

Annual Report 2001





RMIT students who represented Australia at the 2001 World University Summer Games

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Report of the RMIT Council

for the period 1 January to 31 December 2001

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 2001.



Don Mercer

Chancellor

27 March 2002



Statue of RMIT's founder Francis Ormond.

Vision

RMIT will serve its students and clients through provision of excellent education and training programs on a regional and international basis. Our research and development function will further develop its focus on solving problems and providing sources of innovation for our community, industry, and enterprise partners, reflecting national and international imperatives. RMIT will be a university that is globally active but locally responsive.

Mission

RMIT exists to:

- provide technical and professional education that develops people for leadership and employment; and
- undertake research programs that address real world issues; within an international and community context.

Values

The values that will characterise RMIT as a service organisation, and 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.

RMIT University provides education and training programs to Australian and international students across academic levels ranging from TAFE apprenticeships, certificates and diplomas to bachelor degrees, graduate certificates and diplomas, master degrees by research or course work, to professional or research doctorates.



The university is an established leader in teaching design, information technology, business, communication, engineering and science. All seven faculties (Applied Science; Art, Design and Communication; Business; the Constructed Environment; Education, Language and Community Services; Engineering; and Life Sciences) offer both TAFE and higher education programs.

Our strengths lie in both teaching and research. RMIT has a culture and history of emphasising practical learning to meet the needs of the workplace in the wider community and we encourage lifelong learning. The programs offered reflect both growth areas in employment and the community's aspirations.

RMIT applies the same practical, outcome-oriented approach to research and development, focussing 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.

The university currently serves about 58,000 students in total including almost 8,000 overseas. Our Australian campuses play host to more than 8,000 international students. We opened our first international campus, RMIT International University Vietnam, during 2001 in Ho Chi Minh City, and we offer programs through a number of partner institutions throughout Asia. The university has almost 200 partnerships with educational institutions around the world.

RMIT is a founding member of the Global University Alliance, a group of eight universities across the globe which share resources to provide quality education using on-line learning in the Asian region. In Australia, the university is a member of the Australian Technology Network, a coalition of five Australian universities who share a heritage of working with industry and a united vision for the future.

The university's three main campuses are in Melbourne: City, Bundoora and Brunswick, and RMIT also provides specialised education services at other locations, most notably Hamilton and East Gippsland in regional Victoria.

Officially, RMIT has had four names since it was established as the Working Men's College in 1887: it was renamed the Melbourne Technical College (1934), the Royal Melbourne Technical College (1954) and the Royal Melbourne Institute of Technology (1960).

In 1993 the Melbourne College of Decoration and Design combined with RMIT's Faculty of Art and Design to create the TAFE (Technical and Further Education system) School of Design. RMIT merged with Melbourne College of Printing and Graphic Art (MCPGA) in 1995 and with the Melbourne Institute of Textiles (MIText) in 1999.

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.



Chancellor's Statement

2001 saw many achievements for RMIT University.

RMIT is committed to educating students who demonstrate leadership and who can contribute creatively, critically and responsibly to their professions, employers and the community in an international and local context. Significant efforts and progress have been made in 2001 in the areas of program renewal, improving the learning environment, and sharing the benefits of teaching innovations.

As we advance further into the 21st century, it is clear our graduates need the skills and knowledge to be able to operate in a global market place and therefore RMIT continues to extend the scope of its international activities. RMIT is one of Australia's largest providers of student places for both onshore and offshore international students and the university is continuing to build partnerships in providing educational services to corporations operating internationally. RMIT was chosen by AXA—a very large successful global investment and financial services group—to accredit its Professional Education and Applied Knowledge (PEAK) program, which offers training and development in financial services and frontline management to 8,000 AXA staff across the Asia Pacific Region.

Austrade, the Australian Trade Commission, selected RMIT as its strategic partner in the Austrade Institute, Australia's first public sector "corporate university". The Austrade Institute will provide online education and training opportunities to over one thousand Austrade staff around the world.

The University was named "Education Award Winner" of the Governor of Victoria's Export Award for the fourth year in a row.

Substantial progress has been made towards the establishment of RMIT International University Vietnam (RMIT Vietnam), with major steps towards governmental agreement and the launch of a range of academic programs, resulting in the enrolment of 369 students by the end of 2001. This initiative has received the financial support of a major US philanthropic body and is supported by the International Finance Corporation and the Asian Development Bank. The mission of RMIT Vietnam is to provide 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 environmental sustainability. RMIT Vietnam, in conjunction with the East Meets West Foundation also began work on a project to establish Vietnam's most advanced Learning Resource Centre that will be accessible by all staff and students of Hue University. This project also being funded by the same major US philanthropic body that provided funds for the RMIT Vietnam.

Research and Development has a decidedly practical, outcome-related focus at RMIT. A significant amount of practice-based research was successfully conducted during 2001 and seven virtual research institutes were set up to focus the university's research in these key areas: Information Technology; Biotechnology and Drug Development; Globalisation and Cultural Diversity; Social Policy and Urban and Regional Development; Entrepreneurship and Innovation; Environmental Sustainability; and Advanced Manufacturing.

RMIT has continued to develop its regional partnerships in East Gippsland and the Hamilton area. RMIT and the East Gippsland Institute of TAFE received \$4 million in State Government funding to build a joint Research and Education Centre on Bullock Island. In Hamilton work was completed on the planning to refurbish a previously purchased suite of buildings to house teaching, research and business incubation activities.

In December, 5,600 students graduated together in front of 29,000 guests at a highly successful single graduation ceremony at Colonial Stadium. RMIT remains the only university in Australia to conduct such a ceremony.

RMIT is committed to continuing to build a sustainable organisation. I look forward to working with my fellow councillors and the executive towards this goal in 2002 and I thank them for their continued commitment to RMIT.

Don Mercer
Chancellor

Vice-Chancellor's Statement

RMIT is committed to building a socially, economically, culturally and environmentally sustainable organisation, which continues to serve the people, businesses and organisations in all the communities in which we operate, according to their needs and aspirations.

The international events of 2001 remind us that never before has it been more important to embrace cultural diversity and to work towards building a sustainable future for RMIT.

As a leading international university, RMIT brings together a worldwide community of students and scholars from an enormous variety of cultural, racial, linguistic and religious backgrounds. We recognise the diversity of Australia's indigenous, settler and immigrant heritages and believe the cultural diversity of the university and the Australian community is a rich resource in all of our teaching, research and community activities.

Cultural diversity is central to the enormous technological, social and economic changes of our time. Intercultural contact is increasing through: developments in transport; rapid innovation in information and communications technologies; the rise of the global economy; permanent and temporary population movements including migration, tourism, and travel for business and study; the development of international, social, economic, arts, business and academic organisations; the influence of global media networks; and the growing importance of differences in local and global organisational and business cultures.

All these forces of change mean that cultural diversity intimately touches all of our lives. It is the reality of our streets and towns, our schools, our workplaces and our universities. These forces of change also lead us to think about the contribution RMIT will make in the future and how we can work towards building a sustainable organisation. Since 1887 RMIT has carried out its mission to serve working people with dedication and accomplishment. Now at the beginning of a new century we face new challenges to continue that mission, which will see us work in new ways.

The thinking around creating the environment for a sustainable RMIT was first outlined in October 2000 in my Inaugural Address *From Entrepreneurial University to Innovative University*. In 2001 the ideas in this speech, together with the thoughts and issues raised by staff around the future of RMIT and how we work, were discussed in faculties and departments across the university.

A Strategic Planning Forum (SPF) comprised of the Chancellery, the Deans and the Directors of Corporate Affairs, Financial Services, People and Organisational Development, People Services and Property Services, was established early in 2001 to review the feedback from these discussions and develop them into a new strategic direction for the university—*Dissolving the Boundaries: Building A Sustainable RMIT*. This was then outlined to the RMIT community with the support of the SPF in late 2001. We will all work together over the coming year to further refine the ideas and thoughts outlined in the new strategic direction; identify the best way to implement the ideas; determine the impacts of implementation; and prepare for the rollout of the strategy.



In thinking about building a sustainable RMIT, it is timely that for the first time RMIT presents its Annual Report in Triple Bottom Line plus 1. Overall our results reflect another year of enormous commitment by RMIT staff to our mission. Thank you and I look forward to working with you in 2002 to better position RMIT for the future in order to continue to serve the needs and aspirations of working people in all the communities in which we work.

Ruth Dunkin
Vice-Chancellor

Executives

Professor Ruth Dunkin **Vice-Chancellor and President**

Professor Ruth Dunkin is the chief executive officer of RMIT. As such Professor Dunkin is responsible for ensuring strong and effective leadership and clear direction within the university, providing it with an appropriate vision and strategic plan.

Professor John Jackson **Deputy Vice-Chancellor (Resources)**

Professor John Jackson is responsible for strategic advice and overall management of RMIT's resources and services. Professor Jackson's role includes responsibility for the development and submission of the annual budget to the University Council and for the management of People Services, Financial Services, Property Services, Internal Audit and Corporate Affairs. He has overall responsibility for Student Affairs, Learning Technology Services, Information Technology Services and the University Library. The operations of the university solicitor and the university secretary also fall within his portfolio of responsibilities.

Associate Professor Bob Gray **Pro Vice-Chancellor (Information Services)**

Associate Professor Bob Gray is responsible for providing university infrastructure services including the University Library, Student Services and Academic Administration, Information Technology Services and Learning Technology Services (including the implementation of the Academic Management System).

Professor Neil Furlong **Pro Vice-Chancellor (Research and Development)**

Professor Neil Furlong is responsible for providing strategic leadership to RMIT's research activities and to the university's community, regional and industry partnerships.

Professor Helen Praetz **Pro Vice-Chancellor (Access and Equity) and Director TAFE**

Professor Helen Praetz was appointed as Pro Vice-Chancellor (Access and Equity) and Director TAFE in May 2001.

In this post Professor Praetz is responsible for providing leadership and management on access and equity to the university community and for the promotion of the university's vocational education and training (VET) capabilities.

Dr Madeleine Reeve **Pro Vice-Chancellor (International) (acting) and Managing Director RMIT International Pty Ltd**

Dr Madeleine Reeve was appointed acting Pro Vice-Chancellor (International) in August 2001, combining this position with her role as Managing Director, RMIT International Pty Ltd.

In these roles Dr Reeve is responsible for developing the strategic framework within which RMIT's international activities are carried out, both within Australia and overseas, and for the activities of RMIT International Pty Ltd, the university's associated commercial arm.

Professor Fazal Rizvi **Pro Vice-Chancellor (International)**

Resigned August 2001.

Professor Leon van Schaik **Pro Vice-Chancellor (Learning and Scholarship)**

Professor Leon van Schaik was formally appointed as Pro Vice-Chancellor (Learning and Scholarship) in October 2001, although he had been acting in this role for most of 2001.

In this role Professor van Schaik is responsible for the integration and coordination of groups within the university to facilitate the achievement of the university's goals in relation to its teaching and learning activities, and for building capability across the university in teaching and learning and scholarship.

Professor David Wilmoth **Executive Director, Major Projects**

Professor David Wilmoth leads the development of specific major new initiatives, domestically and internationally. In 2001 the work of the Major Projects Unit focused on the development of RMIT International University Vietnam which has started operations in Ho Chi Minh City and implements projects in other parts of Vietnam.



RMIT companies

RMIT International Pty Ltd

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

2001 Highlights

In 2001 the number of onshore international students increased to 8239, a 7.2 percent increase on the previous year. RMIT International's marketing effort now extends globally and, in addition to maintaining the university's position in mature markets where the RMIT brand is well recognised, RMIT is now positioned in new and developing markets. Major marketing strategies continued to be exhibitions, seminars and strong collaboration with agents reinforced by effective use of information technologies to provide information about the university and to respond quickly to student enquiries.

The international projects unit has demonstrated strong growth. Demand continued to focus on customised industry training for government and business organisations. The commercial projects group continued to provide a range of consultancy, educational and training services to clients in a range of sectors including energy and aviation.

Expanding and forming networks, strategies and alliances within the Asia Pacific region continued to be the focus of the development projects section, particularly in the areas of community based health and health management, education and training, environment and governance.

Significant new projects included a series of management training study tours for China's peak power industry, the State Power Corporation of China; health services management training for senior doctors responsible for health management throughout Indonesia; and major AusAID-funded programs for training in HIV/AIDS for State AIDS Control Societies in India, and in aviation management for the Papua New Guinean Civil Aviation Authority (CAA).

The Company traded profitably with a growth in profit of 14 percent on the previous year.

Dr Madeleine Reeve
Managing Director
RMIT International Pty Ltd

RMIT Training Pty Ltd

RMIT Training Pty Ltd works creatively with its partners to deliver innovative knowledge and people management solutions to improve the performance of individuals and organisations.

2001 Highlights

RMIT Training Pty Ltd had a very successful year, earning a net profit 21.5 percent above forecast.

The Centre for English Language Learning (CELL) experienced strong growth. In Melbourne, attendance in ELICOS courses of English teaching and learning increased by 10 percent. This area was responsible for 74 percent of all revenue earned by the business unit. Also in Melbourne, a total of 2,194 students presented for IELTS tests and preparatory courses, making CELL the leading supplier in Victoria. New clients were attracted to the special purpose Aviation English course from Vietnam Airlines, Hainan Airlines and Xin Jiang Airlines. Considerable effort was involved in developing the English Success course and publishing the course as a licensed product. The course is a stand-alone package and is offered at all overseas centres including RMIT International University Vietnam and Nanhai.

RMIT Publishing strengthened its lead position in the field of academic publishing by developing a range of new business services, including the release of new full text products as part of its Informit Online range. A major system development project commenced in 2001 that will see RMIT Publishing collaborating with the Multimedia Database Systems group at RMIT to develop a new content management system using the university's Structured Information Management (SIM) system.

The RMIT Assessment Centre (RAC) continued to offer a comprehensive range of consulting services in organisational development and workforce planning. In partnership with Technikon Southern Africa (TSA), the Competency Based Training and Assessment Centre was opened in Johannesburg during October.

A 1997 Job Network contract that established RMIT Priority Employment concluded and the operation is being wound up.

RMIT EduTours was established and most efforts in its first year were directed at developing a range of itineraries. The first income was generated in December when two study tours from Elon University, North Carolina, were hosted.

RMIT Training launched RMIT English Success, an innovative and fully packaged English Language curriculum and delivery system for use by English language schools worldwide.

Faith Fitzgerald
General Manager
RMIT Training Pty Ltd

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.

2001 Highlights

In 2001 RMIT Vietnam opened its first campus, located in the university precinct in central Ho Chi Minh City. The first programs delivered were English language programs and in September 2001 the first degree programs commenced with Bachelor of Applied Science (IT disciplines). By the end of 2001 RMIT Vietnam had enrolled 369 students and engaged 58 staff, both international and local. A new IT centre is being developed.

2001 also saw the approval by the International Finance Corporation and the Asian Development Bank of loans up to US\$15 million to enable the development of a second full campus in the Saigon South development zone at a total project cost of US\$33.6 million, along with the approval of a Resettlement Action Plan.

RMIT Vietnam also worked with Hue University to develop a Learning Resource Centre (LRC), helped to establish national standards and systems for information resources in Vietnam, commenced research and development activities with a focus on water resources, and grew a number of community partnerships. RMIT Vietnam attracted over US\$23 million in gifts.

Professor David Wilmoth

Director-General

RMIT International University Vietnam

RMIT Vietnam Holdings Pty Ltd

RMIT Vietnam Holdings Pty Ltd was established in Australia in May 2001 as a holding company for RMIT International University Vietnam. It also functions as a repository for project funds and major donations destined for Vietnam. During the year, it received over \$5.3 million for projects such as the IT Centre, the Hue University LRC, the National Library Management System project and a scholarship program.

Professor David Wilmoth

Executive Director

Major Projects Unit

Spatial Vision Innovations Pty Ltd

Spatial Vision Pty Ltd is an RMIT start-up company helping to pioneer the use of geospatial technology in non-traditional areas such as environmental management.

2001 Highlights

Having commenced trading as a separate company in October 2000, Spatial Vision consolidated the company's newly established business whilst continuing to expand operations.

Major achievements during 2001:

- Increased sales by 32 percent to \$1.7 million to both existing and a new, more diverse client base
- Became the leading GIS solution provider in the Victorian water industry
- Consolidated Spatial Vision's position in Victoria and began establishing the brand interstate
- Established a strong network of strategic partnerships with leading spatial information industry players
- Increased staff numbers by 45 percent to 18
- Received the ESRI Business Partner of the Year Award



Major projects in 2001:

- Protected Environment Management System for the Great Barrier Reef Park Management Authority
- Visitors Guide to the Great Ocean Road Web Site Development, Statutory Planning Case Management Prototype, Regional Data Capture and Reporting and Integrated Pest Information Management systems for the Department of Natural Resources and Environment
- Victorian Aboriginal Heritage Information System for Aboriginal Affairs Victoria
- GIS Systems for Coliban, Gippsland, South Gippsland and the Southern Rural water authorities
- Accident Locational Data Update for the NSW RTA
- Release of Spatial Vision's new touring map of the Great Ocean Road and Otways

Glenn Cockerton

Chief Executive Officer

Spatial Vision Innovations Pty Ltd

RMIT Innovation Ltd

At a board meeting held in August 2001, the Board of RMIT Innovation Ltd decided that the company would cease trading. The decision was based on the low business projections for the remainder of 2001 and beyond.



Biosciences research laboratory, Bundoora

RMIT in 2001

Teaching and Learning | Research and Development | Operations

Social
Environmental
Financial
+ Governance

RMIT has carried out its mission to serve working people with dedication and accomplishment since 1887. A new century provides us with new challenges in continuing that mission and calls for us to work in new ways.

We are committed to building a sustainable organisation that serves the people, businesses and organisations in all the communities in which we operate, according to their needs and aspirations.

The new thinking about creating the environment for a sustainable RMIT was first outlined in the Vice-Chancellor's Inaugural Address in October 2000. Throughout 2001 RMIT people have been exploring what this means for the university and how we should work towards achieving the vision.

Sustainability is about the university's obligations, activities and contributions to the world at large—it's about actions: how we look after students and employees, how we interact with the community, how we treat the environment, how we remain economically viable, and how we manage and make decisions.

RMIT is signatory to the Talloires Declaration of 1990, a commitment to comprehensive environmental sustainability in academe and operations. We are also signatories to the Greenhouse Challenge and Kofi Annan's Global Compact, we are Energy Smart partners and leaders with the Sustainable Energy Authority of Victoria and Waste Wise in Victoria.

We have committed to these agreements and are working towards meeting our obligations under them.

Our report on our path to sustainability is viewed through the lenses of our core activities: teaching and learning, research and development, as well as our operations locally, regionally and internationally.

People and communities

RMIT is committed to making a difference to communities and the people we serve by being an active and valued member of those communities. We are achieving this through an extraordinary array of activities, teaching and inspiring our students, supporting and encouraging our staff, and partnering with communities to deliver learning programs and ‘real-world’ research outcomes.

Teaching and learning

RMIT provides practical, multi-level education in a well-supported environment to develop students for leadership and employment. We not only equip students for their period of study, we lay a foundation for life-long learning. Our programs extend ways and means of learning to new audiences within and outside Australia.

New programs in 2001

Innovative teaching and learning is delivered through several programs new in 2001, including:

- The Bachelor of Business in Entrepreneurship aims to nurture a new breed of entrepreneurs. The degree course encourages “learning by doing”, and operates without a formal timetable of classes. 40 students began their studies in 2001.
- In an Australian first, RMIT offers a Master of Arts in Virtual Communication, designed to meet industry needs created by globalisation and the emergence of the knowledge economy. Teaching consists of a mix of master classes and workshops in Melbourne and Sydney, online conferencing and virtual project teams.
- A Master of Biotechnology and Business, the first postgraduate program of its kind in Australia that combines state-of-the-art biotechnology with business education, began in 2001.
- The Master of Applied Science (Medical Science) is the only online distance education program accredited by the Institute of Biomedical Science in the United Kingdom.
- Two new design programs are online. The Master of Design (Graphic Communication) and Master of Design (Fashion and Textiles) provide a blend of management, process and design issues and will empower graduates with design know-how and management skills.
- The Aged Care Training Institute, established by RMIT University in conjunction with the Australian Multicultural Foundation continued throughout 2001 to assist organisations that are concerned with the impact multicultural issues might have on the aged. Located at the Assisi Centre, Rosanna, the Institute delivers accredited, culturally appropriate and sensitive training programs for those who work with aged people from culturally and linguistically diverse backgrounds. In 2001 the Institute received further funding to continue education and research in this field.

Programs in regional Victoria

Regional Learning Networks received further funding from the State Government to continue the LearnLinks program. LearnLinks is a partnership between RMIT Faculties and a range of Adult Community Education (ACE) providers to deliver a range of accredited courses on-line and flexibly at local access points throughout regional Victoria.

At RMIT Hamilton we delivered programs ranging from TAFE Certificate to PhD level during 2001. These programs include:

- traineeships in aviation and multimedia;
- Koori-specific programs in garment construction and health and community care;
- training in Civil Construction for the Shire of Southern Grampians;
- Bachelor of Nursing—45 students including a new intake of 27 students. All of the first year’s cohort progressed successfully to the next stage of their program;
- Masters of Education—30 students enrolled;
- PhD projects at the Pastoral and Veterinary Institute.

In East Gippsland, RMIT University and East Gippsland Institute of TAFE have been working together to offer joint graduate and postgraduate education, responding to the economic and social needs of the region since 1994. The \$4 million Research and Education Centre on Bullock Island announced in May 2001 will allow RMIT to increase its educational programs, particularly science, engineering, biomedical and biotechnology, undergraduate student research project work and enterprise development training.

International programs

RMIT remains a leader in delivering innovative, quality education and training outside of Australia. 2001 saw a number of important developments:

- Our first international campus opened in Ho Chi Minh City during the year. The first courses offered by RMIT Vietnam include systems engineering, software engineering, business, computing, professional accounting, computer science and information technology.
- RMIT entered into a new agreement with Nanhai Normal School in China to deliver RMIT programs including CELL English language training and a Diploma of Business. This agreement was reached with the strong backing of the Nanhai City Council. Nanhai is one of China's "digital cities" and the program is increasingly using on-line delivery strategies.
- RMIT University was chosen to provide education and training programs to Austrade staff, an initiative which aims to assist Australian businesses operating in the global marketplace.
- Board members of the Global University Alliance (GUA), established to provide on-line courses for distance-learners anywhere in the world, convened for the first time at RMIT. The board members are vice-chancellors and senior administrators from the ten universities around the world that, with Hong Kong-based on-line education specialist NextEd, form the GUA.

- The Mandarin Oriental Hotel Group began using RMIT programs to train its senior managers up to MBA level.
- AXA and RMIT announced an initiative to upgrade the skills of AXA's 8,000 distribution staff in Asia through a training and development program that aims to equip them with the knowledge and tools needed to set the industry standard in customer service, advice and performance.
- Singapore Institute of Management continues to be RMIT's largest offshore partner. In 2001 our agreement was renewed for a further 10 years and a new program, the Masters of Project Management, was introduced.

Research and development

At RMIT we are determined to expand our research capabilities and to become as renowned for our research as for our teaching. The focus of our research and development activities is on outcomes that support the economic and social development of the communities in which we operate.

Investment in research facilities

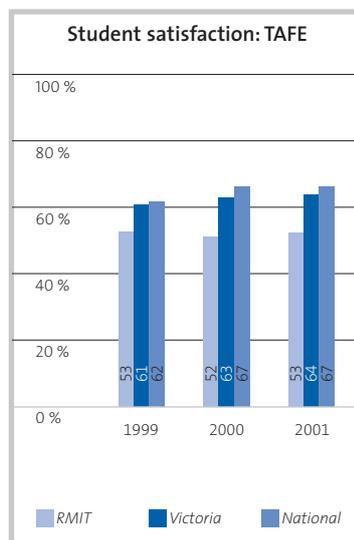
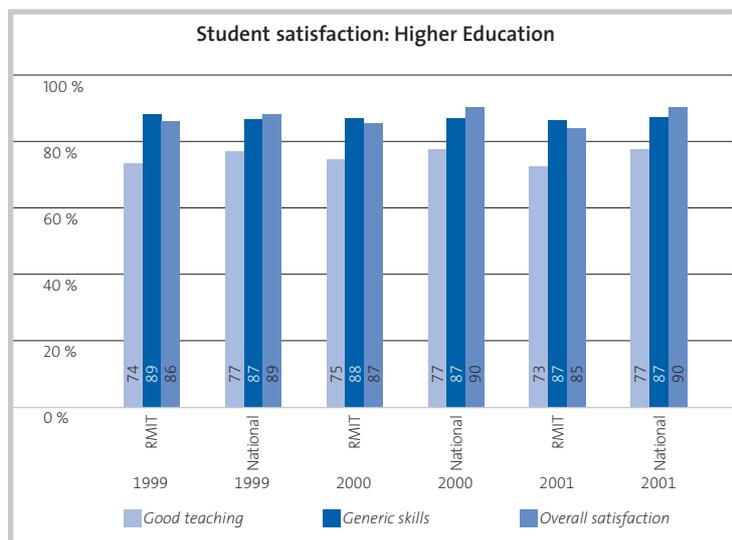
Our commitment to research and development was underscored in 2001 by our investment in facilities:

- A \$32 million Bioscience Building at Bundoora Campus was opened by the Premier of Victoria, the Hon Steve Bracks in June. The building brings together up-to-date facilities, resources and expertise in biotechnology and medical sciences and provides opportunities for interchange and collaboration between students, staff and industry.

And the winner is...

During 2001, RMIT students gained some notable achievements:

- Two international architecture students from RMIT won the right to have their designs for two unique buildings realised on the NewQuay waterfront at Melbourne's docklands. The winning designs were selected through a competition run by MAB Corporation in association with RMIT University.
- A cross-faculty team of six RMIT students won first prize in the Ericsson Higher Education Workplace Olympiad. The competition received entries from 29 teams in 11 universities.
- Two students who produced a business plan to develop and sell software won the \$8,000 first prize and a prize of more than \$180,000 for the best IT orientated business plan in the inaugural RMIT University Business Plan Competition.



- The \$14 million refurbishment of the Department of Applied Chemistry building was opened on 1 August in the City Campus. The building consolidates the university's applied chemistry and environmental science teaching and research, and continues the university's long history in applied chemistry.
- Over half a million dollars of federal government funding was received by RMIT to establish a Spatial and Sonological Information Laboratory. The laboratory will be a facility where researchers from diverse design disciplines representing the visual, aural, digital and physical aspects are co-located, and where the disciplines themselves will be able to converge. The laboratory will also provide a focus for collaborators outside of the university who are interested in pursuing design-related research.
- The RMIT University Aquaculture Research Facility that will enhance studies into the marine and freshwater ecosystems of the East Gippsland Lakes and assist development of new aquaculture industries was opened in April by the Minister for Ports, the Hon Candy Broad. The facility, based at SEAMEC (South East Australia Maritime Education Centre) in Lakes Entrance, will allow RMIT University researchers to work on projects over the next few years that respond to the issues and needs of the region. This facility will be re-located to the \$4 million Research and Education Centre on Bullock Island on its completion. (See page 18 for more detail).

- RMIT University received a donation of \$900,000 in mass spectrometry and liquid separation equipment from Agilent Technologies. The equipment will be used for a range of support facilities for research projects. These projects will cover industrial and environmental analysis including drug and essential oil analysis, water, wastewater and industrial chemical analysis.

Outcomes of research and development

The following examples provide a cross-section of RMIT's research and development activities and achievements during the year.

- In October RMIT won the Business/Higher Education Round Table (BHERT) Award for "Outstanding Achievement in Collaborative R&D involving a Co-operative Research Centre". The award is for a project undertaken as a partnership between RMIT, Hawker de Havilland, Hexcel Composites and the CRC for Advanced Composite Structures who are looking to secure a role for Australia in the design and manufacture of control surfaces.
- Research conducted at RMIT suggests that a deficiency in omega-3 fatty acids early in life can lead to high blood pressure later on. Details of the study were published in the March 2001 edition of the prestigious scientific magazine, *Nature Medicine*.
- Acoustic designer Dr Neil McLachlan and sculptor Anton Hassell undertook extensive research to create a series of

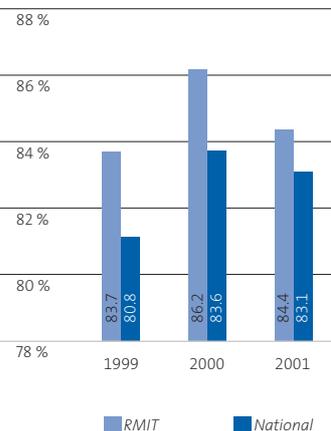
39 true harmonic bells that were used in the Federation Field of Bells, a contemporary sculptural sound installation celebrating Australia's Federation centenary and located in Melbourne's new Birrarung Mar Park. The unique design of the bells, which were subject to extensive computer modelling, results in a clarity of tone exceeding anything previously created.

