,285	246	505
Consultancy and contract research	38.05	16,524	13,843	1,043	–
Other revenue	38.06	25,975	22,976	5,859	3,669
Total revenue from ordinary activities		373,342	353,745	108,021	91,574

	Note	HE		TAFE	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
Expenses from Ordinary Activities					
Employee benefits	38.07	230,934	219,637	70,035	61,724
Depreciation and amortisation	38.08	19,139	17,670	5,322	5,606
Buildings and grounds	38.09	13,637	15,760	4,317	3,139
Bad and doubtful debts	38.10	3,814	43	34	(33)
Borrowing cost expense	38.11	2,017	1,087	—	—
Write-off—Student Administrative Management System	38.12	10,378	—	2,732	—
Other expenses	38.12	113,138	95,013	23,087	22,685
Total expenses from ordinary activities		393,057	349,210	105,527	93,121
Operating result from ordinary activities before income tax		(19,715)	4,535	2,494	(1,547)
Income tax related to ordinary activities	38.15	(494)	(188)	(15)	(10)
Operating result—after related income tax		(20,209)	4,347	2,479	(1,557)
Net operating result		(20,209)	4,347	2,479	(1,557)
Net operating result attributed to parent entity		(20,209)	4,347	2,479	(1,557)
Asset revaluation increment taken through reserve		9,483	21,126	4,041	20,350
Total revenue, expense and valuation adjustments attributed to the parent entity and recognised directly in equity		9,483	21,126	4,041	20,350
Total changes in equity other than those resulting from transactions with owners as owners		(10,726)	25,473	6,520	18,793
38.01 Commonwealth Government Financial Assistance (including Superannuation Contributions from the Commonwealth, but excluding HECS and PELS)					
Teaching and Learning	34.1				
Operating excluding HECS and PELS		97,010	92,784	—	—
Capital development pool		418	—	—	—
Australian Research Council	34.2				
Large research		336	481	—	—
SPIRT		1,607	1,337	—	—
Research fellowship		—	11	—	—
Linkage—infrastructure		500	715	—	—
DEST	34.3				
Research infrastructure		4,239	3,757	—	—
Australian Postgraduate Awards		12,211	12,312	—	—
International Postgraduate Research Scholarships		508	—	—	—
Research Infrastructure		780	609	—	—
Australian Postgraduate Awards		2,077	1,896	—	—
International Postgraduate Research Scholarships		460	476	—	—
Other (Small Grants) Research		—	189	—	—
		120,146	114,567	—	—
Other Commonwealth Government					
Other		378	447	175	184
		378	447	175	184
		120,524	115,014	175	184

	Note	HE		TAFE	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
38.02 Victorian State Government Financial Assistance					
TAFE Recurrent		368	–	51,902	52,136
TAFE Capital		–	–	10,212	4,565
TAFE Other		1,565	73	1,901	1,474
		1,933	73	64,015	58,175
38.03 Fees and Charges					
Continuing education		3,374	1,989	15,702	7,406
Fee paying overseas students		86,725	85,271	15,999	16,946
Fee paying non-overseas postgraduate students		18,017	14,753	26	–
Fee paying non-overseas undergraduate students		3,140	2,304	1,177	324
Student enrolment fees		8,391	7,697	3,133	3,443
Other		3,782	4,239	646	922
		123,429	116,253	36,683	29,041
38.04 Investment Income					
Interest received and receivable		155	1,285	246	505
		155	1,285	246	505
38.05 Consultancy and Contract Research					
Commonwealth Government		8,130	6,771	998	–
Victorian State Government		1,720	1,469	45	–
Local Government		168	172	–	–
Industry and other		6,506	5,431	–	–
		16,524	13,843	1,043	–
38.06 Other Revenue					
Contract revenue (other than consultancy and contract research)		7,382	8,914	3,553	2,401
Proceeds from sale of property, plant and equipment		7,717	2,115	136	11
Product sales		2,037	1,872	525	439
Donations and bequests		3,415	3,429	153	63
Scholarships		730	869	20	2
Property rental		2,405	2,649	893	371
Gains (losses) from Foreign Exchange		44	92	–	–
Other		2,245	3,036	579	382
		25,975	22,976	5,859	3,669
38.07 Employee Benefits					
Academic					
Salaries		90,920	85,678	33,770	33,086
Contributions to defined benefits superannuation schemes:					
Deferred employee benefits for superannuation		2,212	4,761	–	–
Emerging cost		13,684	14,658	–	–
Funded		12,047	10,800	3,246	2,953
Provisions for future emerging costs		–	–	–	–
Payroll tax		5,535	5,177	2,080	1,930
Workers' Compensation		1,132	1,053	424	388
Long Service Leave expense		1,790	690	1,501	843
Annual Leave expense		6,143	6,853	2,925	2,212
Other		–	–	–	–
		133,463	129,670	43,946	41,412

	Note	HE		TAFE	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
Non-Academic					
Salaries		71,791	66,687	19,655	15,828
Contributions to defined benefits superannuation schemes:					
Deferred employee benefits for superannuation		904	1,926	—	—
Emerging cost		3,693	3,586	—	—
Funded		9,489	9,036	2,645	1,870
Provisions for future emerging costs		—	—	—	—
Payroll tax		4,532	4,139	1,284	910
Workers' Compensation		912	849	259	188
Long Service Leave expense		1,475	1,203	773	311
Annual Leave expense		4,675	2,541	1,473	1,205
Other		—	—	—	—
		97,471	89,967	26,089	20,312
Total employee benefits		230,934	219,637	70,035	61,724
38.08 Depreciation and Amortisation					
Buildings		7,879	7,978	1,745	1,898
Building plant and improvements		72	(36)	151	118
Equipment, motor vehicles and furniture and fittings		8,036	7,106	3,066	3,287
Library collections		3,129	2,622	360	303
Intangible assets		23	—	—	—
		19,139	17,670	5,322	5,606
38.09 Buildings and Grounds					
Facilities related—maintenance and service		7,361	9,013	2,830	1,568
Occupancy expenses		5,325	4,930	1,265	1,450
Minor works expenses		951	1,817	222	121
		13,637	15,760	4,317	3,139
38.10 Bad and Doubtful Debts					
(a) Bad debts written off in the operating statement					
Trade debtors		99	215	34	25
Student debtors		78	—	—	—
		177	215	34	25
(b) Amounts set aside to provision for doubtful debts					
Trade debtors		1,502	(172)	(751)	(58)
Student debtors		2,135	—	751	—
		3,637	(172)	—	(58)
Total bad and doubtful debts expense		3,814	43	34	(33)
(c) Bad debts written off against provision for doubtful debts					
Trade debtors		—	131	—	—
		—	131	—	—
38.11 Borrowing Cost Expense					
Interest to other corporations		2,017	1,087	—	—
		2,017	1,087	—	—

