

2004 Annual Report



Report of the RMIT Council

for the period January 1 – December 31, 2004

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

It gives me great pleasure, on behalf of the Council of the Royal Melbourne Institute of Technology (RMIT) University, to submit the Annual Report for the year ending December 31, 2004, 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.

Council has delegated approval for the Chancellor to approve the Annual Report on its behalf. The Chancellor approved the Report on April 1, 2005.



Professor R Dennis Gibson AO

Chancellor

1 April, 2005

Table of contents

Introduction and Overview	5
Chancellor's statement	6
Vice-Chancellor's statement	7
Strategic Direction: Vision, Mission, Objectives, Powers, Functions and Duties	9
Highlights	9
Review of Activities	13
Teaching and Learning	14
Research and Innovation	20
Community engagement	22
International operations	23
Our people	25
Buildings and campus environment	27
Sustainability at RMIT	30
Social sustainability	32
Environmental sustainability	36
Economic sustainability	38
Corporate Governance	41
Financial Statements	58
Certifications	60
Auditor-General's Report	61
Financial Report	
Statement of Financial Performance	62
Statement of Financial Position	63
Statement of Cash Flows	64
Notes to the Financial Statements	65



Front cover, left
 Photographer: Andrew Yee
 RMIT University received Royal Australian Institute of Architects (RAIA) recognition for its work in restoring the Old Melbourne Magistrates' Court.

Front cover, top right
 Photographer: John Gollings
 The Biosciences Building at RMIT University Bundoora West Campus houses a high-tech laboratory for teaching and research in biotechnology and medical sciences. The building was awarded the Sir Zelman Cowen Award for Public Buildings at the prestigious National Architecture Awards in 2002.

Front cover, bottom right
 Photographer: Paul Barbera
 Behind the stunning curved facade, Building 220 at RMIT University Bundoora East Campus contains maths, science, art and general classrooms, computer laboratories and staff offices.

Photographer: Andrew Yee
RMIT University School of Architecture and Design, Bachelor of Design
(Fashion) students feature annually at the Melbourne International Flower
and Garden Show. Canadian Exchange Student Truc Nguyen received
Special Commendation for this entry in 2004.

Introduction and Overview



Chancellor's Statement



In 2004, Council focused on securing the future financial sustainability of RMIT. Council endorsed a strategy to 2007 to build cash reserves, based on significant changes to the RMIT cost structure and a number of revenue-generating initiatives. This strategy provides a basis for long-term viability while responding to lower than expected revenue received in 2004.

Critical decisions were also made relating to the implementation of the *Higher Education Support Act*, resulting in extra resources being committed to improving learning facilities and providing scholarships for students from low socio-economic and equity groups.

A number of Council members completed their terms in 2004. I would like to thank Ross Hepburn, Robert Frater, Peter Thomas and Moira Scollay for their valuable contributions to RMIT University over the last 13, 5, 4 and 2 years, respectively.

RMIT closed 2004 under the leadership of Professor Chris Whitaker as Vice-Chancellor. Council appointed Professor Whitaker for a seven-month term whilst undergoing a recruitment process to appoint a new Vice-Chancellor following the departure of Professor Ruth Dunkin.

Professor Dunkin was Vice-Chancellor from 2000-2004. Prior to her appointment as Vice-Chancellor she was Deputy Vice-Chancellor (Resources), Deputy Vice-Chancellor (Higher Education) and Deputy Vice-Chancellor (Education and Training) and became Deputy Vice-Chancellor and Deputy President in 1998.

Professor Dunkin is admired for her strategic perspective, deep knowledge of sectoral issues, integrity and commitment to the role of education as a vehicle for shaping economic and social change. Her significant contributions leave a positive legacy for RMIT and we wish her well in the future.

I would also like to thank Professor Chris Whitaker for his leadership as Vice-Chancellor and in particular for his work in preparing the financial sustainability action plan and strategy.

RMIT staff, students and alumni continue to achieve outstanding outcomes across many fields. These achievements are outlined throughout this report and also in the following Vice-Chancellor's statement.

A handwritten signature in black ink, appearing to read 'R Dennis Gibson'.

Professor R Dennis Gibson AO
Chancellor

Vice-Chancellor's Statement



The key priority for RMIT throughout 2004 has been to ensure a sustainable future for the university, so that its many achievements can be built upon and enjoyed by generations to come.

Our operating result in 2004 reflects lower than anticipated revenue and, as is the case with many other universities, has been affected by a change in the timing of Commonwealth funding receipts. While we have put a strong financial recovery plan in place, many challenges remain. These include the continuing need to grow revenue and improve our cost structures while building on RMIT's great strengths in education and research.

Our Business Plan for 2005-2008 is based on continued restraint in spending, modest revenue growth and simplification of complex systems and process. The Business Plan supports our commitment to improving the quality and sustainability of our teaching and research, as well as our engagement with industry, the professions and the communities in which we work.

In 2004, RMIT students, staff and alumni continued to achieve outstanding success through their dedication, professionalism and hard work. 2004 highlights include:

- Continued improvement in research performance with further growth in the number of Australian Research Council Discovery and Linkage Grants awarded. In July, 11 ARC Industry Linkage Grants and eight Discovery Grants were awarded. A further seven Linkage Grants were awarded in November, amounting to \$5.9 million of new ARC funding announced in 2004. In November

2004, an RMIT-based research project was again awarded a prestigious National Health and Medical Research Council Grant.

- The quality and relevance of our educational offerings continue to receive national and international recognition. In November, *The Times Higher Education Supplement* released its 'World University Rankings', with RMIT ranked 55th out of the world's top 200 universities and 7th out of the Australian universities listed. The Australian University Quality Agency has identified a number of RMIT activities as examples of good practice for the sector and placed them on its Good Practice Database. RMIT was named as Victoria's leading education exporter, winning the 2004 Governor of Victoria Export Awards.
- RMIT TAFE has been reregistered under the Victorian Qualifications Authority Act for a period of 5 years. Awards received by TAFE students in 2004 include the VET Institute Award for Leadership Potential, Initiative and Academic Excellence, the New Apprenticeship/Trainee Student Achievement Award at the Community Service and Health Industry Training Board Awards, and the Beazley Award for Outstanding Apprentice of the Year.
- RMIT graduates continue to be welcomed by the community and employers as work-ready and demonstrating excellent leadership skills. RMIT alumni are gaining national and international recognition with significant achievements in professions and industries across the world: RMIT alumnus Carrie Graf has become the first Australian woman to coach in the American

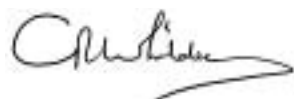
women's basketball league; RMIT Masters of Engineering (Systems Engineering) graduate Nguyen Thi Thu won a Fulbright Scholarship which will support her research into the means by which the devastation of land mines in her native Vietnam might be lessened; RMIT Social Science graduate Josephine Hutton was awarded the Medal of the Order of Australia for service to international humanitarian aid.

Sustainability in terms of our physical environment and environmental footprint is a high priority. The way RMIT students engage in the physical and virtual campus environments affects the way in which we must plan our future learning and working environments. RMIT Council has approved an Integrated Infrastructure Plan for the physical campus to 2010 which responds to these changes.

In 2004, RMIT made significant inroads towards our strategic objective of dissolving the boundaries within, including the re-organisation of the academic activities of the university into Schools under the three academic Portfolios established in 2003. We also undertook significant work to successfully implement the requirements of the *Higher Education Support Act*.

This Annual Report contains many examples of the depth of talent and commitment of RMIT staff, students and alumni. The world in which we are working continues to pose huge challenges and offer great opportunities. I am confident that the RMIT community will continue to meet these challenges with creativity, energy and skill.

I commend and thank all my colleagues for their support and commitment to achieving RMIT's mission in 2004.



Professor Chris Whitaker
Vice-Chancellor

Strategic Direction

RMIT University's strategic priorities and targets

RMIT University's 2002 Strategic Plan *'Dissolving the Boundaries: Building a Sustainable RMIT'* articulated the goals, objectives and targets for RMIT through to 2006. The strategic direction will be reviewed in 2005 with the aim of realigning priorities and performance targets to support the university's mission in a rapidly changing external environment.

Our Vision

Making a difference through education, research and innovation.

Our Mission

- To provide professional and vocational education and training to individuals and enterprises on a regional and international basis.
- To provide outcome-related research and consultancy services that address real world issues.

Objectives, Powers, Functions and Duties

The *Royal Melbourne Institute of Technology Act 1992* sets out a number of overarching objectives for the university.

These are to:

- develop an institution with excellence in teaching, training, scholarship, research, consultancy, community service and other educational services, with emphasis on technological development, impact and application;
- provide the provision of education programs relevant to community needs covering a wide range of fields and levels from basic trade to postdoctoral studies with provision for recognition of prior learning and flexibility of transition between programs;
- provide high quality educational, research, residential, commercial, cultural, social, recreational, sporting and other facilities;
- advance knowledge and its practical application by research and other means; to disseminate the outcomes of research; and to commercially exploit the results of such research;
- promote critical enquiry within the university and in the general community;

- participate in commercial ventures and activities;
- foster the general welfare and development of enrolled students;
- confer prescribed degrees and grant prescribed diplomas, certificates and other awards;
- provide opportunities for staff development and further training;
- develop and provide educational, cultural, professional, technical and vocational services to the community and, in particular, to foster participation by persons living or working in the northern metropolitan region of Melbourne;
- provide programs, products and services in ways that take account of the principles of equity and social justice;
- maintain close interaction with industry and the community and the development of associations or agreements with any other educational, commercial, governmental or other institution;
- develop a strong international dimension to the university's teaching, research, consultancy, development, service and other activities; and generally
- develop and operate a university providing appropriate academic and other programs, courses of study, educational products and research activity such as the university Council considers necessary for the attainment of the foregoing within Victoria and elsewhere.

Highlights

- 56,000 students enrolled.
- Record number of PhD completions: 135.
- Second in terms of student's first preference for HECS-funded Higher Education places.
- Continued increase in research funding.
- More than 630 students studying or working abroad.
- Bullock Island Research and Education Centre launched.
- RMIT Drug Discovery Technologies Laboratory launched.
- Recipient of the *2004 Governor of Victoria Export Award* for outstanding achievement in the field of education services, facilities, expertise and curriculum.
- RAI A Heritage Award for refurbishment of the former Magistrate's Court building.
- 5-star rating from the *Good University Guide* for cultural diversity.

Reputation and Standing

RMIT is one of Australia's leading educational institutions with a commitment to applied education, training and research. The university offers a rich and rewarding educational experience to 56,000 students in Australia and overseas. The dual sector structure of RMIT means students can progress from apprenticeship and traineeship training to doctorate programs at the one institution. Our TAFE and higher education programs have a strong professional and vocational orientation and aim to prepare graduates for employment and active citizenship. Developed in consultation with industry, many programs integrate work experience with learning.

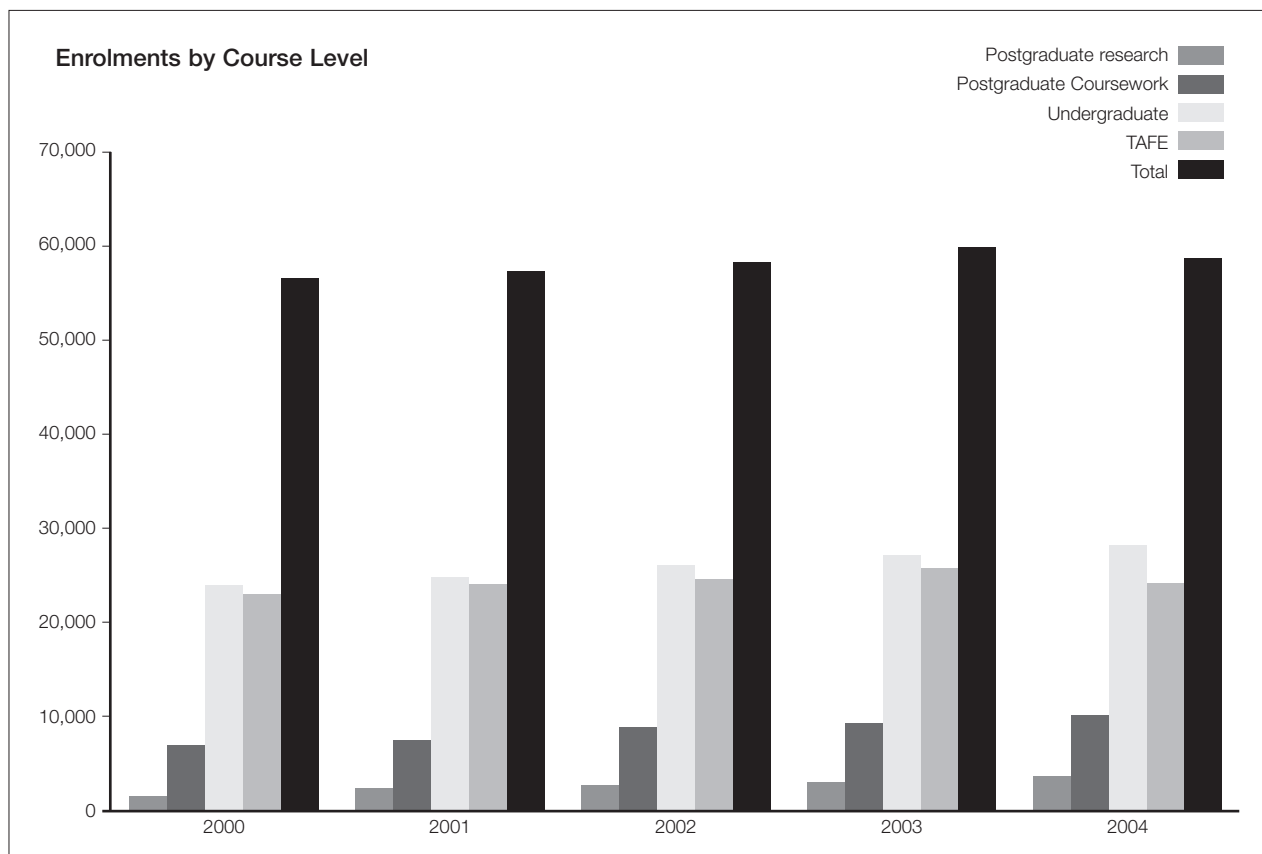
The university has an unparalleled reputation for design – from the creative arts through to furniture design, textiles and fashion, architecture, technology and engineering design.

Our information technology, communications, science and education programs are also among the most popular in Victoria. The university also has an excellent reputation for its health sciences, environmental sustainability, advanced manufacturing and business programs.

University Alliances

RMIT is a member of the *Australian Technology Network (ATN)*, a coalition of five universities that share a heritage of working with industry and a united vision to provide career-driven, technology-oriented education for tomorrow's leaders.