- The most powerful, general-purpose supercomputer in Australia was unveiled by the Victorian Partnership for Advanced Computing, a consortium of six leading universities including RMIT and Compaq Computer Australia by the Minister for State and Regional Development, the Hon John Brumby.
- A research project begun whilst studying Electronic Design and Interactive Media won first prize in the Victorian Community History Award for its author Warik Lawrance. The CD-ROM *1864* uses advanced, interactive, 3D computer graphics which allow users to walk down Collins Street, Melbourne as it appeared in 1864. It is the first CD-ROM to win the top Victorian Community History Award.

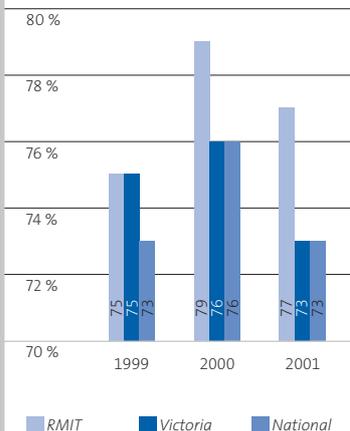
Top 10 student concerns for 2001

- Communities of learning and scholarship
- Teaching and learning experience
- Student focus
- Student and campus life
- Facilities management
- Learning resources
- User friendly IT access
- Consistent, accurate and timely info about programs
- Timetabling and enrolment
- Safety and security

Higher Education graduates in full-time employment



TAFE graduates in full-time employment





Master of Systems Engineering students

Operations

RMIT's impact on the communities in which we work is much broader than the learning we impart or the research we conduct. We take a wider view and recognise that we can and do influence and connect on many levels. We aim to be an active and valued member of our communities.

Support for students

RMIT recognises the changing nature of contemporary student life, especially for those starting out or relocating from regional areas or overseas. The university has created a variety of resources and contact information to assist them make a successful transition to tertiary study. Some of these initiatives include a welcome booklet, presentations, workshops, and RMIT 101, an online resource in study techniques, resources,

libraries and orientation. In 2001, 7,000 students attended orientation talks, and 600 attended workshops.

Employer of choice

In 2001 RMIT University was named "Employer of Choice for Women" by the Federal Equal Opportunity for Women in the Workplace Agency. The university was one of only 55 Australian companies and one of five universities in Australia to receive the Award.



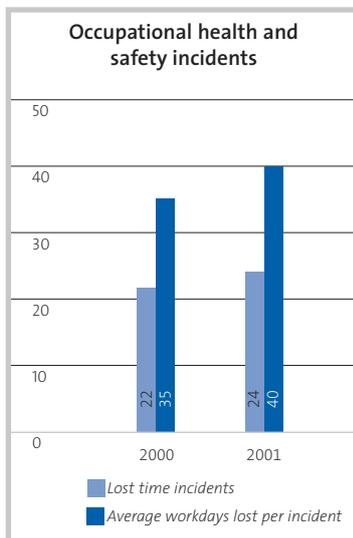
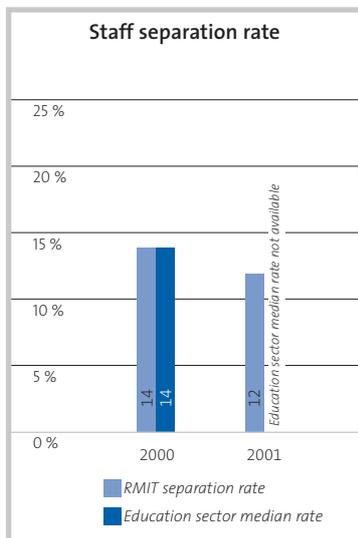
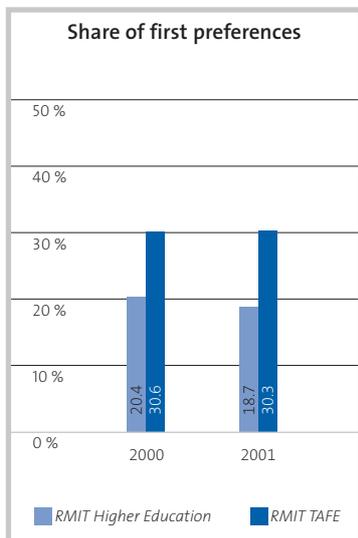
Community participation

During 2001 RMIT initiated or was involved in a large number of community projects. The following provide some interesting examples:

- A new learning program which aims to assist people marginalised from society to realise their own possibilities was launched in November. *whereveruni*, an initiative of RMIT University in partnership with

The Salvation Army and Maremont Recovery and Accommodation Centre will provide people who have been marginalised from learning and social participation to develop computer and information technology skills.

- The RMIT's Schools Network Access Program (SNAP) provides additional opportunities for disadvantaged students to gain tertiary education. The program is aimed at students from designated schools whose performance may have been affected by a range of factors and whose ENTER scores may therefore not reflect their true potential, motivation and capacity for success in tertiary education.
- The Melbourne Youth Learning Opportunities (MYLO) trialed a learning model in partnership with the Salvation Army which attracted forty young people from Melbourne's central business district. The young people produced a magazine, *Keep Walking*, during the sixteen week trial.
- RMIT developed community partnerships in Vietnam and India throughout the year. RMIT Vietnam campus collaborated with the Loreto Vietnam-Australia Program, analysing local training needs and opportunities against emerging community needs. The work focuses on providing poverty alleviation, capacity building and enterprise training. In India, a community-based research by project cluster is being developed using alumni relationships and in collaboration with Indian universities.



Honorary awards

Four prominent Australians received honorary awards from RMIT University in 2001. Dame Margaret Scott, best known for founding the Australian Ballet School, received a Doctor of Education; food technology scientist Ortwin Bode received a Master of Applied Science; architecture and urban design commentator Joe Rollo received a Master of Architecture; and Policy Director for Jesuit Social Services, Bernard Geary, received a Master of Arts.

Francis Ormond Medal

Francis Ormond Medals were awarded by the University Council in 2001 to Kaye Marion, a Senior Lecturer from the Department of Statistics and Operations Research, and Anna Solomun, a career administrator at RMIT. The Francis Ormond Medal recognises distinguished service by RMIT academic or general staff members at the university.

- The inner-Melbourne CBD Pathways project facilitated pathways development for thirty young people who were in need of mentoring and support in moving from school education into further education or employment. The project is a partnership between RMIT, Melbourne City Council and the Department of Education Employment and Training.

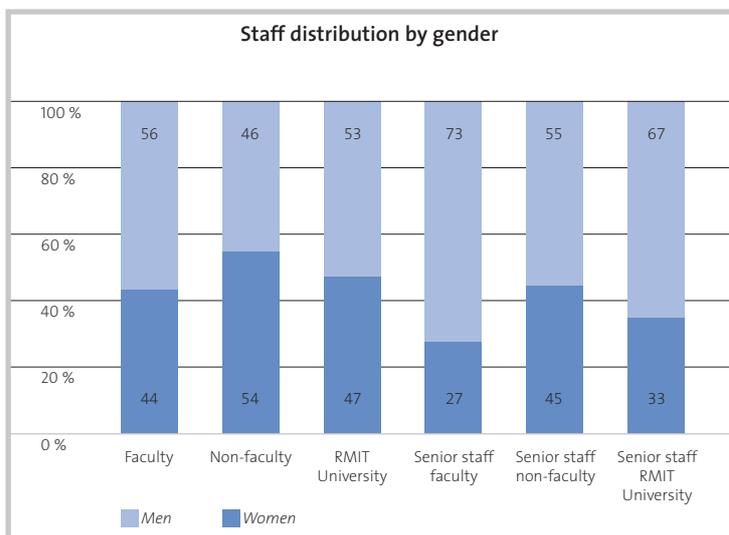
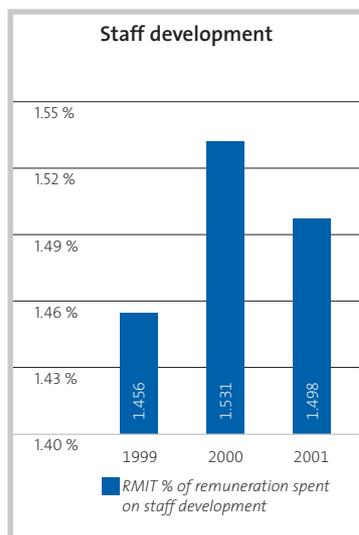
- At Hamilton in November, the “Local Partnerships for Global Pathways” seminar brought together over 80 RMIT staff and community members to discuss collaborative responses to local issues, including graduate attraction, information services and community engagement. Each workshop developed an action plan to be pursued in 2002.
- In August RMIT hosted the “Treaty—Trick or Truce?” conference which discussed issues arising from the decision by the Aboriginal and Torres Strait Islander Commission to develop a treaty between the Australian Government and the Aboriginal and Torres Strait Islander community.
- The Australian National Training Authority (ANTA) selected the Southern Grampians Shire as one of ten sites for its National Learning Community Project. RMIT has been funded to produce a case study of Southern Grampians Shire which will be published as a guide for other communities around the country.
- RMIT continued to collaborate with other education providers, local government and industry to address the northern metropolitan region’s development priorities through networks like NIETL/NorthLink and the Northern Area Consultative Committee. Projects in 2001 included providing assistance for small to medium enterprises to improve their effectiveness and export capacity through benchmarking and quality processes.

Showcasing the arts

RMIT Gallery showcased an extensive program of the visual arts to the broader community throughout 2001.

Exhibitions included:

- “Cyber Cultures: Sustained Releases: Animation Playground”, an exhibition in leading edge media form and accessible content.
- Top Arts, a three-day expo of VCE students’ work with support material, multimedia presentations and vital VCE course information presented in association with the National Gallery of Victoria.
- A Centenary of Federation exhibition presented Australia as seen by seven Australian artists in critical and sometimes playfully irreverent terms.
- The “Foundations of Gold” exhibition celebrated the discovery of gold in Victoria. Painters, glass and textile artists, gold and silversmiths were invited to Australia to work collaboratively with Melbourne artists for the exhibition.
- An exhibition featuring six contemporary Aboriginal artists, titled “What’s love got to do with it?”, explored issues of identity, representation, sexuality, urban experience and dispossession.
- The work of the finalists contending for the Siemens Fine Arts Scholarships.



Environment

RMIT University's environmental influence permeates all aspects of our work, not only in our day-to-day operations but extending into teaching, researching, inspiring and learning by doing.

Teaching and learning

During the year RMIT developed short courses and a cross-departmental prime course in sustainability for introduction in 2002. Furthermore, we teach a myriad of courses in the field of sustainability, including:

Environmental Accounting; Sustainable City Planning; Urbanisation and Policy in the Asian Region; Urban and Environmental Economics; Advocacy and Social Action in a Global Context; Sustainable City Planning; Land and



Resource Management; Greening, Building, Works in Local Government; Energy and Environment Management; Energy and Policy Management; Environment Management and Impact Assessment Systems; Environmental Economics; Earth's Life Support Systems.

- The Master Plumbers Association and the Australian Greenhouse Office joined forces with RMIT in 2001 to work towards lowering the impact hot water systems have on the environment. The pilot 'Climate Protection Project', run in Victoria, called on consumers to demand information from plumbers in order to lower greenhouse emissions from hot water systems. In return the project educated plumbers about the benefits of selling greenhouse friendly hot water systems to their customers. Victoria's 1.6 million hot water systems currently contribute to between 25 per cent and 30 per cent of a household's total greenhouse emissions and this project aims to assist in the reduction of those emissions.

Research and development

RMIT's research planning and investment are tailored to significantly enhance the impact of research under seven Virtual Research Institutes, one of which is Environmental Sustainability. The growing research capabilities of RMIT produced excellent results within the environmental arena during 2001:

- A \$1.1 million solar pond is the first of its kind in Australia to produce heat for commercial consumption. The solar pond was developed by RMIT University, Pyramid Salt and Geo-Eng Australia using a grant from the Australian Greenhouse Office to make solar pond technology available as an economical alternative for industrial and other heating applications in areas not linked to the natural gas distribution system.
- An advanced aircraft propeller from RMIT University was a finalist in the \$100,000 National Engineering Innovation Competition. The propeller can be designed for a range of aircraft and allows significant improvements to the performance of the aircraft. Preliminary analysis, validated with experimental testing, indicates it has the potential to reduce noise levels compared to existing propellers and will also help achieve improved fuel efficiency.

- RMIT's work in East Gippsland continues to respond to strong community concern for the sustainability of the estuarine and wilderness environments of the Gippsland Lakes, and for the regional industries that interact with these environments. Our cohort of 18 research scholarship students in the area continued to progress their research into the Gippsland Lakes environment.

Also during the year, RMIT received funding of \$4 million from the state government to build a Research and Education Centre on Bullock Island in East Gippsland. The centre, an extension of RMIT's partnership with East Gippsland Institute of TAFE, will focus on environmental issues affecting the Gippsland Lakes and will house an expanded and integrated research and development program, and increased education programs for the East Gippsland region.

Operations

RMIT, in an effort to reduce our environmental footprint, has made commitments to:

- the Talloires Declaration
- the Greenhouse Challenge
- Kofi Annan's Global Compact
- Energy Smart
- Waste Wise
- Sustainable Energy Authority of Victoria

We are working towards meeting our obligations under these agreements. Examples of environmental work can be found in numerous segments of the organisation. Here are some examples relevant to 2001:

- RMIT's Centre for Global Sustainability continued its work of ensuring the complete integration of global sustainability into the university's mission and operations, and to assist us to work with other corporations and organisations to help them become working models of sustainability.
- Spatial Vision, an RMIT start-up company, is helping to pioneer the use of geospatial technology in non-traditional areas such as environmental management. They have developed geographical information systems for the Coliban, Gippsland and Southern Rural water authorities that will increase their capacity to respond to water supply problems.
- A report titled Public Transport and Bicycle Access to RMIT University was commissioned to investigate transport related issues at RMIT's campuses. Recommendations from this report are currently being considered for implementation.
- The RMIT Netball and Sports Centre, Bundoora campus, was built during 2001 using bioclimatic design principles such as natural ventilation, use of vegetation to insulate against summer sun, and using recycled plastic sheeting as cladding.
- The computer laboratory in Building 14 refurbished during 2001 incorporated flat screen computers and energy efficient lighting, "light shelves" and a "thermal zone" to channel natural light into the building.

During 2001 RMIT achievements in our Waste Wise commitments included:

- An estimated reduction of 16.5 percent of waste produced by each student, with a commensurate decrease in costs of waste disposal from \$3.92 to \$3.30 per student
- The diversion of the equivalent of 1,855 trees from landfill to recycling

- A renewable energy system that will supply power for computers and other equipment was installed in the Renewable Energy Lab at RMIT's Bundoora East campus in 2001 as a result of projects completed by mechanical and manufacturing engineering students. The stand-alone system is similar to those connected to remote households or those without a grid connection. It consists of 28 solar panels of 75W each and a battery bank, which provides storage of excess electricity for use on overcast days.



Professor Aliakbar Akbarzadeh, Department of Mechanical and Manufacturing Engineering, stands waist-deep in a solar pond at Pyramid Hill

- An estimated reduction of 36 percent of waste going to landfill from each student over the period 1996 to 2001
- The establishment of the Recycle Centre to allow redistribution of used university furniture to students and staff
- The recycling of waste concrete as part of the RMIT Urban Spaces Redevelopment

Financial

RMIT's financial performance results reflect our performance in our teaching and learning; our research and development; and our operations.

Teaching and learning

During 2001 RMIT University was named "Education Award Winner" of the Governor of Victoria Export Award for the fourth year in a row.

Research and development

The university continues to commercialise its intellectual property.

InQuirion

A license agreement was negotiated with US Fortune 500 company Science Applications International Corporation (SAIC), a \$5 billion systems integrator, to sell RMIT's Structured Information Manager (SIM) database software package. SAIC will pay more than \$12 million in licence fees over the next six years, with significant "blue sky" potential if sales targets are met or exceeded.



RMIT will share the net benefit of this agreement equally with the developers through a joint venture company InQuirion, while still investing in further research and production development. RMIT retains the intellectual property in Australia with all research and development being contracted back to its research centre that developed the product, RMIT Multimedia Database Systems. Revenue from sales of SIM through SAIC will be shared with RMIT, ensuring ongoing funding for further R&D.

Spatial Vision

Spatial Vision Pty Ltd is an RMIT start-up company pioneering the use of geospatial technology. Having commenced trading as a separate company in October 2000, Spatial Vision consolidated the Company's newly established business whilst continuing to expand operations. Revenues have grown by 32 percent over the last 12 months and the venture is cash positive.



- While the current ratio has fallen to 0.8, an increase in our banking facilities of \$25 million will fund the capital program for 2002.

Operations

Operating result

The operating result from ordinary activities before tax is down 61% to \$8.8 million:

- Operating result was well down on the last 3 years, but similar to 1997
- The University continues to invest in improving teaching, course renewal, student services and research
- An abnormal write down of \$4.6 million was recorded when two State owned properties were returned to the Government
- A change in the valuation of the long service leave provision reduced the operating result by \$2 million

Cash flow

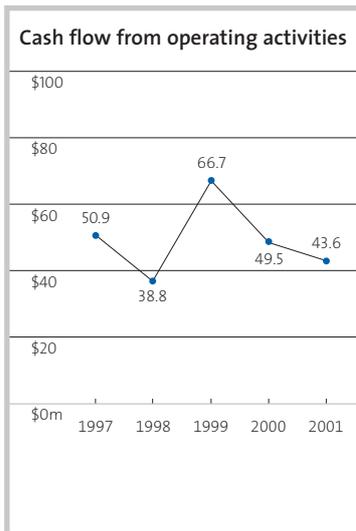
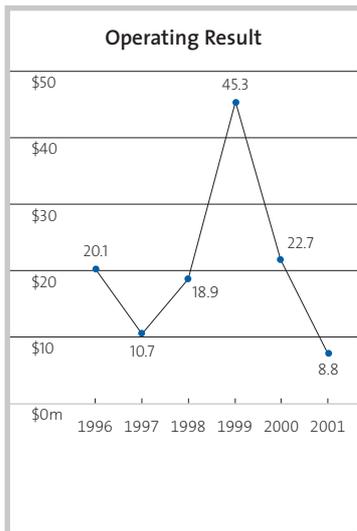
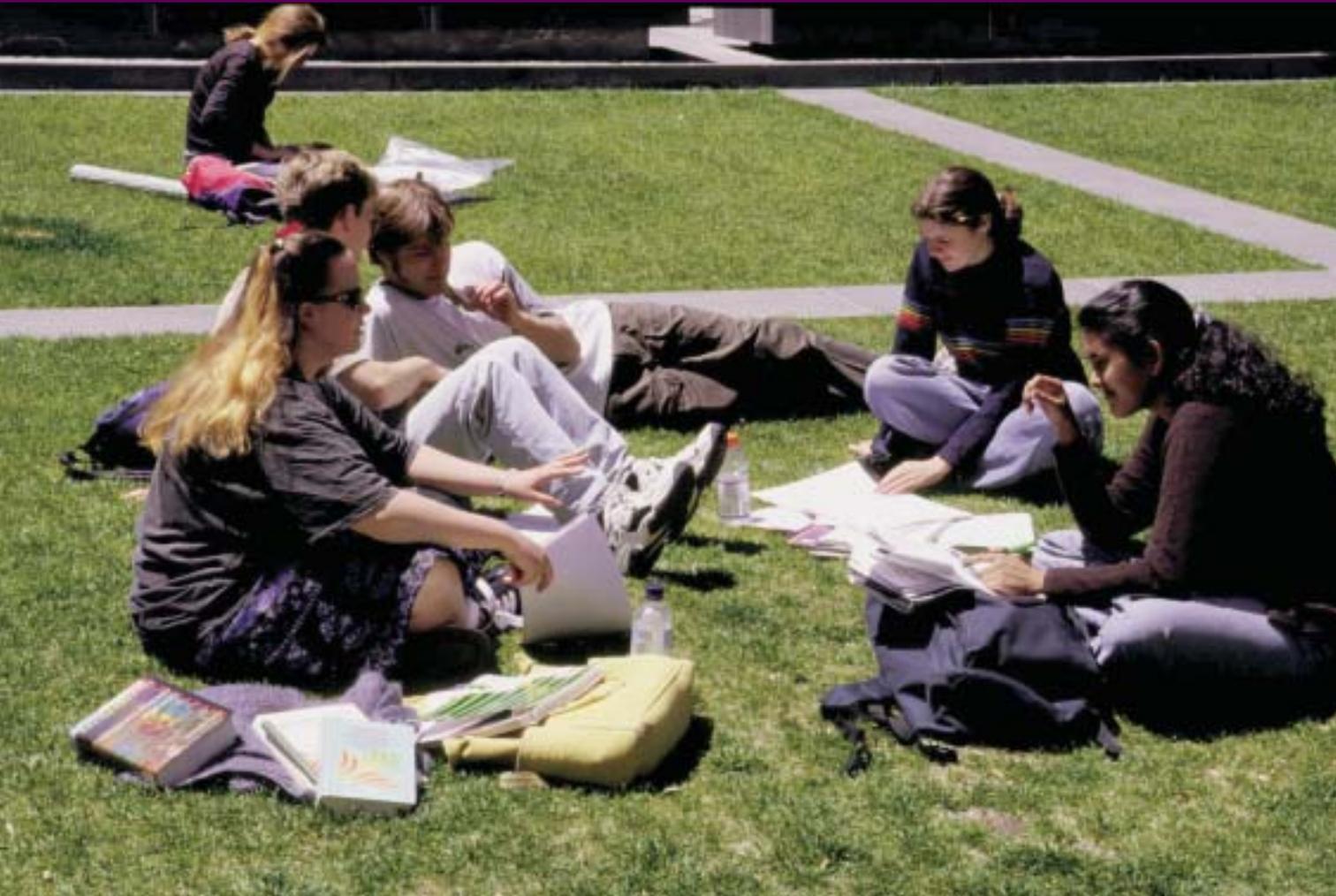
Cash flow from operations is only slightly below previous years:

- While the operating result was affected by a number of non-cash charges, cash flow from operating activities is marginally down on previous years
- Net cash flow reinvested into the Group totalled \$66 million, mainly in property, plant and equipment. This continues the strong investment in computer resources, process improvement and the upgrading of learning environments in Swanston St and Bourke St, on the City Campus.

Revenue

Revenue continues to grow and diversify:

- Revenue has grown by 7%, consistent with previous years
- The proportion of revenue from Government grants continues to decrease
- Overseas student revenue increased by 9% to more than \$100 million
- Other sources of income continue to grow, with significant contributions from subsidiary companies
- Research revenue increased again, with double digit growth planned for 2002
- Revenue is expected to grow by more than 10% in 2002.



Governance

Good governance requires a clear definition of responsibility and a clear understanding of relationships between the university's stakeholders and those entrusted to manage resources and deliver its outcomes. It must be based on an acceptance of the highest standards of integrity and ethical behaviour as well as transparency and consistency in all actions.



Art, Design and Communication studio facilities, Brunswick

Teaching and learning

The Faculty of Business is the traditional home of the teaching of governance. The faculty offers a complete program, the Master of Business in Assurance, Compliance and Risk Management, around the concept of corporate governance, as well as including the examination of this issue in a number of management and business programs.

Short courses and industry and government training programs frequently address the subject of governance. For example during 2001:

- 15 senior Malaysian Government officers and academics visited Melbourne in February to attend an intensive six week course at RMIT in public sector evaluation
- RMIT International ran a series of management training study tours for China's peak power industry, the State Power Corporation of China, to upgrade middle management skills and knowledge to enable implementation of the post-WTO reforms
- RMIT International provided health services management training for senior doctors responsible for health management throughout Indonesia.

Research and development

A research study undertaken at RMIT University during 2001 found the opinions of private shareholders in Australia are at odds with the accounting profession and regulators. While Australia's private shareholders have a deep confidence in the existing regulatory system, they do not approve of audit firms receiving substantial consulting fees from audit clients even though it is permitted by current regulations. The independent audit is one of the main reasons that accounting information is considered useful for decision making and the shareholders surveyed believe that consultancy fees impair auditor independence.

Operations

A review of RMIT Governance Practices commissioned by the Vice Chancellor was completed in November 2001.

The report reviews the state of existing university governance arrangements against better public sector governance principles and processes as the basis upon which to assess performance and identify areas or opportunities for improvement. All of its recommendations have been agreed to by the Vice Chancellor and RMIT Council.

RMIT is committed to the fair and equitable treatment of students and staff and to ensuring the integrity of its policies, procedures and academic programs. To reinforce this commitment in 2001, we created an Ombuds Office and appointed Professor Bob Boyd, an independent consultant to RMIT with 26 years experience in tertiary education, to the position of Ombuds. The Ombuds will investigate and seek to resolve any complaint, administrative or academic, that has first been taken through normal university channels. Guiding principles of the Ombuds include impartiality, confidentiality, informality and independence.

In May 2001 Council approved a Conflict of Interest policy. The policy was developed to help staff avoid potential conflict situations and therefore protect themselves and the university. The policy applies to all staff who are also bound by the university's code of ethics.

During October the university went live with the new Academic Management System, which stores and provides on-line access to comprehensive academic data for staff and students. In November the university's refurbished web site also went live. The success of these new systems will be determined throughout 2002.

Corporate governance

University Council

The university is governed by a Council which 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 the staff nominated by the Board)
- 3 persons elected by and from the staff of the university as prescribed by the Statutes
- 2 persons elected by and from the enrolled students of the university as prescribed by the Statutes
- 6 persons appointed by the Governor in Council
- one person appointed by the Minister
- 6 persons 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 2001

(as at 31 December 2001)

Ms Lee Burton

BA Monash, Dip Ed Rusden
Senior Lecturer – Media Education,
Faculty of Education, Language and
Community Services
Elected by the Academic Staff (HES)

Ms Heather Carmody

Grad Dip Org Change & Dev RMIT,
GradDip Hlth Sci, Bsoc Sci Curtin, A/ship
in Social Sciences (Social Work)
Direct, World Competitive Practices
*Appointed by the Governor in Council
Deputy Chancellor*

Professor Peter Coloe

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

Ms Colleen Coutts

Grad Dip IR RMIT
Faculty Executive Officer, Faculty of Life
Sciences
Elected by the General Staff

Mrs Evelyn Danos

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

Professor Ruth Dunkin

BA (Hons) Melb, Grad Dip Mgmt CIAE,
MPubAd Harv, PhD Melb
Vice-Chancellor
Ex officio

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, M Admin Monash
Managing Director, Alora Aberdeen Hire
Pty Ltd
*Appointed by the RMIT Council
Treasurer*

Ms Sue Johnston

BA Melb, DipEd Monash, BEd LaT,
Diplond Film School
Video/Multimedia Manager, Educational
Program Improvement Group
Elected by the Academic Staff (VET)

Mr Don Mercer

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

Mr John Mitcham

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

Ms Natasha Moore

Bachelor of Social Science student
Elected by Students

Mr Garry Ringwood

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

Mr Ian Sapwell

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

Mr Peter Summers

BA UWA
Consultant
Appointed by the Minister

Mr Peter Thomas

BCom Melb, MAICD
Company Director
Appointed by the RMIT Council

Ms Jane Tongs

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

Ms Jenny Varcoe-Cocks

Dip Bus Studies (VUT)
Consultant
Appointed by the RMIT Council

Mr Jonathan Wilkinson

BA Melb
President SUC
Elected by Students

Dr Roland Williams

BSc, PhD (Birm), ChE (UK), MIChe (UK),
CIGE (UK)
Chairman Australian Magnesium
Corporation Ltd
Appointed by the RMIT Council

Secretary: Mr M David Knight, BA (Hons) Melb

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

Each year the Audit and Risk Management Committee considers the report of the Auditor General prior to making recommendations to Council concerning adoption of the university's annual financial statements. On receipt of the financial statements for 2000 the Committee considered issues that included the development of the CUB site, RMIT International University Vietnam, intellectual property, and matters related to unfunded superannuation liabilities. The Committee recommended to Council adoption of the financial statements for the year 2000.

Throughout the year the committee received reports on internal audit activities, and took action as required. The university engaged external consultants to review organisational risk at RMIT. The consultants' report provided a draft assessed risk profile structured around key categories of RMIT's Strategic Plan which was considered in the development of future assurance activities. The committee continued to monitor the implementation of long-term strategic change actions.