Notes to the Financial Statements

	Note	HE		TAFE	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
38.12 Other Expenses					
Scholarships, grants and prizes		23,742	22,062	1,192	966
Telecommunications		5,095	7,068	1,352	1,637
Non-capitalised equipment		5,316	5,888	1,543	1,385
Travel, staff development and entertainment		9,729	8,747	2,112	1,881
Inventory used		8,895	8,902	3,172	3,004
Operating lease rental expenses		13,951	10,033	3,503	1,264
Net foreign exchange loss		9	2	1	–
Carrying amounts of discontinuing assets	38.14(b)	18,166	2,642	2,735	4,591
Marketing, advertising and public relations		9,687	10,082	2,582	2,358
Administrative expenses		16,669	10,209	4,717	3,546
Finance, legal and other		7,459	4,683	1,551	947
Other expenses		4,798	4,695	1,359	1,106
		123,516	95,013	25,819	22,685
38.13 Individual Significant Items Charged against Revenue for the Year					
Bad debts written off		177	215	34	25
Amounts set aside to provisions					
Doubtful debts		3,637	(172)	–	(58)
Employee entitlements		8,491	8,596	(116)	625
Expenditure in relation to AMS					
Write-off of AMS capitalised costs		10,378	–	2,732	–
AMS costs incurred during year		9,060	–	2,129	–
38.14 Sales of Assets					
(a) Proceeds from disposal of assets					
Property, plant and equipment		7,717	2,115	136	11
		7,717	2,115	136	11
(b) Carrying amount of assets disposed					
Property, plant and equipment					
Write-off of non-functional computer application system		10,378	–	2,732	–
Disposal of land and buildings		5,300	1,149	–	4,576
Disposal of other assets		2,488	1,493	3	15
		18,166	2,642	2,735	4,591
(c) Surplus/(deficit) from write-off/sale of assets					
		10,449	527	2,599	4,580
38.15 Income Tax					
Income tax expense attributable to offshore operations		494	188	15	10
38.16 Remuneration of Auditors					
During the year the auditors of the parent entity and its related entities earned the following remuneration:					
Auditor-General of Victoria					
Auditing or reviewing the financial reports of the entity or any entity in the consolidated entity		246	79	46	24
38.17 Accumulated Funds					
Retained earnings at beginning of year		262,659	258,312	64,662	66,219
Net surplus attributable to members of the RMIT entity		(20,209)	4,347	2,479	(1,557)
Retained earnings at end of year		242,450	262,659	67,141	64,662

	Note	HE		TAFE	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
39 Statements of Financial Position—Higher Education and TAFE					
Statement of financial position and cash flow for the Higher Education and TAFE divisions of the university are shown in the following tables. The figures refer only to the university; consolidated totals are not included.					
CURRENT ASSETS					
Cash assets	39.02	11,846	3,377	9,306	6,266
Receivables	39.03	38,172	43,166	7,458	9,243
Other financial assets	39.04	–	–	1,014	1,036
Other assets	39.05	2,540	1,527	197	205
TOTAL CURRENT ASSETS		52,558	48,070	17,975	16,750
NON-CURRENT ASSETS					
Receivables	39.03	234,290	233,110	–	–
Other financial assets	39.04	1,930	1,930	–	–
Property, plant and equipment	39.06	768,860	758,588	219,273	216,185
Intangibles	39.07	11	35	–	–
TOTAL NON-CURRENT ASSETS		1,005,091	993,663	219,273	216,185
TOTAL ASSETS		1,057,649	1,041,733	237,248	232,935
CURRENT LIABILITIES					
Payables	39.08	17,337	19,305	4,286	4,597
Current tax liabilities		494	188	15	10
Interest bearing liabilities	39.11	15,000	–	–	–
Provisions	39.09	42,041	38,997	5,585	5,610
Revenue in advance	39.10	20,010	24,837	1,211	2,625
TOTAL CURRENT LIABILITIES		94,882	83,327	11,097	12,842
NON-CURRENT LIABILITIES					
Payables	39.08	13,567	13,926	–	371
Interest bearing liabilities	39.11	35,000	25,000	–	–
Provisions	39.09	258,302	252,856	6,061	6,152
TOTAL NON-CURRENT LIABILITIES		306,869	291,782	6,061	6,523
TOTAL LIABILITIES		401,751	375,109	17,158	19,365
NET ASSETS		655,898	666,624	220,090	213,570
EQUITY					
RMIT entity interest					
Accumulated funds	38.17	242,450	262,659	67,141	64,662
Reserves	39.12	413,448	403,965	152,949	148,908
TOTAL EQUITY		655,898	666,624	220,090	213,570
Contingent liabilities	39.13				
Commitments	39.14				

Notes to the Financial Statements

	Note	HE		TAFE	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
39.01 STATEMENTS OF CASH FLOWS					
CASH FLOWS FROM OPERATING ACTIVITIES					
Inflows:					
Financial assistance					
Commonwealth Government Grants		136,673	133,767	489	469
Victorian State Government Grants		1,933	74	64,016	58,174
Higher Education Contribution Scheme					
Student payments		8,180	8,159	–	–
Higher Education Trust Fund		53,070	53,531	–	–
Postgraduate Loans Scheme		5,277	–	–	–
Consultancy and contract research		16,436	14,273	268	–
Interest received		164	1,372	222	527
Fees and charges		119,799	114,116	36,742	29,014
Other cash receipts in the course of operations		30,837	32,352	2,609	1,541
		372,369	357,644	104,346	89,725
Outflows:					
Payments of salaries and related costs		222,138	211,073	70,457	61,099
Payments to suppliers in the course of operations		134,392	109,544	23,903	19,893
Interest and other finance costs paid		2,017	1,087	–	–
		358,547	321,704	94,360	80,992
Net cash provided/(used) by operating activities	39.15(b)	13,822	35,940	9,986	8,733
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflows:					
Proceeds from sale of investments		–	2,062	22	(1,036)
Proceeds from sale of property, plant and equipment		7,717	2,115	136	11
		7,717	4,177	158	(1,025)
Outflows:					
Payment for investments		–	–	–	997
Payments for property, plant and equipment		38,070	47,385	7,104	19,723
		38,070	47,385	7,104	20,720
Net cash provided/(used) by investing activities		(30,353)	(43,208)	(6,946)	(21,745)
CASH FLOWS FROM FINANCING ACTIVITIES					
Inflows:					
Proceeds from subsidiaries		25,000	–	–	–
Proceeds from borrowings		25,000	–	–	–
		25,000	–	–	–
Net cash provided/(used) by financing activities		25,000	–	–	–
Net increase/(decrease) in cash held		8,469	(7,268)	3,040	(13,012)
Cash at beginning of reporting period		3,377	10,645	6,266	19,278
Effects of exchange rate changes on the balances of cash held in foreign currencies					
Cash at end of reporting period	39.15(a)	11,846	3,377	9,306	6,266