The university is a partner in *Open Learning Australia*, which develops and delivers accredited online and distance education programs at TAFE, undergraduate and postgraduate levels.



Origins

RMIT University grew from the Working Men’s College, which opened in La Trobe St, Melbourne in 1887. The college was established to provide trades and technical training to the men and (despite the name) women of the colony.

The initial enrolment of 200 grew five-fold over the first 10 years. New courses were added and facilities built to cater for the growing student demand and changing technologies. It is, of course, a process that has never stopped.

RMIT was granted university status under the *Royal Melbourne Institute of Technology Act 1992*, on July 1, 1992, when it also merged with Phillip Institute of Technology.

Today, RMIT has major campuses in the Melbourne central business district, and at Brunswick and Bundoora in the city’s northern suburbs. The university also has a site at

Hamilton in regional Victoria. RMIT International University Vietnam operates campuses in Ho Chi Mihn City, and Hanoi and will open another campus in Saigon South in the first half of 2005.

The university is responsible to the Victorian Minister for Education and Training, The Hon. Lynne Kosky.

RMIT University offers programs in twenty-seven schools across three academic portfolios.

Business

- Accounting and Law
- Business Information Technology
- Business TAFE School
- Economics and Finance
- Management
- Marketing

Design and Social Context

- Applied Communication
- Architecture and Design
- Art
- Built Environment
- Creative Media
- Education
- Fashion and Textiles
- International Centre of Graphic Technology
- International and Community Studies
- Property, Construction and Project Management
- Social Science and Planning

Science, Engineering and Technology

- Aerospace, Mechanical and Manufacturing Engineering
- Applied Sciences
- Civil and Chemical Engineering
- Computer Science and Information Technology
- Electrical and Computer Engineering
- Health Sciences
- Infrastructure, Electrotechnology and Building Services
- Life and Physical Sciences
- Mathematical and Geospatial Sciences
- Medical Sciences

Photographer: Shane Duncome

Each year, RMIT TAFE furniture technology students exhibit their final-year work to industry, family and friends. This end-of-year exhibition at the Museum of Victoria was supported by industry representatives.

Inset: Innovative lamps which are examples of the high design standard of students' work.

Review of Activities



Teaching and Learning

Goal: To educate students to demonstrate leadership and contribute creatively, critically and responsibly to their professions, vocations, employers and the community.

Strategic Focus

- High quality learning experience
- Programs tailored to the needs and circumstances of students and clients that reflect individual and community aspirations
- Development of sustainable learning communities that recognise and value scholarship and teaching excellence
- Capability based curricula where students apply knowledge and skills to research and work-based problems, locally and internationally.
- Renewal of learning environments and technologies
- Employment, leadership and career-long learning.

Student-centred Learning

One of Australia's largest universities, RMIT is committed to excellence in student centred learning. The Teaching and Learning strategy therefore has a strong focus on teaching quality to increase student satisfaction and completion rates, as well as the development and renewal of programs to ensure they meet the needs of industry and community stakeholders. This will ensure the university maintains its outstanding reputation for producing some of Australia's most employable graduates.

RMIT continues to be very popular with Victorian undergraduate and TAFE students based on the number of first preferences for HECS-funded Higher Education (HE) places. Demand continues to be strong for most undergraduate programs, particularly in Criminal Justice Administration, Information Technology, Fashion, Property and Management. Demand for the government priority areas of Nursing and Education was very strong. Applications for TAFE places offered through VTAC were well ahead of other TAFE institutions.

Fee-paying undergraduate applications continue to grow slowly, over a small base. RMIT performed well in this market, behind Monash and Melbourne Universities.

In line with its pursuit of continuous improvement, RMIT has worked in collaboration with partner ATN universities to survey the on-line learning experience of staff and students. Based on feedback, new processes for the efficient development and amendment of HE coursework programs will be piloted in 2005. In 2004, RMIT also

hosted the inaugural ATN conference for Early Career Academics. The conference enabled the participants to share their experiences and practices, create networks, and engage in professional dialogue with experienced academics and teachers.

Development of RMIT's Graduate School of Business (GSB) commenced in 2004, with operations starting in January 2005. The GSB creates a unified management structure for a number of core postgraduate business management programs. The new structure will enhance opportunities for redefining RMIT's graduate business education strategy, including its executive education and research capabilities, and will facilitate the move towards European Quality Improvement System (EQUIS) accreditation, thereby helping RMIT to align its business programs with global expectations.

The establishment of a Business TAFE School (BTS) has improved delivery of TAFE programs and a newly developed TAFE Diploma of Business commenced in 2004. The exemption process for students wishing to transition from TAFE Diploma and Advanced Diploma of Business programs into Bachelor of Business programs was clarified, enabling students to transition smoothly from TAFE to Higher Education programs. The Diploma of Business will also be offered in Singapore and Hong Kong in 2005. The strengthening of articulation pathways is expected to stimulate demand for RMIT programs offshore. Ties with local partners in Singapore, Hong Kong and Malaysia have been strengthened and plans are well progressed to expand the range of Business programs offered in these countries.

Consistent with RMIT's commitment to vocational education and training, two new business-related facilities have been established; a simulated advertising agency and a practical, ICT-hardware laboratory. The simulated advertising agency is designed to give Advertising students from Certificate IV to Advanced Diploma level, hands-on agency experience. Students develop concepts from project briefs as they would in industry. Similarly, the hardware laboratory gives Information Technology students from Certificate to Advanced Diploma level, the practical experience of examining, repairing and installing new hardware.

Program renewal in RMIT is driven by changing technologies, industry expectations and contemporary teaching and educational approaches. Programs are evaluated annually and renewed to maintain currency and relevance in a process involving consultation with industry, staff and students. In 2004, 56 TAFE and 59 higher education programs were developed or renewed to reflect the competency-based curriculum.

RMIT's Library services are an essential element of campus life. As part of its continuous improvement, the Library's collection (print and electronic) has been improved and extended in line with staff and student feedback. The hours of operation at several sites have been extended to provide greater access. Electronic usage of library resources and off-campus services grew by 24% in 2004.

Experiential Learning

Innovation in teaching and learning was exemplified by some outstanding student projects undertaken overseas. Building on established links with industry, placements were organised providing students with the opportunity to gain international industry work experience.

RMIT students also gained valuable research and practical experience in community organisations, enterprises and with government, in Melbourne, regional Victoria, Australia and across the world. Students provided health care through clinics in Chinese Medicine, Chiropractic, Osteopathy and Myotherapy. Students were involved in a number of initiatives to support science and technology education at high-school level, including mentoring high school students, hosting on-campus activities and making presentations in Victorian regional schools.

A Memorandum of Understanding has been signed with SYN FM youth radio. The station is now located on campus with other community media, including Channel 31 and the student station, RMITV. These facilities provide valuable experiential learning opportunities for RMIT students.

Programs

Engineers Australia awarded accreditation to all current RMIT engineering undergraduate programs. The accreditation recognises the status of RMIT graduates as professional engineers and enables full membership of Engineers Australia and reciprocal recognition overseas. With over 4,500 engineering students, or nearly 8% of the nation's enrolment, RMIT is a clear leader for engineering education in Victoria and one of the top two providers in Australia.

2004 saw the introduction of a 'Double-Masters' program in the business portfolio, designed to offer select RMIT Masters Graduates the opportunity to transfer one year of credit towards a second Masters degree, which can then be completed in just six months.

A Masters in Social Work was developed along with new streams in Digital Art, Games Graphics Design and Games Graphics Programming, Property, Valuation and Project Management, Fashion Technology and Fashion Textiles Merchandising.

Changes accredited by the Nurses Board of Victoria were implemented across all three years of the undergraduate nursing degree. The Australian Institute of Physics accredited RMIT's undergraduate physics degrees.

Student Services

RMIT's Student Equity and Diversity Strategy 2004-2006 was developed within the context of the Nelson reforms and their impact on low-income students. In 2004, RMIT established an Equity Scholarship Scheme, which will support over 250 students, and the infrastructure to support the administration of this and other financial support schemes.

A landmark contract was signed with Tuscan Developments to provide affordably priced accommodation for up to 650 students in the CBD. RMIT Village on Flemington, conveniently located in North Melbourne, is a 5-minute tram ride or a 10-minute walk to RMIT University. RMIT Village on Flemington is designed to create a pleasant village atmosphere with landscaped gardens, open spaces, and community meeting areas, thereby enhancing the student experience.

RMIT Union, working closely with the Student Union is the main student service provider at the university. The organisation provided support to students involved in sporting, cultural and community activities, including participation in the Athens Olympics. RMIT Union's student services include assistance with legal, accident insurance, child care, dental and taxation needs, and facilities such as cafeterias, shops, copying, sports and fitness centres and information centres.

Cultural and Sporting Highlights

A team of RMIT engineering students clinched one of the world's most prestigious student vehicle design and performance competitions. Forty RMIT Bachelor of Engineering students designed and built RMIT's world-beating Formula SAE racing car, which won the premier Class 1 section of the 2004 UK Formula Students Competition in Bruntingthorpe, England. RMIT was a clear winner, defeating 53 other university teams from throughout Europe, Australia, India, Japan and North America.

Three RMIT students represented Australia at the 2004 Olympic Games in Athens. Adam Brasil (Human Movement) was a member of the 4 x 100m athletics relay team which finished sixth – Australia's best result ever in this event. Steve Hooker (Property) competed in the pole vault and Miao Miao (VCE) in the women's singles table tennis.

RMIT students competed in the World University Games. Recognising that student support extends beyond the pure academic world, RMIT made small funding grants to students competing in the Winter Games, in alpine racing, and the Summer Games, in Badminton.

RMIT produces graduates that help shape, interpret and give context to the world we live in, including journalists, filmmakers, architects, fashion designers, planners, social scientists and teachers. The university participated in a number of prestigious local and international events throughout 2004 including the inaugural Beijing Architectural Biennale, Tokyo Designers Week, the Milan Furniture Fair and the Digital Design Biennale staged at the Melbourne Museum.

The quality of students' work was recognised: the National Gallery of Victoria acquired a piece of work by a Koori TAFE Fine Art student; an Architecture and Design student won first prize of \$8000 in the 2004 Royal Australian Institute of Architects and Colorbond Steel Student Biennale; the Centre for Design's Ecospecifier team won a 2004 HIA Greensmart Award in the Partnerships category.

The RMIT Gallery featured innovative exhibitions by Australian artists and international artists from countries as diverse as Germany, Israel and China, thereby exposing students to high-calibre contemporary art and contributing to the cultural life of Melbourne.

The Honour Roll

Honorary Awards 2004

The following Honorary Awards were presented at the Conferring Ceremony in May:

- Mr Sam Smorgon AO, Doctor of Business honoris causa
For contribution to business, education, community service and philanthropy.
- Mr Noel Turnbull, Doctor of Communication honoris causa
For career achievements and contributions in the areas of public relations and communications.
- Ms Bethia Wilson, Doctor of Education honoris causa
For contribution in law, medicine and education.
- Mr Julian Burnside QC, Doctor of Social Science honoris causa
For contribution to legal, advocacy and community work on behalf of asylum seekers.
- Dr Sev Ozdowski OAM, Doctor of Social Science honoris causa
For contribution to the advancement of human rights.
- Mr David Scott AO, Doctor of Social Science honoris causa
For contribution to community welfare and conservation.

Student Achievement Awards

The **Institute Awards** are the highest prizes for student achievement at RMIT. They are granted annually to a student from each sector who has displayed outstanding leadership potential and initiative, and an excellent academic record.

Higher Education:

Verne Smith, Bachelor of Arts (Public Relations)

TAFE:

Sarah Lyn Hurwitz, Diploma of Business (Frontline Management) and Diploma of Textiles, Clothing and Footwear

The **J N McNichol Prize** is presented to a student with an outstanding academic record in an undergraduate degree, who displays leadership potential and initiative. The award commemorates the late J N McNichol who worked at the Working Men's College from 1886 to 1936. In 2004, the recipient of this award was Damon Stuart Craig, Bachelor of Engineering (Communication Engineering).

Patricia Guthrie joined RMIT in 1975 as a lecturer in humanities and was the first woman to be appointed head of school at RMIT. The **Patricia Guthrie Memorial Award** is presented to an outstanding female student, assessed on academic excellence, social awareness and involvement in community affairs. In 2004, the recipient of the Patricia Guthrie Memorial Award was Julieanne Maree Sinclair, Bachelor of Social Work.

The **Beazley Award** is named after former Victorian parliamentarian William Beazley and is presented to a student in an apprenticeship program who demonstrates scholastic achievement and academic excellence, leadership, initiative and a commitment to quality. In 2004, there were two winners:

Daniel Glen Koss - Certificate III in Furnishing (Cabinet Making)

Chelsea Jane Wing - Certificate IV in Dental Technology

Staff Achievement Awards

The 2004 RMIT **Frances Ormond Medal** was awarded to Mr Rod Deakin, lecturer in the School of Mathematical and Geospatial Sciences, for his longstanding service and dedication to his field of expertise and the University.

Teaching Awards

Student Centred Teaching

The following staff members were recognised for their commitment to student centred teaching:

Dr Firoz Alam – *Aerospace, Mechanical and Manufacturing Engineering*

Dr Iouri Belski – *Electrical and Computer Engineering*

Mr Lynton Brown – *International and Community Studies*

Ms Susie Costello – *Social Science and Planning*

Dr Julie Faulkner – *Education*

Ms Joanne Haddow – *Fashion and Textiles*

Ms Sandra Irvine – *Creative Media*

Dr James Lewis – *Management*

Ms Sherridan Maxwell and team – *International and Community Studies*

(Team members: Mr Sean Axelrod, Miss Sharon Donohue, Ms Jodie Eden-Jones, Ms Sonia Le Fevre, Mr Murray McInerney, Ms Mandy Morrison)

Mr Pj Radcliffe – *Electrical and Computer Engineering*

Mr John Rodda – *Aerospace, Mechanical and Manufacturing Engineering*

Dr Peter Smooker – *Applied Sciences*

Mr David Southwick – *Management*

Student Centred Teaching with a Special Commendation for Inclusive Teaching

Mr Peter Burton – *Electrical and Computer Engineering*

Mr Costa Englezos – *Accounting and Law*

Research Supervision

Associate Professor Peter Downton – *Architecture and Design*

Institutional Infrastructure Systems and Services

Enza Santangelo and Team – *International and
Community Studies*

(Team members: Ms Panayiota Giannoulas, Ms Mary Serafim, Ms
Helen Smith)

Rosetta Di Giangregorio and Team – *Built Environment*

(Team members: Mr Gordon Bell, Mr Michael Goss, Mr Nino Lucci,
Mr Nicholas Rischitelli, Mr Andrew Rodda, Mr Peter Schenkel)

Ms Rosemary Chang and Team – *SET Portfolio –
Academic Development Group*

(Team members: Dr Kathleen Gray, Professor Alex Radloff)

Certificates of Achievement

Scholarship of Teaching

Tricia McLaughlin and Nicholas Simpson – *Property,
Construction and Project Management*

Research Supervision

Dr Sandra Jones – *Management*

Dr Dinesh Kumar – *Electrical and Computer Engineering*

Institutional Infrastructure Systems and Services

Angela Siderakis and Team – *SET Portfolio Office*

(Team members: Mr Geoffrey Best, A/Professor Ralph Green,
Dr Terry Piva)

Ms Valerie Madsen and Team – *Business (TAFE)*

(Team Members: Mrs Sylvia Baroutis, Mr Peter Clark)

Research Awards

Vice-Chancellor's Award for Research 2004

The Vice-Chancellor's Award was won by RMIT's School of Electrical and Computer Systems Engineering headed by Professor Irena Cosic. The research team is exploring the possible health effects of electromagnetic fields, such as mobile phone radiation.