Finance and Major Initiatives Committee

On behalf of Council, the committee receives and reviews the proposed annual budget of the university, and recommends its adoption by Council. The Committee:

- 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;
- monitors the progress of major programs, initiatives, and projects, and advises Council of any emerging significant issues.

In 2001 the following areas of university activity were amongst those brought to the attention of the Finance and Major Initiatives Committee for its consideration, comment, and recommendation, as required:

- regular financial reports prepared by Financial Services;
- revised RMIT Property Capital Expenditure Projection for 2001-2003;
- work in progress relating to RMIT International University Vietnam;
- work in progress regarding RMIT Technology Estate;
- regular reports from Property Services concerning major building projects within the university;
- work in progress relating to the introduction of the Academic Management System;
- CUB student housing project matters;
- proposed budget parameters for 2002.

Human Research Ethics Committee

The RMIT Human Research Ethics Committee is a committee established by Council. Its primary purpose is 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 guidelines. The Committee monitors projects it has approved via periodic reports and requires the

immediate reporting of adverse event or unforeseen events which may affect the ethical acceptability of a project.

The RMIT Human Research Ethics Committee (HREC) has a membership of seventeen persons. Its membership meets the requirements specified in the NH&MRC guidelines, and includes additional members to advise on particular aspects of research.

The HREC reports annually each July to the Australian Health Ethics Committee. Statistics given below are for that reporting period. From July 2000 to June 2001 the RMIT Human Research Ethics Committee met eleven times. It considered 26 "at risk" proposals and approved 23 of them. Of the remaining proposals 2 were withdrawn and one was denied approval as the committee believed that support arrangements for participants would not be adequate. At the same time the committee endorsed the approval of 96 "minimal risk" projects by various faculty sub-committees.

In the course of its deliberations the committee must be satisfied:

- that a project's research method is adequate and that its objectives justify any possible risk or discomfort to participants;
- that, as far as possible, all risks and ethical issues have been anticipated and that the research is planned with due respect and care for participants;
- that investigators have made contingency plans in case a participant becomes distressed or shows unexpected symptoms;
- that information to be given to participants is fair and sufficient for informed consent; and
- that people's privacy is respected in all phases of the execution and publication of the research.

While its prime objective must be the welfare of participants, the committee also has regard for the safety of researchers.

The committee monitors the projects it has approved via annual and final reports. Where researchers find that changes are necessary to already approved projects, the HREC considers these and may approve amendments.

Researchers are obliged to report any adverse events and unforeseen events, which may affect the ethical acceptability

of a project. Two adverse events were reported this year but both were quite unrelated to the research projects.

Membership Committee

This Committee discharges a number of responsibilities on behalf of the Council of the university with respect to membership of Council. The Committee recommends to Council persons to be appointed by the Council itself, pursuant to Section 7 (2) (i) of the university's Act. The Committee recommends the names of persons to be considered for appointment to Council by the Governor in Council—recommendations that 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.

The Committee recommends to Council from time to time, as required under the university's Act and Statutes, a person to be elected Chancellor of the university, in consequence of a recruitment process previously endorsed by the Council.

Membership Committee met on four occasions in 2001 and discussed a number of matters relating to membership of university Councils in general, as well as matters concerning RMIT's Council. Issues relating to the knowledge, experience, and other qualifications, appropriate for potential external members of the university's Council engaged the attention of the Committee.

Remuneration Committee

On behalf of Council 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. Remuneration Committee resolves matters relating to the employment of members of the Vice-Chancellor's Executive Team.

The Committee met regularly throughout 2001 and dealt with remuneration matters affecting executive and senior staff. The Committee received reports on, and considered, matters concerned with the review of organisational structure within the university, corporate governance, and risk management, in their relationship to the brief of the Remuneration Committee.

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;
- is a source of advice to the Vice-Chancellor on issues relating to planning, quality, and performance within the university.

In 2001 the Committee received, and considered, the university's progressive enrolment report at the outset of the academic year, considered a report on the activities of the Quality Unit, noted progress on the integration of the Balanced Scorecard and the RMIT Excellence Framework (adapted from the Australian Business Excellence Framework), and considered issues relating to RMIT's Learning Technology Services.

The Committee reduced the number of its meetings in 2001 in order to facilitate concentration by its members, and by others connected with the Committee, on the work of three Strategy Groups set up by Council at its retreat early in the year: a Teaching and Learning Group, a Research and Development Group, and a Group concerned with Internationalisation.

Academic Board and Board of Technical Studies

Pursuant to Sections 27 and 28 of the University's Act, the purposes of the Academic Board are to:

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

Pursuant to Section 32 of the University's Act, the purposes of the Board of Technical Studies are to:

- undertake academic oversight of all prescribed programs and courses of

study in technical and further education;

- provide advice to Council on (1) the conduct and content of these programs and courses and (2) the awarding of certificates and diplomas in technical and further education, programs.

In 2001 Academic Board and Board of Technical Studies introduced, following Council's approval, a scheme concerned with quality assurance for research training, and revisions to policy and procedures for higher degrees by research. The Boards also introduced, following Council's approval, a revised and strengthened approach to educational program quality assurance which *inter alia*, was seen as preparing RMIT for future audits to be conducted by the Australian University Quality Agency (AUQA). A new Student Charter was adopted that set out clearly what students should expect from RMIT, and what RMIT should expect of its students. Revised policies for approval of new academic programs, and amendments of existing programs, were considered by the Boards, and forwarded to Council for approval. A number of both higher education and technical and further education programs believed no longer relevant to needs of stakeholders were archived with Council's approval.

Council Members' Attendance at Council and Committees

	Ms Lee Burton	Ms Heather Carmody	Professor Peter Coloe	Ms Colleen Coutts	Ms Evelyn Danos	Professor Ruth Dunkin	Dr Bob Frater	Mr Ross Hepburn	Ms Sue Johnston	Mr Don Mercer	Mr John Mitcham	Ms Natasha Moore	Mr Garry Ringwood	Mr Ian Sapwell	Mr Peter Summers	Mr Peter Thomas	Ms Jane Tonge	Ms Jenny Varcoe-Cocks	Mr Jonathan Wilkinson	Dr Roland Williams
Council	3/7	7/7	6/7	7/7	6/7	6/7	5/7	6/7	7/7	7/7	6/7	6/7	5/7	6/7	4/7	6/7	5/7	7/7	6/7	0/6
Finance and Major Initiatives	-	-	-	-	8/9	9/9	-	9/9	8/9	8/9	-	-	9/9	-	-	-	-	-	8/9	2/9
Audit and Risk Management	-	-	-	-	-	4/4	-	-	-	3/4	-	-	-	-	-	2/4	4/4	4/4	-	-
Remuneration	-	4/4	-	-	-	3/4	1/4	3/4	-	4/4	3/4	-	4/4	-	-	4/4	3/4	-	-	0/4
Planning, Quality and Performance	-	1/1	-	1/1	-	1/1	-	-	-	1/1	1/1	1/1	-	-	1/1	1/1	-	-	-	-

Major external reviews

ISO Audit 12-15 June 2001

RMIT's ISO Quality Assurance System was certified to the ISO 9001:1994 Standard in October 1998. Audits are conducted by Quality Assurance Australia (QAS) every six months to verify that the RMIT Quality System complies with the ISO 9001 standard. QAS audits a representative sample of faculties and corporate areas. The auditor did not find any major non-conformances.

Audit by OETTE of RMIT's compliance to the ESOS (Educational Services to Overseas students) Act

The Office of Employment, Training and Tertiary Education [OETTE] conducted the ESOS Verification Audit on 15-16 October, 2001. The auditor's report acknowledged the progress RMIT had made in implementing the requirements of the ESOS Act 2000, and the effort expended across the university. The report confirmed that, since the first audit, RMIT had improved in some areas, such as policy and procedures, and was fully compliant with the majority of the key

requirements of the Act. However, consistent with the university's internal audit findings, the OETTE audit identified a number of areas for further improvement and/or non-compliance. RMIT has established an ongoing ESOS Working Party to address these issues.

External Faculty and Support Unit Reviews

Three faculty reviews were conducted in 2001: Education, Language and Community Services; Engineering; and Applied Science. Each review involved a panel of external academic managers from related disciplines at the invitation of the Vice-Chancellor. The panels considered a faculty submission including a self-assessment and university-supplied data which they explored further during a visit. This visit included staff, students, industry and research partners. The subsequent review reports and improvement plans were tabled at Council.

During 2001 new Terms of Reference for Faculty and Support Unit Reviews were developed following an evaluation of past processes.

Victorian Auditor-General

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

- 2000 financial statements audit(s) of RMIT and controlled subsidiary entities;
- Review of Victorian TAFE college financial viability; and
- Performance audit of international student programs in Victorian universities.

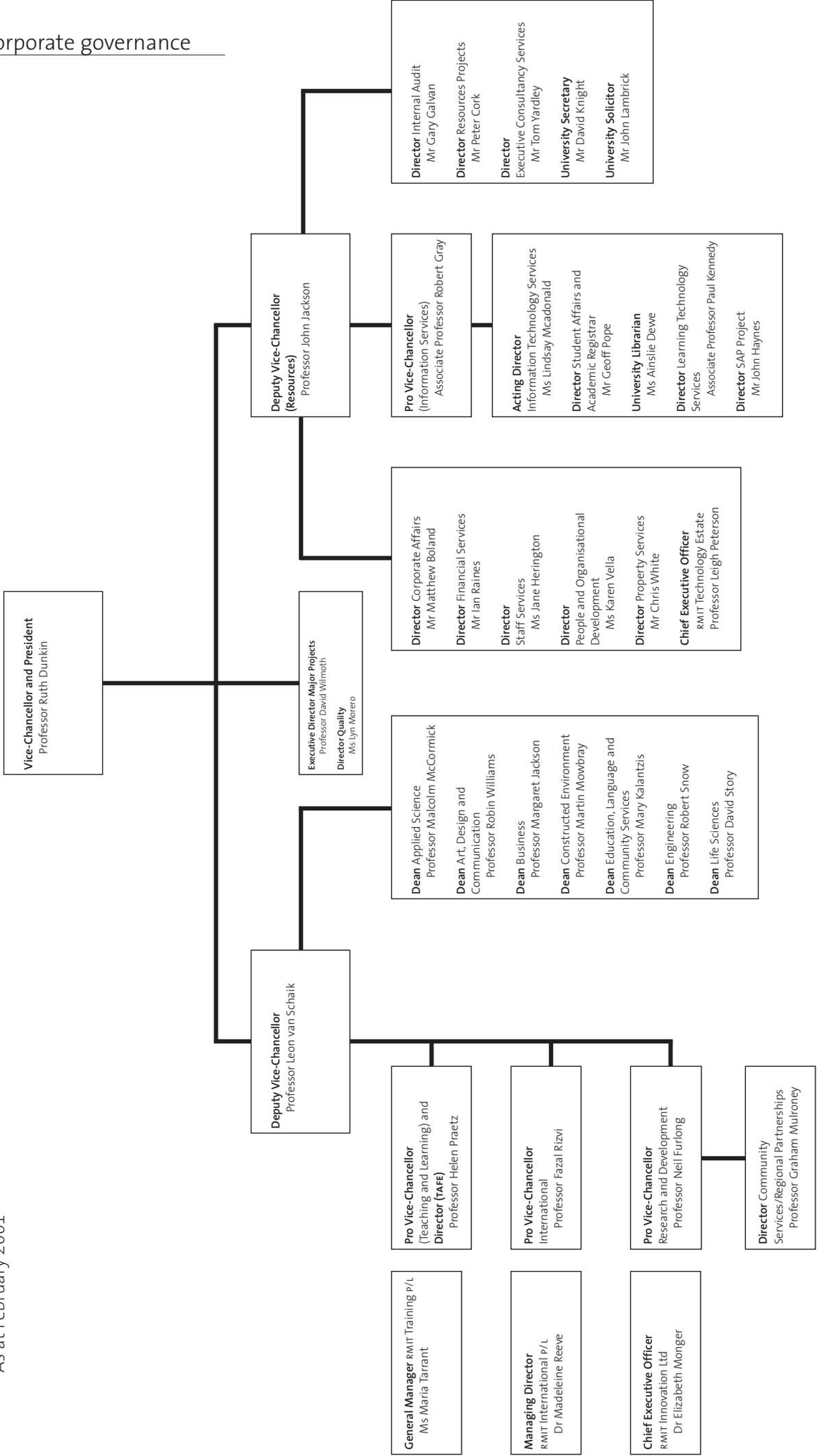
Department of Employment, Education and Training

The Department of Employment, Education and Training conducted the following reviews at RMIT:

- Review of corporate governance in Victorian universities;
- Review of fraud management practices in TAFE colleges; and
- Review of fee concessions.

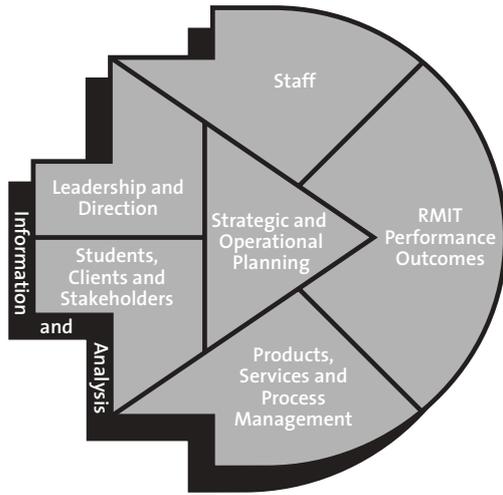
Organisational Summary

As at February 2001

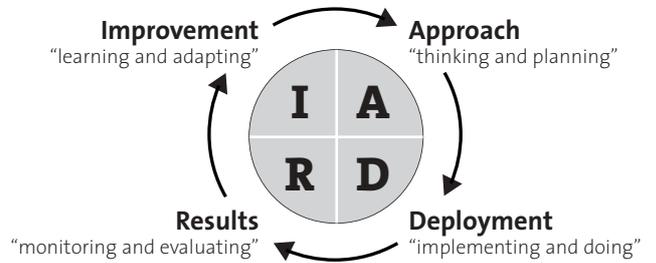


Operational objectives

The university uses a systems approach based on the seven interdependent categories of the RMIT Excellence Framework, adapted from the Australian Business Excellence Framework (ABEF). The categories shown in the framework represent elements of good business practice which, when consistently applied, will deliver successful organisational outcomes over the long term.

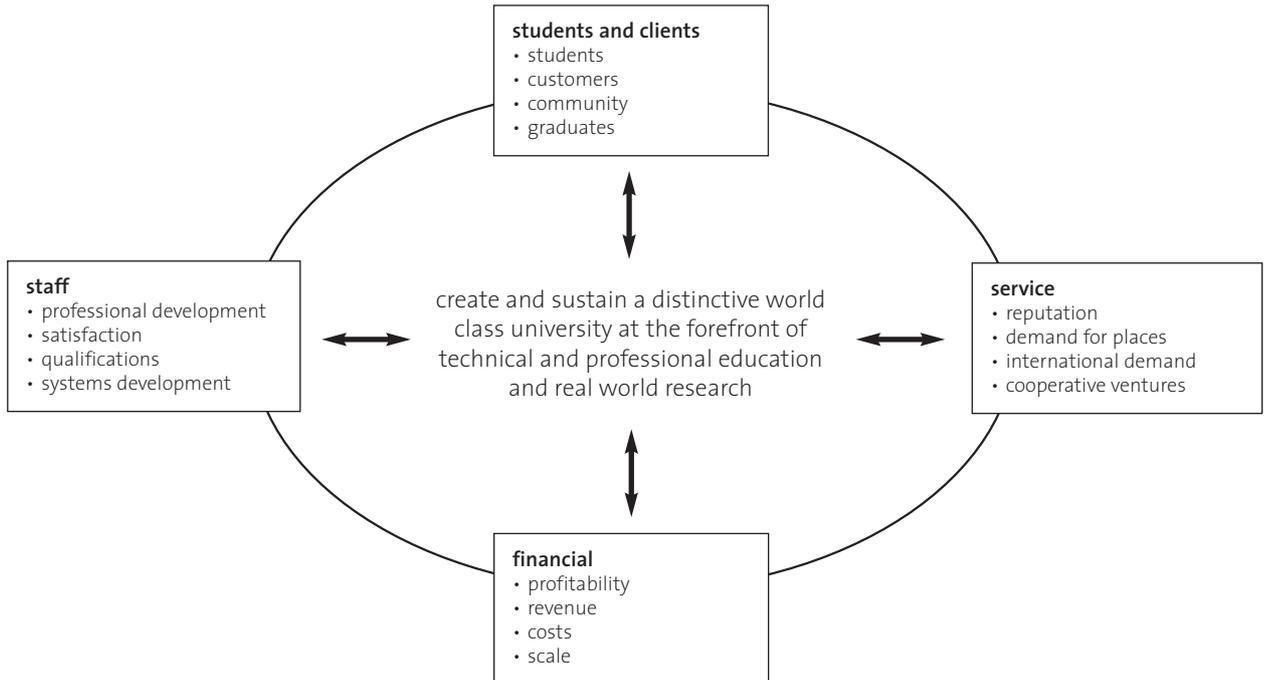


The *Approach-Deployment-Results-Improvement* cycle will be used to drive improvement in all categories.



Measuring performance

The operation of the university will be supported by the development of Balanced Scorecard Reporting—a comprehensive monitoring system to measure performance outcomes in key activity areas...



- new partnerships
- commercialisation
- program structure development
- portfolio of target partners
- equipment and infrastructure investment

Highlights of key outcomes for 2001

Areas of strength

- 2000 graduate employment rates (2001 Graduate Destination and Student Outcomes surveys) higher than national average (HE – 84 percent, VET – 77 percent).
- Equity results strong particularly low socio economic status, non-English speaking background and women in non-traditional areas.
- Faculty of Constructed Environment reported a surplus of \$2.5 million (\$1.7 million over budget).
- Total Commonwealth Grants (Higher Ed) \$6.6 million over budget.
- International student fee income \$102.7 million (\$0.5 million over budget).
- Asset quality - the proportion of 'Satisfactory' buildings increased to 73 percent (from 67 percent in 2000).
- Overall Higher Education total load (EFTSU) target exceeded by 4.8 percent, (although coursework level targets were not met).
- Overall VET total load (SCH) target exceeded by 6.7 percent, (mostly within AQF 3+4 – 17.8 percent).

- VET fee for service load (SCH) exceeded target by 46 percent.
- International onshore and offshore load targets exceeded (Higher Ed onshore – 7.9 percent and offshore – 11.3 percent, VET onshore – 1.2 percent and offshore – 20.4 percent).
- International demand (applications) increased by 23 percent from 2000, with Faculty of Life Sciences and Applied Science increasing 56 percent and 53 percent respectively.
- Further progress on formal Program Quality Assurance procedures continuing (incorporating program renewal).

Areas requiring improvement

- Higher Education Course Experience Questionnaire (CEQ) ratings falling further below national averages (Good teaching 73 percent, Overall satisfaction 85 percent).
- Development of process to measure external client/research partner satisfaction levels required.
- VET overall satisfaction levels stable (53 percent), although well below state and national averages (64 percent and

- 67 percent respectively) despite continued success in graduate employment outcomes.
- Operating revenue \$13.9 million under budget (comprising research grants and contracts – \$7.5 million, state government grants – \$5.5 million, domestic tuition fees – \$5.4 million and commercial activities – \$4.3 million under budget).
- Operating surplus of \$2.8 million, \$23.2 million under budget (Faculty of Engineering \$6.3 million under budget).
- Higher Education Australian fee paying load targets fell short by 15.3 percent.
- Ratio of postgraduate coursework applications to offers continues to decline, from 1.9 in 1998 to 1.4 in 2001.
- Introduction of the Academic Management System (AMS) requiring continued attention.

The Balanced Scorecard

Perspective: Student/Client	1998 actual	1999 actual	2000 actual	2001 actual	2001 target	Benchmark
1.0 Satisfaction						
1.1 Good teaching (HE)	73%	74%	75%	73%	n/a	77%
1.2 Generic skills (HE)	88%	89%	88%	87%	n/a	87%
1.3 Overall satisfaction (HE)	85%	86%	87%	85%	n/a	90%
1.4 Overall satisfaction (VET)	55%	53%	52%	53%	n/a	67%
1.5 Overall satisfaction (clients)	qualitative					
1.6 Satisfaction with imp'n of student feedback (HE)	n/a	n/a	49%	55%	n/a	n/a
1.6 Satisfaction with imp'n of student feedback (VET)	n/a	n/a	57%	46%	n/a	n/a
1.7 Community involvement	qualitative					
2.0 Graduate outcomes						
2.1 % of (HE) graduates in full-time employment	81%	84%	86%	84%	n/a	83%
2.2 % of (HE) graduates proceeding to full-time study	16%	14%	17%	14%	n/a	23%
2.3 % of (TAFE) graduates employed	70%	75%	79%	77%	n/a	73%
2.4 % of (TAFE) graduates in further study	40%	37%	38%	38%	n/a	39%
2.5 Total number of graduates	6,397	6,508	6,932	n/a	n/a	n/a
2.6 Total number of HDR completions	200	272	206	n/a	n/a	n/a
3.0 Student progress						
3.1 Student load progress rate (success) (HE)	87%	86%	87%	n/a	n/a	85%
3.1 Module load completion rate (success) (VET)	79%	75%	79%	82%	n/a	75%
3.2 Net apparent retention rate (HE)	80%	81%	77%	75%	n/a	78%
3.2 Net apparent retention rate (VET)	54%	44%	51%	57%	n/a	n/a
3.3 Grade point average (HE—undergraduate)	n/a	2.02	2.04	n/a	n/a	n/a
3.3 Grade point average (VET)	n/a	1.61	1.68	n/a	n/a	n/a
4.0 Equity						
4.1 4.4 access, participation, success and retention	Refer to 2001 Consolidated Performance Report (available on request—see page 45)					

The Balanced Scorecard, cont'd

Perspective: Financial		1998 actual	1999 actual	2000 actual	2001 actual	2001 target	Benchmark
5.0 Profitability							
5.1	Total assets (\$m)	1,097	1,171	1,215	1,300	n/a	n/a
5.1	Total liabilities (\$m)	336	350	374	392	n/a	n/a
5.2	Proportion of non-government income	38%	45%	41%	43%	46%	50%
5.3	Operating surplus (\$m)	18.9	56.5	18.7	2.8	26.0	surplus
5.4	Ratio of current assets / current liabilities	97%	120%	105%	67%	n/a	> 150%
5.4	Ratio of revenue / assets	34%	36%	35%	35%	n/a	> 45%
5.4	Ratio of external debt / revenue	7%	6%	6%	6%	n/a	< 5%
5.4	Ratio of cash & invest / gov't op grant	24%	24%	14%	5%	n/a	> 20%
6.0 Revenue							
6.1	Operating revenue (\$m)	n/a	415.8	428.0	445.3	459.2	n/a
6.2	Research grants and contracts (\$m)	n/a	16.5	17.8	19.5	27.0	n/a
6.3	International student fee income (\$m)	73.7	86.1	94.2	102.7	102.5	n/a
6.4	Value of commercial activities (\$m)	n/a	17.2	24.3	21.3	25.6	n/a
7.0 Costs							
7.1	Expenditure (\$m)	n/a	359.3	406.5	442.5	438.5	n/a
7.2	Distribution of expenditure by Activity (ABC)	qualitative					
7.3	Asset quality - proportion "satisfactory"	61%	64%	67%	73%	n/a	n/a
8.0 Scale							
8.1	Student load (HE)	EFTSU	23,025	24,250	25,265	26,862	25,637
8.1	Student load (VET)	million hours	6.822	8.531	8.278	8.024	7.508
8.2	Proportion of research load (HE)	EFTSU	4.2%	4.2%	4.4%	4.2%	4.2%
8.3	Student load (COG) (HE)	EFTSU	15,150	15,153	14,923	14,697	14,571
8.3	Student load (SOG) (VET)	million hours	5.372	6.388	5.981	5.708	5.669
8.4	Student load (International) (HE)	EFTSU	6.457	7.335	8.340	9.784	8,950
8.4	Student load (International) (VET)	million hours	1.243	1.645	1.590	1.372	1.270
8.5	Enrolments by field of study	total enrolments	53,665	60,368	60,282	n/a	n/a
8.6	Weighted publications		442	548	510	n/a	n/a
9.0 Service and demand							
9.1	Growth in fee for service places (postgraduate)	n/a	23%	15%	14%	n/a	n/a
9.1	Growth in fee for service places (undergraduate)	n/a	128%	52%	58%	n/a	n/a
9.1	Growth in fee for service places (VET)	n/a	236%	51%	33%	n/a	n/a
9.2	Share of preferences (HE)	n/a	21%	20%	19%	n/a	n/a
9.2	Share of preferences (VET)	n/a	25%	31%	30%	n/a	n/a
9.3	Ratio of postgraduate coursework app's to offers	1.9	1.7	1.6	1.4	n/a	n/a
9.4	Growth in international demand (1st - 3rd pref's)	n/a	n/a	7%	23%	n/a	n/a
Perspective: Staff		1998 actual	1999 actual	2000 actual	2001 actual	2001 target	Benchmark
10.0 Staff profile							
10.1	Staff distribution (FTE)	n/a	2,981	3,238	3,261	n/a	n/a
10.2	Proportion of general staff (FTE)	n/a	48%	51%	51%	n/a	n/a
10.3	Proportion of part-time staff (FTE)	n/a	12%	12%	12%	n/a	n/a
10.4	Proportion of women (FTE)	n/a	42%	47%	47%	n/a	n/a
10.5	Proportion over 40 years of age (Headcount)	n/a	65%	64%	64%	n/a	n/a
10.6	Proportion over 5 years of service (Headcount)	n/a	40%	46%	47%	n/a	n/a
11.0 Staff satisfaction and health							
11.1	Staff satisfaction	qualitative					
11.2	Staff separation rate	n/a	13%	14%	12%	n/a	14%
11.3	Average workdays lost per OH&S incident	n/a	72	35	40	0	25
12.0 Staff development							
12.1	Staff workplans	qualitative					
12.2	Staff development hours per FTE	n/a	n/a	36	n/a	n/a	27
12.3	Proportion of remuneration on staff development	n/a	1.5%	1.5%	1.5%	n/a	1.4%
12.4	Proportion of staff with a qualification	n/a	n/a	87%	79%	n/a	n/a
12.5	Staff scholarship outcomes	qualitative					
Perspective: Internal process		1998 actual	1999 actual	2000 actual	2001 actual	2001 target	Benchmark
13.0 Internal process							
13.1	BPR and system development	qualitative					
13.2	Academic policy	qualitative					
13.3	Quality audits and reviews	qualitative					
13.4	Enrolment and timetabling	qualitative					
13.5	Program and course renewal	qualitative					
Perspective: Investment in the future		1998 actual	1999 actual	2000 actual	2001 actual	2001 target	Benchmark
14.0 Investment in the future							
14.1	Development of new products / services	qualitative					
14.2	Involvement in innovative activities	qualitative					
14.3	Equipment and infrastructure investment	qualitative					
14.4	Cross faculty initiatives	qualitative					
14.5	Highlights of key outcomes	qualitative					

Workforce data

Total staff: full time equivalent (FTE) at 31 December 2001

Category	Total FTE		Female FTE		% female		% change	
	2000	2001	2000	2001	2000	2001	99-00	00-01
Academic	929	986	317	345	34	35	3	9
Teaching	511	506	163	175	32	35	39	2
General	1552	1621	953	954	61	59	17	0.1
Executive	98	91	18	22	18	24	-5	7
Total	3090	3205	1451	1496	47	47	15	3

Employment processes

During 2001, the university successfully implemented three enterprise agreements covering its academic staff, general staff and TAFE teaching staff. Each of the agreements is closed and comprehensive in terms of subject matter covered, with nominal expiry dates between January 2003 and June 2003.

The university successfully applied for salary supplementation under s15 of the Higher Education Funding Act 1988. In order to achieve the funding, the university needed to demonstrate a commitment to workplace reform by complying with the federal government's criteria for first round funding. The university's successful submission detailed significant initiatives that the university has introduced via its enterprise agreements, policies and procedures which have allowed it to increase flexibility, efficiency and other improvements in management and administrative practices.

The university has also completed its application for second round funding and is currently awaiting the federal government's response.

The university developed comprehensive guidelines regulating the use of TAFE teaching staff that are to be engaged on a fixed-term basis. These guidelines include criteria for the use of fixed-term employees and a conversion for existing eligible TAFE employees on fixed-term employment contracts to continuing employment.

There was no time lost due to industrial action in 2001.