	Note	HE		TAFE	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
39.02 Cash Assets					
Cash at bank and on hand		1,863	(2,937)	4,856	1,806
Bank short-term deposits, maturing within 60 days	v	5,456	5,705	—	3,961
Bills of exchange accepted or endorsed by banks		4,527	—	4,450	499
Foreign currency bank accounts		—	609	—	—
		11,846	3,377	9,306	6,266
v Bank short-term deposits					
The deposits are bearing floating interest rates between 4.0% and 4.6% (2001—4.3% and 5.2%).					
39.03 Receivables					
Current					
Trade debtors		9,441	12,713	3,878	4,961
Less provision for doubtful debts		(448)	(372)	(94)	(9)
		8,993	12,341	3,784	4,952
Student loans and student debtors		6,468	7,838	2,664	3,185
Less provision for doubtful debts		(3,310)	(575)	(510)	(359)
		3,158	7,263	2,154	2,826
Loans and advances		92	130	—	—
Government Grants receivable		978	1,884	34	349
Government contributions—superannuation	s	16,500	16,500	—	—
Interest receivable		36	44	35	11
Other debtors		2,662	2,689	488	510
Amounts receivable from:					
Wholly-owned subsidiaries		6,543	2,315	963	595
Less provision for doubtful debts		(790)	—	—	—
		26,021	23,562	1,520	1,465
Total current		38,172	43,166	7,458	9,243
Non-Current					
Government contributions—superannuation	s	231,478	228,362	—	—
Amounts receivable from:					
Wholly-owned subsidiaries		2,812	4,748	—	—
Total non-current		234,290	233,110	—	—
Total receivables		272,462	276,276	7,458	9,243

s The States Grants (General Purposes) Act 1994—Section 14 provides for the Commonwealth and State Governments to meet the costs of unfunded superannuation liabilities, which, as determined for RMIT by the Victorian Superannuation Fund at 30 June 2002, amounted to \$248.0m (2001—\$244.9m). The increase in receivables between 2001 and 2002 has been shown as income with a corresponding increase in liabilities being recorded as an expense (Refer to Note 19) and consequently has no effect on the year end net assets position of the entity.

Notes to the Financial Statements

	Note	HE		TAFE	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
39.04 Other Financial Assets					
Current					
Listed investments—at cost					
Government and semi-government stocks and bonds		—	—	1,014	1,036
Total current		—	—	1,014	1,036
Non-Current					
Unlisted investments—at cost					
Shares in controlled entities		1,699	1,699	—	—
Shares in non-related companies		231	231	80	80
Less provision for diminution in value of investment		—	—	(80)	(80)
Total non-current		1,930	1,930	—	—
Total investments		1,930	1,930	1,014	1,036
Net Fair Values of Investments					
Traded securities and other securities that are readily traded on organised markets are listed. The aggregate net fair values of these securities are:					
Current					
Listed investments—at cost					
Government and semi-government stocks and bonds		—	—	1,065	1,103
Total current		—	—	1,065	1,103
The aggregate net fair value of other investments (excluding shares in associates) are:					
Significant Terms and Conditions					
Bills of exchange, government and semi-government stocks and bonds are held until their maturity dates, which range between 30 days and 10 years.					
39.05 Other Assets					
Current					
Library subscriptions		343	321	—	—
Workcare		—	749	—	187
Interest		—	5	—	—
Other		2,197	452	197	18
		2,540	1,527	197	205
39.06 Property, Plant and Equipment					
Land		198,266	202,265	51,075	50,336
Buildings		533,864	512,236	143,445	138,155
Building plant and improvements		2,223	2,283	5,169	4,866
Equipment, motor vehicles and furniture and fittings		27,422	32,522	14,654	20,641
Library collections		6,650	6,685	1,278	1,133
Capital works in progress		435	2,597	3,652	1,054
		768,860	758,588	219,273	216,185
The following are details of the valuation basis of these assets, together with depreciation and amortisation provided:					
Land					
Independent valuation—31.12.2001		—	202,265	—	50,336
Councillors valuation—31.12.2002		198,266	—	51,075	—
		198,266	202,265	51,075	50,336

	Note	HE		TAFE	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
Buildings					
Independent valuation—31.12.2001		–	512,236		138,155
Councillors valuation—31.12.2002		533,864		143,445	
Less accumulated depreciation		–	–	–	–
Net book value		533,864	512,236	143,445	138,155
Buildings Plant and Improvements—at cost		2,373	2,361	5,686	5,232
Less accumulated depreciation		(150)	(78)	(517)	(366)
Net book value		2,223	2,283	5,169	4,866
Equipment, Motor Vehicles, Furniture and Fittings—at cost					
Equipment		93,571	85,620	30,776	29,061
Furniture and fittings		3,130	2,951	793	714
Software		8,009	15,989	1,650	6,831
Motor vehicles		2,932	2,836	391	346
Works of art		1,150	1,151	11	9
		108,792	108,547	33,621	36,961
Less accumulated depreciation		(81,370)	(76,025)	(18,967)	(16,320)
Net book value		27,422	32,522	14,654	20,641
Library collection—at cost		16,627	34,043	4,174	3,644
Less accumulated depreciation		(9,977)	(27,358)	(2,896)	(2,511)
Net book value		6,650	6,685	1,278	1,133
Capital Works in Progress—at cost		435	2,597	3,652	1,054
Total assets		860,357	862,049	241,653	235,382
Total accumulated depreciation		(91,497)	(103,461)	(22,380)	(19,197)
Total net book value		768,860	758,588	219,273	216,185
Reconciliations					
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:					
Land					
Carrying amount at beginning of year		202,265	175,314	50,336	38,375
• additions		–	2,636	–	–
• adjustment due to revaluation of land		1,301	24,715	739	14,626
• disposals		(5,300)	(400)	–	(2,665)
Carrying amount at end of year		198,266	202,265	51,075	50,336
Buildings					
Carrying amount at beginning of year		512,236	452,367	138,155	136,062
• additions		–	32,400	1,480	2,965
• adjustment due to revaluation of buildings		8,182	(3,590)	3,302	5,725
• transfer from capital works in progress		21,325	39,749	2,253	696
• transfer to leasehold improvements		–	–	–	(3,447)
• disposals		–	(749)	–	(1,911)
• depreciation		(7,879)	(7,978)	(1,745)	(1,898)
• other		–	37	–	(37)
Carrying amount at end of year		533,864	512,236	143,445	138,155
Leasehold Improvements					
Carrying amount at beginning of year		2,283	757	4,866	1,902
• additions		12	979	454	–
• transfer from capital works in progress		–	127	–	19
• transfer from buildings		–	–	–	3,447
• depreciation		(72)	36	(151)	(118)
• other		–	384	–	(384)
Carrying amount at end of year		2,223	2,283	5,169	4,866