University Research Prize

In recognition of the achievement of excellence in a higher degree by research program assessed during 2003:

Dr Amanda Susan Barnard (Doctor of Philosophy)

*Research Topic: Ab Initio Modelling of Nanocrystalline Diamond in
0 and 1 Dimensions*

Ms Shiralee Kerrison Saul (Master of Arts)

*Research Topic: Mnemosyne's Bones: Designing Information for
the Internet*

Dr Thuan Hoa Nguyen (Doctor of Philosophy)

*Determinants of Derivative Usage and Risk Management
Practices by Australian Corporations*

Dr Boris Frankel (Doctor of Philosophy) by Publication

*Research Topic: Reflections of State Theory and the Study of
Post-Industrial Society*

Dr Joanne Mary Reidy (Doctor of Philosophy)

*Research Topic: Learning to work and working to learn: A study of
international and local students' accounts of their experiences during
the workplace components of their university programs in Australia*

Dr Ralph Godau (Doctor of Philosophy)

*Research Topic: Key Relationships Perceived by Decision Makers
in the Technical Management of Infrastructure: 'Grounded
Theoretical Models'*

Regional Research Awards

Onshore

Countering Trafficking for Sexual Exploitation in Australia

Dr Sallie Yea, School of Social Science and Planning

Ms Kathleen Maltzahn, Project Respect

Ms Georgina Costello, Barrister and Human Rights Lawyer

Offshore

Disability Training Development Program in Vietnam

Mary Collins, School of International and Community Studies

Georgina Mountford, International and Community Studies

Christine Robertson, International and Community Studies

Yaso Nadarajah, Globalism Institute

Publications Awards

The publications award is presented to the most prolific publisher from each Portfolio. Eligible publications must meet DEST specifications for the reporting of research publications and DEST weighted for books.

Science, Engineering and Technology

Professor Richard Harris (Electrical and Computer Engineering)

Design and Social Context

Professor Tom Nairn (Globalism Institute)

Business

Professor Derek Walker (Research Development Unit)

RMIT Innovation Awards (Staff)

Science, Engineering and Technology

Associate Professor Mark Febbraio (Medical Sciences)

Design and Social Context

Associate Professor Dianne Siemon (Education)

Business

Professor Tim Fry (Economics and Finance)

RMIT Innovation Awards (Student)

Science, Engineering and Technology

Ms Amanda Barnard (Applied Physics)

Design and Social Context

Stephen Tao (Applied Communication)

Business

Carmine Sellitto (Business Information Technology)

RMIT Innovation Awards (Team)

Science, Engineering and Technology

Australian Centre for Radiofrequency Bioeffects Research

Design and Social Context

Centre for Applied Social Research

Business

Health Services Management Group (within the School of Management)

Research and Innovation

Goal: To undertake outcome-related research in areas of demonstrated research excellence, and to support innovation to underpin economic and social development in the communities in which we operate.

Strategic Focus

- Build a strong practical research culture of project teams to connect disciplinary strengths
- Create a breadth and depth of disciplinary competence in targeted areas
- Link research activity to teaching and learning for staff and students
- Ensure applied research contributes to national and international innovation
- Provide a range of research degrees and training tailored for students' employability
- Commercialise innovations

RMIT's research activity continues to grow research diversity in Australia's universities and changing priorities for the nation's research. The university continues to appoint Innovation Professors and Adjunct Professors with experience and expertise within, and/or across the dimensions of sustainability. Eight Innovation Professors are now actively working in the areas of biotechnology, health psychology, spatial information architecture, nationalism, globalism and cultural diversity, risk and sustainability, regional development, and architecture.

RMIT conducts a wide variety of high quality research projects in conjunction with community organisations, educational institutions and industry partners. The university has eight dedicated Research Centres and is a participant in 12 Cooperative Research Centres (CRCs). It has a strong commitment to research in regional Victoria and is expanding its international reach, primarily through RMIT International University Vietnam.

The Australian Research Council (ARC) awarded more than \$5.9 million to RMIT researchers for new projects announced in 2004 through its Discovery and Linkage funding programs. Over half of this amount was for collaborative research projects undertaken in conjunction with industry and community partners. Partner organisations will contribute an additional \$3.7 million for this research over the duration of the projects. The most recent data available (2003) shows a 24% increase in research income over 2002, compared to an average increase of around 10% for the sector.

The National Health and Medical Research Council announced \$2.5 million in federal government funding for a Centre of Excellence - the Australian Centre for Radiofrequency Bioeffects Research (ACRBR). Five institutions are involved in the Centre which will be administered from RMIT University. The Centre will investigate and advise on biological effects arising from exposure to radio waves such as those from mobile phones and TV towers.

The university was successful in winning commercial research work during 2004 with over 300 research contracts signed, valued at more than \$16.2 million. Contract income increased by more than \$1 million compared to the previous year. The average value of the top 10 contracts was around \$614,000.

RMIT had 1593 higher-degree-by-research students in 2004, many of whom were part-time students undertaking research to enhance their professional careers. A database was developed for the management of research student records and aims to provide consistent administration of research students across the university.

Key Research Projects

Six Government of Victoria Fellowships, each worth \$18,000, are awarded annually to recognise young researchers developing new ideas which could offer commercial benefit to the State of Victoria. In 2004, RMIT PhD student Tamara Boyd won a Fellowship that will allow her to travel to the United Kingdom, the United States and South Africa to see how those countries are developing their groundwater markets.

The RMIT Drug Discovery Technologies Laboratory was opened in August at RMIT's Bundoora Campus. It is the first preclinical toxicology and pharmacology laboratory in Victoria and is recognised for providing high quality and reliable drug testing services. The laboratory has been accredited with Good Laboratory Practice endorsed by the Organisation for Economic Cooperation and Development (OECD), the first facility in Victoria to be recognised as operating under the OECD's Principles of Good Laboratory Practice for human pharmaceuticals.

RMIT researchers pioneered a new generation of 'pre-event' cooling jacket to reduce the body temperature of elite athletes. Together with the Australian Institute of Sport (AIS), the RMIT team used molecular technology to create what they believe is the world's most effective cooling fabric. The jacket employs new molecular materials that enable heat to be withdrawn from the body at temperatures closer to normal skin temperatures, resulting in more efficient and effective cooling processes for athletes.

RMIT University food technology students won the Australian Institute of Food Science and Technology's 2004 Student Product Development Award for a teething rusk they developed for malnourished children in developing countries. The rusk is protein-rich and stops children suffering from Kwashiorkor, a condition prevalent in South East Asia and Africa, which occurs when children's diets consist of mainly starchy foods but are deficient in amino acids.

The Melbourne Centre for Financial Studies, a joint venture developed in 2004 between RMIT's School of Economics and Finance, Monash University and University of Melbourne, will be established in 2005 in line with the Victorian State Government's push for Melbourne to become a financial services hub for Asia Pacific.

Representatives from the Business Portfolio's Research and Development Unit will participate in two newly established, ARC-funded Research networks of national research priority. The Financial Integrity Research Network (FIRN) will address issues concerning the integrity of Australia's financial system. Indicative funding for projects over five years is \$1.75 million. The Research Network for a Secure Australia (RNSA) aims to strengthen Australia's research capacity for protecting critical infrastructure from both natural and human-caused disasters, including terrorist acts, and has indicative 5-year funding of \$1.95 million.

The School of Management, in conjunction with the Centre for Management Quality Research and industry partner the Australian Institute for Commercialisation (AIC), received an ARC Linkage Grant to investigate *Enhancing Australian Universities' Research Commercialisation Performance*.

Developing Research Strength

RMIT has created four Virtual Research and Innovation Institutes (VRII) which are an expression of future research development: Globalisation, Biotechnology, Interactive Information and Global Sustainability. The institutes were created from networks of researchers across a range of disciplines and serve as a mechanism for leading and funding research at RMIT. The university has invested \$5 million for VRII-managed research projects. Specialist centres established through the RMIT Council to concentrate effort into building on existing or developing research strengths are:

- Centre for Advanced Technology in Telecommunications (CATT)
- Centre for Applied Social Research
- Centre for Design at RMIT
- Centre for Management Quality Research
- Microelectronics and Materials Technology Centre
- Rheology and Materials Processing Centre
- RMIT Multimedia Database Systems
- Sir Lawrence Wackett Centre for Aerospace Design Technology

RMIT researchers are involved in 12 Cooperative Research Centres (CRC). The CRCs bring together researchers from universities, CSIRO, government laboratories and private industry to conduct long-term, collaborative research and development projects of substantial quality and size that contribute to national objectives. The 12 Centres are:

- CRC for Advanced Composite Structures
- Australian Photonics CRC
- Australian Poultry CRC
- Australian Telecommunications CRC
- Bushfires CRC
- CRC for Construction Innovation
- CRC for Intelligent Manufacturing Systems and Technologies
- Australasian CRC for Interaction Design
- CRC for Microtechnology
- CRC for Polymers
- SMART Internet Technology CRC
- CRC for Water Quality and Treatment

Community engagement

Goal: To make a positive contribution to the communities and regions we serve.

Strategic Focus

- Establishing and nurturing sustainable partnerships with community and regional stakeholders.
- Delivery of education and research programs, shaped by community needs and aspirations.
- Building capacity to be agile and responsive to community and regions.
- Exploring and contributing to the scholarship of engagement.

The partnership between RMIT and the East Gippsland Institute of TAFE has increased access in the region to higher education and research with the opening of a new research and education centre on Bullock Island, Lakes Entrance. The building houses the South East Australian Maritime Education Centre (SEAMEC), aquaculture, research and teaching laboratories for environmental research and teaching, and a computer laboratory.

The university was engaged in 67 partnership activities in the northern metropolitan region of Melbourne throughout 2004. Located on the Bundoora campus, the Northern Area Consultative Committee (a federal government organisation for regional economic development) worked in partnership with RMIT in research and program development. Community projects included working with young people in transition - supporting pathways into education, training and employment; working with local government in planning for sustainability and economic development; working with the area health network, and supporting people with disabilities.

A partnership with NORTH Link/NIETL (Northern Industry Education and Training Link) and the Greenhouse Office enabled RMIT Manufacturing Engineering students to gain practical industry experience. Working with local companies, students identified and implemented changes which reduced emissions and produced real energy savings for the companies.

RMIT became the first university to join the Microsoft Unlimited Potential project. The project recognises the significance of the RMIT flexible teaching model and the partnership with the Smith Family to enhance opportunities for disadvantaged learners through the Smith Family learning centres.

The RMIT Refugee project provided refugees and temporary protection visa-holders access to the full range of RMIT programs in design, communication, education, engineering and English. Twelve scholarship, nine TAFE and two Postgraduate students participated in the program.

RMIT involvement in the Southern Grampians Shire includes collaborative research with the Western District Health Service into the health issues of farmers and RMIT Nursing graduates have been employed locally.

International operations

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

Strategic Focus

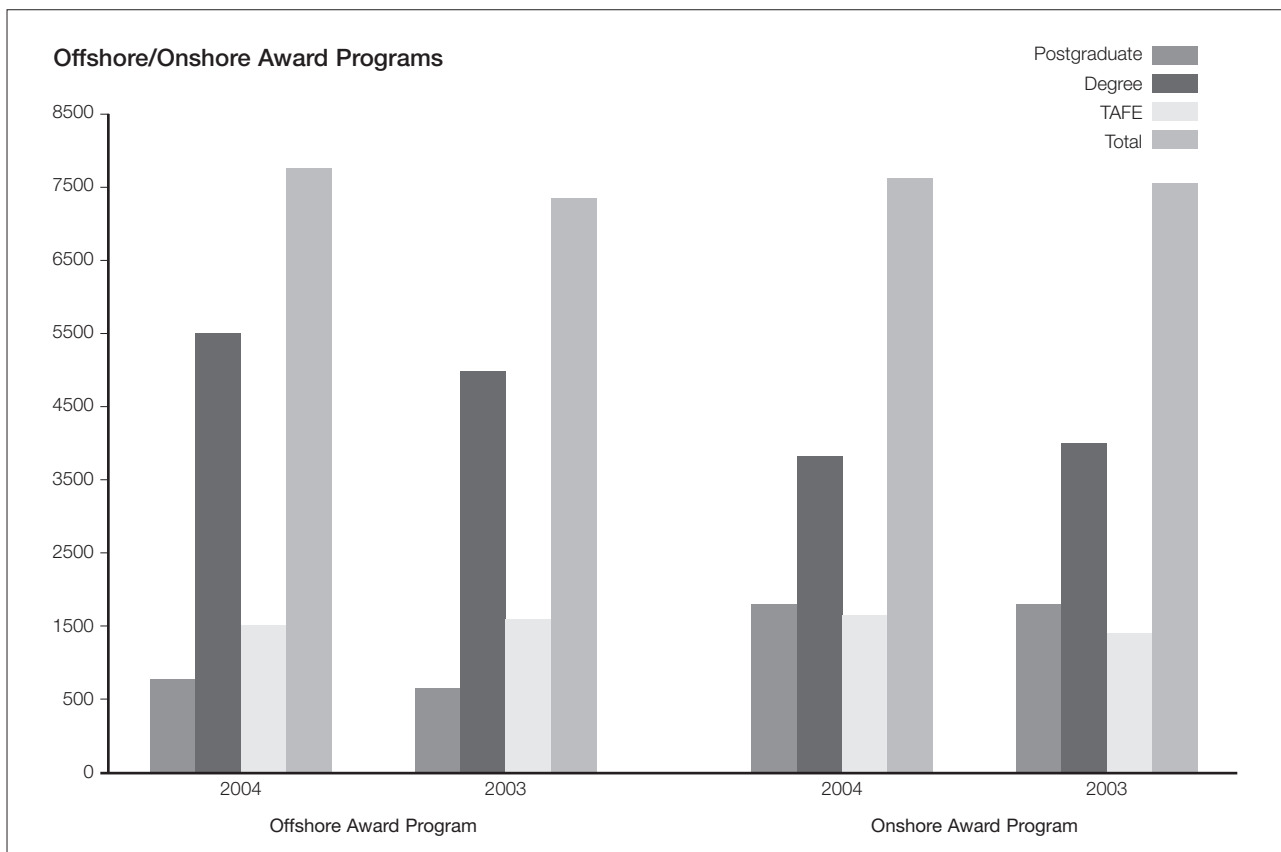
- Provide curriculum aligned to the demands of the global economy that encourages global understanding and imagination
- Establish international research networks and increase international research training in Australia and offshore
- Develop and maintain strategic international partnerships and alliances
- Develop improved policies, procedures and practices related to quality assurance and the use of new technologies

RMIT has one of the largest cohorts of international students in Australia, primarily from Asian countries. International students make up 25% of the RMIT student population and add significantly to the diversity of the university and its operations.