A working party of management and union representatives was convened to:

- examine measures to increase the compliance of the work planning and performance review processes;
- develop measures to identify work allocation issues within work units, and between individuals, and develop proposals for the resolution of these issues;
- introduce a performance review system for TAFE teaching staff.

Discussion on these matters is continuing.

Policies and procedures are being reviewed in order for the university to comply with the Australian Quality

Training Framework standards for the national vocational education and training system

Family-friendly flexibilities will ensure that staff are supported, remain committed to the organisation and work in an enriching and stimulating environment.

Streamlined redundancy provisions enable the university to implement efficient and effective management practices.

Rationalised and common conditions of employment, and leave provisions tailored to the business needs of the university, enable the implementation of efficient and effective management practices.

A number of processes, which are essential to achieving the university's strategy to attract and retain highly skilled and motivated staff, are excluded from enterprise agreements and managed through organisational policies. These include:

- incremental advancement;
- academic promotion scheme;
- easing into retirement scheme.

Earnings of general staff

2001	>\$30,000	>\$40,000
Female %	79	21
Male %	58	42

Principles of conduct

In May 2001 Council approved a Conflict of Interest policy. The policy was developed to help staff avoid potential conflict situations and therefore protect themselves and the university. The policy applies to all staff—full-time, part-time, casuals and sessionals.

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;
- provide responsive service.

Examples of key policies and agreements:

- code of ethics;
- various clauses in enterprise agreements;
- cultural diversity and anti-racism policy;
- equal opportunity;
- grievance procedure;

- general responsibilities of staff;
- conflict of interest;
- outside activities;
- sexual harassment.

Policies, procedures and enterprise agreements are intranet-accessible via RMIT's People Services web site <http://www.rmit.edu.au/ps/policies>.

Occupational health and safety

During 2001 the number of work-related injuries/incidents reported by staff, students and contractors at RMIT increased from 301 to 321 recordable cases. Of the 321 incidents reported, 24 resulted in lost time while three were reported to the Victorian WorkCover Authority due to the seriousness of the accident.

RMIT received 75 new WorkCover claims for 2001. This compares to 74 claims recorded for the year 2000. Despite this minor increase, the university's WorkCover Premium for the last financial year decreased significantly due to good claims management and effective return to work programs.

Acknowledging the importance of having an integrated health and safety approach across all areas of the organisation, the university introduced and enhanced the following programs and systems:

- establishment of seven Faculty and two Resources based OH&S Committees;
- finalisation of the university's Designated Work Group structure and the appointment of 75 new and existing health and safety representatives;
- introduction of a new risk assessment process that ensures the effective identification, assessment and control of workplace hazards;
- staff training in the areas of emergency preparedness, issue resolution, manual handling and first aid.

Organisational health measures

	2001	2000
Separation rate	12%	14%
Work days lost due to sick leave (<i>days per 100 days</i>)	4.86	2.47
Incident Rate	1.78	0.65
Average time lost per incident (<i>days</i>)	40	35

Access and equity

In 2001 the newly structured People Services established a Case Management Team to effectively deal with complaints under various legislative and policy frameworks.

People Services dealt with 44 complaints relating to discrimination. Only one complaint was lodged with an external organisation and was declined for lacking in substance.

Training sessions were conducted for staff in equal opportunity and compliance issues relating to equal opportunities for women in the workplace as well as compliance with State and Federal legislation and the responsibilities and rights of staff and students under RMIT's anti-discrimination policies and procedures.

RMIT University has adopted the following policies that reflect Commonwealth and State legislation and offer staff a safe and discrimination free environment:

- Equal Opportunity Policy;

- Cultural Diversity & Anti-Racism Policy;
- Sexual Harassment Policy.

These policies offer staff and students a confidential, impartial process to deal with complaints.

Brochures and posters were widely distributed and details of the policies were also contained in university handbooks.

Equal opportunity for women in the workplace

In 2001 RMIT University was named "Employer of Choice for Women" by the Federal Equal Opportunity for Women in the Workplace Agency (the Agency).

The university was one of only 55 Australian companies and one of five universities in Australia to receive the award. The university was also granted a waiver from reporting for a period of two years. The award allows the university to use the citation: "Employer of Choice for Women" in its recruitment and promotional material.

The Agency congratulated the Vice-Chancellor on the development and implementation of a workplace program that is having a positive impact on women in relation to employment matters.

The Agency advised RMIT University that it received the award on the basis that it complied with the *Equal Opportunity for Women in the Workplace Act 1999* and fulfilled the following criteria:

- the university has policies in place that support women across the organisation;
- the university has processes that are transparent;
- the university has strategies in place that support a commitment to fully utilising and developing its people (including women);
- the university educates its employees, including supervisors and managers on their rights and obligations regarding sex-based harassment;
- the university delivers improved outcomes for women in the business.

Academic staff by gender and level, December 2001

Gender	Level A		Level B		Level C		Level D		Level E	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
Female %	54	51	38	38	29	31	21	26	21	21
Male %	46	49	62	62	71	69	79	74	79	79

Women in management

Category	Total		No. of women		% female		% change	
	2000	2001	2000	2001	2000	2001	2000	2001
Executive service	98	92	18	23	18	25	-14	3
Professor	81	81	14	14	17	17	0	-2
Assoc Professor	116	116	22	30	19	26	-27	6

General staff by gender and HEW level

	% female	
	2000	2001
HEW 1	74	38
HEW 2	85	83
HEW 3 JR	66	59
HEW 4	75	77
HEW 5	62	62
HEW 6	61	60
HEW 7	52	54
HEW 8	45	44
HEW 9	44	48
HEW 10	50	47

Higher Education student equity indicators

Student group:	Ref. Value Access	Year	Access	Participation %	Retention	Success
	Ref. Value			1.00	1.00	1.00
Low socio-economic status < 25 years	17.0%	1999	18.62	0.54	1.02	1.00
		2000	18.33	0.52	1.02	0.99
		2001	18.02	0.50	1.00	0.97
Low socio economic status > 25 years	17.0%	1999	14.17	0.41	1.00	0.95
		2000	14.09	0.42	0.99	0.98
		2001	15.90	0.42	1.03	1.00
Non-English speaking background	Aust. 4.8% Vic. 5.5%	1999	5.86	1.04	1.01	0.93
		2000	6.08	0.84	1.02	0.93
		2001	6.17	0.91	1.00	0.94
Aboriginal and Torres Strait Islanders	Aust. 1.7% Vic. 0.4%	1999	0.11	0.23	0.77	0.92
		2000	0.25	0.28	0.71	0.94
		2001	0.23	0.40	0.86	N/A
People with disabilities	4%	1999	2.43	0.64	0.97	0.93
		2000	2.38	0.63	0.93	0.93
		2001	2.21	0.67	0.97	0.92
People from rural areas	Aust. 24.3% Vic. 23.7%	1999	10.91	0.42	1.05	1.04
		2000	10.08	0.42	1.06	1.04
		2001	11.26	0.42	1.02	1.03

Research and development

As one of Australia's leading technology universities, RMIT's goal is 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.

The university's research planning and investment are tailored to significantly enhance the impact of research under the following Virtual Research Institutes (VRIs):

- 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.

The following is a sample of the many research and development projects and achievements undertaken at RMIT University during 2001:

Premier launches new bioscience research and teaching facilities

The official opening of the \$32 million Bioscience Building by the Premier of Victoria the Hon Steve Bracks in June represents RMIT University's commitment to strengthening research, development and teaching of biotechnology and medical sciences in Victoria. The purpose-built Bioscience Building at Bundoora in Melbourne's northwest brings together up-to-date facilities, resources and expertise with opportunities for interchange and collaboration between students, staff and industry.

Spatial and Sonological Information Laboratory

RMIT received over half a million dollars of federal government funding to establish a Spatial and Sonological Information Laboratory. The laboratory will be a facility where researchers from diverse design disciplines representing the visual, aural, digital and physical aspects are co-located, and where the disciplines themselves will be able to converge. The laboratory will also provide a focus for collaborators outside of the university who are interested in pursuing design-related research.

Success for Australian IT technology

RMIT University has successfully secured ongoing research and development funding for its Structured Information Manager (SIM) database technology under a new agreement with US Fortune 500 company, Science Applications International Corporation (SAIC) to exclusively sell the product in North America and Europe.

The university has negotiated for the intellectual property to remain in Australia with all research and development being contracted back to its research centre that developed the product, RMIT Multimedia Database Systems.

Affordability of housing in Australia

Buying a house—and even renting close to major cities—has become unaffordable for most of Australia's low income earners, according to a study which documents a dramatic rise in the percentage of low income households paying more than 30 percent of their earnings for housing. This is one of the findings of a three-stage study released by the Australian Housing and Urban Research Institute (AHURI) in association with AHURI's RMIT research centre.

Business/Higher Education Round Table award

RMIT has won the Business/Higher Education Round Table (BHERT) Award for "Outstanding Achievement in Collaborative R&D involving a Co-operative Research Centre". The award is for a project involving the design of highly competitively priced and efficient control surfaces—the parts of the aircraft that allow it to manoeuvre. The project was undertaken as a partnership between RMIT, Hawker de Havilland, Hexcel Composites and the CRC for Advanced Composite Structures who are looking to secure a role for Australia in the design and manufacture of control surfaces

Federation Bells

Acoustic designer Dr Neil McLachlan and sculptor Anton Hasell have created a series of true harmonic bells. The unique design of the bells, which were subject to extensive computer modelling, results in a clarity of tone exceeding anything previously created. The bell designs are currently being patented in the US and Europe. Thirty-nine of the bells were used in the Federation Field of Bells, a contemporary sculptural sound installation.

Omega-3 fatty acids deficiency and high blood pressure

RMIT research suggests that a deficiency in omega-3 fatty acids early in life can lead to high blood pressure later on. The research was conducted on a species of rats with very little predisposition for hypertension, with animals raised on diets either deficient or adequate in omega-3 fatty acids. Half way through the research some of those raised on the omega-3 fatty acid diet were swapped to the deficient diet and vice versa, to test if restoring the body with omega-3 fatty acids later in life had a positive effect.

The group raised on omega-3 fatty acids had significantly lower blood pressure than those raised on the omega-3 deficient diet. Details of the study were published in the March edition of the prestigious scientific magazine, *Nature Medicine*.

RMIT University Aquaculture Research Facility

A new \$150,000 research facility that will enhance studies into the marine and freshwater ecosystems of the East Gippsland Lakes and assist development of new aquaculture industries was opened in April. The RMIT University Aquaculture Research Facility, based at SEAMEC (South East Australia Maritime Education Centre) in Lakes Entrance, will allow RMIT University researchers to work on projects over the next few years that respond to the issues and needs of the region.

Advanced aircraft propeller design

An advanced aircraft propeller from RMIT University was a finalist in the \$100,000 National Engineering Innovation Competition. The propeller can be designed for a range of aircraft and allows significant improvements to the performance of the aircraft. Preliminary analysis, validated with experimental testing, indicates it has the potential to reduce noise levels compared to existing propellers and will also help achieve improved fuel efficiency.

\$4m state government funding for Research and Education Centre

During May the state government announced \$4 million in funding for a research and education centre, to be built on Bullock Island in Lakes Entrance. The centre is a partnership project between RMIT University and the East Gippsland Institute of TAFE and will house flexible learning spaces, an on-line

collaborative learning space, teaching and research wet laboratories, information and resource areas, external tanks to hold laboratory specimens, a meeting cum tutorial room, office and preparation, storage and workshop areas.

\$900,000 equipment donation

RMIT University received a donation of \$900,000 in mass spectrometry and liquid separation equipment from Agilent Technologies. The equipment will be used for a range of support facilities for research projects. These projects will cover industrial and environmental analysis including drug and essential oil analysis, water, wastewater and industrial chemical analysis.

Victorian Community History Award

Warik Lawrance won first prize in the Victorian Community History Award and a winner's cheque for \$5,000, for his CD-ROM *1864. 1864* uses advanced, interactive, 3D computer graphics which allow users to walk down Collins Street, Melbourne as it appeared in 1864. Warik began *1864* as a research project whilst studying Electronic Design and Interactive Media and was later invited to continue working on the project at RMIT's Ideas incubator. *1864* is the first CD-ROM to win the top Victorian Community History Award.

2000/2001 Summer Research Scholarships

During the 2000/2001 summer break over thirty 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, from DNA vaccine delivery, to aquaculture and the application of digital imaging in law enforcement.

Over \$2 million in funding from the Australian Research Council

The Australian Research Council (ARC) awarded over \$2 million in project funding to a number of RMIT researchers in 2001. This includes 16 ARC Linkage projects involving commercial partners.

Research publications

A collection of publications for the year 2000, conducted in early 2001, showed that RMIT researchers contributed to over 650 research publications, including edited books, book chapters, articles in scholarly refereed journals and papers in refereed conference proceedings.

New technology to make horse riding a safer sport

Working together, Bostock Developments and RMIT University mechanical engineering researchers produced what they believe is a world first two-piece equestrian stirrup with a bi-directional mechanism that will ensure the foot releases from any position in the event of a fall.

Japanese National Aerospace Lab research award

The Japanese Government awarded Associate Professor Murray Scott (Department of Aerospace Engineering) the Foreign Specialist Research Award at the National Aerospace Laboratory in Japan.

RMIT Research Centres

- Centre for Advanced Technology in Communications
- Centre for Applied Social Research
- Centre for Design
- Centre for International Research on Communication and Information Technologies (CIRCIT)
- 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

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

Research highlights 2001

RMIT research highlights are published in more detail at: <http://www.rmit.edu.au/departments/rd/highlights>.

International activities

In 2001, RMIT's international activities continued to extend in scope and location. The scope of offshore award provision has extended to include partnerships with transnational corporate entities such as AXA Insurance, where RMIT validates and accredits in-house training of financial advisers, and the Mandarin Oriental Hotel Group, where senior managers will be accessing RMIT programs up to MBA level.

The very successful MBA (Aviation Management) program that has been offered in China since 1998, will now also be delivered in Taiwan through two partners—the China Institute of Technology and as an in-house program to senior managers of China Airlines Ltd.

RMIT has entered into a new partnership with Nanhai Normal School to deliver the Diploma of Business and English language training through CELL. Much of the provision is on-line, as Nanhai is one of China's "digital cities".

Successful mature partnerships have also been nurtured. In 2001 our agreement with Singapore Institute of Management, RMIT's offshore partner, was renewed for a further 10 years and a new program, the Masters of Project Management, was introduced. More than 3,000 students access RMIT award programs through SIM.

RMIT's commitment to internationalise its curriculum and student experience was maintained in 2001 by a scholarship program of almost \$2 million that included scholarships for international onshore students and a large number of travel grants for RMIT students to travel offshore on student exchange and clinical placements to institutions in many parts of Asia, North and South America, Europe and the Middle East. More than 150 students accessed work placement opportunities overseas with firms such as Bosch, Siemens and Bayer and over 500 travelled on short study tours to locations significant to their programs of study.

RMIT's 2001 offshore graduations in Malaysia, Hong Kong, Singapore and Wuhan, China further underlined the university's position as an international university, committed to its international students. Numerous seminars and lectures related to internationalisation and the globalisation of education, particularly the *Knowledge Economy and the Internationalisation of Higher Education* lecture series, were hosted or supported by RMIT. These disseminated research on internationalisation and enhanced understanding of the issues pertaining to internationalisation and globalisation among the university's staff, students and the wider community.

In 2001, the Australian federal government introduced legislation aimed at regulating the delivery of education and training to international students in the Education Services for Overseas Students (ESOS) Act. Concurrently new visa regulations were put in place for international students. The university has responded with a review of its procedures and practices related to international onshore students. Procedures have been systematised and guidelines developed for students and staff.

Subsequently RMIT's international student programs were audited by the state government instrumentalities: the TAFE programs by the Office of Employment, Training and Tertiary Education (OETTE); the higher education programs by the Victorian Auditor General's Office.

Returns from international operations

In 2001, RMIT International Pty Ltd continued to show growth in total revenue achieving an increase of 13.8 percent (\$1,828,329) on the previous year. The 2001 earnings of \$15.05 million included \$7 million from international projects, representing an increase of 18 percent on 2000 earnings from projects.

RMIT International Pty Ltd returned \$76 million in international student fees to the University for the period January – October 2001 (for the last quarter of 2001 the University collected student fees directly through the new student management system, AMS).

Overseas visits

As part of RMIT's on-going commitment to offshore partners, various members of Chancellery visited strategic partners with a view to:

- discussing delivery of current programs;
- discussing new initiatives;
- reviewing agreements; and
- attending anniversary and alumni celebrations.

Among the destinations RMIT staff visited:

- Singapore Institute of Management in Singapore
- Metropolitan College, University of Technology MARA, Lim Kok Wing Institute and Malaysian Institute of Management in Malaysia
- Nanhai International Business School and Wuhan University of Science and Technology and Shanghai Institute of Foreign Trade in China

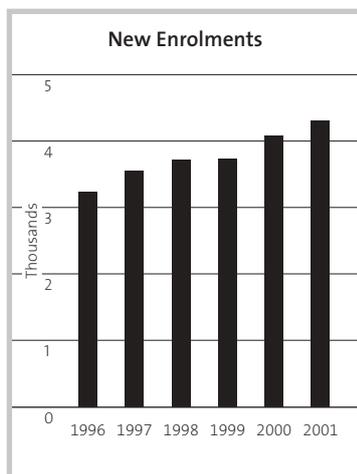
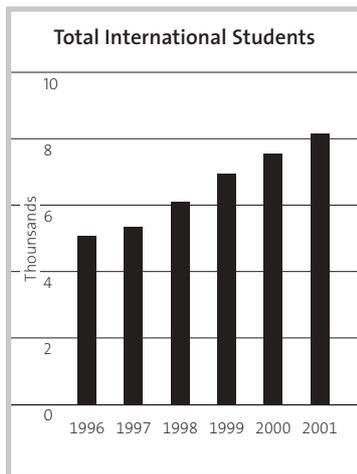
Student enrolments

Total onshore international student numbers in 2001 increased by seven percent to 8,239.

The majority of onshore growth occurred in mostly non-traditional markets such as the United States, where the number of US students in 2001 was 3.6 times their number in 2000 (i.e. 94 students in 2001 compared with 26 in 2000).

Other key growth areas in 2001 compared with 2000 were China (+52%), Mauritius (+38%), Japan (+36%), United Kingdom (+35%), Korea (+22%), and India (+20%).

A seven percent increase in new enrolments of overseas students in 2001 lifted the number of new students to 4,355: a record for the university. In 2000, the number of new students increased by 8.3 percent to 4,037.



Promotional activities

Corporate Affairs

The Corporate Affairs 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.

Corporate Affairs undertakes a diverse range of activities to promote and market the university externally, including undertaking advertising campaigns, promoting RMIT and its academics to the media, publishing and distributing academic program guides, liaising with State and Federal Government departments, and managing website content.

All media releases issued by Corporate Affairs in 2001 are listed at <http://www.rmit.edu.au/news/mr2001>.

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

The events listed below are some of the key activities undertaken to develop community awareness of RMIT and the services the university provides. These events attracted significant media coverage and widespread support from industry, government and the community.

Open Day

Between 35,000 and 40,000 visitors attended RMIT University's Open Day held across all campuses on Sunday 12 August 2001. This once-a-year activity is held to welcome, educate and inform prospective students about the range of RMIT's programs. Fine weather helped instil a carnival-like atmosphere to the displays held in marquees and stalls and enlivened by coloured balloons and a variety of street entertainment.

The city campus received the largest crowds and the Business Faculty alone hosted 10,000 visitors. The Bundoora campus was visited by 6,000 people and Fishermans Bend welcomed more than 1,000. Free buses provided transport between the campuses.

Postgraduate opportunities

October 2001 was Postgraduate Month at RMIT University. As part of the month-long program, faculties presented lectures and information sessions

designed to attract prospective students to postgraduate study. New programs were highlighted and academic staff introduced to interested audiences. The Business faculty and Schools of Social Science and Planning and Computer Science and IT were among those to schedule information evenings.

An RMIT International Student Information Day, also held during October, drew enquiries about postgraduate study from an international audience.

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

Schools Bulletin

The Schools Bulletin is produced four times a year, to coincide with secondary school terms, and is posted to all Victorian secondary schools.

The publication provides Careers Advisers with information about RMIT University and its programs, assisting them to advise and counsel their year 12 students.

Faculties and departments are invited to submit articles for inclusion in the bulletin. Items of interest include:

- New programs
- Scholarships information
- Changes to program structures and application procedures
- Events aimed at secondary school students
- Student achievements, interesting work placements or topical undergraduate research.

Building openings and namings

During July 2001 the Premier of Victoria Steve Bracks officially opened a \$32 million Bioscience Building at RMIT's Bundoora Campus. The building brings together up-to-date facilities, resources and expertise in biosciences and creates greater opportunities for interchange and collaboration between students, staff and industry.

The Department of Applied Chemistry's new laboratories, offices and facilities were opened by the Honourable Lynne Kosky, Minister for Education and Training on 1 August. Standing on Bowen Street in the city since 1931, the

Department's new laboratories, offices and facilities were renovated and expanded at a cost of \$14 million.

Corporate publications

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

- Alumni magazine
<http://www.alumni.rmit.edu.au/magazine>
- Annual Report 2000
<http://www.rmit.edu.au/annualreport/2000>
- Brochures and handbooks describing TAFE, bachelor degree and postgraduate programs
<http://www.rmit.edu.au/academic/programs>
- E-mail News, a weekly newsletter for RMIT staff
<http://www.rmit.edu.au/news/e-mailnews>
- Experts Guide
<http://www.ca.rmit.edu.au/expert/>
- Handbooks describing short (non-award) courses
<http://www.rmit.edu.au/shortcourses>
- Openline, a newspaper for staff
<http://www.rmit.edu.au/news/openline>
- Organisational summary
<http://www.rmit.edu.au/org-summary>
- Promotional material for Open Day, student orientation and staff induction
- Schools Bulletin, a quarterly newsletter for secondary school careers teachers
- Staff and Student Handbook
- Strategic Plan
<http://mams.rmit.edu.au/8j3r5sls8ase1.pdf>
- Student Diary
- Staff Diary
- What's on @ RMIT web calendar
<http://www.whatson.rmit.edu.au/>

The university's web site

(<http://www.rmit.edu.au>) provides comprehensive information about various aspects of RMIT's operations. Significant sub-sites include:

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

Copies of printed and electronic publications are available from:

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

Community and regional partnerships

The university aims to be an active and valued member of the communities in which we operate. We aim to achieve this through:

- extending our involvement with communities, industry, schools and local government in regions; and
- establishing with community groups cooperative projects and programs that articulate to learning, research and innovation.

Inner Melbourne

- The *whereveruni* project, launched and implemented an informal ICT training programme for socially marginalized people in two community locations, the Salvation Army Urban Heart Mission in the CBD and a recovery centre in Korumburra.
- The Melbourne Youth Learning Opportunities (MYLO) trialled a learning model in partnership with the Salvation Army which attracted forty young people from the CBD. The young people produced a magazine, *Keep Walking*, during the sixteen week trial.
- A new partnership between the City Interactive Education Coordinated Area Program and the Department of Aerospace Engineering produced the Space Science Mentoring Program which sent young engineers into schools in inner Melbourne to facilitate exciting experiments in rocket science.
- The CBD Pathways project facilitated pathways development for thirty young people who were in need of mentoring and support in moving from school education into further education or employment.
- The *Wok & Roll* competition, which started as a hospitality activity for our visitors from the regions during World Week has extended into an RMIT University community development activity. Involvement included 24 teams (RMIT staff, students and partner organisations) and five judges with sponsorship from Rice Growers Australia.

Northern Metropolitan Melbourne

- RMIT continued to collaborate with other education providers, local government and industry to address the region's development priorities through networks like NIETL/NorthLink and the Northern Area Consultative Committee. Projects in 2001 included assistance for small to medium enterprises to improve their effectiveness and export capacity through benchmarking and quality processes.

- Innovative approaches to career education and skill shortages are continuing to develop through the Industry Leadership Model for School to Work Transition. Partnerships have been built between schools in Whittlesea and Darebin and the Northern Stainless Steel Skills Development Group.
- The Whittlesea Township Project, a new Whittlesea Youth Commitment project, developed a collaborative model for delivery of a program to address the needs of potential early school leavers. Partners are Whittlesea Secondary College; Kangan Batman Institute of TAFE; Northern Melbourne Institute of TAFE; an ACE provider, The Centre, Wangaratta; and Whittlesea Council. Outcomes for the young people involved were good with 50 percent electing to return to school with renewed commitment, and the other 50 percent either in work or actively seeking work.

East Gippsland

The highlight of 2001 was the announcement of \$4 million funding from the Victorian government's Growing Victoria infrastructure investment reserve for the development of a Research and Education Centre focusing on environmental issues affecting the Gippsland Lakes.

The Research and Education Centre is an extension of RMIT's partnership with East Gippsland Institute of TAFE. The Centre will house an expanded and integrated research and development program, increased education programs for the East Gippsland region particularly in environmental sciences, activities for international students and complementary program, including summer schools, conferences and seminars, short courses and partnerships with local schools.

RMIT's work in East Gippsland continues to respond to strong community concern for the sustainability of the estuarine and wilderness environments of the Gippsland Lakes, and for the regional industries that interact with these environments. The cohort of 18 research scholarship students continued to progress their research into the Gippsland Lakes environment. The Masters of Education cohort also continued successfully. Collaboration between Forestech and RMIT Furniture Design included student

visits to local milling, processing and manufacturing operations.

Hamilton

- The Australian National Training Authority (ANTA) selected the Southern Grampians Shire as one of ten sites for its National Learning Community Project. RMIT has been funded to produce a case study of Southern Grampians Shire which will be published as a guide for other communities around the country.
- During 2001 RMIT delivered programs ranging from TAFE Certificate to PhD level in Hamilton. These programs include:
 - Traineeships in aviation and multimedia;
 - Koori-specific programs in garment construction and health and community care;
 - Training in Civil Construction for the Shire of Southern Grampians;
 - Bachelor of Nursing—45 students including a new intake of 27 students. All of the first year's cohort progressed successfully to the next stage of their program;
 - Masters of Education—30 students enrolled;
 - PhD projects at the Pastoral and Veterinary Institute.
- In November, the "Local Partnerships for Global Pathways" seminar brought together over eighty RMIT staff and community members to discuss collaborative responses to local issues, including graduate attraction, information services and community engagement. Each workshop developed an action plan to be pursued in 2002.
- Emeritus Professor David Knowles took up the new position of Head, RMIT Hamilton in October 2001.
- Associate Professor John Martin was appointed as Director of the RMIT's Centre for Regional and Rural Development. The Centre, within the School of Social Science and Planning, will conduct and broker major research in areas critical to regional and rural development; develop methodologies for partnerships at the local level to address regional and rural development; and facilitate research collaborations and partnerships with other organisations and groups in regional and rural Victoria.

Other regions

- Regional Learning Networks won a further \$160,000 from the state

government to continue its Victorian Flexible Learning Network, LearnLinks. This is a learning partnership between RMIT faculties and a range of Adult and Community Education (ACE) providers to deliver a range of accredited courses online and flexibly at local access points. Since the end of 1998 this project has attracted over \$700,000 in funding from both state and commonwealth government.

- Regional Learning Networks undertook learning needs analysis projects in Buloke, Horsham and Daylesford ACE Cluster.
- Supported professional development of

staff in ACE and TAFE using the TAFE Virtual Campus Platform, developing a short course in e-moderation (using a \$30,000 grant from TAFE Frontiers), participating in the TAFE frontiers Strategic Professional Development Advisory Committee, and in conjunction with NMIT sponsoring a national tour of speaking engagements and workshops presented by international expert in virtual topics, Dr John Gundry.

- A new six-credit Context Curriculum subject, "Community Links", was offered for the first time. The course involved the students each working on a community project. The projects were conducted

with three schools: Birchip P12, Tyrell College, and Culgoa Primary.

- RMIT developed community partnerships in Vietnam and India throughout the year. The RMIT Vietnam campus collaborated with the Loreto Vietnam-Australia Program, analysing local training needs and opportunities against emerging community needs. The work focuses on providing poverty alleviation, capacity building and enterprise training. In India, a community-based research by project cluster is being developed using alumni relationships and in collaboration with Indian universities.

Buildings and maintenance

All maintenance work and 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 program approved by the University Council. The allocation for this in 2001 was \$7.2 million.