Notes to the Financial Statements

	Note	HE		TAFE	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
Equipment, Motor Vehicles, Furniture and Fittings					
Carrying amount at beginning of year		32,522	28,447	20,641	7,652
• additions		9,687	8,985	1,464	16,292
• transfer from capital works in progress		4,464	3,791	–	–
• disposals		(13,055)	(1,595)	(2,545)	(16)
• depreciation		(8,036)	(7,106)	(3,066)	(3,287)
• other		1,840	–	(1,840)	–
Carrying amount at end of year		27,422	32,522	14,654	20,641
Library Collection					
Carrying amount at beginning of year		6,685	6,294	1,133	1,024
• additions		3,094	2,991	505	434
• depreciation		(3,129)	(2,622)	(360)	(303)
• other		–	22	–	(22)
Carrying amount at end of year		6,650	6,685	1,278	1,133
Capital Works in Progress					
Carrying amount at beginning of year		2,597	47,736	1,054	297
• additions		23,627	–	4,851	–
• transfer from capital works in progress		(23,741)	(43,667)	(2,253)	(715)
• transfer between related entities		(2,048)	–	–	–
• other		–	(1,472)	–	1,472
Carrying amount at end of year		435	2,597	3,652	1,054
Total					
Carrying amount at beginning of year		758,588	710,915	216,185	185,312
• additions		36,420	47,991	8,754	19,691
• adjustment due to revaluation of land and buildings		9,483	21,125	4,041	20,351
• transfer from capital works in progress		2,048	–	–	–
• transfer between related entities		(2,048)	–	–	–
• disposals		(18,355)	(2,744)	(2,545)	(4,592)
• depreciation		(19,116)	(17,670)	(5,322)	(5,606)
• other		1,840	(1,029)	(1,840)	1,029
Carrying amount at end of year		768,860	758,588	219,273	216,185
39.07 Intangibles					
Intellectual property		58	58	–	–
		58	58	–	–
Amortisation		(47)	(23)	–	–
		11	35	–	–
39.08 Payables					
Current					
Trade and other creditors		17,337	19,305	4,286	4,597
		17,337	19,305	4,286	4,597
Non-Current					
Amounts payable to:					
Other related parties		13,567	13,926	–	371
		13,567	13,926	–	371
		30,904	33,231	4,286	4,968

Trade accounts payable are generally settled within 30 days. The directors consider the carrying amounts of trade and other accounts payable approximate to their net fair values.

	Note	HE		TAFE	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
39.09 Provisions					
Current					
Annual Leave		21,950	19,479	4,912	4,926
Long Service Leave		3,591	3,018	673	684
Superannuation—Deferred Benefits	u	16,500	16,500	—	—
Total current		42,041	38,997	5,585	5,610
Non-Current					
Long Service Leave		26,824	24,494	6,061	6,152
Superannuation—Deferred Benefits	u	231,478	228,362	—	—
Total non-current		258,302	252,856	6,061	6,152
Total employee entitlements		300,343	291,853	11,646	11,762
u The Superannuation Deferred Benefits relate to unfunded superannuation liabilities for RMIT, which have been determined by the Victorian Superannuation Board at 30 June 2002 at \$248.0m (2001—\$244.9m). The increase in liabilities between 2001 and 2002 has been shown as an expense with a corresponding increase in receivables being recorded as income (Refer to Note 11) and consequently has no effect on the year end net assets position of the entity.					
Number of employees as at the end of the reporting period:		2,718	2,503	787	893
The following assumptions were adopted in measuring the present value of Long Service Leave and retirement gratuity entitlements:					
Weighted average increase in employee costs		4.6%	3.8%	4.6%	3.8%
Weighted average discount rates		4.8%	5.5%	4.8%	5.5%
Weighted average settlement period		15 yrs	17 yrs	15 yrs	17 yrs
39.10 Revenue in advance					
Government advances—Commonwealth Government		14,821	14,737	—	—
Research grants		342	430	—	—
Student fees		4,847	9,670	1,150	1,789
Projects fees		—	—	61	836
		20,010	24,837	1,211	2,625
39.11 Interest Bearing Liabilities					
Commercial bills of exchange					
Current		15,000	—	—	—
Non-current		35,000	25,000	—	—
		50,000	25,000	—	—
(a) Commercial bill acceptance facility:					
The unsecured bill acceptance facility may be drawn at any time and is subject to annual review. The bill acceptance facility has been drawn as a source of primarily long-term finance and is available until the year 2004.					
Credit facility available		50,000	50,000	—	—
Amount utilised		50,000	25,000	—	—
Unused credit facility		—	25,000	—	—
(b) Credit card facility:					
The Consolidated Entity has entered into an arrangement with its bankers for the provision of a corporate credit card facility at no interest, provided the debt outstanding is repaid on a monthly basis.					
Credit facility available		6,000	6,000	1,500	1,500
Amount utilised		5,678	4,532	782	1,133
Unused credit facility		322	1,468	718	367

	Note	HE		TAFE	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
39.12 Reserves					
Consolidated Reserves					
Balance at beginning of year		403,965	382,839	148,908	128,558
Revaluation of land and buildings		9,483	21,126	4,041	20,350
Balance at end of year		413,448	403,965	152,949	148,908
Represented by:					
Asset revaluation reserve		413,448	403,965	152,949	148,908
		413,448	403,965	152,949	148,908
Movements in reserves during the year were:					
Asset Revaluation Reserve					
Balance at beginning of year		403,965	382,839	148,908	128,558
Revaluation of land and buildings		9,483	21,126	4,041	20,350
Balance at end of year		413,448	403,965	152,949	148,908
Nature and purpose of reserves					
Asset Revaluation Reserve					
The asset revaluation reserve is used to record asset revaluation increments and decrements in the value of non-current physical assets.					
39.13 Contingent Liabilities					
Guarantees					
(a) RMIT has guaranteed the bank overdraft of Melbourne Community Television to a limit of:		220	220	–	–
(b) RMIT has guaranteed contract performance to various organisations to the extent of:		741	41	500	500
Litigations					
Claims for unspecified damages have been lodged against the Consolidated Entity. The Consolidated Entity has disclaimed liability and is defending the actions. Legal advice indicates that it is unlikely that any significant liability will arise.					
39.14 Commitments for Expenditure					
(a) Operating leases					
Commitments for future lease payments exist under current non-cancelable lease agreements held by the Consolidated Entity.					
Future Minimum Rental Payments for Leased Premises:					
Due within one year		2,098	1,639	227	227
Due after one year but within five years		9,615	6,556	907	907
		11,713	8,195	1,134	1,134
Future Minimum Rental Payments for Leased Equipment:					
Due within one year		10,197	8,326	91	109
Due after one year but within five years		6,771	8,175	85	49
		16,968	16,501	176	158
(b) Capital and other commitments					
The Consolidated Entity has a commitment with respect to capital and other expenditure that has been contracted for at balance date.					
Plant and equipment					
Due within one year		–	1,885	70	671
Building works					
Due within one year		2,209	11,830	1,364	291
Other non-capital commitments					
Due within one year		2,563	5,147	1,177	1,394
		4,772	18,862	2,611	2,356