RMIT University won the 2004 Governor of Victoria Export Award for its outstanding achievement in the field of education services, facilities, expertise and curriculum. RMIT International University Vietnam won the 'Golden Dragon' Award for the second successive year, acknowledgement of its status as one of the top international companies in Vietnam. The university also won the BP/Ford Award for Community Service in Vietnam.

International Students

RMIT had 4,824 commencing international students in 2004, resulting in a total international student population of 15,444. Business and Information Technology programs were the most popular with international students in 2004.



Offshore Award Programs

RMIT's partnerships with Singapore Institute of Management, the African Virtual University and the Shanghai Institute of Foreign Trade in China, have contributed to growth in the number of offshore students. Enrolments in offshore award programs increased by 14% to 8,065 in 2004. More than 650 students graduated offshore in 2004 in Hong Kong, Malaysia and Singapore.

Students enrolled in programs delivered in Singapore account for 46%, or 3700, of the total number of offshore students. Singapore Institute of Management is the largest of RMIT's offshore partners with 2,890 students enrolled in 2004. The next largest cohorts of students on a per-country basis are Hong Kong, China, Vietnam and Malaysia.

RMIT partnered with the North China Electric Power University, Beijing to deliver an MBA (Power) program to 34 executives of China's largest state-owned power grid operator, the State Grid Corporation of China. The program aims to create a pool of skilled managers equipped to compete in a global market.

RMIT International University Vietnam

RMIT International University Vietnam commenced operations in 2001. Since its inception, the university has experienced steady growth and had the first group of graduates in Bachelor and Masters programs in 2004. Student enrolments increased by 40% in 2004 to 1600. RMIT is strengthening its research capabilities in the region and provides Masters by Research scholarships.

The university will relocate to a new campus in Saigon South in the first half of 2005. The new educational facility will have capacity for up to 3000 staff and students. It will be one of the most modern campuses in the region and the first wireless university in Vietnam. The university opened a campus in Hanoi in 2004 delivering English, pre-University, undergraduate and postgraduate degree programs.

The university provides corporate training to government, industry and businesses in the region. The Australian Wheat Board's Centre for Excellence for Professional Development and Training was established in Ho Chi Minh City expanding the education and research opportunities available in the region.

Quality Assurance

The university is compliant with the *Education Services for Overseas Students Act 2000* and the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students.

Studying Abroad

RMIT provided support for students studying abroad through programs such as the Outgoing Exchange Participation program, the RMIT International Experience and Research Program, travel grants, Mobility Scholarships, and the JET-RMIT International Scholarship Program. These programs enabled more than 630 RMIT students to work or study overseas, an increase of 7% on 2003.

RMIT awarded 110 scholarships worth in excess of \$1.4 million through its International Scholarship Program to support high calibre international research students studying on campus at RMIT in Melbourne.

International Projects

RMIT was involved in a number of education *and training* projects overseas in 2004 and expanded its links in countries such as Indonesia and Papua New Guinea. Consultancy and training projects in Vietnam helped to establish an effective model for increased donor activity and direct client projects in the region.

RMIT delivered flight training programs in China to a significant corporate client from the Civil Aviation University of China. RMIT is a partner in a 5-year AUSAid-funded program to *develop and promote reform in* vocational educational and training *in* Chongqing. The model developed will be applied across the rest of China. RMIT, in partnership with the Melbourne City Council, has continued the delivery of a *comprehensive* training program for middle and senior management from Tianjin Municipal Government in the functions and processes of *good* governance. The program includes a *series of* 3-month specialised courses delivered through RMIT's Business portfolio. *Further* short term projects in China included work in diverse sectors such as health, governance, *energy*, environment, taxation, and financial management.

Other commercial projects included specialised training for senior road agency officials in India, delivery of a leadership program to Asian Development Bank staff in Manila, and delivery of Quality Assurance Systems for the ASEAN Fruit and Vegetables industry.

Top ten source countries

- China
- India
- Indonesia
- Malaysia
- Hong Kong
- Singapore
- USA
- South Korea
- Japan
- Vietnam

Our people

Goal: To strengthen RMIT's reputation as an employer of choice, supported by client focused organisational structures, policies, workplace practices and a strong commitment to professional development.

Strategic focus

- Recruit, support and retain talented and committed staff.
- Recognise and reward outstanding performance.
- Maintain an enriching and stimulating environment, free from discrimination.
- Provide high quality, culturally sensitive support and advisory services.

2004 was a period of significant change at RMIT with the new portfolio and School-based structure progressively implemented throughout the year. The reorganisation was supported by the Portfolio Services Integration and Student Life Cycle projects which aimed to simplify and standardise academic and administration processes, clarify accountabilities and resolve business issues to support the re-implementation of the university's student administration system.

WorkCover Claims

In 2004, RMIT received 75 new WorkCover claims, one more than last year. Thirty-five claims resulted in one or more days away from work and 39 in no time away from the workplace. The majority of claims were for sprains and strains. Stress-related illness accounted for 14.5% of total claims compared to 27% in 2003.

Staff Development

In response to the Professional Development audit conducted in 2003 and ratified by the Audit and Risk Committee in March 2004, internal staff development providers are working to improve access to staff development across the university, and enhance coordination, monitoring and reporting of activities. Several staff development programs were offered through the RMIT *Open Program*. A key feature of the 2004 program was the engagement of RMIT experts as facilitators.

A Heads of Schools leadership development program was implemented to drive RMIT's strategic alignment to meet its future goals. A new on-line induction program for staff was

also launched. This helps new staff by providing a comprehensive introduction to the university's resources, policies and understanding of staff rights and responsibilities.

Diversity and Equity

RMIT supports diversity and equity across the university with the belief that inclusiveness enriches the quality of our academic community. In 2004, the university adopted a proactive stance to ensure that staff are aware of their legislative responsibilities. Training programs to support and educate staff, supervisors and managers were implemented.

The RMIT Indigenous Employment Strategy was developed to acknowledge the culturally diverse backgrounds of Indigenous Australians and promote the achievement of their individual career goals.

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

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

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

Employee Relations in 2004

RMIT worked with the National Tertiary Education Union (NTEU) and Australian Education Union (AEU) to improve working conditions for staff in 2004. A number of enterprise agreements were negotiated and implemented including an enterprise agreement covering security staff and the Multi-Employer Certified Agreement covering all TAFE staff in Victorian TAFE institutes and universities with TAFE divisions. Negotiations are continuing with the NTEU regarding the next enterprise agreement for academic and general staff.

Adjunct Professorial Appointments 2004

Through RMIT's Adjunct Professors Program, eminent people are invited to become involved in teaching and research at the university. This helps strengthen RMIT's links with industry, community and government, and provides our students with exposure to people who are leaders in their respective fields. Adjunct Professors appointed in 2004 were:

Dr John Eady	Management
Dr Yasuhiro Kawabata	Research and Development Unit
Dr Ted Lipiarski	Management
Mr Patrick McCarthy	Management
Dr Jan Priest	Management
Dr William Applebe	Computer Science and Information Technology
Prof. Ian Baldwin	Health Sciences
Assoc. Prof. John Ball	Civil and Chemical Engineering
Assoc. Prof. Allison Brown	Electrical and Computer Engineering
Dr Marcia George	Health Sciences
Assoc. Prof. John Kneen	Electrical and Computer Engineering
Dr Peter Little	Life and Physical Sciences
Mr Paul Anderson	Global Sustainability
Dr Trevor Batrouney	International and Community Studies
Mr Greg Bourne	Global Sustainability
Mr Peter Burch BM	Education
Mr Stefano de Pieri	Architecture and Design
Mr Robin Edmond	Architecture and Design
Mr Leslie Kilmartin	Social Science and Planning
Mr George Littlewood	Global Sustainability
Dr Duncal Maclennan	Social Science and Planning
Mr Chris Masters	Applied Communication
Mr Alister Maitland	Global Sustainability
Ms Kerstin Thompson	Architecture and Design
Mrs Susan Renouf	Fashion and Textiles
Dr Max White	Fashion and Textiles

Staffing Statistics

Staff type	Total FTE*		Female FTE		% Female		% Change	
	2003	2004	2003	2004	2003	2004	02-03	03-04
Academic	1078	1115.03	389	408.47	36.09	36.63	8.95	5.01
Executive	111.2	101.88	43	42.28	38.67	41.50	72.00	-1.67
General	1754	1687.36	1038	991.34	59.14	58.75	0.83	-4.50
TAFE/Teaching	511.96	455.44	197	201.86	38.50	44.32	2.14	2.47
Total	3455	3359.71	1667	1643.95	48.24	48.93	3.91	-1.38

* FTE – Full-time equivalent. Two people both working 0.5 time fractions = 1 FTE.

Buildings and Campus Environment

Goal: Create and maintain a high quality, safe physical teaching and research environment that upholds our commitment to sustainability.

Strategic focus

- Maintain safe, efficient and environmentally responsible operation of facilities, including equipment and property.
- Implement the recommendations outlined in the Property Review endorsed by Council in 2003.
- Effective and efficient use of information technology to support teaching, learning and research endeavours.

RMIT is a global university that delivers academic programs and research in a range of modes through its virtual and physical campuses. The university must continue to evolve to accommodate the changing ways in which students engage with the university.

Property Portfolio Review

Recommendations contained in the university's two stage Property Strategy adopted by Council in December 2003 are being progressively implemented. The property rationalisation stage is complete following the sale of the Janefield site and Buildings 72, 77 and 87 which returned \$36 million to the University. The Investment for Growth stage has commenced and Expressions of Interest have closed for consortiums to tender for the development of the Swanston/A'Beckett Street and the former Carlton and United Breweries sites.

The implementation of this second stage of the Property Strategy review will provide:

- Quality central teaching facilities for program growth across all portfolios;
- Improved accommodation for the Business Portfolio and Information Technology Services;
- RMIT branded accommodation for domestic and international students; and
- A consolidated RMIT University College for foundation studies and articulated pathways to support international student retention and growth.

Physical Campus—Infrastructure Plan

An Infrastructure Plan for RMIT's physical campus to guide development to 2010 has been adopted by RMIT Council and provides the basis for the overall Capital Plan for property. The plan will be updated annually in conjunction with the university's budget process.

Maintaining Melbourne's Heritage

With the main campus being located in Melbourne's CBD, RMIT recognises its responsibility to preserve the heritage buildings within its property portfolio. Consistent with its commitment to sustainability and serving the interests of the broader community, the university applied for a grant in 2002 to refurbish parts of the Walter Burley Griffin-designed Capitol Theatre. While the initial application was unsuccessful, the merit of the project was clearly recognised and subsequently rewarded with a \$190,000 Heritage Grant, one of the largest grants awarded by the State Government for heritage projects in 2004. RMIT's faithful refurbishment of the former Magistrate's Court was acknowledged with a Royal Australian Institute of Architect's Heritage Award in 2004.

Teaching Facilities

Improvements in 2004 included:

- Refurbishment of 10 Lecture Theatres in Buildings 10 and 12.
- Creation of a new 160-seat Lecture Theatre in Building 56.
- Upgrade of facilities in Building 4, 6 and 9.
- Completion of the new Research and Education Centre at Bullock Island, Lakes Entrance.
- Substantially completing construction of the first stage of the new RMIT International University Vietnam – Saigon South Campus.

Student Facilities

Improvements in 2004 included:

- Refurbishment of recreation areas in Building 8.
- Creation of secure bicycle storage in Building 51.
- Completion of the initial planning, in consultation with RMIT Student Services, RMIT Union and Student Union Council for the upgrade of Levels 2, 3 and 4 of Building 8 and Level 4 of Buildings 10, 12 and 14, as the city campus focus for student facilities.

Library Facilities

Three additional study group rooms, complete with PCs, were installed at Swanston Library. Wireless access points were installed in the Business, Swanston, Carlton and Bundoora Libraries to enable access to the University's wireless network. Catalogue-only PCs were replaced.

Other milestones include:

- Reduction in the estimated maintenance backlog by \$9 million from \$136M to \$127M.
- Completion of the Building 57 Data Centre upgrade.
- Continued asbestos removal and infrastructure renewal works to Building 14 to enable redevelopment of some floors in 2005.

Commitment to Environmental Sustainability

RMIT University has a longstanding commitment to environmental sustainability. The 2004-2006 Business Plan embedded sustainability as a core strategy, accelerating the implementation of key initiatives. Sustainability is being integrated into teaching and learning via the program renewal process, and is included in the curriculum of many academic programs.

In line with this commitment, the following improvements to facilities were made in 2004:

- The Bundoora Lake was enlarged and improved to provide a storage area to enable recycling of water from the aquaculture facility.
- The first stage of the Building Automation System upgrade project was commenced to gradually improve the control of the mechanical plant to reduce energy use.

Building Statistics

All new building and maintenance projects were carried out in compliance with the building and maintenance provisions of the *Building Act 1993*. The significant drop in projects certified for approval from 2002 to 2004 reflects a reduced capital plan and a change in the type of projects undertaken, with greater emphasis on renovation.

Building Works 2001 - 2004	2001	2002	2003	2004
Projects certified for approval	66	51	25	24
Works under construction and the subject of mandatory inspections	8	11	9	10
Occupancy permits issued:	45	40	16	17

Following a 2003 review, descriptor categories were narrowed to provide more relevant data. Data for 2001 and 2002 was reassessed to enable comparisons.

The university's building maintenance program has been reviewed and costs adjusted to reflect an accurate value of works, hence the 7% reduction in 'S' category and minor shifts in others. Category 'D' is now classified as property earmarked for future redevelopment.

Space Quality and Deficiency Ratings of

RMIT Buildings in 2004	2001 (%)	2002 (%)	2003 (%)	2004 (%)
S - Satisfactory - require periodic maintenance	74	76	74	67
A - Require expenditure between 16% - 36% of capital replacement value (CRV)	17	18	20	21
B - Require expenditure of between 37% - 57% CRV	8	5	5	5
C - Require expenditure of between 58% to 78% of CRV	2	1	1	3
D - Unsatisfactory - (Redevelopment)	0	0	0	4

Photographer: Margund Sallowsky
RMIT University's graduating students paraded through the city of Melbourne to launch the university's annual graduation celebration. More than 5,600 RMIT graduates received their diplomas and degrees simultaneously on 14 stages at the Telstra Dome in Melbourne on Wednesday 15 December 2004.