Building works 1999 – 2001

Type of work	1999	2000	2001
Projects certified for approval	24	16	66
Works in construction and the subject of mandatory inspections	4	6	8
Occupancy permits issues	12	32	45

Space quality and deficiency ratings of RMIT buildings, 1999 – 2001

Category—indicator	Percentage of buildings		
	1999	2000	2001
S—Satisfactory, require periodic maintenance	64%	67%	73%
A—Require expenditure up to 25% of capital replacement value	11%	28%	23%
B—Require expenditure of 24-50% of capital replacement value	23%	4%	3%
C—Require expenditure of > 50% of capital replacement value	2%	1%	1%
D—Unsatisfactory: require demolition	0%	0%	0%

Freedom of information

Categories of document

Subject files

The university's Central Registry filing system contains policy and procedural files dated up to and including 1990, arranged by subject. Central Registry files after 1990 hold documentation on particular areas such as committees, course/program management and some executive matters.

A decentralised system in the TAFE sector contains policy and procedural files arranged by subject. A decentralised classification system for TAFE files, with local control, was discontinued in 1990.

After 1990, subject files were decentralised and became the responsibility of faculties, administrative groups and other business centres of the university.

Personal files

The People Services group holds a file for each member of staff, documenting her or his relationship with the university. Student Administration holds

a file for each student, documenting the student's relationship with the university. Local staff and student files, while not duplicating documents held centrally, are held in relevant academic and administrative sections.

Computer records

Core information concerning university administrative functions is held by the Resources section on various databases on the HP3000 and the SAP system, and supplements the information held in hard copy series.

Archival material

Large numbers of documents dating from the founding of the organisation are preserved in the university archives.

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

Published material (guides, procedures et cetera) 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

Documents to which access is granted may be inspected between 8.30 am and 5.30 pm Monday to Friday. The freedom of information officer is: John Lambrick
e-mail john.lambrick@rmit.edu.au

Requests received in 2001 under the *Freedom of Information Act 1992*:

Access granted in full	4
Access granted in part	4
Access denied	0
Total requests	8

Implementation of National Competition Policy

The university has developed costing and pricing models that apply all relevant university costs including overhead costs and where appropriate adjusts price to take account of any competitive advantage the university may have.

RMIT is undertaking a pilot study in one of the seven faculties to assess the implications of the Victorian Government's competitive neutrality reforms. The pilot study has placed particular emphasis on the introduction and management of the "public interest test".

Fees and charges

In 2001 the full 10 percent goods and services tax (GST) was imposed on both compulsory non-academic (CNAF) and student services and administration fees (SSAF). These fees also increased by CPI—an average of 3.2 percent.

The university applied GST to CNAF and SSAF based on an Australian Taxation Office draft ruling that stated GST applied unless a fee was directly course related. The final ATO ruling, GSTR 2001/1, offered the university an opportunity to seek a private ruling in this regard. An application to the ATO was made during the year and the ATO

found both CNAF and SSAF to be GST-free supplies. The GST that has been charged to students will be corrected and reimbursed to students during 2002.

Amendments to the Tertiary Education Act 1993, enacted in 2000, require the University to publish as part of its annual report details of compulsory non-academic fees collected and the purposes to which these have been applied.

The amendments also require details of monies provided to the student

organizations and the way in which those student organizations spent the funds.

The amount of compulsory non-academic fees—referred to as the student general service fees—collected by the university from students and prospective students during the year ended 31 December 2001 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.

Fees and charges, cont'd

In accordance with financial statements received from the RMIT Union the purposes for which they spent the money made available to them was as follows:

RMIT Union	2001 \$,000	2000 \$,000
Income		
Investment Income	659	681
Student General Service Fees	4,989	4,557
Sales Revenue	3,156	2,864
Other Income	1,728	1,952
Total Income	10,532	10,054
Expenditure		
Cost of Sales	2,049	1,924
Consumables	105	93
Equipment, Repairs & Hire	180	171
Administrative Expense	701	671
Occupancy Expenses	243	196
Other Expenses	189	175
Ski Lodge	18	26
Special Events	51	25
Southern Universities Sports Association	35	35
Tours	0	24
Publications	54	79
Publicity	41	43
Event Management	31	23
Australian Universities Sport	175	136
Orientation	82	64
Programs Expenses	141	110
Grants—Sporting Clubs	362	341
Depreciation	742	799
Salary and Related Expenses	4,042	3,467
Total Expenses	9,241	8,402
Net Surplus/(Deficit)	1,291	1,653

Student Union Council

The University does not control the Student Union Council and does not consolidate its financial statements into RMIT's Consolidated report. At the time of preparation of the university's Annual Report, the financial statements for the Student Union Council in relation to the financial year ended 31 December 2001 were not available for reporting.

		2000 \$,000
Income		
Investment Income		63
Student General Service Fees		2,312
Sales Revenue		130
Other Income		474
Total Income		2,979
Expenditure		
Cost of Sales		97
General administrative Expenses		238
Departmental Operating Expenses		479
Financial Expenses		47
Depreciation		108
Salary and Related Expenses		1,707
Other Expenses		240
Total Expenses		2,916
Net Surplus/(Deficit)		63
RMIT Teaching Departments		
Capital development expenditure		
Provision of student material and support services	3,374	2,961
RMIT Student Services		
Provision of student welfare and counselling support	292	284

Consultancies 2001

Consultancies during 2001 costing in excess of \$100,000 each

Name	Order amount	Invoiced amount	Future commitments	Description
T-Systems Pty Ltd	3,193,241.22	2,875,543.01	317,698.21	Software implementation and support
Common Ground Publishing Pty Ltd	792,151.92	655,272.79	136,879.13	Subject development
SAP Australia	922,485.00	838,624.00	83,861.00	Software implementation and support
Peoplesoft Australia Pty Ltd	513,601.80	448,339.33	65,262.47	Software implementation and support
Novell Consulting	502,975.00	457,250.00	45,725.00	Enterprise network architect
Gartner Group Pacific Pty Ltd	433,840.00	275,217.65	158,622.35	IT policy & strategy development
Pivotal Management Consultants Pty Ltd	417,880.04	352,845.95	65,034.09	Strategic planning
Texskill	285,165.98	260,338.26	24,827.72	Specialised textile training
Formfile Infosoft Pty Ltd	220,000.00	135,670.00	84,330.00	Software implementation and support
Progress Pacific	218,900.00	161,737.50	57,162.50	Software support
Black Gate Pty Ltd	191,569.40	165,865.00	25,704.40	Course development & delivery
Congruent Professional Service Pty	187,220.00	155,200.00	32,020.00	AMS implementation
Silicon Graphics Pty Ltd	185,000.06	128,571.53	56,428.53	Graphic consultancy
GNR Computer Consultants Pty Ltd	184,557.45	156,500.00	28,057.45	AMS implementation
Ernst & Young	181,307.50	181,307.50	0.00	Financial & Taxation support
Spherion Recruitment Solutions P/L	169,400.00	141,353.99	28,046.01	AMS implementation
JBA Consulting Pty Ltd	166,940.00	141,150.00	25,790.00	Drafting services for Digital Design Precinct
Presence of IT—Victoria Pty Ltd	163,101.52	148,274.06	14,827.46	IT Support
Corporate Enterprise Developments	152,144.30	103,641.55	48,502.75	Preparation & support of funding submission
Mackin Harland Consulting	150,272.26	56,670.50	93,601.76	Software implementation and support
GHD Pty Ltd	138,612.91	126,710.48	11,902.43	Project management
The Ultimate Organiser Pty Ltd	136,950.00	112,500.00	24,450.00	Feasibility study and design Digital Design Precinct
Praxa Ltd	128,035.75	116,196.14	11,839.61	Distributed Learning System integration
Two Moon Media Pty Ltd	121,000.00	110,000.00	11,000.00	Website development
Learning Edges Australia P/L	113,201.00	102,910.00	10,291.00	Website development
KPMG	109,582.00	103,470.00	6,112.00	Financial & Taxation support
Spangaro Systems Pty Ltd	109,395.00	99,449.98	9,945.02	Project management for telecommunications research
Michele Azzopardi	100,833.70	91,666.63	9,167.07	Project management for Digital Design Precinct
Total	10,189,363.81	8,702,275.85	1,487,087.96	

512 consultancies less than \$100,000 each

5,658,029.00	5,188,501.00	469,528.00
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Additional information available on request

Consistent with the requirements of the Financial Management Act 1994, the 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 the RMIT University.

Enquiries regarding details of the above should be addressed to:

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Manager, Public Affairs

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Melbourne Vic 3001

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Summary of financial position for the years 1997 to 2001 inclusive

	Consolidated					RMIT				
	2001 \$,000	2000 \$,000	1999 \$,000	1998 \$,000	1997 \$,000	2001 \$,000	2000 \$,000	1999 \$,000	1998 \$,000	1997 \$,000
Current assets										
Cash assets	30,562	53,408	23,397	19,600	22,998	9,139	5,379	3,495	4,689	6,210
Receivables	53,728	46,793	37,963	27,562	13,137	52,430	56,836	34,528	24,786	10,544
Other Financial Assets	1,036	1,004	50,609	33,861	28,061	1,503	25,548	50,609	33,861	28,061
Inventories	1,008	863	980	1,125	1,266	-	-	28	33	264
Other Assets	1,954	1,369	3,462	2,624	3,185	1,732	1,304	3,284	2,564	3,112
Total current assets	88,288	103,437	116,411	84,772	68,647	64,804	89,067	91,944	65,933	48,191
Non-current assets										
Receivables	228,362	221,675	208,848	204,139	160	233,138	222,507	222,150	204,139	160
Other Financial Assets	4,314	5,190	4,916	4,800	5,751	1,963	1,991	5,603	5,406	6,337
Property, plant and equipment	979,167	900,385	855,790	820,412	728,848	975,643	896,227	851,408	815,171	722,666
Intangibles	148	101	118	135	83	35	35	46	58	-
Total non-current assets	1,211,991	1,127,351	1,069,672	1,029,486	734,842	1,210,779	1,120,760	1,079,207	1,024,774	729,163
Total assets	1,300,279	1,230,788	1,186,083	1,114,258	803,489	1,275,583	1,209,827	1,171,151	1,090,707	777,354
Current liabilities										
Payables	28,933	22,016	21,795	18,175	23,489	23,945	18,432	18,555	14,584	18,586
Finance Lease Liabilities	30	70	82	323	385	-	-	55	300	368
Provisions	45,816	43,174	36,771	35,513	19,137	44,310	42,095	35,835	34,512	18,157
Revenue in advance	32,264	29,154	26,648	25,662	27,078	28,292	24,613	22,277	22,169	14,072
Total current liabilities	107,043	94,414	85,296	79,673	70,089	96,547	85,140	76,722	71,565	51,183
Non-current liabilities										
Payables	-	-	-	-	-	14,297	11,427	8,421	-	-
Interest Bearing Liabilities	25,000	25,000	25,000	25,000	-	25,000	25,000	25,000	25,000	-
Finance Lease Liabilities	-	67	156	155	409	-	-	34	89	345
Provisions	259,479	252,692	239,730	233,854	26,688	259,008	252,332	239,355	233,517	26,330
Total non-current liabilities	284,479	277,759	264,886	259,009	27,097	298,305	288,759	272,810	258,606	26,675
Total liabilities	391,522	372,173	350,182	338,682	97,186	394,852	373,899	349,532	330,171	77,858
Net assets	908,757	858,615	835,901	775,576	706,303	880,731	835,928	821,619	760,536	699,496
Equity										
RMIT entity interest										
Accumulated funds	304,236	297,113	276,227	217,950	204,822	326,988	324,531	310,222	253,207	240,004
Contributed Equity	-	-	-	-	-	-	-	-	-	-
Reserves	604,241	561,400	559,674	557,626	501,481	553,743	511,397	511,397	511,397	456,300
Total RMIT entity interest	908,645	858,513	835,901	775,576	706,303	880,731	835,928	821,619	764,604	696,304
Outside equity interest in controlled entities	112	102	-	-	-	-	-	-	-	-
Total equity	908,757	858,615	835,901	775,576	706,303	880,731	835,928	821,619	764,604	696,304

RMIT and controlled entities

Financial Report for the year ended 31 December 2001

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Statement by Chancellor and Vice-Chancellor

In our opinion:

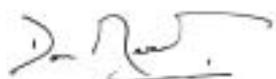
The consolidated financial statements of Royal Melbourne Institute of Technology (RMIT) consisting of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the accompanying notes thereto, present fairly the financial position of the University and its subsidiaries as at 31 December 2001 and their financial performance represented by the results of their operations for the year ended on that date.

These financial statements have been prepared in accordance with the Commonwealth Department of Education, Science and Training (DEST) reporting requirements and pursuant to the Victorian Financial Management Act, 1994. The Accounting Standards issued jointly by the Institute of Chartered Accountants in Australia and CPA Australia and other mandatory professional reporting requirements have been complied with where applicable.

There are reasonable grounds to believe that RMIT will be able to pay its debts as and when they become due and payable.

We are not aware, at the date of signing this statement, of any circumstances which would render any particulars included in the statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Councillors.



D. Mercer
Chancellor



R. Dunkin
Vice-Chancellor

Dated at Melbourne this 27th day of March, 2002



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 2001, 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 31 to the financial statements. The Members of the University'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 Australian Accounting Standards and other mandatory professional reporting requirements and complies with the 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, and the results of their operations and their cash flows.

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

Qualifications

Unfunded Superannuation Liability

As disclosed in note 2 to the financial statements, the Commonwealth Government has undertaken to reimburse the University in respect of the cost of annual pension payments paid by the University to the State Superannuation Fund in relation to the former higher education employees. The University's future call on Commonwealth funding has been recognised as an asset in its statement of financial position as at 31 December 2001 and has been valued at \$244.9 million (\$238.2 million as at 31 December 2000), which equates with the amount of the University's unfunded superannuation liability.

The corresponding adjustment to the value of this asset of \$6.7 million was recorded as revenue in the statement of financial performance for the year ended 31 December 2001 (\$13 million for the year ended 31 December 2000). As the University does not exercise control over the future Commonwealth Government funding associated with the unfunded superannuation liability of the University as at 31 December 2001, a right to these funds should not have been recognised as an asset in the University's statement of financial position. Accordingly, the reported assets of the University have been overstated by \$244.9 million (\$238.2 million as at 31 December 2000) and the accumulated funds have been overstated by a similar amount. In addition the associated revenue and the operating result for the year ended 31 December 2001 have been overstated by \$6.7 million (\$13 million as at 31 December 2000).

Grant revenue

As disclosed in note 20 to the financial statements, the University has reported revenue received in advance relating to advances from the Commonwealth Government of \$14.7 million (\$13.8 million as at 31 December 2000) as a current liability. As the University effectively controlled these funds at 31 December 2001, this amount should have been recognised as revenue in accordance with the requirements of Australian Accounting Standard AAS 15 "Revenue". Accordingly, for the year ended 31 December 2001, grant revenue and the operating result are understated by \$14.7 million (understated by \$13.8 million for the year ended 31 December 2000) and accumulated funds are understated and current liabilities are overstated as at 31 December 2001 by the same amount (\$13.8 million as at 31 December 2000). The \$13.8 million that should have been brought to account in the year ended 31 December 2000 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 2001.

Qualified Audit Opinion

In my opinion, except for the effect on the financial report of the matters referred to above, the financial report presents fairly the financial position of Royal Melbourne Institute of Technology and the economic entity as at 31 December 2001 and the results of its operations and its cash flows for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and complies with the *Financial Management Act 1994*.

MELBOURNE
2 April 2002


J.W. CAMERON
Auditor-General

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

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Years of Auditing in the Public Interest

Statements of Financial Performance

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
Revenue from ordinary activities	3	483,878	451,760	445,319	427,959
Share of net result of associates and joint ventures accounted for using the equity method	32	-	-	-	-
Expenses from ordinary activities (excluding borrowing cost expense)	4	(473,978)	(427,706)	(441,244)	(412,192)
Borrowing cost expense	5	(1,097)	(1,385)	(1,087)	(1,384)
Operating result from ordinary activities before income tax		8,803	22,669	2,988	14,383
Income tax related to ordinary activities	7	(198)	(74)	(198)	(74)
Net operating result		8,605	22,595	2,790	14,309
Net operating result attributable to outside equity interests	23	(14)	(4)	-	-
Net operating result attributed to RMIT entity		8,591	22,591	2,790	14,309
Other valuation adjustments to equity		-	-	-	-
Asset revaluation increment taken through reserve		41,476	21	41,476	-
Net exchange difference on translation of financial report of foreign controlled entity		65	-	-	-
Total revenue, expense and valuation adjustments attributed to the RMIT entity and recognised directly in equity		41,541	21	41,476	-
Total changes in equity other than those resulting from transactions with owners as owners		50,132	22,612	44,266	14,309

The above statements of financial performance should be read in conjunction with the accompanying notes.

Statements of Financial Position

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
Current assets					
Cash assets	10	30,562	53,408	9,643	29,923
Receivables	11	53,728	46,793	52,409	56,836
Other financial assets	12	1,036	1,004	1,036	1,004
Inventories	13	1,008	863	-	-
Other assets	14	1,954	1,369	1,732	1,304
Total current assets		88,288	103,437	64,820	89,067
Non-current assets					
Receivables	11	228,362	221,675	233,110	222,507
Other financial assets	12	4,314	5,190	1,930	1,991
Property, plant and equipment	15	979,167	900,385	974,773	896,227
Intangibles	16	148	101	35	35
Total non-current assets		1,211,991	1,127,351	1,209,848	1,120,760
Total assets		1,300,279	1,230,788	1,274,668	1,209,827
Current liabilities					
Payables	17	28,933	22,016	24,100	18,432
Finance lease liabilities	18	30	70	-	-
Provisions	19	45,816	43,174	44,607	42,095
Revenue in advance	20	32,264	29,154	27,462	24,613
Total current liabilities		107,043	94,414	96,169	85,140
Non-current liabilities					
Payables	17	-	-	14,297	11,427
Interest bearing liabilities	21	25,000	25,000	25,000	25,000
Finance lease liabilities	18	-	67	-	-
Provisions	19	259,479	252,692	259,008	252,332
Total non-current liabilities		284,479	277,759	298,305	288,759
Total liabilities		391,522	372,173	394,474	373,899
Net assets		908,757	858,615	880,194	835,928
Equity					
RMIT entity interest					
Accumulated funds	9	304,404	297,113	327,321	324,531
Contributed equity		-	-	-	-
Reserves	22	604,241	561,400	552,873	511,397
Total RMIT entity interest		908,645	858,513	880,194	835,928
Outside equity interest in controlled entities	23	112	102	-	-
Total equity		908,757	858,615	880,194	835,928
Contingent liabilities	24				
Commitments	25				

The above statements of financial position should to be read in conjunction with the accompanying notes.

Statements of Cash Flows

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
Cash flows from operating activities					
Inflows:					
Financial assistance					
Commonwealth Government Grants		134,152	123,631	134,152	123,631
Victorian State Government Grants		58,248	55,072	58,248	55,072
Higher Education Contribution Scheme					
Student payments		8,159	8,570	8,159	8,570
Higher Education Trust fund		53,615	51,116	53,615	51,116
Consultancy and contract research		13,953	12,292	14,273	12,377
Interest received		3,520	5,089	1,899	3,526
Fees and charges		149,350	136,560	143,130	131,876
Other cash receipts in the course of operations		47,450	54,105	33,893	19,934
		468,447	446,435	447,369	406,102
Outflows:					
Payments of salaries & related costs		288,842	259,460	272,172	246,698
Payments to suppliers in the course of operations		134,221	135,990	129,239	112,338
Interest & other finance costs paid		1,384	1,384	1,087	1,384
Income tax paid		395	147	198	74
		424,842	396,981	402,696	360,494
Net cash inflow from operating activities	26	43,605	49,454	44,673	45,608
Cash flows from investing activities					
Inflows:					
Proceeds from sale of investments		1,026	-	1,026	-
Proceeds from sale of property, plant & equipment		2,731	1,639	2,126	1,408
		3,757	1,639	3,152	1,408
Outflows:					
Payment for investments		181	1,279	997	1,055
Payment for intangible assets		65	-	-	-
Transfer of opening RMIT Foundation cash		-	-	-	669
Payments for property, plant & equipment		69,895	70,299	67,108	69,384
		70,141	71,578	68,105	71,108
Net cash (outflow) from investing activities		(66,384)	(69,939)	(64,953)	(69,700)
Cash flows from financing activities					
Outflows:					
Payments for finance leases		67	113	-	89
		67	113	-	89
Net cash (outflow) from financing activities		(67)	(113)	-	(89)
Net (decrease) in cash held		(22,846)	(20,598)	(20,280)	(24,181)
Cash at beginning of reporting period		53,408	74,006	29,923	54,104
Cash at end of reporting period	26	30,562	53,408	9,643	29,923

Notes to financial statements

for the year ended 31 December 2001

1 Statement of significant accounting policies

The main accounting policies used in preparing the financial report of RMIT and the RMIT Consolidated Entity are listed below. These are presented to assist understanding of the financial reports. These accounting policies have been used in previous periods unless a change in accounting policy has been made and brought to your attention.

1.1 Basis of preparation of the financial report

This financial report is a general purpose financial report 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 is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is the fair value of the consideration given in exchange for assets.

1.2 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 University as at 31 December 2001 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 entity. The effects of all transactions between entities in the RMIT entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of 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 operating statement 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 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 31.

1.3 Reclassification of financial information

Some line items and sub-totals reported in the previous financial year have been reclassified and repositioned in the financial statements as a result of the first time application on 1 January 2001 of the revised standard AAS 1 Statement of Financial Performance and the new standards AAS 37 Financial Report Presentation and Disclosures and AAS 36 Statement of Financial Position.

Adoption of these standards has resulted in the transfer of the reconciliation of opening to closing retained earnings from the face of the statement of performance to Note 9. Bills of exchange - receivable as at 31 December 2001 amounting to \$24.5m (RMIT: \$24.5m) were reclassified from current investments to cash assets.

Expense items previously disclosed as abnormal have been reclassified and are now disclosed as part of Note 4. Abnormal items are no longer identified separately on the face of the statement of financial performance.

1.4 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 our operating result for the year.

Where entities enter into a hedge for a specific expenditure commitment or for the construction of a qualifying asset, currency conversion gains and losses and hedging costs on forward foreign currency contracts are deferred and included with the expenditure commitment or cost of the asset.

Where entities enter into a hedge for general expenditure commitments or for the construction of a non-qualifying asset, currency conversion gains and losses are recorded in the statement of financial performance in the same as the currency conversion differences on the items covered by the hedge transactions. Costs on such contracts are amortised over the life of the hedge contract.

Premiums and discounts on forward exchange contracts arising at the time of entering into the hedge are amortised over the length of the forward exchange contract and included in borrowing costs.

Non-Australian entities that operate with RMIT

Where non-Australian 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

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 entities that operate on their own

Where non-Australian 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 at the dates of those movements;
- statements of financial performance are converted into Australian dollars at average exchange rates for the year 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.

1.5 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

1.6 Revenue recognition 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 2001 Reporting Period by Australian Higher Education Institutions, which requires the advance payment of the Commonwealth grant for operating purposes received in December 2001, relating to the year 2002, 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 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.

Contribution of assets

Contribution of assets 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 Entity gains control of the contribution.

1.7 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 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.

1.8 Income tax - Note 7

The RMIT entity does not provide for Australian income tax as it is exempt from income tax in accordance with the provisions of Section 23(e) of the Income Tax Assessment Act. Income tax in other jurisdictions is provided for as required.

1.9 Bad and doubtful debts - Note 4.5

General provisions for bad and doubtful debts are maintained to cover non-identified and latent risks inherent in the overall trade debtors transactions and student loan portfolio. Debts which are known to be uncollectable are written off. A provision for doubtful

debts is assessed and raised when some doubt as to collection exists.

1.10 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 (including those with an original maturity in excess of three months, which are classified as receivables) are recorded at amounts to be received and interest revenue is recognised on an effective yield to maturity basis.

Bills of exchange and promissory notes (including those with an original maturity in excess of three months, which are classified as receivables) are valued at amortised cost with interest revenue recognised on an effective to maturity basis.

Statement of cash flows: cash is shown net of outstanding bank overdrafts. Bank overdrafts are shown in Note 17.

1.11 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 which 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.

1.12 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 operating statement when receivable. Controlled entities and associates are accounted for in the consolidated statement of financial performance as set out in note 31.

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.

1.13 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.

1.14 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.

1.15 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 entity

The cost of non-current assets constructed by the RMIT 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.

1.16 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.

The above policy was adopted with effect from 1 January 2001. The previous policy was to revalue land and buildings at fair value at three yearly intervals. The changed policy has not had a material effect in the current or prior financial year, nor is it expected to have a material effect in subsequent financial years.

The changed policy has been adopted to comply with AASB 1041 Revaluation of Non-current Assets, released in July 2001 which applied for the first time to the year ended 31 December 2001.

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 net statement of financial performance, the increment is recognised immediately as revenue in net statement of financial performance.

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.

On applying AASB 1041, the RMIT entity elected to revert to the cost basis for measuring all plant and equipment.

The entities chose this option because they considered the cost of complying with the alternative policy permitted by AASB 1041 of revaluing plant and equipment with sufficient regularity to ensure that the carrying amount of each item does not materially differ from its fair value at the reporting date would exceed the benefits that would be gained.

The RMIT entity in applying the standard has elected to deem all of its plant and equipment carrying amounts as at 1 January 2001 to be their cost going forward. This election has had no impact on the financial position, financial performance or cash flows in this financial report. In accordance with this election and requirements of AAS 10: "Accounting for the Revaluation of Non-Current Assets", any writedown to recoverable amount that may be required in the future will be charged to the statement of financial performance.

1.17 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 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.

Notes to financial statements

The depreciation rates used for each class of asset are as follows:

	2001	2000
Buildings	1.0% – 2.0%	1.0% – 2.0%
Plant and Equipment	3.0% – 10.0%	3.0% – 10.0%
Leased Plant and Equipment	3.0% – 10.0%	3.0% – 10.0%
Computer Equipment	10.0% – 33.3%	10.0% – 33.3%
Computer Software	10.0% – 25.0%	10.0% – 25.0%
Library Collections	20.00%	20.0%

1.18 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 entity, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over 10 years.

1.19 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 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 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.

1.20 Trade and other creditors - Note 17

Accounts payable, including accruals, are recorded when we are required to make future payments as a result of a purchase of assets or services.

1.21 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 Department of Treasury and Finance, which 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 parent entity and other controlled entities and the emerging cost incurred from unfunded schemes are expensed in the Operating Statement.

(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 Operating Statement and the Balance Sheet.

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 which guarantees the future provision of those funds, but there is a strong expectation that it will occur. Further information is set out in Note 2.

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 28.

1.22 Borrowings - Note 21

Loans are carried on the statement of position at their principal amounts which 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.

1.23 Borrowing costs

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

1.24 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;
- 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; and
- Interest rate swaps - amounts quoted by the consolidated entity's bankers to realise favourable contracts or settle unfavourable contracts.

1.25 Derivative financial instruments

The RMIT entity is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. The RMIT entity uses interest rate swap contracts as a means to manage these risks.

Interest payments and receipts under interest rate swap contracts are recognised on an accruals basis in the operating statement as an adjustment to interest expense during the period.

The net amount receivable or payable under interest rate swap agreements is progressively brought to account over the period to settlement. The amount recognised is accounted for as an adjustment to interest and finance charges during the period and included

in other debtors or other creditors at each reporting date.

1.26 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 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;
- 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; and
- commitments, refer to note 25, are recorded net of GST, except where there is non-recoverable GST.

1.27 Insurance

The RMIT Entity specifically carries the following types of insurance:

- property
- fidelity (crime)
- 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 RMIT Entity has

no insurance, any losses are charged to the statements of financial performance in the year in which the loss is reported.

1.28 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. The cost of acquisition is discounted as described in note 1.12 where settlement of any part of cash consideration is deferred.

(ii) Research and development

Costs incurred on research and development projects are deferred to future periods to the extent that they are expected beyond any reasonable doubt to be recoverable. Deferred costs are amortised from the commencement of commercial production of the product to which they relate on a straight line basis over the period of the expected benefit, which varies from 3 to 5 years.

(iii) 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.

1.29 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 1.17. Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

1.30 Web site costs

Costs in relation to web sites controlled by the 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

Notes to financial statements

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 benefits 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 three to five years.

1.31 TAFE Division of RMIT University

Whilst the TAFE division of RMIT University operates independently of the Higher Education division of RMIT University, many support services are shared. Furthermore, 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.

Where TAFE revenue and expenditure have not been directly attributed to specific TAFE cost centres (e.g. Aerospace Technology, Economics & 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 Schedule of Income and Expenditure.

(i) Operating Revenue

Total government contributions
Primarily represents Vocational Education & Training (VET) Operating and Capital Grants from the Office of Training & 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 bank or investment account separate 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.