	Note	HE		TAFE	
		2002 \$,000	2001 \$,000	2002 \$,000	2001 \$,000
39.15 Notes to Statement of Cash Flows					
(a) Reconciliation of cash					
For the purpose of the statements of cash flows, cash represents cash on hand, at bank and investments in money market instruments, net of outstanding bank overdrafts.					
Cash at the end of the reporting period is shown in the Statements of Cash Flows and is reconciled to the related items in the financial statements as follows:					
Cash at the beginning of year					
Cash at bank and at hand		(2,937)	(492)	1,806	40
Short-term money market deposits		5,705	3,871	3,961	1,960
Foreign currency bank accounts		609	–	–	–
Bills of exchange accepted or endorsed by banks		–	7,267	499	17,277
		3,377	10,646	6,266	19,277
Bank overdraft		–	–	–	–
		3,377	10,646	6,266	19,277
Cash at the end of year					
Cash at bank and at hand		1,863	(2,937)	4,856	1,806
Short-term money market deposits		5,456	5,705	–	3,961
Foreign currency bank accounts		–	609	–	–
Bills of exchange accepted or endorsed by banks		4,527	–	4,450	499
		11,846	3,377	9,306	6,266
Bank overdraft		–	–	–	–
		11,846	3,377	9,306	6,266
Cash movement for the year		8,469	(7,269)	3,040	(13,011)
(b) Reconciliation of net cash provided by operating activities to operating surplus					
operating surplus for the year		(20,209)	4,347	2,479	(1,557)
Eliminate non-cash flows					
Loss/(gain) on sale of property, plant and equipment	38.14	10,449	526	2,599	4,581
Depreciation on property, plant and equipment	38.08	19,116	17,671	5,321	5,605
Provision for doubtful debts		3,637	–	–	(230)
Bad debts written off	38.10	177	215	34	25
Amortisation of intangible assets	38.13	23	–	–	–
Change in operating assets and liabilities					
Net (increase)/decrease in receivables		3	(1,860)	1,750	(3,957)
Net (increase)/decrease in other assets		(1,013)	(381)	7	(48)
Net increase/(decrease) in deferred revenue		(4,827)	(612)	(1,414)	2,625
Net increase/(decrease) in creditors		(2,330)	7,471	(682)	1,064
Net increase/(decrease) in current tax liability		306	–	5	–
Net increase/(decrease) in employee entitlements		8,490	8,563	(113)	625
Net cash provided by operating activities		13,822	35,940	9,986	8,733
39.16 Economic Dependency					
The RMIT Consolidated Entity is reliant on a significant volume of its revenue being derived from:					
Commonwealth Government financial assistance		208,179	206,086	1,173	184
Victorian State Government financial assistance		3,653	1,542	64,061	58,175
		211,832	207,628	65,234	58,359
Commonwealth Government financial assistance		55.76%	58.26%	1.09%	0.20%
Victorian State Government financial assistance		0.98%	0.43%	59.30%	63.53%
39.17 Events Subsequent to Balance Date					
There have been no events that have occurred since balance date that have affected or that may materially affect the accounts.					

Summary Table of Financial Performance and Position of University Associates
(a) Statement of Financial Performance

Name	Domicile	Ownership Interest %	Total Revenue		Total Expenditure		Tax/ Extra Ord Items		Operating Result	
			2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
RMIT Resources Ltd	Victoria, Australia	100	136	-	71	-	-	-	65	-
Meltech Services Ltd	Victoria, Australia	100	-	-	-	-	-	-	-	-
RMIT Training Pty Ltd	Victoria, Australia	100	14,370	13,304	15,557	12,407	-	-	(1,187)	897
RMIT Innovation Limited	Victoria, Australia	100	35	3,671	15	4,130	-	-	20	(459)
Spatial Vision Innovations Pty Ltd	Victoria, Australia	51	2,215	1,734	2,011	1,763	79	-	125	(29)
RMIT International Pty Ltd	Victoria, Australia	100	19,303	15,055	19,488	14,597	-	-	(185)	458
RMIT (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	100	-	-	25	14	-	-	(25)	(14)
RMIT Vietnam Holdings Pty Ltd	Victoria, Australia	100	24,823	5,333	6,358	756	-	-	18,465	4,597
RMIT International University Vietnam	Vietnam	100	5,185	993	5,616	2,245	-	-	(431)	(1,252)
Citytech Pty Ltd	Victoria, Australia	100	-	-	-	-	-	-	-	-
Inquiry Pty Ltd	Victoria, Australia	50.05	1,483	-	1,925	-	-	-	(442)	-
RMIT Union	Victoria, Australia		11,364	10,573	11,402	9,282	-	-	(38)	1,291
RMIT Foundation	Victoria, Australia		990	769	767	456	-	-	223	313
			79,905	51,452	63,235	45,650	79	-	16,591	5,802

Summary Table of Financial Performance and Position of University Associates—continued
(b) Statement of Financial Performance

Name	Working Capital	Physical Assets	Total Assets	Internal Borrowings	External Borrowings	Total Liabilities	Equity
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2001 \$'000
RMIT Resources Ltd	—	(65)	—	137	—	—	(65)
Meltech Services Ltd	—	—	—	—	—	—	—
RMIT Training Pty Ltd	2,116	3,166	7,998	—	—	5,546	3,353
RMIT Innovation Limited	(805)	(825)	1,150	1,246	—	939	(723)
Spatial Vision Innovations Pty Ltd	205	86	984	75	—	644	180
RMIT International Pty Ltd	2,089	2,252	7,298	1,722	—	4,807	2,675
RMIT (Malaysia) Sdn. Bhd.	(87)	(62)	89	170	—	177	(62)
RMIT Vietnam Holdings Pty Ltd	19,102	3,708	26,727	3,632	—	3,665	4,597
RMIT International University Vietnam	3,867	424	3,317	499	—	1,318	671
Citytech Pty Ltd	—	—	—	—	—	—	—
Inquiry Pty Ltd	(2,208)	—	1,969	2,310	—	2,409	(440)
RMIT Union	11,492	(388)	16,894	—	—	1,998	14,935
RMIT Foundation	2,482	1,649	5,919	—	—	—	5,696
	38,253	9,945	72,345	7,327	—	21,824	31,257
			30,304	9,247	—	11,581	49,609