Sustainability at RMIT



RMIT is committed to building a sustainable organisation that serves the needs and aspirations of its stakeholders. RMIT believes that sustainability is at the core of the university's obligations, its activities and its contributions to the world at large. Sustainability is about how we deal with students and employees, how we interact with the community, how we treat the environment, how we remain economically viable, and how we manage our organisation.

As well as fulfilling our statutory requirements, the university has implemented a Triple Bottom Line reporting system used worldwide to assess performance against social, environmental and economic parameters. The set of indicators contained in this Annual Report are an initial step towards developing an appropriate framework to measure our progress in ensuring the continued viability and sustainability of RMIT and its operations, and to measure its contribution to global sustainability in all its dimensions.

Social Sustainability

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

To achieve this we must, through activity at a local, regional and international level, quality research outcomes, engagement with the community and support for students:

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

At RMIT, we are committed to making a positive difference to the communities in which we operate and to the people we serve locally, regionally and internationally. We strive to provide support structures and services that produce a caring, safe and inclusive environment that ensures equitable access to the learning, intellectual and community resources of the university, ensuring we are an active and valued member of the community.

1. Share of First Preferences

RMIT was second only to the University of Melbourne in 2004 in the number of first preferences for HECS-funded Higher Education (HE) places. Applications for TAFE places offered through VTAC continued to be well ahead of other TAFE institutions.

Share of First Preferences	2002 (%)	2003 (%)	2004 (%)
RMIT HE share of first preferences (HECS-funded places)	18.6	18.5	17.6
RMIT HE share of all preferences (fee-paying places)	23.7	22.1	22.7
RMIT TAFE share of first preferences	27.7	28.4	26.8

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

2. Student Satisfaction

Universities contribute to social and economic development nationally through graduate education and training. The student satisfaction survey measures our success in this regard. Both HE and TAFE student satisfaction rates increased in 2004 but are still below their comparative national averages.

HE student satisfaction	2002 (%)	2003 (%)	2004 (%)
RMIT	60	62	63
National	68	68	68

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

TAFE student satisfaction	2002 (%)	2003 (%)	2004 (%)
RMIT	66	77	79
Victoria	75	83	83
National	77	82	85

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

(Note: 2004 data adjusted to account for over-sampling of females by NCVET contractor)

3. Graduate Activity

RMIT's mission is to provide technical and professional education that develops graduates for leadership and employment. RMIT has continued to perform above the national average for graduate employment rates in both HE and TAFE.

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

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

HE full-time employment (Domestic Bachelor Graduates)	2002 (%)	2003 (%)	2004 (%)
RMIT	83	82	82
National	81	80	80

Source: Graduate Destination Survey, Graduate Careers Council of Australia

TAFE employment	2002 (%)	2003 (%)	2004 (%)
RMIT	78	78	79
Victoria	72	78	76
National	73	74	75

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

(Note: 2004 data adjusted to account for over-sampling of females by NCVET contractor)

4. Research Activity

RMIT's research activity has continued to grow, with research funding for new projects increasing by 24% over the previous year and research publications increasing by 30%.

The statistics below provide a snapshot of the university's research performance.

Higher Degree Research Activity	2002	2003	2004
HDR Enrolments (Number of students)	1,717	1,691	1,593
HDR Equivalent Full-Time Student Units (EFTSU)	1,151	1,130	1,097
HDR Award Program completions (Graduates)	225	241	n/a
DEST weighted research publications	713	898	n/a

5. Student Enrolments and Completions

HE and TAFE enrolments increased marginally in 2004.

Student Enrolment Information*	2002	2003	2004
HE Enrolments (Number of students)	34,725	35,203	35,413
HE Equivalent Full-Time Student Units (EFTSU)	27,468	27,381	28,061
HE Award Program completions (Number of Graduates)	7,827	7,031	n/a
TAFE Enrolments (Number of students)	22,518	19,889	20,562
TAFE Student Contact Hours (SCH)	8,606,090	8,394,521	7,636,832
TAFE Completions (Number of Graduates)	4,742	4,341	4,479

*Preliminary Final Data for 2004

6. Campus Life

The campus environment is a pivotal factor in fulfilling students' expectations of university life. The 2004 University Experience Questionnaire (UES) indicated that students felt personally safe on campus (78%) and RMIT is friendly to people of all backgrounds (71%). The UES identified that international students in both Higher Education and TAFE were likely to want more contact with students in other programs.

7. Occupational Health and Safety

RMIT continued to implement the three-year Health and Safety Improvement Strategy adopted in 2003. Practical guidelines and tools were developed to equip staff with the knowledge and skills to effectively manage risk. Forty training sessions were delivered across the University in the key areas of Health and Safety Leadership and Risk Management.

RMIT received 75 new WorkCover claims in 2004, one more than last year. Thirty-five claims resulted in one or more days away from work and 39 in no time away from the workplace. The majority of claims were for sprains and strains. Stress-related illness accounted for 14.5% of total claims, down from 27% in 2003.

The OHS Quarterly Reporting Framework developed in 2003 was fully implemented and integrated into the management structures of the university. Regular performance reporting led to greater awareness of issues, incorporation of health and safety into university planning and a more systematic approach to health and safety management.

A WorkSafe project targeting chemical management in universities was initiated resulting in significant improvements. Designated work groups were revised to align them with the new university structure resulting in the election and training of new health and safety representatives in many work areas.

Hazards/incidents reported by staff, students, contractors and visitors in 2004 totalled 378, of which seven were reported to WorkSafe Victoria. RMIT sees the reporting of hazards and incidents as a vital component of achieving long-term improvements in health and safety and is confident that the increased number of incidents reported reflects the growing awareness of health and safety issues.

OHS incidents reported	2002	2003	2004
RMIT	259	287	378
% change	-19.3	+10.8	+31.7

8. Gender Distribution of New Staff Recruited

The number of new staff recruited declined in 2004. As part of the university's restructure, recruitment practices have focused on internal movement and redeployment of existing staff.

New staff recruitments	Female	%	Male	%	Total
2004	185	52	169	48	354
2003	339	57	251	43	590
2002	225	55	184	45	409
New staff recruitments by type (2004)	Female	%	Male	%	Total
Academic (HE)	57	44	72	56	129
Executive (HE and TAFE)	5	45	6	55	11
General (HE and TAFE)	112	62	68	38	180
Teaching (TAFE)	11	32	23	68	34
Total	185	52	169	48	354
Benchmark (Vic. Workforce)	Female	%	Male	%	Total
2004	1,104,100	45	1,335,600	55	2,439,700

Data source: ABS December Labour Force Statistics (Total Employed as at 11/04 Cat No: 6202.0.55.001)

9. Staff Turnover

The turnover of RMIT staff with less than 3 years service and staff initiated turnover in 2004 was 30%. RMIT's turnover rate in 2004 was above the Australian Technology Network (ATN) universities' average, but is consistent with turnover rates typically experienced by organisations during periods of major restructuring and tight financial management.

The results of exit interviews were analysed to identify factors that influence staff turnover and led to improved induction processes and mentoring programs.

Staff turnover	2002 (%)	2003 (%)	2004 (%)
Less than 3 years service	18	25	30
Greater than 3 years service	14	11	11
Total	15	15	17

Environmental Sustainability

RMIT University has a longstanding commitment to environmental sustainability, having first implemented its Environment Policy in 1994. The university will re-assess its various commitments in 2005, focusing on key areas for environmental improvement and change.

Environmental Measures

RMIT's total energy consumption in 2004 was 10.26 GJ/EFTSU, an increase on the 2003 figure of 9.9 GJ/EFTSU which equalled the Australian university average for that year.

RMIT's water consumption in 2004 was 6.06 KL/EFTSU, a decrease on the 2003 figure of 6.32 KL/EFTSU and well below the Australian university average of 16.30 KL/EFTSU for that year.

RMIT's energy consumption in 2003 was 0.80 GJ/m². This figure is above the Australian university average of 0.73 GJ/m² but still below the Victorian university's average of 0.84 GJ/m².

Energy Consumption

Electricity consumed	2002	2003	2004
Quantity (GJ)	204,288	203,326	205,882
Quantity (GJ) per EFTSU/EFTS	5.94	5.99	6.16
Quantity (GJ) per M2 of GFA serviced	0.50	0.49	0.50

Source: Property Services, Energetics, Citipower

Gas consumed	2002	2003	2004
Quantity (GJ)	117,150	128,636	137,054
Quantity (GJ) per EFTSU/EFTS	3.41	3.79	4.10
Quantity (GJ) per M2 of GFA serviced	0.29	0.31	0.33

Source: Property Services, Energetics, TXU

Greenhouse Gas produced	2002	2003	2004
Quantity (tonnes CO2 equivalent)	85,071	85,285	86,721
Quantity (GJ) per EFTSU/EFTS	2.47	2.51	2.60
Quantity (GJ) per M2 of GFA serviced	0.21	0.21	0.21

Source: Property Services

In 2004, electricity consumption increased by 1%. Gas consumption rose by 6% in 2004 over 2003. RMIT's energy experts Energetics have been asked to investigate the causes of this increase so that appropriate remedial action can be taken to address these increases.

RMIT is continuing to implement major capital projects in 2005 in order to reduce electricity consumption. These projects are expected to achieve reductions in 2006 and include the progressive upgrade of the Building Automation Systems and the control of the Building 8 escalators. The Building 8, 10, 12 and 14 Chiller Plant Upgrade has included the purchase of a new chiller that will increase consumption however, being a Variable Speed Drive chiller, it should enable the plant to operate at much improved efficiency.

Water Consumption

Water consumed	2002	2003	2004
Quantity (KL)	300,283	214,862	202,630
Quantity (GJ) per EFTSU/EFTS	8.73	6.97	6.06
Quantity (GJ) per M2 of GFA serviced	0.73	0.57	0.49

Source: Property Services

Water consumption continued to decrease in 2004. The Bundoora Campus Aquaculture recycling project will be completed in 2005. RMIT, in conjunction with Yarra Valley Water and City West Water, are progressing a program to install pressure reducing devices to further reduce water consumption. In 2005, RMIT will work with the supply authorities to prepare a Water Management Plan for each campus.

The 14% reduction in water usage in 2004 was achieved through reduced watering of grounds due to drought restrictions, a reduction in aquaculture laboratory requirements at Bundoora, the redirection of waste-water to the newly expanded lake facility and clients becoming more sensitive to the well-publicised water resource issue.

Economic Sustainability

RMIT University's consolidated net operating result in 2004 was a loss of \$25.1 million. The total revenue from ordinary activities was \$518.1 million (compared with \$574.4 million in 2003) and total expenses from ordinary activities were \$541.9 million (compared with \$542.5 million in 2003).

The year on year revenue variance comprises the following significant reductions:

- Changes in timing of receipt and method of accounting for Commonwealth operating grant (\$30.0 million);
- Proceeds from the sale of property, plant and equipment (\$11.9 million);
- Victorian State capital grants (\$6.9 million); and
- Donations and bequests (\$5.0 million).

Net cash flow from operating activities remained constant and net assets decreased marginally.

RMIT University Consolidated	2000	2001	2002	2003	2004
Net operating result attributed to RMIT entity (\$ million)	22.6	8.6	(0.6)	31.5	(25.1)
Net cash inflow from operating activities (\$ million)	49.5	43.6	43.0	42.7	42.7
Total assets (\$ million)	1231	1300	1340	1339	1356
Total liabilities (\$ million)	372	392	418	363	387
Net Assets (\$ million)	859	908	922	976	969

Revenue 2004

Revenue	\$ million	% of Total
Commonwealth Government grants	138.7	27
Victorian Government grants	59.2	11
HECS, PELS and Bridging Revenue	66.8	13
Fees and Charges	174.2	34
Consultancy and Contract Research	41.2	8
Other	38.0	7
Total	518.1	100

Expenditure 2004

Expenditure	\$ million	% of Total
Employee Benefits	342.2	63
Depreciation and Mortgage	27.6	5
Repairs and Maintenance	14.6	3
Other Expenses	157.5	29
Total	541.9	100

Photographer: Courtesy RMIT University Vietnam Campus
RMIT International University Vietnam is home to 1600 students enrolled in Bachelor and Masters programs. RMIT is strengthening its research capabilities in the region and provides Masters by Research Scholarships. The university also provides corporate training to government, industry and business in the region.

Corporate Governance



Corporate Governance

Corporate governance is the system by which RMIT is directed and controlled. To meet its own objectives and to comply with Commonwealth, State and industry standards, RMIT worked throughout the year to strengthen its corporate governance.

Based on its corporate governance charter, Council reformed its policies and procedures, extended clear charters to its committees, and introduced a system to evaluate their performance. The Nominations and Corporate Governance Committee of Council oversaw nominations to Council, its committees and subsidiaries, as well as appointments, induction and professional development for councillors. In line with State Government guidelines, optional remuneration was introduced for independent members of Council and elected students.

In 2004, there was particular focus on the corporate governance of RMIT's 11 controlled and 35 associated entities. All subsidiary companies complied with Council-mandated reforms to their governing bodies, adopted statements of governance principles, developed frameworks for risk management and internal audit, and drew up registers of the skills, experience and qualifications of directors. The Group Governance Portfolio assisted RMIT International University Vietnam to build capacity for corporate governance in a challenging trans-national environment. A review of the governance of RMIT's controlled entities resulted in reductions in the size of company boards and simplification of reporting requirements. A first annual report on RMIT's associated entities – those in which RMIT has part-ownership, provides naming rights or otherwise shares risks – showed a pattern of extensive engagement with research, commercial, professional and cultural organisations and a need for further rationalisation of RMIT's interests in them.

As a dual-sector university, with strong international and commercial activities, RMIT must comply with a wide range of legislative and regulatory requirements. A compliance management project during the year set priorities among these requirements, confirmed the responsible manager for each area of compliance, undertook workshops on compliance management, and introduced an annual reporting of compliance based on Australian standards.

University Council

RMIT University is governed by a Council that consists of:

- the Chancellor
- the Vice-Chancellor
- the Chairperson of the Academic Board
- the Chairperson of the Board of Technical Studies
- three people elected by and from the staff of the university as prescribed by the Statutes
- two people elected by and from the enrolled students of the university as prescribed by the Statutes
- six people appointed by the Governor in Council
- one person appointed by the Minister
- six people appointed by the Council

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

Members of Council, as required by legislation, have duly completed declarations of director-related transactions. 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 may choose to receive remuneration for being members of Council. RMIT does not make loans to councillors or related parties of councillors.

As part of its commitment to good governance practices, the university Council adopted a charter containing broad governance principles in 2003. The charter was reviewed and amended in 2004.