(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 which 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 & 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 allocated on a proportional basis.

Receivables

Trade debtors that are able to be directly attributable to either 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 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 and;
- administrative support staff not directly operating within the teaching departments have been allocated on a proportional basis.
- 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 Higher Education or TAFE Division has been so applied, all other revenue in advance has been allocated on a proportional basis.

(iv) Reserves

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

2 (a) 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(1) 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 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 unfunded liabilities in relation to university employees. The remaining 72% is to be met by the Commonwealth.

The net movement during the year in the "Superannuation Deferred Benefit" liability and the corresponding asset "Government Contribution for Superannuation" has resulted in an increase of \$6.7m (2000 - \$13m). This net movement has been brought to account through the Operating Statement.

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 \$244.9m. (2000 - \$238.2m).

The deferred liability as recorded in the accounts was assessed by the Victorian Superannuation Fund actuary as at 30 June 2001 - Note 28.

2 (b) Working capital deficiency

The financial statements of the RMIT Entity have been prepared on a going concern basis. As at 31 December 2001 the RMIT Entity had a working capital deficiency of \$18.7m and a working capital ratio of 0.82.

The RMIT Entity has in place a borrowing facility of \$50m of which only \$25m has been utilised as at 31 December 2001.

Notes to financial statements

Revenue received in advance - Note 20, largely relates to Government Operating Grant and Student Fees received in December 2001 and is recorded as a current liability at year end. This is subsequently transferred to income earned in January 2002, thereby establishing a working capital surplus.

On the basis of cash flow projections for 2002, the Councillors of RMIT are of the opinion that sufficient cash reserves will 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.

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
3 Revenue from Ordinary Activities					
Commonwealth Government financial assistance	3.1	115,114	110,328	115,114	110,328
Victorian State Government financial assistance Higher Education Contribution Scheme	3.2	58,248	55,072	58,248	55,072
Student contributions	33.1	8,159	8,570	8,159	8,570
Commonwealth payments	33.1	53,615	51,116	53,615	51,116
Fees and Charges	3.3	151,061	135,165	145,294	130,731
Superannuation					
Deferred Government contributions		6,687	12,975	6,687	12,975
Commonwealth supplementation		15,924	15,111	15,924	15,111
Investment Income	3.4	3,467	4,994	1,790	3,431
Consultancy and contract research	3.5	13,348	12,292	13,843	12,377
Other revenue	3.6	58,255	46,137	26,645	28,248
Total revenue from ordinary activities		483,878	451,760	445,319	427,959
3.1 Commonwealth Government Financial Assistance (excluding HECS)					
Teaching and Learning					
Operating Purposes excluding HECS	33.1	108,769	104,018	108,769	104,018
Teaching Hospitals	33.1	-	-	-	-
Capital Development Pool	33.1	-	-	-	-
Australian Research Council	33.2				
Large Research		481	516	481	516
Strategic Partnership with Industry		1,337	922	1,337	922
Research Fellowship		11	120	11	120
International Researcher Exchange		-	-	-	-
Research Centres		-	-	-	-
Research Infrastructure Equipment & Facilities		715	977	715	977
Indigenous Researcher's Development		-	-	-	-
Special Research Initiatives		-	-	-	-
Learned Academic Special Projects		-	-	-	-
DEST	33.3				
Small Research		189	192	189	192
Infrastructure		609	585	609	585
Australian Postgraduate Awards		1,896	1,621	1,896	1,621
International Postgraduate Research Scholarships		476	445	476	445
		114,483	109,396	114,483	109,396
Other Commonwealth Government					
Equipment		-	-	-	-
Other		631	932	631	932
		631	932	631	932
		115,114	110,328	115,114	110,328

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
3.2 Victorian State Government Financial Assistance					
TAFE Recurrent		52,136	49,388	52,136	49,388
TAFE Capital		4,565	3,087	4,565	3,087
TAFE Other		1,547	2,597	1,547	2,597
		58,248	55,072	58,248	55,072
3.3 Fees and Charges					
Continuing Education		8,189	7,253	9,395	8,159
Fee paying overseas students		102,217	93,415	102,217	93,424
Fee Paying non-overseas postgraduate students		14,753	13,334	14,753	13,334
Fee Paying non-overseas undergraduate students		2,628	1,820	2,628	1,826
Student Enrolment Fees		11,979	10,362	11,140	10,082
Other		11,295	8,981	5,161	3,906
		151,061	135,165	145,294	130,731
3.4 Investment Income					
Interest Received and Receivable		3,467	4,994	1,790	3,431
Gains from Sale of Investments		-	-	-	-
		3,467	4,994	1,790	3,431
3.5 Consultancy and Contract Research					
Commonwealth Government		6,771	6,511	6,771	6,511
Victorian State Government		1,469	2,084	1,469	2,084
Local Government		172	61	172	61
Industry and Other		4,936	3,636	5,431	3,721
		13,348	12,292	13,843	12,377
3.6 Other Revenue					
Contract revenue (other than Consultancy & Contract Research)		26,543	21,880	11,315	16,254
Proceeds from sale of property, plant and equipment		2,731	1,639	2,126	1,408
Donations and bequests	*	8,894	3,566	3,492	2,669
Scholarships		871	956	871	956
Property rental		3,020	2,259	3,020	2,250
Product sales		10,048	11,248	2,311	2,784
Gains (losses) from Foreign Exchange		92	41	92	15
Other		6,056	4,548	3,418	1,912
		58,255	46,137	26,645	28,248

* RMIT received by way of a bequest, equipment to the value of \$990,000 in 2000

Notes to financial statements

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
4 Expenses from Ordinary Activities					
Employee benefits	4.1	298,269	280,632	281,361	267,604
Depreciation and amortisation	4.2	24,426	24,914	23,276	23,821
Buildings and grounds	4.3	19,817	18,806	18,899	17,990
Book value on sale of property, plant & equipment	6.0	7,728	1,945	7,233	1,764
Bad and doubtful debts	4.4	2,634	375	10	330
Other expenses	4.5	121,104	101,034	110,465	100,683
Total expenses from ordinary activities		473,978	427,706	441,244	412,192
4.1 Employee Benefits					
Salaries					
Academic		118,764	107,945	118,764	107,945
Non-academic		97,328	88,715	82,515	77,571
		216,092	196,660	201,279	185,516
Salary Related Expenses					
Contributions to superannuation & pension schemes:					
Deferred employee benefits for superannuation		6,687	12,975	6,687	12,975
Emerging Cost		18,244	17,582	18,244	17,582
Funded		25,872	22,611	24,658	21,595
Provisions for future emerging costs		-	-	-	-
Payroll Tax		12,517	13,214	12,156	12,893
Workers' Compensation		2,636	2,657	2,478	2,511
Long Service Leave Expense		3,171	2,600	3,047	2,519
Annual Leave Expense		13,022	12,333	12,812	12,013
Other		28	-	-	-
		82,177	83,972	80,082	82,088
		298,269	280,632	281,361	267,604
4.2 Depreciation and Amortisation					
Buildings		9,876	9,023	9,876	9,023
Building Plant and Improvements		627	688	82	78
Equipment, Motor Vehicles & Furniture and Fittings		10,998	12,725	10,393	12,242
Library Collections		2,925	2,478	2,925	2,478
		24,426	24,914	23,276	23,821
4.3 Buildings and Grounds					
Facilities Related - Maintenance & Service		10,581	9,171	10,581	9,170
Occupancy Expenses		7,298	6,705	6,380	5,890
Minor Works Expenses		1,938	2,930	1,938	2,930
		19,817	18,806	18,899	17,990
4.4 Bad and Doubtful Debts					
(a) Bad Debts Written Off in the Operating Statement					
Trade Debtors		243	-	240	-
(b) Amounts Set Aside to Provision for Doubtful Debts:					
Trade Debtors		2,391	375	(230)	330
Total bad and doubtful debts expense		2,634	375	10	330
(c) Bad Debts Written Off against Provision for Doubtful debts					
Trade Debtors		(180)	3,041	(131)	3,039
		(180)	3,041	(131)	3,039

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
4.5 Other Expenses					
Scholarships, grants and prizes		16,108	9,721	23,028	20,195
Telecommunications		9,096	6,740	8,705	6,514
Non-capitalised equipment		7,606	6,598	7,273	6,386
Travel, staff development and entertainment		10,909	9,805	10,628	9,269
Inventory used		15,862	16,809	11,906	12,887
Net diminution in value of non-current assets		-	(21)	-	12
Research and development costs written off		-	389	-	-
Operating lease rental expenses		11,297	6,654	11,297	6,088
Net foreign exchange loss		2	-	2	-
Marketing, Advertising & Public Relations		16,935	15,421	12,440	11,387
Administrative Expenses		16,740	12,840	13,755	13,752
Finance, Legal & Other		6,144	6,026	5,630	5,516
Other expenses		10,405	10,052	5,801	8,677
		121,104	101,034	110,465	100,683
4.6 Other Charges against Revenue for the year					
Amortisation or Diminution in respect of:					
Intangible Assets		18	17	-	12
Bad Debts Written Off		243	-	240	-
Amounts Set Aside to Provisions					
Doubtful Debts		2,391	375	(230)	330
Employee Entitlements		15,891	14,601	15,859	14,508
5 Borrowing Cost Expense					
Interest on finance leases		2	-	-	-
Interest to Other Corporations		1,095	1,385	1,087	1,384
		1,097	1,385	1,087	1,384
6 Sales of Assets					
(a) Sales in the Ordinary Course of Business of Assets have given rise to gross receipts amounting to:		2,731	1,669	2,126	1,408
(b) Net Profit from Sale of Assets					
Receivables		-	38	-	38
Investments		-	16	-	16
Property, plant & equipment		432	210	305	30
		432	264	305	84
(c) Net Losses from Sale of Assets					
Receivables		-	72	-	72
Property, plant & equipment		5,429	380	5,412	280
Intangibles		-	88	-	88
		5,429	540	5,412	440
(d) Written Down Value of Asset Sold in Ordinary Course of Business		7,728	1,945	7,233	1,764
7 Income Tax					
Income tax expense attributable to offshore operations		198	74	198	74
8 Remuneration of Auditors					
Remuneration of the auditor of the parent entity for:					
Auditing or reviewing the financial report		149	172	103	143
Other services		10	6	10	6
Remuneration of other auditors of subsidiaries for:					
Auditing or reviewing the financial report		-	-	-	-
Other services		-	6	-	-
		159	184	113	149

Notes to financial statements

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
9 Accumulated Funds					
Retained earnings at beginning of year		297,113	276,227	324,531	310,222
Net surplus attributable to members of the RMIT entity		8,591	22,591	2,790	14,309
Transfers to reserves		(1,300)	(1,705)	-	-
Retained earnings at end of year		304,404	297,113	327,321	324,531
10 Cash Assets					
Cash at bank and on hand		4,406	2,008	(1,131)	(452)
Bank short term deposits, maturing within 60 days		25,048	26,856	9,666	5,831
Bills of exchange accepted or endorsed by banks		499	24,544	499	24,544
Foreign currency bank accounts		609	-	609	-
		30,562	53,408	9,643	29,923
Bank short term deposits					
The deposits are bearing floating interest rates between 4.3% and 5.2% (2000 - 6.0% and 6.1%).					
11 Receivables					
Current					
Trade Debtors		22,924	15,814	17,674	12,931
Less Provision for Doubtful Debts		(3,073)	(833)	(381)	(690)
		19,851	14,981	17,293	12,241
Student Loans & Student Debtors		12,088	8,853	11,023	8,259
Less Provision for Doubtful Debts		(975)	(1,027)	(934)	(987)
		11,113	7,826	10,089	7,272
Loans and Advances		130	535	130	535
Government Grants Receivable		2,233	4,364	2,233	4,364
Government Contributions-Superannuation	*	16,500	16,500	16,500	16,500
Interest Receivable		112	165	55	165
Other debtors		3,789	2,422	3,199	1,806
Amounts receivable from:					
Wholly owned subsidiaries		-	-	2,910	13,933
Other related parties		-	-	-	20
		22,764	23,986	25,027	37,323
Total Current		53,728	46,793	52,409	56,836
Non-Current					
Government contributions - superannuation	*	228,362	221,675	228,362	221,675
Amounts receivable from:					
Wholly owned subsidiaries		-	-	4,748	832
Total Non-Current		228,362	221,675	233,110	222,507
Total Receivables		282,090	268,468	285,519	279,343

* 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 the RMIT by the Victorian Superannuation Fund at 30 June 2001 amounted to \$244.9m (2000: \$238.2m). The amount has been treated as deferred income with a corresponding liability being recorded as a deferred expense under Provisions - Note 19 and consequently has no effect on the year end net assets position of the University.

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
12 Other Financial Assets					
Current					
Listed Investments - at cost					
Government and semi-government stocks and bonds		1,036	1,004	1,036	1,004
Total Current		1,036	1,004	1,036	1,004
Non-Current					
Listed Investments - at cost					
Government and semi-government stocks and bonds		-	1,058	-	1,058
Managed trust funds		4,047	3,865	-	-
Unlisted Investments - at cost					
Shares in controlled entities		-	-	1,699	702
Shares in non-related companies		427	427	311	311
Less Provision for diminution in value of investment		(160)	(160)	(80)	(80)
Total Non-Current		4,314	5,190	1,930	1,991
Total Investments		5,350	6,194	2,966	2,995
Net Fair Values of Investments					
Traded securities are listed and other securities which are readily traded on organised markets. The aggregate net fair values of these securities are:					
Current					
Government and semi-government stocks and bonds		-	1,110	-	1,110
Non-Current					
Government and semi-government stocks and bonds		-	1,103	-	1,103
Managed trust funds		4,144	4,144	-	-
		4,144	5,247	-	1,103
		4,144	6,357	-	2,213
The aggregate net fair value of other investments (excluding shares in associates) are:					
Non-Current					
Shares in non-related companies		36	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		801	688	-	-
Work in progress		207	175	-	-
		1,008	863	-	-
14 Other Assets					
Current					
Library Subscriptions		321	237	321	237
Salaries and Allowances		1	1	-	-
Workcare		981	936	936	899
Interest		5	154	5	154
Other		646	41	470	14
		1,954	1,369	1,732	1,304

Notes to financial statements

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
15 Property, Plant and Equipment					
Land		252,601	213,689	252,601	213,689
Buildings		651,261	588,429	650,391	588,429
Building Plant and Improvements		8,257	5,305	7,149	2,659
Equipment, Motor Vehicles & Furniture and Fittings		55,458	37,611	53,163	36,099
Library Collections		7,818	7,318	7,818	7,318
Capital Works in Progress		3,772	48,033	3,651	48,033
		979,167	900,385	974,773	896,227
The following are details of the valuation basis of these assets, together with depreciation and amortisation provided:					
Land					
- at cost		-	3,184	-	3,184
- at Independent Valuation - 31.12.2001		252,601	210,505	252,601	210,505
		252,601	213,689	252,601	213,689
Buildings					
- at cost		-	57,426	-	57,426
- at Independent Valuation - 31.12.2001		651,261	549,318	650,391	549,318
		651,261	606,744	650,391	606,744
Less Accumulated Depreciation					
- at cost		-	(488)	-	(488)
- at Independent Valuation - 31.12.1998		-	(17,827)	-	(17,827)
		651,261	588,429	650,391	588,429
Buildings Plant and Improvements					
- at cost		12,844	6,249	7,593	2,971
- at Independent Valuation - 31.12.1998		-	3,206	-	-
		12,844	9,455	7,593	2,971
Less Accumulated Depreciation					
- at cost		(4,587)	(2,234)	(444)	(312)
- at Independent Valuation - 31.12.1998		-	(1,916)	-	-
		8,257	5,305	7,149	2,659
Equipment, Motor Vehicles, Furniture & Fittings					
- at Councillors'/Directors' Valuation - 1.7.92					
Equipment		-	16,047	-	16,047
Furniture & Fittings		-	217	-	217
Software		-	360	-	360
Motor Vehicles		-	102	-	102
Works of Art		-	1,057	-	1,057
		-	17,783	-	17,783
- at Councillors'/Directors' Valuation - 1.1.95					
Equipment		-	8,110	-	8,110
		-	25,893	-	25,893
Less Accumulated Depreciation		-	(16,711)	-	(16,711)
		-	9,182	-	9,182
- at cost					
Equipment		118,625	83,675	114,681	80,333
Furniture & Fittings		3,804	3,481	3,665	3,231
Software		22,879	7,601	22,820	7,542
Financed Leased Equipment		37	206	-	-
Motor Vehicles		3,444	3,535	3,182	3,249
Works of Art		1,166	109	1,160	103
		149,955	98,607	145,508	94,458
Accumulated Depreciation		(94,497)	(70,178)	(92,345)	(67,541)
		55,458	28,429	53,163	26,917
Total Equipment, Motor Vehicles, Furniture & Fittings		149,955	124,500	145,508	120,351
Total Accumulated Depreciation		(94,497)	(86,889)	(92,345)	(84,252)
		55,458	37,611	53,163	36,099

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
Library Collection					
- at Councillors'/Directors' Valuation - 1.7.92		-	12,674	-	12,674
Less Accumulated Depreciation		-	(12,674)	-	(12,674)
		-	-	-	-
- at cost		37,687	21,589	37,687	21,589
Less Accumulated Depreciation		(29,869)	(14,271)	(29,869)	(14,271)
		7,818	7,318	7,818	7,318
Capital Works in Progress - at cost		3,772	48,033	3,651	48,033
Total Assets		1,108,120	1,036,684	1,097,431	1,026,051
Total Accumulated Depreciation		(128,953)	(136,299)	(122,658)	(129,824)
		979,167	900,385	974,773	896,227
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		213,689	213,343	213,689	213,343
- additions		2,636	346	2,636	346
- adjustment due to revaluation of land		39,341	-	39,341	-
- disposals		(3,065)	-	(3,065)	-
Carrying amount at end of year		252,601	213,689	252,601	213,689
Buildings					
Carrying amount at beginning of year		588,429	547,486	588,429	547,486
- additions		35,365	22,465	35,365	22,465
- adjustment due to revaluation of land		2,135	-	2,135	-
- transfer from capital works in progress		40,445	27,501	40,445	27,501
- transfer to Leasehold Improvements		(2,577)	-	(3,447)	-
- disposals		(2,660)	-	(2,660)	-
- depreciation		(9,876)	(9,023)	(9,876)	(9,023)
Carrying amount at end of year		651,261	588,429	650,391	588,429
Leasehold Improvements					
Carrying amount at beginning of year		5,305	5,666	2,659	2,689
- additions		1,168	327	979	48
- transfer from capital works in progress		146	-	146	-
- transfer from Buildings		2,577	-	3,447	-
- disposals		(312)	-	-	-
- depreciation		(627)	(688)	(82)	(78)
Carrying amount at end of year		8,257	5,305	7,149	2,659
Equipment, Motor Vehicles, Furniture & Fittings					
Carrying amount at beginning of year		37,611	37,952	36,099	36,550
- additions		26,964	14,329	25,277	13,555
- transfer from capital works in progress		3,791	-	3,791	-
- disposals		(1,910)	(1,945)	(1,611)	(1,764)
- depreciation		(10,998)	(12,725)	(10,393)	(12,242)
Carrying amount at end of year		55,458	37,611	53,163	36,099

Notes to financial statements

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
Library Collection					
Carrying amount at beginning of year		7,318	7,156	7,318	7,156
- additions		3,425	2,640	3,425	2,640
- disposals		-	-	-	-
- depreciation		(2,925)	(2,478)	(2,925)	(2,478)
Carrying amount at end of year		7,818	7,318	7,818	7,318
Capital Works in Progress					
Carrying amount at beginning of year		48,033	44,492	48,033	44,492
- additions		121	31,042	-	31,042
- transfer from capital works in progress		(44,382)	(27,501)	(44,382)	(27,501)
- disposals		-	-	-	-
Carrying amount at end of year		3,772	48,033	3,651	48,033
Total					
Carrying amount at beginning of year		900,385	856,095	896,227	851,716
- additions		69,679	71,149	67,682	70,096
- adjustment due to revaluation of land		41,476	-	41,476	-
- disposals		(7,947)	(1,945)	(7,336)	(1,764)
- depreciation		(24,426)	(24,914)	(23,276)	(23,821)
		979,167	900,385	974,773	896,227
16 Intangibles					
Licenses and Rights		165	100	-	-
Intellectual Property		58	58	58	58
		223	158	58	58
Amortisation		(75)	(57)	(23)	(23)
		148	101	35	35
17 Payables					
Current					
Trade and Other Creditors		28,933	22,016	24,100	17,184
Amounts receivable from:					
Other related parties		-	-	-	1,248
		28,933	22,016	24,100	18,432
Non-Current					
Amounts receivable from:					
Other related parties		-	-	14,297	11,427
		-	-	14,297	11,427
		28,933	22,016	38,397	29,859
Trade accounts payable are generally settled within 30 days.					
The councillors consider the carrying amounts of trade and other accounts payable approximate their net fair values.					
18 Finance Lease Liabilities					
Finance Leased Equipment Capitalised					
Current		30	70	-	-
Non-Current		-	67	-	-
		30	137	-	-
Lease commitments in respect of capitalised finance leases are payable as follows:					
Due within one year		30	81	-	-
Due after one years, but within five years		-	77	-	-
Due after five years		-	-	-	-
		30	158	-	-
Less: Future Finance Charges		4	21	-	-
Total Lease Liability		26	137	-	-

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
19 Provisions					
Current					
Accrued Salaries		-	6	-	-
Annual Leave		25,320	23,062	24,405	22,244
Long Service Leave		3,996	3,606	3,702	3,351
Superannuation-Deferred Benefits	*	16,500	16,500	16,500	16,500
Total Current		45,816	43,174	44,607	42,095
Non-Current					
Long Service Leave		31,117	31,017	30,646	30,657
Superannuation-Deferred Benefits	*	228,362	221,675	228,362	221,675
Total Non-Current		259,479	252,692	259,008	252,332
Total Employee Entitlements		305,295	295,866	303,615	294,427
* The Superannuation Deferred Benefits relate to unfunded superannuation liabilities for RMIT which have been determined Victorian Superannuation Board at 30 June 2001 at \$222.92m (2000: \$238.2m). The increase in the liabilities between 2000 and 2001 have been shown against relevant items under the Operating Revenue and Operating Expenses in the Operating Statement.					
20 Revenue in advance					
Government Advances - Commonwealth Government		14,737	13,754	14,737	13,754
Research Grants		604	-	430	-
Student Fees		11,794	10,970	11,459	10,859
Projects Fees		5,096	4,387	836	-
Other		33	43	-	-
		32,264	29,154	27,462	24,613
21 Interest Bearing Liabilities					
Non-Current- unsecured					
Commercial Bills of Exchange		25,000	25,000	25,000	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					
Amount utilised		50,000	25,000	50,000	25,000
Unused credit facility		25,000	25,000	25,000	25,000
		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					
Amount utilised		7,500	7,500	7,500	7,500
Unused credit facility		5,665	5,358	5,665	5,358
		1,835	2,142	1,835	2,142
22 Reserves					
Consolidated Reserves					
Balance at Beginning of Year		561,400	559,675	511,397	511,397
Transfers from/(to) Accumulated Funds		1,300	1,704	-	-
Revaluation of Land & Buildings		41,476	21	41,476	-
Foreign Exchange Losses		65	-	-	-
Capital Profits Reserve		-	-	-	-
Balance at End of Year		604,241	561,400	552,873	511,397

Notes to financial statements

Represented by:				
Asset Revaluation Reserve	592,731	551,255	552,873	511,397
Fixed Asset Replacement Reserve	1,637	1,507	-	-
Capital Projects Reserve	9,933	8,763	-	-
Foreign Currency Translation Reserve	(71)	(137)	-	-
Capital Profits Reserve	11	11	-	-
	604,241	561,400	552,873	511,397
Movements in reserves during the year were:				
Asset Revaluation Reserve				
Balance at Beginning of Year	551,255	551,234	511,397	511,397
Revaluation of Land & Buildings	41,476	21	41,476	-
Balance at End of Year	592,731	551,255	552,873	511,397
Fixed Asset Replacement Reserve				
Balance at Beginning of Year	1,507	1,337	-	-
Transfers from Accumulated Funds	130	170	-	-
Balance at End of Year	1,637	1,507	-	-
Capital Projects Reserve				
Balance at Beginning of Year	8,763	7,229	-	-
Transfers from Accumulated Funds	1,170	1,534	-	-
Balance at End of Year	9,933	8,763	-	-
Foreign Currency Translation Reserve				
Balance at Beginning of Year	(136)	(137)	-	-
Foreign Exchange Gains/(Losses)	65	-	-	-
Balance at End of Year	(71)	(137)	-	-
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 includes the net revaluation of non-current assets in accordance with AAS 38. An amount of \$41.476m (RMIT: \$41.476m) is not available for future asset write-down as a result of using the deemed cost election for land and buildings when adopting AAS 38.

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.

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
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					
Interest in operating surplus after income tax		14	4	-	-
Interest in extraordinary items after income tax		-	-	-	-
Interest in retained surplus at the end of the financial year		14	4	-	-
Interest in share capital		98	98	-	-
Interest in reserves		-	-	-	-
		112	102	-	-
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:		631	620	541	530
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		1,881	1,335	1,866	1,305
Due after one years, but within five years		7,473	5,939	7,463	5,902
Due after five years		-	-	-	-
		9,354	7,274	9,329	7,207
Future Minimum Rental Payments for Leased Computers:					
Due within one year		8,607	3,569	8,435	3,515
Due after one years, but within five years		8,397	4,576	8,224	4,508
Due after five years		-	-	-	-
		17,004	8,145	16,659	8,023
(b) Capital and Other Commitments -					
The Consolidated Entity has a commitment with respect to capital and other expenditure which has been contracted for at balance date.					
Plant and Equipment					
Due within one year		2,583	1,558	2,556	1,558
Building Works					
Due within one year		12,134	10,697	12,121	10,697
Due after one years, but within five years		-	-	-	-
Other Non-Capital Commitments -					
Due within one year		6,543	6,232	6,541	6,232
		21,260	18,487	21,218	18,487

Notes to financial statements

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
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					
		2,008	3,295	(452)	746
		26,856	20,102	5,831	2,749
		24,544	50,609	24,544	50,609
		53,408	74,006	29,923	54,104
Cash at the end of year					
		4,406	2,008	(1,131)	(452)
		25,048	26,856	9,666	5,831
		609	-	609	-
		499	24,544	499	24,544
		30,562	53,408	9,643	29,923
		(22,846)	(20,598)	(20,280)	(24,181)
(b) Non-cash financing and investing activities					
During the reporting period RMIT acquired equipment by means of finance leases or through donations.					
These acquisitions are not reflected in the statement of cash flows.					
		-	990	-	990
(c) Reconciliation of net cash provided by operating activities to operating surplus					
		8,605	22,595	2,790	14,309
Eliminate items classified as investing/financing activities loss/(gain) on sale of property, plant and equip.					
	6	4,997	277	5,107	356
Eliminate non-cash flows					
	4.5	-	-	-	-
	4.2	24,426	24,914	23,276	23,821
		-	(990)	-	(990)
		-	-	-	4,331
	4.6	423	-	240	-
	4.6	18	17	-	12
	5	2	-	-	-
Change in operating assets and liabilities					
		(13,600)	(21,656)	(6,047)	(22,665)
		(144)	116	-	28
		(582)	2,094	(429)	1,981
		3,109	2,506	2,013	2,336
		6,923	215	8,535	2,852
		9,428	19,366	9,188	19,237
		43,605	49,454	44,673	45,608

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
27 Events subsequent to balance date					
There have been no events which have occurred since balance date which have affected or which may materially affect the accounts.					
28 Superannuation Commitments					
Funds to which RMIT or any controlled entity contributes:-					
(a) Defined benefits schemes					
State Superannuation Fund - closed		18,244	17,582	18,244	17,582
Superannuation Scheme Australian Universities		15,030	12,199	14,998	12,124
State Employees Retirement Benefits Scheme - closed		103	55	103	55
(b) Defined contribution schemes					
Victorian Superannuation Fund		1,969	4,708	1,957	4,708
Advance Credit - Closed		1	21	-	-
AMP - Closed		9	6	3	3
Australian Retirement Fund		33	38	-	-
Colonial State Bank		2	-	-	-
Hesta - Closed		10	13	-	-
Host Plus		107	78	-	-
Local Authorities Superannuation		4	-	-	-
Retail Employees Superannuation Trust		26	19	-	-
RMIT Superannuation Plan - Closed		304	246	296	246
RMIT Union Tailored Superannuation		179	165	-	-
AXA Australia Tailored Superannuation Fund		690	457	21	18
MTAA Superannuation		4	-	-	-
The Select Fund		2	-	-	-
ANZ Superannuation		-	8	-	-
Superannuation Trust of Australia		48	36	-	-
Tertiary Education Superannuation Scheme		6,025	4,517	5,986	4,439
Norwich Superannuation Fund		5	-	-	-
RACV Superannuation Fund		3	-	-	-
Zurich Superannuation		2	42	2	3
MLC Superannuation		10	2	-	-
BT Lifetime Superannuation		-	2	-	-
Other		13	-	-	-
		42,823	40,194	41,610	39,178

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 2001, 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 which 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 2001, amounted to \$238.2m (2000: \$238.2m).