Summary of Financial Position for the Years 1998 to 2002 Inclusive

	Consolidated					RMIT				
	2002 \$,000	2001 \$,000	2000 \$,000	1999 \$,000	1998 \$,000	2002 \$,000	2001 \$,000	2000 \$,000	1999 \$,000	1998 \$,000
Current Assets										
Cash	57543	30,562	28,864	23,397	19,600	21,152	9,643	5,379	3,495	4,689
Receivables	44,117	53,728	46,793	37,963	27,562	45,630	52,409	56,836	34,528	24,786
Other financial assets	1,014	1,036	25,548	50,609	33,861	1,014	1,036	25,548	50,609	43,152
Inventories	1,056	1,008	863	980	1,125	—	—	—	28	33
Other assets	2,854	1,954	1,369	3,462	2,624	2,737	1,732	1,304	3,284	2,564
Total current assets	106,584	88,288	103,437	116,411	84,772	70,533	64,820	89,067	91,944	75,224
Non-Current Assets										
Receivables	231,478	228,362	221,675	208,848	204,139	234,290	233,110	222,507	222,150	205,108
Deferred tax asset	43	—	—	—	—	—	—	—	—	—
Other financial assets	3,785	4,314	5,190	4,916	4,800	1,930	1,930	1,991	5,603	5,406
Property, plant and equipment	995,995	979,167	900,385	855,790	820,412	988,133	974,773	896,227	851,408	815,171
Intangibles	1,887	148	101	118	135	11	35	35	46	58
Total non-current assets	1,233,188	1,211,991	1,127,351	1,069,672	1,029,486	1,224,364	1,209,848	1,120,760	1,079,207	1,025,743
Total assets	1,339,772	1,300,279	1,230,788	1,186,083	1,114,258	1,294,897	1,274,668	1,209,827	1,171,151	1,100,967
Current Liabilities										
Payables	27,210	28,735	21,942	21,126	17,902	21,623	23,902	18,358	17,886	20,544
Current tax liabilities	604	198	74	669	273	509	198	74	669	232
Interest bearing liabilities	15,000	—	—	—	—	15,000	—	—	—	—
Finance lease liabilities	4	30	70	82	323	—	—	—	55	300
Provisions	48,996	45,816	43,174	36,771	35,513	47,626	44,607	42,095	35,835	34,512
Revenue in advance	25,925	32,264	29,154	26,648	25,662	21,221	27,462	24,613	22,277	22,169
Total current liabilities	117,739	107,043	94,414	85,296	79,673	105,979	96,169	85,140	76,722	77,157
Non-Current Liabilities										
Payables	—	—	—	—	—	13,567	14,297	11,427	8,421	—
Deferred tax liability	26	—	—	—	—	—	—	—	—	—
Interest bearing liabilities	35,000	25,000	25,000	25,000	25,000	35,000	25,000	25,000	25,000	25,000
Finance lease liabilities	10	—	67	156	155	—	—	—	34	89
Provisions	265,088	259,479	252,692	239,730	233,854	264,363	259,008	252,332	239,355	233,517
Total non-current liabilities	300,124	284,479	277,759	264,886	259,009	312,930	298,305	288,759	272,810	258,606
Total liabilities	417,863	391,522	372,173	350,182	338,682	418,909	394,474	373,899	349,532	336,363
Net assets	921,909	908,757	858,615	835,901	775,576	875,988	880,194	835,928	821,619	764,604
Equity										
RMIT entity interest	—	—	—	—	—	—	—	—	—	—
Accumulated funds	304,089	304,404	297,113	276,227	217,950	309,591	327,321	324,531	310,222	253,207
Reserves	617,890	604,241	561,400	559,674	557,626	566,397	552,873	511,397	511,397	511,397
Total RMIT entity interest	921,979	908,645	858,513	835,901	775,576	875,988	880,194	835,928	821,619	764,604
Outside equity interest in controlled entities	(70)	112	102	—	—	—	—	—	—	—
Total equity	921,909	908,757	858,615	835,901	775,576	875,988	880,194	835,928	821,619	764,604

	Consolidated					RMIT				
	2002	2001	2000	1999	1998	2002	2001	2000	1999	1998
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Revenue from Ordinary Activities										
Commonwealth Government financial assistance	120,699	115,198	110,328	122,948	130,663	120,699	115,198	110,328	122,948	130,663
Victorian State Government financial assistance	65,948	58,248	55,072	59,398	44,584	65,948	58,248	55,072	59,398	44,584
Higher Education Contribution Scheme										
Student contributions	8,180	8,159	8,570	7,476	7,548	8,180	8,159	8,570	7,476	7,548
Commonwealth payments	53,070	53,531	51,116	51,055	43,693	53,070	53,531	51,116	51,055	43,693
Postgraduate Loans Scheme	5,277	—	—	—	—	5,277	—	—	—	—
Fees and charges	170,626	151,061	135,165	117,058	96,913	160,112	145,294	130,731	117,016	96,913
Superannuation										
Deferred Government contributions	3,116	6,687	12,975	4,721	—	3,116	6,687	12,975	4,721	—
Commonwealth supplementation	15,159	15,924	15,111	282	—	15,159	15,924	15,111	282	—
Investment income	1,857	3,467	4,994	4,704	3,430	401	1,790	3,431	3,783	2,472
Consultancy and contract research	17,567	13,348	12,292	11,015	9,824	17,567	13,843	12,377	11,886	9,824
Other revenue	79,454	58,255	46,137	47,565	38,392	31,834	26,645	28,248	22,931	20,144
Total revenue from ordinary activities	540,797	483,878	451,760	426,222	375,047	481,363	445,319	427,959	401,496	355,841
Share of net result of associates and joint ventures accounted for using the equity method		—				—	—			
Expenses from Ordinary Activities										
Employee benefits	318,309	298,269	280,632	243,390	228,591	300,969	281,361	267,604	233,273	216,445
Depreciation and amortisation	27,800	24,444	24,914	26,479	25,397	24,461	23,276	23,821	25,236	23,865
Buildings and grounds	18,989	19,817	18,806	16,508	21,817	17,954	18,899	17,990	15,598	20,651
Bad and doubtful debts	3,189	2,634	375	1,024	1,414	3,848	10	330	956	1,739
Borrowing cost expense	2,022	1,097	1,385	570	127	2,017	1,087	1,385	570	127
Other expenses	170,488	128,814	102,979	92,512	83,254	149,335	117,698	102,446	68,179	79,580
Total expenses from ordinary activities	540,797	475,075	429,091	380,483	360,600	498,584	442,331	413,576	343,812	342,407
Operating result from ordinary activities before income tax	156	8,803	22,669	45,739	14,447	(17,221)	2,988	14,383	57,684	13,434
Income tax related to ordinary activities	(587)	(198)	(74)	(669)	(273)	(509)	(198)	(74)	(669)	(232)
Operating result—after related income tax	(431)	8,605	22,595	45,070	14,174	(17,730)	2,790	14,309	57,015	13,202
Net operating result	(431)	8,605	22,595	45,070	14,174	(17,730)	2,790	14,309	57,015	13,202
Net operating result attributable to outside equity interests	(183)	14	(4)	—	—	—	—	—	—	—
Net operating result attributed to RMIT Entity	(614)	8,619	22,591	45,070	14,174	(17,730)	2,790	14,309	57,015	13,202
Asset revaluation increment taken through reserve	13,524	41,476	21	—	—	13,524	41,476	—	—	—
Net exchange difference on translation of financial report of foreign controlled entity	58	65	—	—	—	—	—	—	—	—
Total revenue, expense and valuation adjustments attributed to the RMIT Entity and recognised directly in equity	13,582	41,541	21	—	—	13,524	41,476	—	—	—
Total changes in equity other than those resulting from transactions with owners as owners	12,968	50,160	22,612	45,070	14,174	(4,206)	44,266	14,309	57,015	13,202