Council Members in 2004

Ms Frances Awcock AM

BA(Melb), Dip Lib RMIT

Appointed by the Governor in Council from 27/07/04

Mr Stuart Martin

Elected by the students

Mr Allan Ballagh

BEng (Deakin), DipEd (Melb), MEd (RMIT),

GradCertEntMgmt (Swin)

Director TAFE

Chair, Board of Technical Studies (ex officio)

Ms Voula Messimeri-Kianidis

B Soc Wk, GradDip(Community Development),

GradDip(Applied Science)

Executive Director, Australian Greek Welfare Society

Appointed by the Governor in Council from 27/07/04

Ms Tanya Bramley

BA

Manager, RMIT Library

Elected by General Staff

Professor John Nieuwenhuysen AM

MA Natal, PhD (London)

Director Monash Institute for the Study of Global Movements

Appointed by the RMIT Council (Deputy Chancellor)

Professor Peter Coloe

BSc(Hons), PhD Monash, FASM

Head, Department of Biotechnology and

Environmental Biology

Chair, Academic Board (ex officio)

Mr Dinesh Rajalingam

Elected by the Students

Ms Anne Dalton

BA, LLB, GradDipComLLB (Monash),

GradCertPubSecMgmt (Griff)

Partner, Blake Dawson Waldron

Appointed by the Governor in Council

Mr Neil Robinson

TTTC, DipAppPhys RMIT, BSci(Hons), MSci LaTrobe

Senior Lecturer, Applied Physics, Science, Engineering and
Technology Portfolio.

Elected by the Academic Staff (HE)

Dr Ruth Dunkin

BA(Hons)Melb, GradDipMgmt CIAE, MPubAd (Harv),

PhD (Melb)

Vice-Chancellor

Vice-Chancellor (ex officio). Resigned 27/08/04

Ms Moira Scollay

BA, LittB(Merit), GradDipEd CCAE, GradDipExecMgmt (Qld)

Appointed by the Governor in Council

Mr Terrence Francis

B Eng(Civ), MBA (Melb)

Consultant

Appointed by the Governor in Council

Clem Simonetto

BEd, DipEd

TAFE Teacher, Business Portfolio

Elected by the Academic Staff (TAFE) from 16/08/04

Dr Robert Frater AO FAA FTSE

BSc, BEd, PhD (Syd), DScEng (Syd), Hon DSc (Macquarie)

Appointed by the Governor in Council

Mr Trevor Tappenden

ACA, FAICD

Appointed by the RMIT Council

Professor Dennis Gibson AO

BSc(Hons) Hull, MSc, PhD(Newcastle upon Tyne),

DSc(CNAA), Hon. DUniv(Sunshine Coast), Hon. DUniv(QUT)

Elected by RMIT Council as Chancellor

Mr Peter Thomas AM

BCom(Melb), MAICD

Appointed by RMIT Council (Deputy Chancellor)

Mr Ross Hepburn

BEng(Civ)(Melb), MAAdm(Monash)

Group Manager Community Support, City of Greater

Dandenong

Appointed by the RMIT Council (Treasurer)

Ms Jenny Varcoe-Cocks

DipBusStud(VUT), FAICD

Consultant

Appointed by the RMIT Council (Deputy Chancellor)

Ms Kaye Hilliar

DipBus(Acct)Swin, Dip Ed SCV Hawthorn

Teacher, School of Accounting and Law(TAFE),

Faculty of Business

Elected by the Academic Staff (TAFE). Resigned 12/07/04.

Professor Chris Whitaker

BA(Cantab), PhD(ANU)

Vice-Chancellor

Vice-Chancellor (ex officio) from 31/08/04

Mr Garth Lampe

BEco (Hons), MEco (Monash)

Project Director 2012 Review Office of Gaming and Racing

Department of Justice

Appointed by the Minister

Mr Derek Young

MACA City of London, FACA(UK), MASA

Appointed by the RMIT Council

Council Committees

Council committees are established to assist Council in discharging its responsibilities. In 2004, committees each had a work plan of activity to exercise their responsibilities and report to Council on their activities.

Audit and Risk Management Committee

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

Its objectives are to assist Council in discharging its responsibilities with respect to:

- the integrity of the university's annual financial statements and financial reporting, and those of its controlled entities;
- the university's and its controlled entities' exposure to legal and business risk;
- the effectiveness of the external and internal audit functions; and
- the adequacy and effectiveness of the university's and the controlled entities' management, financial control systems and other internal controls.

Finance and Major Initiatives Committee

The Finance and Major Initiatives Committee acts on behalf of Council to:

- monitor and review the financial performance of the University;
- monitor progress on major projects;
- consider the annual budget; and
- consider major initiatives (including the acquisition or sale of buildings) and projects that involve significant commitment and / or risk to the university and advise Council on their implementation.

Nominations and Corporate Governance Committee

The Nominations and Corporate Governance Committee acts on behalf of Council to ensure Council and the Board members of the controlled entities have an effective balance of skills and experience.

This objective was achieved through:

- recommending people to be appointed or re-appointed to the Council;
- suggesting candidates to the Minister to be considered for appointment for re-appointment;

- oversight of the appointment of directors to controlled entities;
- recommending the process for, and considering the results of, the annual performance evaluation of Council;
- recommending Chancellor appointments to Council;
- monitoring the governance practices of Council; and
- developing a professional development program for Councillors.

Planning, Quality and Performance Committee

The Planning, Quality and Performance Committee acts on behalf of Council to monitor the strategic planning process and review:

- the performance of the university;
- the performance reporting; and
- major implementation and quality management activities.

Remuneration Committee

The Remuneration Committee acts on behalf of Council to assist in:

- the finalisation of the university's agenda prior to the enterprise agreement negotiations; and
- remuneration matters relating to the employment of members of the Vice-Chancellor's Executive.

RMIT Human Research Ethics Committee

The RMIT Human Research Ethics Committee (HREC), established by Council, has as its primary purpose 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 issued as the *National Statement on Ethical Conduct in Research Involving Humans*. The committee comprises 17 members, including a number of external laypersons and appointees in areas of expertise specified by the guidelines. Most internal members are appointed on the basis of their knowledge and experience in research areas currently considered by the committee.

Attendance at Council Committees

Member	Council	Audit and Risk Management	Finance and Major Initiatives	Nominations and Corporate Governance	Planning, Quality and Performance	Remuneration
Frances Awcock	2/4				1/1	
Allan Ballagh	7/7					
Tanya Bramley	7/7			6/6		
Peter Coloe	7/7					
Anne Dalton	6/7	7/8		4/6		
Ruth Dunkin	3/3	2/2	3/4	1/5	3/3	3/4
Terrence Francis	7/7		8/9	5/6		
Robert Frater	5/7				3/5	3/10
Dennis Gibson	7/7	8/8	9/9	6/6	5/5	10/10
Ross Hepburn	4/7		9/9			
Kaye Hilliar	3/3		3/3			
Garth Lampe	5/7		7/9			
Stuart Martin	7/7			5/6	4/5	
Voula Mesimer-Kianidis	4/4				1/1	
John Nieuwenhuysen	7/7			5/6		7/10
Dinesh Rajalingam	6/7		5/9			
Neil Robinson	7/7				5/5	
Moira Scollay	6/7				5/5	
Clem Simonetto	4/4					
Trevor Tappenden	7/7	8/8				9/9
Peter Thomas	6/7	6/8				10/10
Jenny Varcoe-Cocks	7/7			6/6		10/10
Chris Whitaker	3/3		4/5	1/1	0/1	
Derek Young	7/7		8/9			

Council Performance System

Under its charter, the university Council is required to undertake annual performance reviews. In addition to the regular review, the Chancellor undertook structured interviews with individual councillors to gauge their effectiveness and RMIT's ability to meet the challenges ahead, and to obtain feedback on his own effectiveness.

As a result of the review process, several improvements have been implemented or are planned for implementation in 2005, and the terms of reference of some committees were amended, as were 2005 work plans. The Chancellor and Vice Chancellor will increase the level of engagement with Council members and extend engagement to include external parties. A mentoring program for new councillors has been developed.

Senior Officers

As at 31/12/04

VICE CHANCELLOR AND PRESIDENT

Professor Chris Whitaker

Professor Chris Whitaker is the Chief Executive Officer of RMIT, both for HE and TAFE. He is responsible for ensuring strong, effective leadership and clear direction within the university through an appropriate vision and strategic plan. Professor Whitaker provides direct leadership of Financial Services, Information Technology Services, the Planning Group, People and Culture and the Major Change Group.

PRO VICE-CHANCELLOR GROUP GOVERNANCE

Professor David Wilmoth

Professor Wilmoth is responsible for the establishment and support of corporate governance for the RMIT group, RMIT group strategy, and external compliance and reporting. This includes internal audit and risk management; legal services; university secretariat services to the Council and its committees; and oversight of RMIT's controlled and associated entities. His portfolio also includes responsibility for property services, which encompass campus planning, project delivery, space management, facilities services and RMIT Gallery.

PRO VICE-CHANCELLOR STUDENTS

Professor Joyce Kirk

Professor Kirk is responsible for identifying and planning services to meet the needs and aspirations of RMIT's different student groups, and works closely with the administrative, academic and teaching staff to implement and enhance a university-wide student focussed learning environment. Her portfolio includes responsibility for the Office of the Academic Registrar; Student Learning Support; Student Services; the Office for Prospective Students; and the Student Hubs.

PRO VICE-CHANCELLOR INTERNATIONAL, ENTERPRISE AND COMMUNITY DEVELOPMENT

Dr Madeleine Reeve

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

PRO VICE-CHANCELLOR BUSINESS

Professor Robert Brooks

Professor Brooks contributes to RMIT's planning, policy and strategic development, enhances the profile and position of the university and the portfolio, and provides academic leadership, support and overall management of the seven schools within the portfolio to create an environment in which research and teaching will flourish.

PRO VICE-CHANCELLOR DESIGN AND SOCIAL CONTEXT

Professor Alan Cumming

Professor Cumming contributes to RMIT's planning, policy and strategic development, enhances the profile and position of the university and the portfolio, and provides academic leadership, support and overall management of the 11 schools within the portfolio to create an environment in which research and teaching will flourish.

PRO VICE-CHANCELLOR SCIENCE, ENGINEERING AND TECHNOLOGY

Professor Daine Alcorn

Professor Alcorn contributes to RMIT's planning, policy and strategic development, enhances the profile and position of the university and the portfolio, and provides academic leadership, support and overall management of the 10 schools within the portfolio to create an environment in which research and teaching will flourish.

PRO VICE-CHANCELLOR TEACHING AND LEARNING

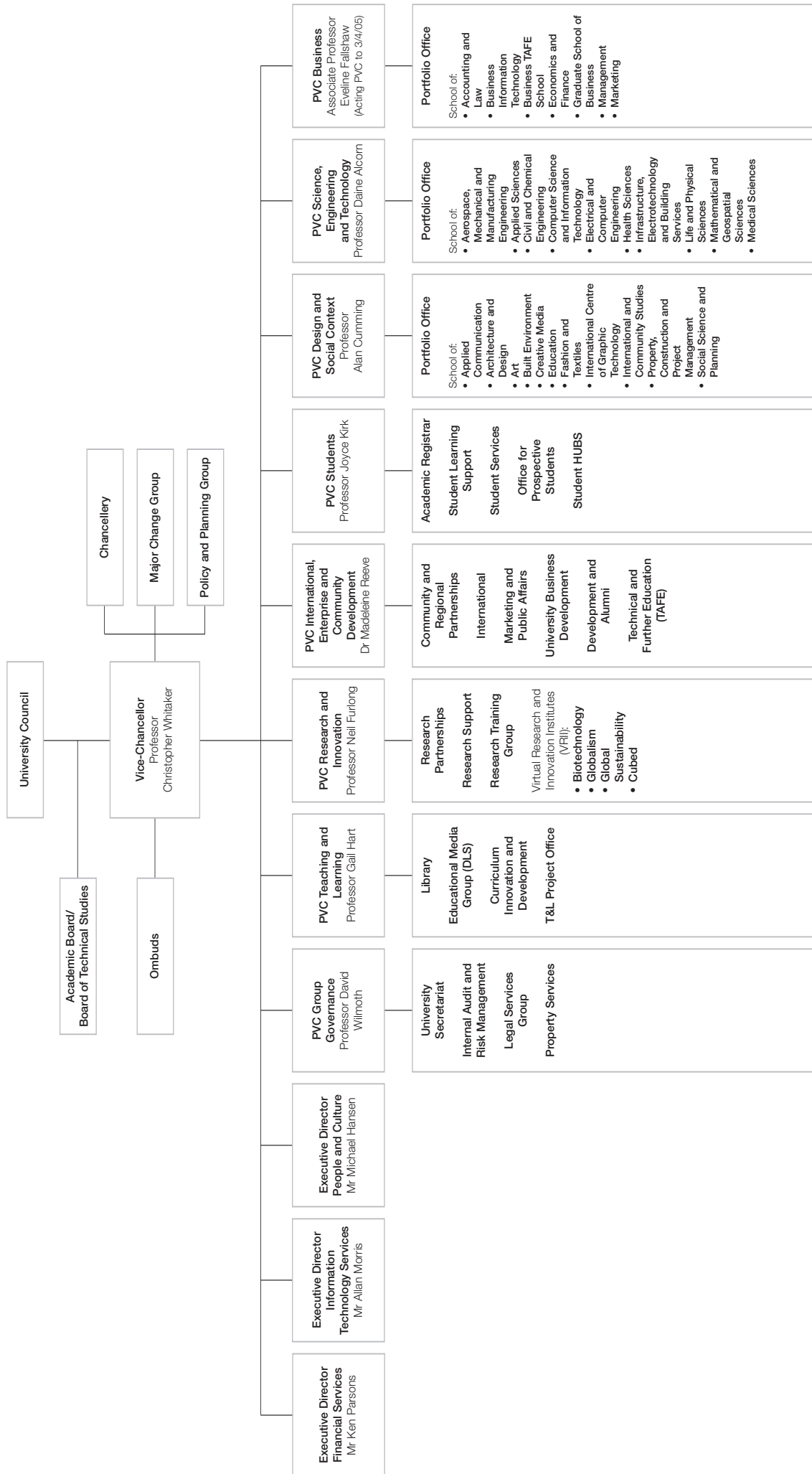
Professor Gail Hart

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

PRO VICE-CHANCELLOR RESEARCH AND INNOVATION

Professor Neil Furlong

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



Compliance Management

Freedom of Information

The university received seven applications for information in 2004 under the *Freedom of Information Act 1982*.

Access granted in full: 0

Access granted in part: 6

Access denied: 1

Whistleblowers Act 2001

The university is committed to the aims and objectives of the *Whistleblowers Protection Act 2001* (the Act). It does not tolerate improper conduct by its employees, officers or members, nor the taking of reprisals against those who come forward to disclose such conduct.