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 2001.

Notes to financial statements

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 2001 Reporting Period" also requires that the unfunded superannuation obligations are treated as a asset and liability.

Superannuation Scheme Australian Universities

The last actuarial investigation was completed on 18 May, 2000 and conducted as at 31 December, 1999. The investigation was conducted by Mr. Grant Harslett (FIA. FIAA) of Towers Perrin.

The conclusion of the actuarial assessment noted that funds were considered adequate to satisfy all benefits payable in the event of termination of the plan and voluntary or compulsory termination of employment of each employee .

28 Superannuation Commitments (continued)

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
As at 30 June:					
Accrued benefits of the plan were:		140,601	126,563	140,601	126,423
Net market value of the plans' assets were:		155,154	138,189	155,154	138,049
Surplus		295,755	264,752	295,755	264,472
Vested benefits of the plan were:		140,601	126,563	140,601	126,423

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: <ul style="list-style-type: none"> - Revised Scheme 13.4% - New Scheme 7.3%, 8.8%, 9.8% or 10.8% based on member's selection
Superannuation Scheme Australian Universities	RMIT's contribution rates throughout 2001 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 8%
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%)

Tertiary Education
Superannuation Scheme

RMIT is required to contribute on account of members of Superannuation Scheme for Australian Universities at the rate of 3% of salary and for other eligible employees at the rate of 3% of salary from 1 January 1992, 4% from 1 July 1992, 5% from 1 January 1993, 6% from 1 January 1995, 7% from 1st July, 1998 and from 1st July, 2000 at the rate of 8%.

- Advance Credit
- AMP
- ANZ Superannuation
- Australian Retirement Fund
- AXA Australia Tailored Superannuation Fund
- BT Lifetime Superannuation
- Colonial State Bank
- Hesta
- Host Plus
- Local Authorities Superannuation
- MLC Superannuation
- Retail Employees Superannuation Trust
- Superannuation Trust of Australia
- Zurich Superannuation
- MTAA Superannuation
- The Select Fund
- Norwich Superannuation Fund
- RACV Superannuation Fund
- Other

The employer is required to contribute on account of eligible employees from 1 January, 1992 at the rate of 3% of salary, from 1 July, 1992 at the rate of 4%, from 1st January, 1993 at the rate of 5%, from 1st July, 1995 at the rate of 6% from 1st July, 1998 at the rate of 7% and from 1st July, 2000 at the rate of 8%.

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 2001 was \$1.647m (2000 - \$1.108m)

29 Segment Information - Consolidated

	Revenue		Results		Assets	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Industries						
Higher education	353,751	335,308	4,354	12,475	1,041,736	998,114
Vocational education and training	91,574	87,624	(1,558)	5,605	232,934	209,827
Other	38,553	28,828	5,809	4,515	25,609	22,847
	483,878	451,760	8,605	22,595	1,300,279	1,230,788
Unallocated	-	-	-	-	-	-
	483,878	451,760	8,605	22,595	1,300,279	1,230,788
Geographical regions						
Australia	465,524	436,082	4,769	22,470	1,299,036	1,230,788
South East Asia	18,354	15,678	3,836	125	1,243	-
Other	-	-	-	-	-	-
	483,878	451,760	8,605	22,595	1,300,279	1,230,788
Unallocated	-	-	-	-	-	-
	483,878	451,760	8,605	22,595	1,300,279	1,230,788

Notes to financial statements

30 Additional Financial Instruments Disclosures

(i) Interest Rate Risk

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

	Weighted average interest rate		Floating interest rate	1 year or less	1 to 5 years	Over 5 years	Non Interest Bearing	Total
	Note	%						
31 December 2001								
Assets								
Cash Assets	10	2.35	4,406	-	-	-	-	4,406
Short Term Deposits	10	4.26	25,048	-	-	-	-	25,048
Foreign Currency Bank Accounts	10	3.00	609	-	-	-	-	609
Receivables	11	-	-	-	-	-	37,228	37,228
Other Assets	14	-	-	-	-	-	1,954	1,954
Bills of Exchange	10	5.17	499	-	-	-	-	499
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	-	-	-	-	-	28,933	28,933
Finance Leased Equipment Capitalised	18	-	-	30	-	-	-	30
Borrowings	21	5.41	25,000	-	-	-	-	25,000
			25,000	30	-	-	28,933	53,963
Net Financial Assets (Liabilities)			9,609	1,006	-	-	10,516	21,131
31 December 2000								
Assets								
Cash Assets	10	4.35	2,008	-	-	-	-	2,008
Short Term Deposits	10	6.03	26,856	-	-	-	-	26,856
Receivables	11	-	-	-	-	-	30,293	30,293
Other Assets	14	-	-	-	-	-	1,369	1,369
Bills of Exchange	10	5.92	24,544	-	-	-	-	24,544
Government Stocks								
- Short Term	12	6.94	-	1,004	-	-	-	1,004
Government Stocks - Long Term	12	7.52	-	-	1,058	-	-	1,058
Managed Trust Funds	12	11.10	3,865	-	-	-	-	3,865
Shares in Non-Related Companies	12	-	-	-	-	-	267	267
			57,273	1,004	1,058	-	31,929	91,264
Liabilities								
Payables	17	-	-	-	-	-	22,016	22,016
Finance Leased Equipment Capitalised	18	-	-	70	67	-	-	137
Borrowings	21	6.30	25,000	-	-	-	-	25,000
			25,000	70	67	-	22,016	47,153
Net Financial Assets (Liabilities)			32,273	934	991	-	9,913	44,111

(ii) Credit Risk

The RMIT 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 entity which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The RMIT 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 entity's exposure to market risk is borne by the secure investments placed in bank accepted commercial bills and 11 a.m. deposits through the short term money market.

	Note	Consolidated	
		2001 \$,'000	2000 \$,'000
(iv) Reconciliation of Net Financial Assets to Net Assets			
Net Financial Assets as above		21,131	44,111
Non-Financial Assets and Liabilities			
Inventories	13	1,008	863
Government Contributions-Superannuation	11	244,862	238,175
Property, Plant and Equipment	15	979,167	900,385
Intangibles	16	148	101
Employee Entitlements	19	(305,295)	(295,866)
Revenue in Advance	20	(32,264)	(29,154)
Net Assets per Statement of Financial Position		908,757	858,615

		2001		2000	
		Carrying Amount \$,'000	Net Fair Value \$,'000	Carrying Amount \$,'000	Net Fair 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	4,406	4,406	2,008	2,008
Bank short term deposits, maturing within 60 days	10	25,048	25,048	26,856	26,856
Foreign currency bank accounts	10	609	609	-	-
Receivables	11	37,228	37,228	30,293	30,293
Other Assets	14	1,954	1,954	1,369	1,369
Bills of exchange accepted or endorsed by banks	12	499	-	24,544	25,138
Government stocks - short term	12	1,036	-	1,004	1,110
Government stocks - long term	12	-	-	1,058	1,103
Managed trust funds	12	4,047	4,144	3,865	4,144
Shares in non-related companies	12	267	267	267	267
		75,094	73,656	91,264	92,288
Financial Liabilities					
Payables	17	28,933	28,933	22,016	22,016
Finance Lease Liabilities	18	30	30	137	137
Interest Bearing Liabilities	21	25,000	25,000	25,000	25,000
		53,963	53,963	47,153	47,153

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.

31 Details of Controlled Entities

	Notes	Class of Shares	Place of Incorporation	Ownership	% Shares Held		Contribution to consolidated Entity's Surplus	
					2001	2000	2001	2000
Controlled Entities - Corporate								
RMIT Resources Ltd.	(a)	Limited by Guarantee	Victoria, Australia	100	-	-	-	-
Meltech Services Ltd.	(b)	Limited by Guarantee	Victoria, Australia	100	-	-	-	-
RMIT Training Pty. Ltd.	(c)	Ordinary	Victoria, Australia	100	502,000	502,000	897	846
RMIT Innovation Limited	(d)	Limited by Guarantee	Victoria, Australia	100	-	-	(484)	(100)
Spatial Vision Innovations Pty. Ltd.	(j)	Ordinary	Victoria, Australia	51	102,000	102,000	3	4
RMIT International Pty. Ltd.	(e)	Ordinary	Victoria, Australia	100	200,002	200,002	458	505
RMIT (Malaysia) Sdn. Bhd.	(f)	Ordinary Malaysia	Kuala Lumpur,	100	2	2	(14)	(20)
RMIT Vietnam Holdings Pty. Ltd.				100	12	-	4,597	-
RMIT International University Vietnam				100	-	-	(1,215)	-
Citytech Pty. Ltd.	(g)	Ordinary	Victoria, Australia	100	12	12	-	-
Controlled Entities - Other								
RMIT Union	(h)	Unincorporated Body			-	-	1,291	1,652
RMIT Foundation	(i)	Unincorporated Body			-	-	313	1,052
							5,846	3,939

- (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 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 \$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 Limited, 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. Each of the six members was a nominee of RMIT as at 31 December, 2001
- (e) RMIT International Pty Ltd is a company incorporated under the Corporations Act 2001 with a share capital of 200,002 ordinary share 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) 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.
- (h) The RMIT Union is an unincorporated body. The Union has been consolidated with RMIT in order to comply with AAS24 – Consolidated Financial Reports.
- (i) The RMIT Foundation is a Trust. Its principal purpose is to raise funds, provide grants to RMIT for the conduct of research, construction of teaching facilities, provide for scholarships and to engage visiting scholars. The trust is controlled by the RMIT Council.
- (j) Spatial Vision Innovations Pty Ltd is a company incorporated under the Corporations Act 2001 with a share capital of 200,000 Ordinary share of \$1 each. The company is a subsidiary of RMIT Innovation Limited which hold 51% of the issued capital.

Notes to financial statements

32 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			
	Consolidated		RMIT	
	2001	2000	2001	2000
	\$	\$	\$	\$
Name				
Inquirion Pty Ltd	1,000	-	1,000	-
Principal activities: Research & Development				
Balance date: 31 December				
Ordinary share ownership interest - Consolidated and the Company				
Inquirion 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	-	-	-	-
Investments in associates acquired during the year	1,000	-	1,000	-
Share of associates' net profit	-	-	-	-
Dividends received from associates	-	-	-	-
	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	-
Commitments				
Share of associates' expenditure commitments contracted but not provided for and payable				
Operating Leases -				
Due within one year	-	-	-	-
Due after one years, but within five years	-	-	-	-
Due after five years	-	-	-	-
Capital and Other Commitments -				
Due within one year	-	-	-	-
Due after one years, but within five years	-	-	-	-
Due after five years	-	-	-	-
Contingent Liabilities	-	-	-	-

33 Acquittal of Commonwealth Government Financial Assistance

Amounts received and expended pursuant to the Higher Education Funding Act 1988, excluding HECS:

	RMIT University							
	Operating financial assistance excluding HECS		HECS		Teaching Hospital		Capital Development	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
33.1 Teaching and Learning								
Financial Assistance in Advance (paid in the previous reporting period for current reporting period)	9,459	9,293	4,232	4,041	-	-	-	-
Plus Financial Assistance received during reporting period	110,916	101,419	53,891	51,306	-	-	-	-
Contributions actually received from students	-	-	8,159	8,570	-	-	-	-
	120,375	110,712	66,282	63,917	-	-	-	-
Less Financial Assistance in advance (received in reporting period for the next reporting period)	9,977	9,459	4,196	4,231	-	-	-	-
Plus Accrual Adjustments	1,629	(2,765)	312	-	-	-	-	-
	11,606	6,694	4,508	4,231	-	-	-	-
Revenue attributed to reporting period	108,769	104,018	61,774	59,686	-	-	-	-
Plus Surplus Prior Year	344	458	-	-	-	-	-	-
Funds available for reporting period	109,113	104,476	61,774	59,686	-	-	-	-
Less Expenses in current period	108,825	104,132	61,774	59,686	-	-	-	-
Surplus for reporting period	288	344	-	-	-	-	-	-

33 Acquittal of Commonwealth Government Financial Assistance (Continued)

	RMIT University											
	Large Research Centres		Strategic Partnership with Industry		Research Fellowship		International Researcher Exchange		Research Centres		Research Centres	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
33.2 Australian Research Council												
Financial Assistance in Advance (paid in the previous reporting period for current reporting period)	-	26	-	60	-	5	-	-	-	-	-	-
Plus Financial Assistance received during reporting period	409	489	1,337	862	11	115	-	-	-	-	-	-
	409	515	1,337	922	11	120	-	-	-	-	-	-
Less Financial Assistance in advance (received in reporting period for the next reporting period)	-	-	-	-	-	-	-	-	-	-	-	-
Plus Accrual Adjustments	(72)	-	-	-	-	-	-	-	-	-	-	-
	(72)	-	-	-	-	-	-	-	-	-	-	-
Revenue attributed to reporting period	481	515	1,337	922	11	120	-	-	-	-	-	-
Plus Surplus Prior Year	348	372	352	663	30	26	-	-	-	-	-	-
Funds available for reporting period	829	887	1,689	1,585	41	146	-	-	-	-	-	-
Less Expenses in current period	350	540	1,141	1,232	41	116	-	-	-	-	-	-
Surplus for reporting period	479	347	548	353	-	30	-	-	-	-	-	-

	RMIT University							
	Research Infrastructure Equipment & Facilities		Indigenous Researcher's Development		Special Research Initiatives		Learned Academic Special Projects	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'001	2000 \$'000	2001 \$'001	2000 \$'000
33.2 Australian Research Council (cont'd)								
Financial Assistance in Advance (paid in the previous reporting period for current reporting period)	-	-	-	-	-	-	-	-
Financial Assistance received during reporting period	1,215	977	-	-	-	-	-	-
	1,215	977	-	-	-	-	-	-
Less - Financial Assistance in advance (received in reporting period for the next reporting period)	-	-	-	-	-	-	-	-
Plus - Accrual Adjustments	500	-	-	-	-	-	-	-
	500	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Revenue attributed to reporting period	715	977	-	-	-	-	-	-
Plus - Surplus Prior Year	867	-	-	-	-	-	-	-
Funds available for reporting period	1,582	977	-	-	-	-	-	-
Less - Expenses in current period	1,138	110	-	-	-	-	-	-
Surplus for reporting period	443	867	-	-	-	-	-	-

33 Acquittal of Commonwealth Government Financial Assistance (Continued)

	RMIT University							
	Small Research		Infrastructure		Postgraduate Awards		Research Scholarships	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
33.3 DEST Research Grants								
Financial Assistance in Advance (paid in the previous Reporting period for current reporting period)	174							
Plus Financial Assistance received during reporting period	174	207	623	633	1,896	1,621	476	445
	189	207	671	633	1,896	1,621	476	445
Less Financial Assistance in advance (received in reporting period for the next reporting period)	-	15	62	49	-	-	-	-
Plus Accrual Adjustments	-	-	-	-	-	-	-	-
	-	15	62	49	-	-	-	-
Revenue attributed to reporting period	189	192	609	585	1,896	1,621	476	445
Plus Surplus Prior Year	175	147	438	185	449	567	235	184
Funds available for reporting period	363	339	1,047	770	2,345	2,187	711	630
Less Expenses in current period	225	165	613	332	1,906	1,739	454	395
Surplus for reporting period	138	175	434	438	439	449	257	235

Category of Grant	Unspent financial assistance as at 31 December		Unspent financial assistance likely to be approved by C'wealth for carry forward		Unspent financial assistance likely to be recovered by C'wealth	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Operating, excluding HECS	287	344	287	344	-	-
HECS	-	-	-	-	-	-
Teaching Hospitals	-	-	-	-	-	-
Capital Development Pool	-	-	-	-	-	-
Large Research	479	348	479	348	-	-
Strategic Partnership with Industry	549	352	549	352	-	-
Research Fellowship	-	30	-	30	-	-
International Researcher Exchange	-	-	-	-	-	-
Research Centres	-	-	-	-	-	-
Research Infrastructure Equipment & Facilities	443	867	443	867	-	-
Indigenous Researcher's Development	-	-	-	-	-	-
Special Research Initiatives	-	-	-	-	-	-
Learned Academic Special Projects	-	-	-	-	-	-
Small Research	138	175	138	175	-	-
Infrastructure	434	438	434	438	-	-
Australian Postgraduate Awards	439	449	439	449	-	-
International Postgraduate Research Scholarships	257	235	257	235	-	-
Total	3,026	3,238	3,026	3,238	-	-

Notes to financial statements

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
34 Total Expenses Attributed to Functions					
In order to comply with (DEST) reporting requirements, it is necessary for RMIT to make the following disclosures.					
(a)	Academic Staff Salaries	118,764	107,945	118,764	107,945
	Academic Staff Salary Related Costs	52,317	53,211	52,317	53,210
	Non-Academic Staff Salaries	97,328	88,715	82,514	77,571
	Non-Academic Staff Salary Related Costs	29,859	30,761	27,763	28,879
	Depreciation				
	Buildings	11,439	9,711	10,894	9,101
	Equipment, Motor Vehicles, Furniture & Fittings	10,062	12,725	9,457	12,242
	Library Collection	2,925	2,478	2,925	2,478
	Intangible Assets	18	5	-	-
	Other Expenses	152,364	123,540	137,697	122,150
	Total Expenses by Functions	475,076	429,091	442,331	413,576
Expenses Attributed to Functions					
(b)	Academic Activities:				
	Academic Staff Salaries	114,231	104,753	114,231	104,753
	Academic Staff Salary Related Costs	46,462	43,106	46,462	43,105
	Non-Academic Staff Salaries	40,938	39,973	40,938	39,972
	Non-Academic Staff Salary Related Costs	11,760	11,321	11,760	11,322
	Depreciation				
	Buildings	4,720	3,238	4,720	3,238
	Equipment, Motor Vehicles, Furniture & Fittings	5,165	7,415	5,165	7,415
	Library Collection	-	-	-	-
	Intangible Assets	-	-	-	-
	Other Expenses	56,471	55,705	56,020	54,376
		279,747	265,511	279,296	264,181
Libraries:					
	Academic Staff Salaries	-	-	-	-
	Academic Staff Salary Related Costs	-	-	-	-
	Non-Academic Staff Salaries	7,054	6,829	7,054	6,829
	Non-Academic Staff Salary Related Costs	1,990	1,976	1,990	1,976
	Depreciation				
	Buildings	2,081	2,086	2,081	2,086
	Equipment, Motor Vehicles, Furniture & Fittings	202	188	202	188
	Library Collection	2,925	2,478	2,925	2,478
	Intangible Assets	-	-	-	-
	Other Expenses	2,828	3,060	2,828	3,060
		17,080	16,617	17,080	16,617
Other Academic Support Services					
	Academic Staff Salaries	2,475	1,539	2,475	1,539
	Academic Staff Salary Related Costs	528	389	528	389
	Non-Academic Staff Salaries	3,933	3,507	3,933	3,507
	Non-Academic Staff Salary Related Costs	1,392	1,057	1,392	1,057
	Depreciation				
	Buildings	199	194	199	194
	Equipment, Motor Vehicles, Furniture & Fittings	806	890	806	890
	Library Collection	-	-	-	-
	Intangible Assets	-	-	-	-
	Other Expenses	8,963	7,808	8,963	7,808
		18,296	15,384	18,296	15,384
Student Services					
	Academic Staff Salaries	-	-	-	-
	Academic Staff Salary Related Costs	-	-	-	-
	Non-Academic Staff Salaries	8,909	7,564	5,425	4,494
	Non-Academic Staff Salary Related Costs	2,062	1,435	1,604	1,038
	Depreciation				
	Buildings	582	618	60	55
	Equipment, Motor Vehicles, Furniture & Fittings	319	278	104	93
	Library Collection	-	-	-	-
	Intangible Assets	18	5	-	-
	Other Expenses	5,761	5,544	1,175	1,395
		17,651	15,444	8,368	7,075

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
Buildings and Grounds					
Academic Staff Salaries		-	-	-	-
Academic Staff Salary Related Costs		-	-	-	-
Non-Academic Staff Salaries		8,790	7,664	8,790	7,664
Non-Academic Staff Salary Related Costs		2,433	1,952	2,433	1,952
Depreciation					
Buildings		2,938	2,686	2,938	2,686
Equipment, Motor Vehicles, Furniture & Fittings		312	216	312	216
Library Collection		-	-	-	-
Intangible Assets		-	-	-	-
Other Expenses		23,086	17,470	23,085	17,469
		37,559	29,988	37,558	29,987
Administration & Other General Institutional Services					
Academic Staff Salaries		2,058	1,653	2,058	1,653
Academic Staff Salary Related Costs		566	479	566	479
Non-Academic Staff Salaries		18,713	16,123	15,479	13,235
Non-Academic Staff Salary Related Costs		6,992	8,095	6,454	7,586
Depreciation					
Buildings		896	842	896	842
Equipment, Motor Vehicles, Furniture & Fittings		3,019	3,517	2,837	3,316
Library Collection		-	-	-	-
Intangible Assets		-	-	-	-
Other Expenses		44,679	23,732	44,725	35,779
		76,923	54,441	73,015	62,890
Other					
Academic Staff Salaries		-	-	-	-
Academic Staff Salary Related Costs		-	-	-	-
Non-Academic Staff Salaries		8,991	7,055	895	1,870
Non-Academic Staff Salary Related Costs		1,304	1,187	204	210
Depreciation					
Buildings		23	47	-	-
Equipment, Motor Vehicles, Furniture & Fittings		239	221	31	124
Library Collection		-	-	-	-
Intangible Assets		-	-	-	-
Other Expenses		10,576	10,221	901	2,263
		21,133	18,731	2,031	4,467
Deferred Employee Benefits for Superannuation					
Academic Staff Salary Related Costs		4,761	9,237	4,761	9,237
Non-Academic Staff Salary Related Costs		1,926	3,738	1,926	3,738
		6,687	12,975	6,687	12,975
Total expenses attributed to functions		475,076	429,091	442,331	413,576

Notes to financial statements

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
35 Directors' and Executives' Remuneration					
(a) Directors' Remuneration					
Income received or due and receivable by all councillors/directors 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/director.					
		2,707	2,873	763	1,296
Income received or due and receivable by all councillors/directors of the parent entity from the parent entity and any related bodies corporate, including insurance premiums to indemnify liabilities while acting as a director					
				763	1,918
Number of parent entity councillors/directors whose income from the parent entity and any related bodies corporate was within the following bands:					
				No.	No.
\$ 0				15	17
\$ 70,000 - \$ 79,999				1	1
\$ 80,000 - \$ 89,999				1	2
\$120,000 - \$129,999				-	3
\$130,000 - \$139,999				1	-
\$140,000 - \$149,999				1	1
\$320,000 - \$329,999				1	-
\$400,000 - \$409,000				-	1
		\$,000	\$,000	\$,000	\$,000
(b) Executive Officers' Remuneration					
Income received or due and receivable by Australia-based executive officers (including executive councillors/directors) of the consolidated entity, from all entities in the consolidated entity and any related entities, whose income is \$100,000 or more					
		3,366	2,062	2,977	1,829
Income received or due and receivable by Australia-based executive officers (including executive councillors/directors) of the parent entity, from the parent entity and any related bodies corporate, whose income is \$100,000 or more					
		2,977	1,829	2,977	1,829
The number of executive officers whose income was within the following bands:					
		No.	No.	No.	No.
\$110,000 - \$119,999		1	2	-	-
\$120,000 - \$129,999		5	1	4	-
\$140,000 - \$149,999		1	2	1	1
\$150,000 - \$159,999		4	3	3	3
\$160,000 - \$169,999		3	1	3	1
\$170,000 - \$179,999		5	-	5	-
\$180,000 - \$189,999		-	2	-	2
\$210,000 - \$219,999		1	-	1	-
\$280,000 - \$289,999		-	1	-	1
\$320,000 - \$329,000		1	-	1	-
\$400,000 - \$409,000		-	1	-	1
		\$,000	\$,000	\$,000	\$,000
(c) Retirement and Superannuation Payments					
Amounts paid directly on retirement from office or to prescribed superannuation funds for the provision of retirement benefits for:					
Principal Executive Officer					
		-	1,039	-	1,039

(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 the Responsible Persons at anytime 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
Carmody, H	Ringwood, G
Coloe, P	Sapwell, I
Coutts, C	Summers, P
Danos, E	Thomas, P
Dunkin, R	Tongs, J
Frater, R	Varcoe-Cocks, J
Hepburn, R	Wilkinson, J
Johnston, S	Williams, R
Mercer, D	
Mitcham, J.	

(iii) Transactions with Members of Council related entities are as follows:

Apart from the details disclosed in this note, no member of council/director has entered into a material contract with RMIT or the RMIT entity since the end of the previous financial year and there were no material contracts involving members of council/directors' interest subsisting at year end.

The terms and conditions of the transactions with members of council/directors and their director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to respect to members of council/directors and their related parties were as follows:

		Note	Consolidated		RMIT	
			2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
Director	Transaction					
R. Hepburn	Sales revenue - Hire of equipment		19	20	19	20

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) Wholly owned group

The wholly owned group consists of RMIT University and its wholly owned controlled entities:

RMIT Training Pty. Ltd.
RMIT Innovation Limited
RMIT International Pty. Ltd.
RMIT (Malaysia) Sdn. Bhd.
RMIT Vietnam Holdings Pty. Ltd.
RMIT International University Vietnam
RMIT Resources Ltd.
Meltech Services Ltd.
Citytech Pty. Ltd.
RMIT Union
RMIT Foundation

Ownership interest in these entities is set out in note 31.

(b) Transactions with associated 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 the Associated Entities.

(c) The aggregate amounts included in the surplus from ordinary activities before income tax expense that

Notes to financial statements

	Note	Consolidated		RMIT	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
resulted from transactions with associated entities are:					
Other Expenses	- Marketing Expenses	-	-	6,100	5,700
	- Grants	-	-	5,450	5,138
	- Scholarship and prizes	-	-	1,926	1,005
	- Other	-	-	127	1,834
Revenue	- Contract income	-	-	5,601	4,250
	- Donations and bequests	-	-	369	1,234
(d) Aggregate amounts receivable from, and payable to, associated entities:					
Current Receivables					
	Wholly owned subsidiaries	-	-	2,910	13,933
	Other associated entities	-	-	-	20
Non-Current Receivables					
	Wholly owned subsidiaries	-	-	4,775	832
	Other associated entities	-	-	2,210	-
Current Payables					
	Other associated entities	-	-	-	1,248
Non-Current Payables					
	Wholly owned subsidiaries	-	-	14,297	11,427
	Other associated entities	-	-	1,105	-
37 Student General Service Fees					
In accordance with The Tertiary Education (Amendment) Act 1994, the following compulsory non-academic fees were collected by the RMIT from students and prospective students:					
Fees Collected					
	General Service Fee	7,697	6,989	7,697	6,989
	Enrolment Fee	3,443	3,092	3,443	3,092
		11,140	10,081	11,140	10,081
Distribution of Fees by way of Grants to:					
	Student Union Council	2,479	2,334	2,479	2,334
	RMIT Union	4,994	4,557	4,994	4,557
	RMIT Teaching Departments	3,374	2,961	3,374	2,961
	RMIT Student Services	293	284	293	284
		11,140	10,136	11,140	10,136

The collection and distribution of fees has been audited in accordance with The Tertiary Education (Amendment) Act 1994.