Compliance Index

The annual report of RMIT University is prepared in accordance with:

- FMA – *Financial Management Act 1994*
- MFD – Directions of the Minister for Finance issued under section 8 of the *Financial Management Act 1994*
- TEA 1993 – *Tertiary Education Act 1993*
- PAEC – Decision of Public Accounts and Estimates Committee of Parliament
- RUG – Victorian Government response to the Review of University Governance
- ESOS – *Education Services for Overseas Students Act 2000*
- WPA – *Whistleblowers Protection Act 2001*

This index was prepared to facilitate identification of compliance with statutory disclosure requirements.

Clause	Disclosure	Page(s)
Report of Operations Directions		
MFD 9.1.2 (i)	General and financial information	Passim
MFD 9.1.2 (ii)	Signature of Chancellor or nominee	1
	Date of meeting at which Council approved annual report, or date of delegated approval	1
Relevant General Information		
MFD 9.1.3 (i)(a)	Manner in which the university was established	8
MFD 9.1.3 (i)(a)	Relevant Minister	8
MFD 9.1.3 (i)(b)	Objectives, functions, powers and duties	8
MFD 9.1.3 (i)(c)	Nature and range of services, people and communities served	8
MFD 9.1.3 (i)(d)	Administrative structure	36
MFD 9.1.3 (i)(d) (i)	Members of the Council	30
MFD 9.1.3 (i)(d) (ii)	Occupants of senior offices and areas of responsibility	36
MFD 9.1.3 (i)(d) (iii)	Organisational chart	35
MFD 9.1.3 (i)(e)	Workforce data for current and previous year; statement on application of merit and equity principles	37
MFD 9.1.3 (i)(f)	Application and operation of the <i>Freedom of Information Act 1982</i>	40
Financial Year Information		
MFD 9.1.3 (ii)(a)	Summary of the financial results with comparative results for preceding four years	96 – 97
MFD 9.1.3 (ii)(b)	Summary of significant changes in financial position	26
MFD 9.1.3 (ii)(c)	Operational objectives and performance including significant activities and achievements	Passim
MFD 9.1.3 (ii)(d)	Major changes or factors affecting the achievement of operational objectives	Passim
MFD 9.1.3 (ii)(e)	Events subsequent to balance date which may have a significant effect on operations in subsequent years	67
MFD 9.1.3 (ii)(f)	Consultancies in excess of \$100,000	39
MFD 9.1.3 (ii)(g)	Consultancies less than \$100,000	39
MFD 9.1.3 (ii)(h)	Compliance with the <i>Building Act 1993</i>	40
MFD 9.1.3 (ii)(i)	Additional information available on request	41
MFD 9.1.3 (ii)(k)	Implementation and compliance with National Competition Policy	40
Other Relevant Information		
MFD 9.1.3 (iv)(a)	Declarations of pecuniary interests	30
MFD 9.1.3 (iv)(b)	Shares held by senior officers	30
MFD 9.1.3 (iv)(c)	Publications	38
MFD 9.1.3 (iv)(d)	Changes in prices, fees, charges, rates and levies	40
MFD 9.1.3 (iv)(e)	Major external reviews	32
MFD 9.1.3 (iv)(f)	Major research and development activities	12
MFD 9.1.3 (iv)(g)	Overseas visits	41
MFD 9.1.3 (iv)(h)	Promotional, public relations and marketing activities	38
MFD 9.1.3 (iv)(i)	Occupational health and safety	22 – 23
MFD 9.1.3 (iv)(j)	Industrial relations, accidents and disputes	37
MFD 9.1.3 (iv)(k)	Major committees sponsored by the university	31
Additional Information		
RUG	Statement that public funds are allocated to the purposes specified by the Government or other public funding body	60
RUG	Council's risk management strategy	31
ESOS	Compliance with <i>ESOS Act 2000</i>	16
WPA (section 104)	Compliance with the <i>Whistleblowers Protection Act 2001</i>	41
	Complaints made to and investigated by the Ombudsman	41
s. 121 TEA 1993	Compulsory non-academic fees, subscriptions and charges	40
PAEC (December 1997)	International initiatives and strategies	16
PSMEA ss 7 and 8	Employment processes and principles of conduct for public sector employees	37
MFD 9.8	Statement on occupational health and safety matters, and performance measures	22