The university recognises the value of transparency and accountability in its administrative and management practices, and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

The university will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure.

The roles of protected disclosure co-ordinator and protected disclosure officer are carried out by Michael Hansen, Executive Director People and Culture. Alternatively, staff may make a disclosure directly to the Ombudsman Victoria.

a) Procedures

RMIT developed and introduced its policies and procedures relating to the Act in 1991. The procedures define key terms and detail actions relating to the reporting system, roles and responsibilities, confidentiality, collating and publishing statistics, receiving and assessing disclosures, investigations, action taken after an investigation, managing the welfare of whistleblowers and those against whom disclosures have been made, criminal offences and reviews. The procedures are available online at <http://prodmams.mit.edu.au/2r9d9qd05nm5.pdf>

b) Number and types of disclosures made during the year.

Two: one protected disclosure and one public interest disclosure.

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

One

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

One public interest disclosure.

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

None

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

Zero

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

Zero

h) Number and types of disclosed matters that the public body has decline to investigate during the year.

Zero

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

Zero

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

Zero

Complaints from Ombudsman's Office

No complaints were received in 2004.

National Competition Policy

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

Public Funding

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

Education Services to Overseas Students Act 2000

For the year 2004, the university complied with the *Education Services for Overseas Students Act 2000 (Cth) (ESOS)* and the *National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students*.

Fees and Charges

In 2004 there were no significant changes to the level of fees charged to students by the university.

Tuition fees

In 2004 average domestic non-government funded fees increased by 11.3%. International onshore student fees were increased by 3.8% on average. Tuition fees charged to State Government-funded TAFE students were increased from \$1 per student contact hour to \$1.25 per student contact hour as per Ministerial guidelines. This was the first increase in TAFE tuition fee for 5 years.

Compulsory Non-Academic Fees

The Compulsory Non-Academic Fee charged to HE and international students increased by 3.4%. Student Services and Administration Fees charged to local TAFE students increased by 5.9%. The amount of compulsory non-academic fees collected by the university from students and prospective students during the year ended December 31, 2004 is shown in Note 47 to the annual financial statements of the university. The note also shows the purposes for which the university distributed those fees and the amounts of money made available to the university operations and student-related organisations.

Course Material and Administrative Fees

There were no significant changes to the level of fees charged as course material and administrative fees. The number of courses for which material fees are charged has decreased from 438 in 2003 to 330 in 2004.

Schedule of Fees and Charges

All fees charged to students at RMIT University are set and approved under the authority of Council. An 'Approved Schedule of Fees and Charges' is published each year. The schedule lists all fees that may be charged to students. A copy of the schedule of fees and charges for 2004 and 2005 is available on the RMIT web site at www.rmit.edu.au/fs/sfc.

Additional information available on request

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

- ex-gratia payments
- declarations of pecuniary interests
- shares held by senior officers
- publications
- major external reviews
- overseas visits undertaken
- industrial relations issues
- promotional, public relations and marketing activities.

Enquiries regarding details of the above should be addressed to:

Manager Internal Communications
RMIT University
GPO Box 2476V
MELBOURNE VIC 3001
(03) 9925 2000

The RMIT University website is: www.rmit.edu.au

Risk Management and Internal Audit

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

The Audit and Risk Management Committee, on behalf of RMIT Council, has responsibility for setting the risk management strategy and overseeing risk management within the university as a whole. This committee acts to ensure that the university has a sound system of internal management and control. The committee also monitors the underlying processes for identifying, evaluating and managing the risks faced by the university. These processes are consistent with the principles of the relevant Standard (AS/NZS 4360).

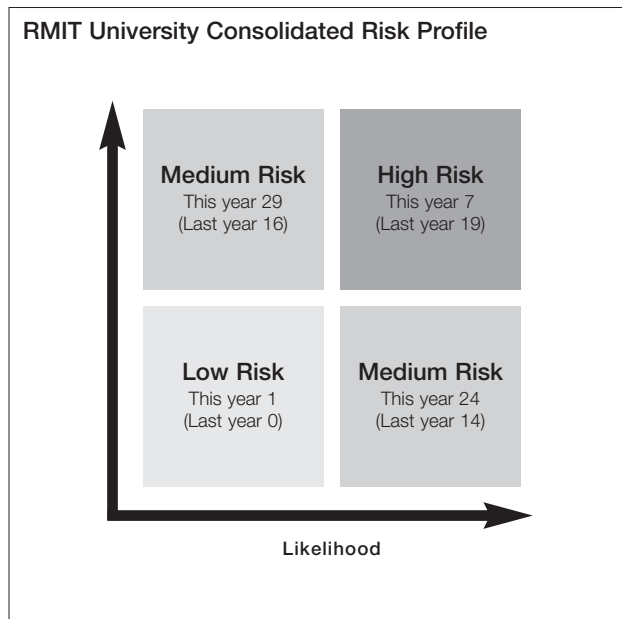
The committee reviewed and recommended adoption of the 2004 financial statements provided in this annual report and the Chancellor was delegated by Council the power to submit the annual report on the Council's behalf.

During the year the committee initiated further enhancements to the university's enterprise risk management approach aimed at ensuring that sound risk management procedures were in place and effectively integrated across all areas of University activity. These enhancements included:

- Risk assessments conducted over the business plans of all Portfolios using the university's risk management guidelines;
- Portfolio risks included in the university-wide risk profile and rated from an enterprise-wide perspective;
- Training of over 120 university staff in risk management; and
- Expansion of risk management practices into the controlled entities of RMIT.

The university's Internal Audit and Risk Management group has the responsibility for reviewing the university's risk identification and management processes on a regular basis to ensure their effectiveness.

During the year, a series of risk workshops were held with the RMIT Management Team to explore how current issues and initiatives at RMIT were perceived by this group to impact RMIT's risk profile. The outcomes are summarised in the Consolidated Risk Profile, which also reflects the movement in the university's risk profile from 2003.



While the total number of risks monitored by the consolidated risk profile has increased from 49 to 61 during 2004, active management has decreased the number of risks in the High Risk category from 19 to 7.

The consolidated risk profile together with consideration of the findings from previous Internal Audit reviews formed the basis of RMIT's annual audit program in 2004.

Factors influencing the risk profile during 2004

The main factors that have influenced the high risk areas in the 2004 risk profile are:

- **Research and Innovation** – The assessment of risk associated with this area has increased marginally as RMIT faces the challenge of broadening its research base and providing researchers with access to the best equipment and infrastructure in an increasingly competitive research market, both from international researchers as well as the Australian research and innovation base.
- **International Business** - RMIT's exposure to foreign exchange risk associated with the offshore programs, although unchanged from the previous year, remains high. Although gains and losses in the Australian dollar will continue to have a direct impact on RMIT's competitiveness in offshore markets, strategies have been established to manage this.
- **Financial and Business Services** – Two projects have been initiated to identify and make the necessary changes to ensure the university's financial viability and academic sustainability for the future. The first is the Student Life Cycle Project which will develop and implement simplified and standardised processes to underpin the re-implementation of the Academic Management System. The second is the Portfolio Services Integration Project, which will streamline the provision of services to academic and teaching staff. Implementation risk associated with these key projects and the ongoing enhancement of RMIT's core Academic Management System (AMS), add to the overall risk level of this area. These risks are being actively managed.
- **Academic Portfolios** - Continued diversification and expansion of RMIT's onshore and offshore business activities could heighten risk if the success of the programs offered does not keep pace with forecasts, or resources are overstretched or lack the appropriate capabilities. Although RMIT has processes in place to vet new business activities, the assessment of risk associated with this area remains high.
- **Fraud** – Increased awareness of the potential for fraud has led to fraud being recognised as a discrete risk in the RMIT Consolidated Risk profile. Fraud is currently slated as a medium level risk until confirmed in 2005 on completion of a fraud risk assessment.

RMIT Controlled Entities

RMIT International Pty Ltd

RMIT International is the commercial arm of RMIT University responsible for promoting and developing its global business initiatives. These include onshore international student recruitment and international business development, consultancy, training, research and project management services. Notable achievements in 2004 included recruiting 4,824 new international students into RMIT programs in Melbourne and managing a total of 48 projects in Australia and overseas, ranging from one-week training courses to multi-million dollar projects. A successful global marketing program resulted in more than 50% of new international students applying directly and winning the 2004 Governor of Victoria Export Award in Education Services.

RMIT International Pty Ltd established an internal audit committee and function in 2004. A review of the RMIT International Risk Register and Risk Management Framework was undertaken and a three-year strategic Internal Audit Plan developed and adopted.

RMIT Foundation

The RMIT Foundation is the repository for the community's philanthropic donations to the university. It is governed by a Board of Trustees, advised by the Foundation's Finance and Investment Committee and administered by the university within the Financial Services Group. The Board meets quarterly. Risk management and internal audit for the RMIT Foundation are covered by RMIT's activities.

The Trustees of the Foundation ensure that all gifts are handled in accordance with the donor's wishes, at the same time observing all the statutory requirements relating to trusts. The Foundation's Finance and Investment Committee seeks to maximise the endowment income from invested funds and follows sound investment policies.

In 2004, the Foundation received bequests and donations of \$1.17 million and \$1.03 million for the benefit of the university and its students.

RMIT Vietnam Holdings Pty Ltd

RMIT Vietnam Holdings Pty Ltd, incorporated on 24 May 2001, is a wholly owned entity of RMIT University, and continues to function as a holding company for RMIT Vietnam and a repository for project funds and major donations destined for Vietnam.

RMIT Vietnam Holdings is also involved in the management of philanthropic funded activities in Vietnam, including the provision of state-of-the-art Learning Resource Centres at three Vietnam universities. In 2004, an internal Audit and Risk Management Committee was established and a Charter for the committee prepared for endorsement by the Board of Management.

RMIT International University Vietnam (RMIT Vietnam)

The principal activity of RMIT Vietnam is to conduct education and training activities for both undergraduate and postgraduate levels, scientific and applied research in the areas of science and engineering, technology, economics and foreign languages, and provide services directly serving training, research and development as above.

RMIT Training Pty Ltd

RMIT Training is comprised of four separate business units: RMIT English Worldwide, RMIT Publishing, RMIT Workforce Solutions and RMIT TestLab. In addition, RMIT Training Pty Ltd provides services to RMIT University on a cost recovery basis.

An Audit and Risk Management Committee of the whole of the Board of Directors has been established and the company has re-developed its risk assessment approach consistent with the RMIT University approach.

RMIT Innovation Ltd

RMIT Innovation Ltd was established to assist the university commercialisation of RMIT's research and development. The company holds the university's shareholding in Spatial Vision Innovations Pty Ltd.

Consistent with Board and university Council decisions of 2001, the company has ceased trading.

InQuirion Pty Ltd

The principal activities of InQuirion Pty Ltd are to provide ongoing development and professional services for the TeraText range of products used by clients for managing their document collections and other text assets. There have been no significant changes in the nature of those activities during 2004.

The company actively pursued new clients in the corporate and government sectors. Major new projects were undertaken in the areas of national security databases, legislation management, information publishing and

technical documentation with clients that include the Department of Defence, the Attorney General's Department, Tenix Defence Systems, the National Library of Australia and the Tasmanian State Government. 2004 was InQuirion's third year of operation and no unexpected significant events occurred through the year.

The Board of Directors undertakes risk management in its business plan and within its major projects consistent with university methods.

RMIT (Malaysia) Sdn Bhd

RMIT (Malaysia) Sdn. Bhd. ceased operations in 1999 and has remained inactive since then. Pursuant to an Extraordinary General Meeting held on 6 February 2004, the company was placed under Member's Voluntary Liquidation.

Spatial Vision Innovations Pty Ltd

Spatial Vision Innovations Pty Ltd sells geospatial technology and services for use in environmental, land and asset management, and for a growing range of other government and private sector clients. The business continued to expand its client base in NSW and the ACT. The company was appointed to the Whole of Victorian Government panel for the provision of e-services and the NSW Government panel for Software Development Services, and achieved ISO 9001 accreditation for the company's Business Management System. The company won another two water authority technology projects, further reinforcing its position as the leading spatial solution provider in the Victorian water industry.

A risk assessment strategy has been adopted by the board and the company also addresses risk management in its business plan.

RMIT Union

The RMIT Union is the main student facilities and service provider at RMIT. The organisation supported students to participate in sporting, cultural and community activity and provides assistance with professional, sporting and retail services. The company has established a risk assessment approach that is consistent with that of RMIT University.

Meltech Services Ltd

Meltech Services Ltd, limited by guarantee, was established as a nominee company for the RMIT Union. It did not trade in 2004.

RMIT Associated Entities

RMIT's engagement with industry, professional, regional and community organisations, and its investment in research and innovation through spinoff companies and partnerships in cooperative research centres result in RMIT holding an interest in a number of associated entities. This interest may be a share of ownership, or significant shared reputational or financial risk. RMIT's offshore award program partnerships are covered elsewhere in this report.

RMIT maintains a register of associated entities. For each annual report on associated entities for RMIT Council, information is provided on objectives, RMIT interest, cumulative level of RMIT investment, performance of the entity during the year, return on investment during the year and levels of reputational and financial risk to RMIT.

The year was characterised by consolidation of RMIT's holdings, including divestment of RMIT's interest in the Global University Alliance, and work with some partners to update and clarify RMIT's engagement. In many cases RMIT provides financial support, membership of governing boards, and benefits in exchange for providing training opportunities for RMIT students.