		RMIT			
		HES		TAFE	
	Note	2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
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.					
Statements of Financial Performance					
Revenue from Ordinary Activities	38.01	353,745	340,335	91,574	87,624
Share of net result of associates and joint ventures accounted for using the equity method		-	-	-	-
Expenses from Ordinary Activities (excluding borrowing cost expense)	38.08	(348,123)	(330,346)	(93,121)	(81,846)
Borrowing cost expense	38.15	(1,087)	(1,212)	-	(172)
Operating Result from Ordinary Activities before Income Tax		4,535	8,777	(1,547)	5,606
Income tax related to ordinary activities		(188)	(74)	(10)	-
Net Operating Result		4,347	8,703	(1,557)	5,606
Other valuation adjustments to equity		-	-	-	-
Asset revaluation increment taken through reserve		21,126	-	20,350	-
Total Revenue, Expense and Valuation Adjustments attributed to the RMIT Entity and Recognised Directly in Equity		21,126	-	20,350	-
Total Changes in Equity Other than those Resulting from transactions with Owners as Owners		25,473	8,703	18,793	5,606
38.01 Revenue from Ordinary Activities					
Commonwealth Government financial assistance	38.02	114,930	110,101	184	227
Victorian State Government financial assistance	38.03	73	182	58,175	54,890
Higher Education Contribution Scheme					
Student contributions		8,159	8,570	-	-
Commonwealth payments		53,615	51,116	-	-
Fees and Charges	38.04	116,253	102,930	29,041	27,801
Superannuation					
Deferred Government contributions		6,687	12,975	-	-
Commonwealth supplementation		15,924	15,111	-	-
Investment Income	38.05	1,285	2,430	505	1,001
Consultancy and contract research	38.06	13,843	12,377	-	-
Other revenue	38.07	22,976	24,543	3,669	3,705
Total revenue from ordinary activities		353,745	340,335	91,574	87,624

Notes to financial statements

		RMIT			
		HES		TAFE	
	Note	2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
38.02 Commonwealth Government Financial Assistance (excluding HECS)					
Teaching & Learning					
Operating Purposes excluding HECS	33.1	108,769	104,018	-	-
Teaching Hospitals	33.1	-	-	-	-
Capital Development Pool	33.1	-	-	-	-
Australian Research Council	33.2				
Large Research		481	516	-	-
Strategic Partnership with Industry		1,337	922	-	-
Research Fellowship		11	120	-	-
International Researcher Exchange		-	-	-	-
Research Centres		-	-	-	-
Research Infrastructure Equipment & Facilities		715	977	-	-
Indigenous Researcher's Development		-	-	-	-
Special Research Initiatives		-	-	-	-
Learned Academic Special Projects		-	-	-	-
DEST	33.3				
Small Research		189	192	-	-
Infrastructure		609	585	-	-
Australian Postgraduate Awards		1,896	1,621	-	-
International Postgraduate Research Scholarships		476	445	-	-
		114,483	109,396	-	-
Other Commonwealth Government					
Equipment		-	-	-	-
Other		447	705	184	227
		447	705	184	227
		114,930	110,101	184	227
38.03 Victorian State Government Financial Assistance					
TAFE Recurrent		-	-	52,136	49,388
TAFE Capital		-	-	4,565	3,087
TAFE Other		73	182	1,474	2,415
		73	182	58,175	54,890
38.04 Fees and Charges					
Continuing Education		1,989	1,707	7,406	6,452
Fee paying overseas students		85,271	75,863	16,946	17,561
Fee Paying non-overseas postgraduate students		14,753	13,334	-	-
Fee Paying non-overseas undergraduate students		2,304	1,519	324	307
Student Enrolment Fees		7,697	6,990	3,443	3,092
Other		4,239	3,517	922	389
		116,253	102,930	29,041	27,801
38.05 Investment Income					
Interest Received and Receivable		1,285	2,430	505	1,001
Gains from Sale of Investments		-	-	-	-
		1,285	2,430	505	1,001
38.06 Consultancy and Contract Research					
Commonwealth Government		6,771	6,511	-	-
Victorian State Government		1,469	2,084	-	-
Local Government		172	61	-	-
Industry and Other		5,431	3,721	-	-
		13,843	12,377	-	-

	Note	RMIT			
		HES		TAFE	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
38.07 Other Revenue					
Contract revenue (other than Consultancy & Contract Research)		8,914	14,228	2,401	2,026
Proceeds from sale of property, plant and equipment		2,115	1,303	11	105
Donations and bequests	*	3,429	2,415	63	254
Scholarships		869	906	2	50
Property rental		2,649	1,717	371	533
Product sales		1,872	2,388	439	396
Gains (losses) from Foreign Exchange		92	15	-	-
Other		3,037	1,571	381	341
		22,977	24,543	3,668	3,705
<i>* RMIT received by way of a bequest, equipment to the value of \$990,000 in 2000</i>					
38.08 Expenses from Ordinary Activities					
Employee benefits	38.09	219,637	211,997	61,724	55,607
Depreciation and amortisation	38.10	17,671	17,965	5,605	5,856
Buildings and grounds	38.11	15,760	13,757	3,139	4,233
Book value on sale of property, plant & equipment	38.16	2,642	1,421	4,591	343
Bad and doubtful debts	38.12	44	309	(34)	21
Other expenses	38.13	92,369	84,897	18,096	15,786
Total expenses from ordinary activities		348,123	330,346	93,121	81,846
38.09 Employee Benefits					
Salaries					
Academic		85,678	76,392	33,086	31,553
Non-academic		66,687	63,051	15,828	14,520
		152,365	139,443	48,914	46,073
Salary Related Expenses					
Contributions to superannuation & pension schemes:					
Deferred employee benefits for superannuation		6,687	12,975	-	-
Emerging Cost		18,244	17,582	-	-
Funded		19,835	17,062	4,823	4,533
Provisions for future emerging costs		-	-	-	-
Payroll Tax		9,316	9,853	2,840	3,040
Workers' Compensation		1,902	1,920	576	591
Long Service Leave Expense		1,893	2,519	1,154	-
Annual Leave Expense		9,395	10,643	3,417	1,370
		67,272	72,554	12,810	9,534
		219,637	211,997	61,724	55,607
38.10 Depreciation and Amortisation					
Buildings		7,978	7,273	1,898	1,750
Building Plant and Improvements		(36)	76	118	2
Equipment, Motor Vehicles & Furniture and Fittings		7,106	8,386	3,287	3,856
Library Collections		2,622	2,230	303	248
		17,670	17,965	5,606	5,856
38.11 Buildings and Grounds					
Facilities Related - Maintenance & Service		9,013	6,911	1,568	2,259
Occupancy Expenses		4,930	4,498	1,450	1,392
Minor Works Expenses		1,817	2,347	121	583
		15,760	13,756	3,139	4,234
38.12 Bad and Doubtful Debts					
(a) Bad Debts Written Off in the Operating Statement					
Trade Debtors		215	-	25	-
(b) Amounts Set Aside to Provision for Doubtful Debts:					
Trade Debtors		(172)	309	(58)	21
Total bad and doubtful debts expense		43	309	(33)	21

Notes to financial statements

	Note	RMIT			
		HES		TAFE	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
(c) Bad Debts Written Off against Provision for Doubtful debts Trade Debtors		(131)	3,039	-	-
		(131)	3,039	-	-
38.13 Other Expenses					
Scholarships, grants and prizes		22,062	19,477	966	718
Telecommunications		7,068	5,187	1,637	1,327
Non-capitalised equipment		5,888	5,322	1,385	1,064
Travel, staff development and entertainment		8,747	7,864	1,881	1,405
Inventory used		8,902	10,171	3,004	2,716
Net diminution in value of non-current assets		-	12	-	-
Operating lease rental expenses		10,033	5,524	1,264	564
Net foreign exchange loss		2	-	-	-
Marketing, Advertising & Public Relations		10,082	8,699	2,358	2,688
Administrative Expenses		10,209	10,297	3,546	3,455
Finance, Legal & Other		4,683	4,523	947	993
Other expenses		4,692	7,821	1,109	856
		92,368	84,897	18,097	15,786
38.14 Other Charges against Revenue for the year					
Amortisation or Diminution in respect of:					
Intangible Assets		-	12	-	-
Bad Debts Written Off		215	-	25	-
Amounts Set Aside to Provisions					
Doubtful Debts		(172)	309	(58)	21
Employee Entitlements		11,288	13,138	4,571	1,370
38.15 Borrowing Cost Expense					
Interest on finance leases		-	-	-	-
Interest to Other Corporations		1,087	1,212	-	172
		1,087	1,212	-	172
38.16 Sales of Assets					
(a) Sales in the Ordinary Course of Business of Assets have given rise to gross receipts amounting to:		2,115	1,303	11	105
(b) Net Profit from Sale of Assets					
Receivables		-	38	-	-
Investments		-	16	-	-
Property, plant & equipment		294	30	11	-
		294	84	11	-
(c) Net Losses from Sale of Assets					
Receivables		-	72	-	-
Property, plant & equipment		821	42	4,591	238
Intangibles		-	88	-	-
		821	202	4,591	238
(d) Written Down Value of Asset Sold in Ordinary Course of Business		2,642	1,421	4,591	343
38.17 Accumulated Funds					
Retained earnings at beginning of year		258,312	249,609	66,219	60,613
Net surplus attributable to members of the RMIT entity		4,347	8,703	(1,557)	5,606
Transfers to reserves		-	-	-	-
Retained earnings at end of year		262,659	258,312	64,662	66,219

	Note	RMIT			
		HES		TAFE	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,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	3,377	10,646	6,266	19,277
Receivables	39.03	43,166	51,755	9,243	5,081
Other Financial Assets	39.04	-	1,004	1,036	-
Other Assets	39.05	1,527	1,146	205	158
Total Current Assets		48,070	64,551	16,750	24,516
Non-Current Assets					
Receivables	39.03	233,110	222,507	-	-
Other Financial Assets	39.04	1,930	1,991	-	-
Property, Plant and Equipment	39.06	758,588	710,915	216,185	185,312
Intangibles	39.07	35	35	-	-
Total Non-Current Assets		993,663	935,448	216,185	185,312
Total Assets		1,041,733	999,999	232,935	209,828
Current Liabilities					
Payables	39.08	19,493	14,518	4,607	3,914
Provisions	39.09	38,997	37,669	5,610	4,426
Revenue in advance	39.10	24,837	24,613	2,625	-
Total Current Liabilities		83,327	76,800	12,842	8,340
Non-Current Liabilities					
Payables	39.08	13,926	11,427	371	-
Interest Bearing Liabilities	39.11	25,000	25,000	-	-
Provisions	39.09	252,856	245,621	6,152	6,711
Total Non-Current Liabilities		291,782	282,048	6,523	6,711
Total Liabilities		375,109	358,848	19,365	15,051
Net Assets		666,624	641,151	213,570	194,777
Equity					
RMIT entity interest					
Accumulated Funds	38.17	262,659	258,312	64,662	66,219
Contributed Equity		-	-	-	-
Reserves	39.12	403,965	382,839	148,908	128,558
Total RMIT entity interest		666,624	641,151	213,570	194,777
Total Equity		666,624	641,151	213,570	194,777
Contingent Liabilities	39.13				
Commitments	39.14				
		-	-	-	-

Notes to financial statements

		RMIT			
		HES		TAFE	
	Note	2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
39.01 Statements of Cash Flows					
Cash Flows from Operating Activities					
Inflows:					
Financial Assistance					
	Commonwealth Government Grants	133,683	123,631	469	-
	Victorian State Government Grants	74	182	58,174	54,890
Higher Education Contribution Scheme					
	Student Payments	8,159	8,570	-	-
	Higher Education Trust Fund	53,615	51,116	-	-
Consultancy and contract research					
		14,273	12,377	-	-
Interest Received					
		1,372	2,434	527	1,092
Fees and Charges					
		114,116	104,806	29,014	27,070
Other Cash Receipts in the course of operations					
		32,352	15,291	1,541	4,643
		357,644	318,407	89,725	87,695
Outflows:					
Payments of Salaries and Related Costs					
		211,073	193,653	61,099	53,045
Payments to Suppliers in the course of operations					
		109,356	87,428	19,883	24,910
Interest and Other Finance Costs Paid					
		1,087	1,213	-	171
Income Tax Paid					
		188	74	10	-
		321,704	282,368	80,992	78,126
Net cash inflow from operating activities		35,940	36,039	8,733	9,569
Cash Flows from Investing Activities					
Inflows:					
Proceeds from Sale of Investments					
		2,062	-	(1,036)	-
Proceeds from Sale of Property, Plant and Equipment					
		2,115	1,303	11	105
		4,177	1,303	(1,025)	105
Outflows:					
Payment for Investments					
		-	1,055	997	-
Transfer of opening RMIT Foundation cash					
		-	-	-	669
Payments for Property, Plant and Equipment					
		47,385	64,452	19,723	4,932
		47,385	65,507	20,720	5,601
Net cash (outflow) from investing activities		(43,208)	(64,204)	(21,745)	(5,496)
Cash Flows from Financing Activities					
Outflows:					
Payments for Finance Leases					
		-	-	-	89
		-	-	-	89
Net cash (outflow) from financing activities		-	-	-	(89)
Net (decrease) in Cash Held		(7,268)	(28,165)	(13,012)	3,984
Cash at Beginning of Reporting Period		10,645	38,811	19,278	15,293
Cash at End of Reporting Period		3,377	10,646	6,266	19,277

	Note	RMIT			
		HES		TAFE	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
39.02 Cash Assets					
Cash at bank and on hand		(2,937)	(492)	1,806	40
Bank short term deposits, maturing within 60 days		5,705	3,871	3,961	1,960
Bills of exchange accepted or endorsed by banks		-	7,267	499	17,277
Foreign currency bank accounts		609	-	-	-
		3,377	10,646	6,266	19,277
Bank short term deposits					
The deposits are bearing floating interest rates between 4.3% and 5.2% (2000 - 6.0% and 6.1%).					
39.03 Receivables					
Current					
Trade Debtors		12,713	10,729	4,961	2,202
Less Provision for Doubtful Debts		(372)	(585)	(9)	(105)
		12,341	10,144	4,952	2,097
Student Loans and Student Debtors		7,838	6,048	3,185	2,211
Less Provision for Doubtful Debts		(575)	(735)	(359)	(252)
		7,263	5,313	2,826	1,959
Loans and Advances		130	535	-	-
Government Grants Receivable		1,884	3,730	349	634
Government Contributions-Superannuation	*	16,500	16,500	-	-
Interest Receivable		44	132	11	33
Other debtors		2,689	1,448	510	358
Amounts receivable from:					
Wholly owned subsidiaries		2,315	13,933	595	-
Other related parties		-	20	-	-
		23,562	36,298	1,465	1,025
Total Current		43,166	51,755	9,243	5,081
Non-Current					
Loans and advances		-	-	-	-
Government contributions - superannuation	*	228,362	221,675	-	-
Amounts receivable from:					
Wholly owned subsidiaries		4,748	832	-	-
		233,110	222,507	-	-
Total Non-Current		233,110	222,507	-	-
Total Receivables		276,276	274,262	9,243	5,081
* 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 the RMIT by the Victorian Superannuation Fund at 30 June 2001 amounted to \$244.9m (2000: \$238.2m). The amount has been treated as deferred income with a corresponding liability being recorded as a deferred expense under Provisions - Note 19 and consequently has no affect on the year end net assets position of the University.					
39.04 Other Financial Assets					
Current					
Listed Investments - at cost					
Government and semi-government stocks and bonds		-	1,004	1,036	-
Total Current		-	1,004	1,036	-
Non-Current					
Listed Investments - at cost					
Government and semi-government stocks and bonds		-	1,058	-	-
Unlisted Investments - at cost					
Shares in controlled entities		1,619	622	80	80
Shares in non-related companies		311	311	-	-
Less Provision for diminution in value of investment		-	-	(80)	(80)
Total Non-Current		1,930	1,991	-	-
Total Investments		1,930	2,995	1,036	-

Notes to financial statements

	Note	RMIT			
		HES		TAFE	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
Net Fair Values of Investments					
Traded securities are listed and other securities which are readily traded on organised markets. The aggregate net fair values of these securities are:					
Current					
	Government and semi-government stocks and bonds	-	1,110	-	-
Non-Current					
	Government and semi-government stocks and bonds	-	1,103	-	-
		-	2,213	-	-
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	321	237	-	-
	Workcare	749	741	187	158
	Interest	5	154	-	-
	Other	452	14	18	-
		1,527	1,146	205	158
39.06 Property, Plant and Equipment					
	Land	202,265	175,314	50,336	38,375
	Buildings	512,236	452,367	138,155	136,062
	Building Plant and Improvements	2,283	757	4,866	1,902
	Equipment, Motor Vehicles & Furniture and Fittings	32,522	28,447	20,641	7,652
	Library Collections	6,685	6,294	1,133	1,024
	Capital Works in Progress	2,597	47,736	1,054	297
		758,588	710,915	216,185	185,312
The following are details of the valuation basis of these assets, together with depreciation and amortisation provided:					
Land					
	- at cost	-	384	-	2,800
	- at Independent Valuation - 31.12.2001	202,265	174,930	50,336	35,575
		202,265	175,314	50,336	38,375
Buildings					
	- at cost	-	36,695	-	20,731
	- at Independent Valuation - 31.12.2001	512,236	430,209	138,155	119,109
		512,236	466,904	138,155	139,840
Less Accumulated Depreciation					
	- at cost	-	(11)	-	(477)
	- at Independent Valuation - 31.12.1998	-	(14,526)	-	(3,301)
		512,236	452,367	138,155	136,062
Buildings Plant and Improvements					
	- at cost	2,361	820	5,232	2,151
	- at Independent Valuation - 31.12.1998	-	-	-	-
		2,361	820	5,232	2,151
Less Accumulated Depreciation					
	- at cost	(78)	(63)	(366)	(249)
	- at Independent Valuation - 31.12.1998	-	-	-	-
		2,283	757	4,866	1,902

	Note	RMIT			
		HES		TAFE	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
Equipment, Motor Vehicles, Furniture and Fittings					
- at Councillors' / Directors' Valuation - 1.7.92					
Equipment		-	13,904	-	2,143
Furniture and Fittings		-	172	-	45
Software		-	209	-	151
Motor Vehicles		-	102	-	-
Works of Art		-	1,055	-	2
- at Councillors' / Directors' Valuation - 1.1.95					
Equipment		-	-	-	8,110
Total Equipment, Motor Vehicles, Furniture and Fittings		-	15,442	-	10,451
Less Accumulated Depreciation		-	(13,757)	-	(2,954)
		-	1,685	-	7,497
- at cost					
Equipment		85,620	65,655	29,061	14,678
Furniture and Fittings		2,951	2,458	714	773
Software		15,989	7,301	6,831	241
Motor Vehicles		2,836	2,864	346	385
Works of Art		1,151	98	9	5
Accumulated Depreciation		108,547 (76,025)	78,376 (51,614)	36,961 (16,320)	16,082 (15,927)
		32,522	26,762	20,641	155
Total Equipment, Motor Vehicles, Furniture and Fittings		108,547	93,818	36,961	26,533
Total Accumulated Depreciation		(76,025)	(65,371)	(16,320)	(18,881)
		32,522	28,447	20,641	7,652
Library Collection					
- at Councillors' / Directors' Valuation - 1.7.92		-	11,813	-	861
Less Accumulated Depreciation		-	(11,813)	-	(861)
- at cost		34,043	19,392	3,644	2,197
Less Accumulated Depreciation		(27,358)	(13,098)	(2,511)	(1,173)
		6,685	6,294	1,133	1,024
Capital Works in Progress - at cost		2,597	47,736	1,054	297
Total Assets		862,049	817,948	235,382	208,103
Total Accumulated Depreciation		(103,461)	(107,033)	(19,197)	(22,791)
		758,588	710,915	216,185	185,312
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		175,314	174,968	38,375	38,375
- additions		2,636	346	-	-
- adjustment due to revaluation of land		24,715	-	14,626	-
- disposals		(400)	-	(2,665)	-
Carrying amount at end of year		202,265	175,314	50,336	38,375
Buildings					
Carrying amount at beginning of year		452,367	422,481	136,062	125,005
- additions		32,400	19,412	2,965	3,053
- adjustment due to revaluation of land		(3,590)	-	5,725	-
- transfer from capital works in progress		39,749	17,747	696	9,754
- transfer to Leasehold Improvements		-	-	(3,447)	-
- disposals		(749)	-	(1,911)	-
- depreciation		(7,948)	(7,273)	(1,898)	(1,750)
- other		37	-	(37)	-
Carrying amount at end of year		512,236	452,367	138,155	136,062

Notes to financial statements

	Note	RMIT			
		HES		TAFE	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
Leasehold Improvements					
Carrying amount at beginning of year		757	785	1,902	1,904
- additions		979	48	-	-
- transfer from capital works in progress		127	-	19	-
- transfer from Buildings		-	-	3447	-
- disposals		-	-	-	-
- depreciation		36	(76)	(118)	(2)
- other		384	-	(384)	-
Carrying amount at end of year		2,275	757	4,866	1,902
Equipment, Motor Vehicles, Furniture and Fittings					
Carrying amount at beginning of year		28,447	26,605	7,652	9,945
- additions		8,985	11,949	16,292	1,606
- transfer from capital works in progress		3,791	-	-	-
- disposals		(1,595)	(1,721)	(16)	(43)
- depreciation		(7,106)	(8,386)	(3,287)	(3,856)
- other		-	-	-	-
Carrying amount at end of year		32,522	28,447	20,641	7,652
Library Collection					
Carrying amount at beginning of year		6,294	6,280	1,024	876
- additions		2,991	2,244	434	396
- disposals		-	-	-	-
- depreciation		(2,622)	(2,230)	(303)	(248)
- other		22	-	(22)	-
Carrying amount at end of year		6,685	6,294	1,133	1,024
Capital Works in Progress					
Carrying amount at beginning of year		47,736	34,467	297	10,025
- additions		-	31,016	-	26
- transfer from capital works in progress		(43,667)	(17,747)	(715)	(9,754)
- disposals		-	-	-	-
- other		(1,472)	-	1,472	-
Carrying amount at end of year		2,597	47,736	1,054	297
Total					
Carrying amount at beginning of year		710,915	665,586	185,312	186,130
- additions		47,991	65,015	19,691	5,081
- adjustment due to revaluation of land		21,125	-	20,351	-
- transfer from capital works in progress		-	-	-	-
- disposals		(2,744)	(1,721)	(4,592)	(43)
- depreciation		(17,670)	(17,965)	(5,606)	(5,856)
- other		(1,029)	-	1,029	-
Carrying amount at end of year		758,588	710,915	216,185	185,312
39.07 Intangibles					
Licenses and Rights		-	-	-	-
Intellectual Property		58	58	-	-
		58	58	-	-
Amortisation		(23)	(23)	-	-
		35	35	-	-
39.08 Payables					
Current					
Trade and Other Creditors		19,493	13,270	4,607	3,914
Amounts receivable from:					
Other related parties		-	1,248	-	-
		19,493	14,518	4,607	3,914

	Note	RMIT			
		HES		TAFE	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
Non-Current					
Amounts receivable from:					
Other related parties		13,926	11,427	371	-
		13,926	11,427	371	-
		33,419	25,945	4,978	3,914
Trade accounts payable are generally settled within 30 days. The councillors consider the carrying amounts of trade and other accounts payable approximate their net fair values.					
39.09 Provisions					
Current					
Annual Leave		19,479	17,818	4,926	4,426
Long Service Leave		3,018	3,351	684	-
Superannuation-Deferred Benefits	*	16,500	16,500	-	-
Total Current		38,997	37,669	5,610	4,426
Non-Current					
Long Service Leave		24,494	23,946	6,152	6,711
Superannuation-Deferred Benefits	*	228,362	221,675	-	-
Total Non-Current		252,856	245,621	6,152	6,711
Total Employee Entitlements		291,853	283,290	11,762	11,137
* The Superannuation Deferred Benefits relate to unfunded superannuation liabilities for RMIT which have been determined by the Victorian Superannuation Board at 30 June 2001 at \$222.92m (2000: \$238.2m). The increase in the liabilities between 2000 and 2001 have been shown against relevant items under the Operating Revenue and Operating Expenses in the Operating Statement.					
39.10 Revenue in advance					
Government Advances - Commonwealth Government		14,737	13,754	-	-
Research Grants		430	-	-	-
Student Fees		9,670	10,859	1,789	-
Projects Fees		-	-	836	-
		24,837	24,613	2,625	-
39.11 Interest Bearing Liabilities					
Non-Current- unsecured					
Commercial Bills of Exchange		25,000	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					
Amount utilised		50,000	25,000	-	-
Unused credit facility		25,000	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					
Amount utilised		6,000	6,000	1,500	1,500
Unused credit facility		4,532	4,287	1,133	1,071
		1,468	1,713	367	429
39.12 Reserves					
Consolidated Reserves					
Balance at Beginning of Year		382,839	382,839	128,558	128,558
Revaluation of Land and Buildings		21,126	-	20,350	-
Balance at End of Year		403,965	382,839	148,908	128,558

Notes to financial statements

	Note	RMIT			
		HES		TAFE	
		2001 \$,000	2000 \$,000	2001 \$,000	2000 \$,000
Represented by:					
Asset Revaluation Reserve		403,965	382,839	148,908	128,558
		403,965	382,839	148,908	128,558
Movements in reserves during the year were:					
Asset Revaluation Reserve					
Balance at Beginning of Year		382,839	382,839	128,558	128,558
Revaluation of Land and Buildings		21,126	-	20,350	-
Balance at End of Year		403,965	382,839	148,908	128,558

Nature and purpose of reserves

Asset Revaluation Reserve

The asset revaluation reserve includes the net revaluation of non-current assets in accordance with AAS 38. An amount of \$41.476m (RMIT: \$41.476m) is not available for future asset write-down as a result of using the deemed cost election for land and buildings when adopting AAS 38.

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:

41 30

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

1,639 1,131

227 174

Due after one years, but within five years

6,556 5,093

907 809

Due after five years

- -

- -

8,195 6,224

1,134 983

Future Minimum Rental Payments for Leased Computers:

Due within one year

8,326 3,270

109 245

Due after one years, but within five years

8,175 4,234

49 274

Due after five years

- -

- -

16,500 7,504

159 519

(b) Capital and Other Commitments -

The Consolidated Entity has a commitment with respect to capital and other expenditure which has been contracted for at balance date.

Plant and Equipment

Due within one year

1,885 1,322

671 236

Building Works

Due within one year

11,830 9,814

291 883

Due after one years, but within five years

- -

- -

Other Non-Capital Commitments -

Due within one year

5,147 5,929

1,394 303

18,862 17,065

2,356 1,422

Notes to financial statements

		RMIT			
		HES		TAFE	
		2001	2000	2001	2000
Note	\$,000	\$,000	\$,000	\$,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	(492)	402	40	344	
Short-Term Money Market Deposits	3,871	1,074	1,960	1,675	
Bills of Exchange Accepted or Endorsed by Banks	7,267	37,335	17,277	13,274	
	10,646	38,811	19,277	15,293	
Cash at the End 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	
Cash Movement for the Year					
	(7,269)	(28,165)	(13,011)	3,984	
(b) Non-cash Financing and Investing activities					
During the reporting period RMIT acquired equipment by means of finance leases or through donations.					
These acquisitions are not reflected in the statement of cash flows.					
	-	990	-	-	
(c) Reconciliation of Net Cash provided by Operating Activities to Operating Surplus					
Operating Surplus for the year					
	4,347	8,703	(1,557)	5,606	
Eliminate items Classified as Investing/Financing Activities					
Loss/(Gain) on Sale of Property, Plant and Equip. 38.16	526	435	4,581	(79)	
Eliminate Non-Cash Flows					
Depreciation on Plant, Property and Equip. 38.10	17,671	17,965	5,605	5,856	
Donation of Equipment	-	(990)	-	-	
Net assets transfer to RMIT Foundation	-	4,331	-	-	
Provision for Doubtful Debts	-	99	-	(99)	
Bad Debts Written Off 38.12	215	-	25	-	
Amortisation of Intangible Assets 38.14	-	12	-	-	
Change in Operating Assets and Liabilities					
Net (Increase)/Decrease in Receivables	(1,860)	(22,009)	(4,187)	(656)	
Net (increase)/Decrease in Inventories	-	24	-	4	
Net (Increase)/Decrease in Prepayments	(381)	1,422	(48)	559	
Net Increase/(Decrease) in Deferred Revenue	(612)	2,616	2,625	(280)	
Net Increase/(Decrease) in Creditors	7,471	6,330	1,064	(3,478)	
Net Increase/(Decrease) in Employee Entitlements	8,563	17,101	625	2,136	
Net cash provided by operating activities					
	35,940	36,039	8,733	9,569	

39.16 Events Subsequent to Balance Date

There have been no events which have occurred since balance date which have affected or which may materially affect the accounts.

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Compliance index

The annual report of RMIT is prepared in accordance with:

- *Financial Management Act 1994 (FMA)*;
- Directions of the Minister for Finance issued under section 8 of the *Financial Management Act 1994 (MFD)*;
- Decisions of Public Accounts and Estimates Committee of Parliament (PAEC);
- *Public Sector Management and Employment Act 1998 (PSMEA)*;
- *Tertiary Education Act 1993 and Tertiary Education (Amendment) Act 1994 (TEA)*.

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

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Disclosure requirement		Location in this report
Clause	Disclosure	Page
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