Clause	Disclosure	Page(s)
Financial Statements		
MFD 9.2.2 (i)(a)	Financial operations: revenue and expenses	46
MFD 9.2.2 (i)(b)	Financial position at end of year	47
MFD 9.2.2 (i)(c)	Statement of cash flows	48
MFD 9.2.2 (i)(d)	Notes to the financial statements	49 – 97
MFD 9.2.2 (i)(e)	Consolidated financial statements	46 – 48
MFD 9.2.2 (ii)(a)	Financial statements prepared on accrual basis	49
MFD 9.2.2 (ii)(b)	Compliance with accounting standards	49
MFD 9.2.2 (ii)(c)	Compliance with Department of Finance accounting requirements	49
MFD 9.2.2 (ii)(d)	Accounts prepared in accordance with historical cost convention	49
MFD 9.2.2 (ii)(e)	Information for preceding year which corresponds to disclosures for current year	
MFD 9.2.2 (iii)(a) (b)	Rounding of figures in financial statements	46
MFD 9.2.2 (vi)(a)	Fair presentation of financial transactions and position	43
MFD 9.2.2 (vi)(b)	Financial statements accord with Directions of the Minister for Finance	43
MFD 9.2.2 (vi)(c)	Circumstances that would render financial statements misleading or inaccurate	43
Relevant Information		
MFD 9.2.3 (ii)(a)	Material operating revenue: operating grants, sale of goods, rendering of services	46
MFD 9.2.3 (ii)(b)	Investment income	46
MFD 9.2.3 (ii)(c)	Material revenue: sale of non-goods assets, non-current assets	57
MFD 9.2.3 (ii)(d)	Material revenue: exchanges of goods or services	46
MFD 9.2.3 (ii)(e)	Depreciation, amortisation or diminution in value of assets	46
MFD 9.2.3 (ii)(f)	Bad and doubtful debts	46
MFD 9.2.3 (ii)(g)	Financing costs	46
MFD 9.2.3 (ii)(h)	Net increment or decrement on revaluation of each asset category	46
MFD 9.2.3 (ii)(i)	Auditor-General's fees	58
MFD 9.2.3 (ii)(j)	Emoluments of Council	77
MFD 9.2.3 (ii)(k)	Council members' shareholdings in the university	N/A
Financial Position		
MFD 9.2.3 (iii)(a)	Details of assets	47
MFD 9.2.3 (iii)(b)	Details of liabilities	47
MFD 9.2.3 (iii)(c)	Details of capital	47
MFD 9.2.3 (iii)(d)	Details of reserves and transfers to and from reserves	64
RUG	Summary table of financial performance of Associates and commercial ventures	94 – 95
Other Relevant Information		
MFD 9.2.3 (iv)(a)	Liabilities secured by a charge on assets	N/A
MFD 9.2.3 (iv)(b)	Material contingent liabilities secured over assets	N/A
MFD 9.2.3 (iv)(c)	Commitments for expenditure	66
MFD 9.2.3 (iv)(d)	Government grants	54
MFD 9.2.3 (iv)(e)	Employee superannuation funds	68
MFD 9.2.3 (iv)(f)	Assets received without adequate consideration	N/A
Responsible Person-Related Disclosure		
MFD 9.4.2 (i)	Names of council members	78
MFD 9.4.2 (ii)	Remuneration of council members	77
MFD 9.4.2 (iii)	Council members' remuneration in bands of \$10,000	77
MFD 9.4.2 (iv)	Executive officers' remuneration	78
MFD 9.4.2 (v)	Payments relating to council members' retirement	78
MFD 9.4.2 (vi)(a) (b)	Loans made, guaranteed or secured to a council member or related party	78
MFD 9.4.2 (vii)	Aggregate amount of loans made to council members and repayments received	78
MFD 9.4.2 (viii)(a)	Share or share option transactions by council members	N/A
MFD 9.4.2 (viii)(b)	Terms and conditions of favourable share or share option transactions by council members	N/A
MFD 9.4.2 (ix)	Other transactions with council members	79
MFD 9.4.2 (x)(a)	Aggregate amount of revenue or expense resulting from council members' transactions	79
MFD 9.4.2 (x)(b)	Aggregate amounts receivable and payable resulting from council members' transactions	79
MFD 9.4.2 (x)(c)	Aggregate amounts of provisions for doubtful receivables resulting from council members' transactions	N/A
MFD 9.4.2 (x)(d)	Other benefits derived by council members from transactions	N/A

Glossary

AMS	Academic Management System
AHURI	Australian Housing and Urban Research Institute
ARC	Australian Research Council
ATN	Australian Technology Network
(The) Boards	Academic Board and the Board of Technical Studies
BSC	Balanced Scorecard
CEQ	Course Experience Questionnaire
CIECAP	City Interactive Education Coordinated Area Program
CISS	Centre for International Students and Scholars
CITRI	Collaborative Information Technology Research Institute
Course	Prior to 2001 referred to as a Subject
CRC	Cooperative Research Centre
C&RP	Community and Regional Partnerships
DEST	Department of Education, Science and Technology
DLS	Distributed Learning System
DVC	Deputy Vice-Chancellor
EFTSU	Equivalent Full-time Student Unit
ENTER	Equivalent National Tertiary Entrance Rank
EQA	Educational Quality Assurance
ESOS Act	Education Services for Overseas Students
HE	Higher Education
HECS	Higher Education Contribution Scheme
HEW	Higher Education Worker
ICT	Information and Communication Technology
IDP	International Development Program
IECD	International, Enterprise and Community Development
IP	Intellectual Property
ISO	International Organisation for Standardisation
ITAP	Information Technology Alignment Project
MOU	Memorandum of Understanding
MYLO	Melbourne Youth Learning Opportunities
NH&MRC	National Health and Medical Research Council
NIECAP	Northern Interactive Education Coordinated Area Program
OECD	Organisation for Economic Cooperation and Development
PAC	Program Advisory Committee
PQA	Program Quality Assurance
PQPC	Planning, Quality and Performance Committee
Program	A collection of courses leading to a university award
PVC	Pro Vice-Chancellor
QART	Quality Assurance for Research Training
QCU	Quality Consultancy Unit
QMS	Quality Management System
R&I	Research and Innovation
RICE	RMIT International Community Exchange
RMIT	Royal Melbourne Institute of Technology
RTS	Research Training Scheme
SNAP	Schools Network Access Program
SOS	Student Outcomes Survey
SUC	Student Union Council
TAFE	Technical and Further Education
T&L	Teaching and Learning
T&LSC	Teaching and Learning Strategy Committee
VC	Vice-Chancellor
VCE	Vice-Chancellor's Executive
VET	Vocational Education and Training
VRI	Virtual Research Institute
VRII	Virtual Research and Innovation Institute
VTAC	Victorian Tertiary Admissions Centre

Credits

Published by the Marketing and Public Affairs Group of RMIT University in May 2003.
Postal address: GPO Box 2476V Melbourne 3001 Victoria Australia

ISSN 1444-2795

Photography

Joe Castro: page 6

John Gollings: cover and page 6

Margund Sallowsky: page 3, 5, 6, 12, 15, 25 and 29

Maikka Trupp: page 9

www.rmit.edu.au