Name	Principal Objects	RMIT interest	Performance during 2004	Level of financial risk to RMIT	Level of reputational risk to RMIT
AARNet Pty Ltd	Research and education network services	One of 37 university and CSIRO shareholders. RMIT holds 2 shares	RMIT receives a good return on investment through AARNet's provision of: access to high-capacity, cost effective internet services, representations to government and internationally to develop the global Research and Education Network	Low	Low
Advanced Composite Structures Ltd	Holding company for intellectual property from former CRC	RMIT holds c.10 percent of shares	Established during the year	Low	Low
Analytica Ltd	Medical diagnostics business	500 shares	Company released from official liquidation and acquired retractable syringe technology	Low	Low
Australian Higher Education Industry Association Pty Ltd (AHEIA)	University employers' association	Membership. AHEIA provides advice, representation, industrial relations policy and case support to RMIT	Favourable outcome in an AIPC case on casual employment representation in AIPC on Portfolio Implementation Project, information and advice	Low	Low
Australian Housing and Urban Research Institute Ltd	A collaborative economic and social research venture	RMIT is a founder member and runs one of the seven research centres around the country	New CEO, active year	Low	Medium
Australian Mathematical Sciences Institute	Centre to promote and enhance the mathematical sciences	RMIT is a member institution	Functioning, moving to create a centre of excellence in education for mathematics; RMIT will be founder member	Low	Low
Australian Vice-Chancellors' Committee	A private company whose members are the Vice-Chancellors of Australian universities. It aims to advance higher education through voluntary, cooperative and coordinated action	The AVCC is funded by annual contributions from the universities of its 38 members	Representation and services during an active year	Low	Low

Automotive CRC	Research innovation and training services to automobile industry	RMIT one of c.30 participants	Started 2004	Low	Low
Biocomm International Ltd, Biocomm Services Pty Ltd	International life sciences technology management and commercial development company	RMIT paid an annual subscription for its membership in 2003 – 2004 of \$27,500. RMIT is entitled to one position on the Board	Commercial success. Expansion into UK and Japan	Low	Low
Business Higher Education Round Table Ltd	Forum for leaders of Australia's business, research and higher education pursue issues of common interest	RMIT is a member	Active program of publications, awards and advocacy	Low	Low
CAVAL	Established as a company limited by guarantee for member institutions' library services	RMIT is a normal member	2004 operating surplus of \$270,000; now examining governance changes to improve operations; good services to RMIT	Low	Low
City Campus Childrens Centre	Child care and development for children aged 3 months to 5 years	Childcare service for students, staff and some community	Operating subsidy was a loss of \$41,605 not including special grant from RMIT of \$50K in 2004. RMIT pays rent.	Low	Low
CRC for Advanced Composite Structures	Advanced technologies for Australian composite industry	RMIT joined this company limited by guarantee in 1992	Third round established and working effectively	Low	Low
CRC for Australian Telecommunications	Development and commercialisation of technologies for telecommunications	RMIT joined this CRC in 1999	Re-bid for funding not successful. Will close 2006.	Low	Low
CRC for Bushfires	To increase understanding of bushfires, how to control and how to prevent them	RMIT joined this CRC in 2003	Established in 2004 and operating effectively; obtained large grant in conjunction with Emergency Management Australia	Low	Low
CRC for Construction Innovation	This unincorporated joint venture focuses on the needs of the property, design, construction and facility management sectors	RMIT joined this CRC in 2001	Proceeding well; RMIT continues to have major research grants	Low	Low
CRC for Intelligent Manufacturing Systems and Technology	Company limited by guarantee for intelligent manufacturing systems and supporting technologies	RMIT joined this CRC in 1993	Re-bid for funding not successful. Will close June 2006.	Low	Low
CRC for Interaction Design	To perform creative, rigorous research, un-blinkered by disciplinary boundaries	RMIT joined this CRC in 2003	Established; RMIT projects initiated	Low	Low
CRC for Microtechnology	Unincorporated joint venture, with a management company (Microtechnology Centre Management Ltd) to hold intellectual property	RMIT joined this CRC in 1999	Re-bid for funding unsuccessful. Will close June 2006.	Low	Low
CRC for Photonics (Australian Photonics)	Unincorporated joint venture, with a management company (Australian Photonics Pty Ltd) which has the rights to exploit the intelligent property developed by the CRC	RMIT joined this CRC in 1999	Re-bid for funding not successful. Will close 2006. Continuing issues need to be addressed by RMIT	Low	Low
CRC for Polymers	Day to day operations are facilitated by a service company (Polymers Australia Pty Ltd)	RMIT joined this CRC in 1992	Rebid for third round funding successful, new CRC being established	Low	Low
CRC for Smart Internet Technology	The CRC operates an incorporated management company with intellectual property held by an incorporated trust on behalf of the CRC	RMIT joined this CRC in 2001	RMIT project proceeding well	Low	Low
CRC for Water Quality and Treatment	To assist the Australian water industry to produce high quality drinking water at an affordable price	RMIT joined this CRC in 1995	RMIT project proceeding; RMIT has _ share in spin-off company CarbonRegen	Low	Low
Emerge CMC Ltd	Internet-focused technology company. Unlisted public company	RMIT holds shares in Emerge CMC	Constitution changed during 2004	Low	Low
Global University Alliance	To provide accredited education around the world via interactive web and data-based technologies	RMIT a founding member; initial shareholder investment USD\$90,000, expensed in the year that it was paid	RMIT withdrew from GUA in September 2004	Low	Low

Name	Principal Objects	RMIT interest	Performance during 2004	Level of financial risk to RMIT	Level of reputational risk to RMIT
IDP Education Australia Pty Ltd	A global organisation that provides international student services, assessment and evaluation services, graduate services, development services, marketing, research and consultancies	Agent for onshore international student recruitment, English language testing, advice, consortia for project bidding, conference and related services.	The company underwent restructure and re-positioning	Low	Low
International Training Australia Pty Ltd	Proprietary company limited by shares marketing and managing vocational education and training programs and projects in offshore markets.	Shareholder, sometime joint project bidder.	ITA obtained additional equity injections through capital raising to remedy a capital issue, fund growth and better deal with the cost of large project bids	Medium	Medium
Melbourne Community Television Consortium Ltd (Channel 31)	Operates Channel 31	Provides facilities, sponsorship, bank overdraft guarantee. Leases production studio and transmission facilities from RMIT	Full-time community broadcast licence awarded July 2004. RMITV provides programs	Low	Low
Nanotechnology Victoria Ltd	A venture between Monash, Swinburne, RMIT and CSIRO as a Company incorporated in Victoria and limited by guarantee of its members	RMIT's interests are research and innovation and eventual financial return	Involved in RMIT research forum	Low	Low
Open Universities (previously Open Learning Australia)	Registered Australian company limited by shares. Provides students with convenient and affordable access to education programs that respond to individual and vocational needs and enhance career prospects	Owned and partnered by seven Australian universities, which all retain a seat on the board. RMIT interest in distribution of RMIT distance education award programs and financial returns	2004 report not yet available	Low	Medium
Poultry CRC	Research to assist poultry industry	RMIT joined as an associated member in 2004	RMIT gained a significant research project through this CRC in 2004	Low	Low
RMIT Bookshop	Sale of academic texts, stationery, general books, reference books and software. A cooperative – RMIT holds no shares	RMIT leases space to the bookshop (city campus only). bookshop provides services to students, staff and the public. RMIT staff hold prominent positions on board	Improved trading, anticipate relocation of city campus bookshop	Low	Medium
RMIT Student Union Council	Representative body for students at RMIT	Wellbeing of students, provision of services, representation	Service targets generally met but final audited reports for 2003 and 2004 not yet available	Low	Low
Triple R Broadcasters Ltd	An independent radio station serving the Melbourne metropolitan area; company limited by guarantee	Provides training in radio production and broadcasting, marketing for RMIT, RMIT community engagement, potential broadcast vehicle. Two RMIT staff on board including chair	RMIT 'off the top' budget support replaced by portfolio user-pays. Provided training opportunities and publicity for RMIT	Low	Low
UniSuper Ltd	Superannuation fund for Australia's higher education and research sector. The fund is managed by a corporate trustee, UniSuper Ltd, a not-for-profit company whose shareholders are 37 Australian universities	As one of the shareholders, RMIT has four representatives on the UniSuper consultative committee. RMIT does not invest directly in UniSuper Ltd, but its stake is reflected in the fact that UniSuper manages RMIT staff superannuation	Strong performance	Low	Low
Victorian Partnership for Advanced Computing	VPAC provides high performance computing facilities and support to its members universities, industry and other organisations within Victoria and Australia	RMIT is a member of the consortium and hosts VPAC including supercomputer and related staff infrastructure and applications for HPC across the university	No report received	Medium	Medium

CONSULTANCIES 2004

Vendor Name	Order Amount (\$)	Invoiced Amount (\$)	Further Commitments (\$)	Description
EQUUS CONSULTING	1,373,885	1,373,885	0	AMS PROD SUPPORT
PEOPLESOFT AUSTRALIA PTY LTD	1,287,397	1,287,397	0	AMS PROD SUPPORT
MOTET CONSULTING PTY LTD	669,383	669,383	0	AMS PROD SUPPORT
HOWTH SERVICES	387,630	387,630	0	FSG/AMS FINANCIAL REPORTING
THE PRODUCTION PLACE PTY LTD	387,273	387,273	0	EVENT MANAGEMENT - GRADUATION
CD CORPORATION PTY LTD	374,298	374,298	0	MAJOR CHANGE PROJECT
RAV SERVICES PTY LTD	298,209	298,209	0	MAJOR CHANGE PROJECT
MOORE STEPHENS HF SERVICES PTY	197,375	197,375	0	AMS REVIEW
JDS SOLUTIONS (AUST) PTY LTD	196,000	196,000	0	AMS - FINANCIALS REPORTING
URCOT LIMITED	149,411	149,411	0	TEACHING AND WORKSHOPS
VICTORIAN UNIVERSITY OF TECHNOLOGY	148,934	139,392	9,542	DISABILITY LEARNING AND DEVELOPMENT PROJECT
PALM CONSULTING GROUP	129,340	129,340	0	OPEN PROGRAM -HEADS LEADERSHIP PROGRAM
CYTEL PTY LTD	129,197	129,197	0	PEOPLESOFT TECHNICAL SUPPORT
PHILLIPS KPA PTY LTD	138,749	124,889	13,861	BUDGET REVIEW PROJECT
ENTITY SOLUTIONS	111,975	111,975	0	AMS PROD SUPPORT
TONY D'ABBS and ASSOCIATES PTY L	102,847	102,847	0	OHS PROJECTS
INQUIRION PTY LTD	102,000	102,000	0	ITS SUPPORT SERVICES
GRACE LYNCH and ASSOCIATES	101,600	101,600	0	BUSINESS PLAN LAB3000 AND PROJECT WORK
OSA GROUP	101,251	101,251	0	EMPLOYEE ASSISTANCE PROGRAM
TOTAL	6,386,754	6,363,351	23,402	
821 consultancies of less than \$100,000	8,098,907	7,814,100	284,807	

Photographer: Peter Lawther

In November 2004, the School of Property, Construction and Project Management undertook its first study tour to Samoa as part of its community construction commitment. Ten RMIT University undergraduate students constructed a modest home in the village of Fasitoo'uta, providing a lasting contribution to the village while gaining first-hand experience in construction management and Samoan culture.

Financial Statements

for the year ended 31 December 2004

Royal Melbourne Institute of Technology and Controlled Entities
Australian Business Number (ABN): 49 781 030 034
Financial Report for the year ended 31 December 2004



COUNCILLORS' DECLARATION YEAR ENDED 31 DECEMBER 2004

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 controlled entities as at 31 December 2004 and their financial performance represented by the results of their operations for the year ended on that date.

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

The attached financial statements of RMIT and the consolidated entity have been prepared in accordance with the Financial Management Act 1994, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

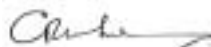
All public funds allocated to RMIT have been allocated to the purposes specified by the Government or other public funding bodies.

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

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



R. D. Gibson
Chancellor



C. R. Whitaker
Vice-Chancellor

STATEMENT BY PRINCIPAL ACCOUNTING OFFICER

In my opinion:

The financial statements of RMIT present fairly the financial transactions of RMIT during the financial year ended 31 December 2004 and the financial position of its operations for the year ended on that date;

Commonwealth financial assistance expended during the financial year ended 31 December 2004 was for the purposes for which it was provided;

RMIT has complied in full with the requirements of various programme guidelines that apply to the Commonwealth financial assistance identified in these financial statements; and

The financial statements have been prepared in accordance with the Australian Accounting Standards and the Financial Management Act 1994.

In addition, I am not aware at the date of signing these statements of any circumstances which would render any particulars included in the statements to be misleading or inaccurate and there are reasonable grounds to believe that RMIT will be able to pay its debts as and when they fall due.



K. M. Parsons

Chief Finance and Accounting Officer

Dated at Melbourne

This 23rd day of March 2005



AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

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

Matters relating to the electronic presentation of the Audited Financial Report

This audit report relates to the financial report of Royal Melbourne Institute of Technology for the financial year ended 31 December 2004 included on its web site. The Council of the Royal Melbourne Institute of Technology is responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit Scope

The accompanying financial report of Royal Melbourne Institute of Technology for the financial year ended 31 December 2004, comprising 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 41 to the financial statements. The Members of the 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, responsible Ministers and Members of the Council as required by the *Audit Act 1994*.

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

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

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, the financial position of Royal Melbourne Institute of Technology and the economic entity as at 31 December 2004 and their financial performance and cash flows for the year then ended.

MELBOURNE
31 March 2005



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

Auditing in the Public Interest

Statement of Financial Performance for the year ended 31 December 2004

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Revenue from ordinary activities					
Commonwealth Government financial assistance					
Commonwealth Government grants	3	138,685	145,307	138,685	145,307
Higher Education Contribution Scheme					
Student contributions		8,331	8,148	8,331	8,148
Commonwealth payments	3	47,817	63,316	47,817	63,316
Commonwealth loan programmes	3	10,659	8,250	10,659	8,250
Victorian State Government financial assistance	4	59,246	67,168	59,213	67,168
Superannuation – deferred government contributions (reduction in debt payable)		2,217	10,813	2,217	10,813
Fees and charges	5	174,169	175,627	160,816	162,763
Investment income	6	1,463	2,113	809	842
Consultancy and contract research	7	41,187	42,956	25,720	27,212
Other revenue	8	34,289	50,698	20,468	31,900
Total revenue from ordinary activities		518,063	574,396	474,735	525,719
Expenses from ordinary activities					
Employee benefits	9	342,232	332,299	318,884	309,542
Depreciation and amortisation	10	27,641	27,771	25,049	24,055
Repairs and maintenance	11	14,620	11,293	14,112	10,929
Borrowing costs	12	183	965	882	964
Bad and doubtful debts	13	(229)	11,870	(242)	11,767
Other expenses	14	157,458	158,274	139,753	131,523
Total expenses from ordinary activities		541,905	542,472	498,438	488,780
Operating result from ordinary activities before related income tax expense					
		(23,842)	31,924	(23,703)	36,939
Income tax expense	18	1,154	298	742	339
Operating result from ordinary activities after related income tax expense		(24,996)	31,626	(24,445)	36,600
Net operating result attributable to outside equity interests	33	(81)	(102)	-	-
Net operating result attributed to RMIT entity	19	(25,077)	31,524	(24,445)	36,600
Adjustment resulting from change in accounting policy required by a change in an accounting standard	19	-	(933)	-	(880)
Net increase in asset revaluation reserve	31	20,500	26,381	20,500	26,381
Net exchange difference on translation of financial report of foreign controlled entity	31	(2,776)	(2,972)	-	-
Total revenues, expenses and valuation adjustments attributable to RMIT entity recognised directly in equity		17,724	22,476	20,500	25,501
Total changes in equity attributable to RMIT entity other than those resulting from transactions with owners as owners	32	(7,353)	54,000	(3,945)	62,101

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

Statement of Financial Position as at 31 December 2004

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Current assets					
Cash assets	20	32,107	30,062	6,699	2,769
Receivables	21	42,713	53,356	44,626	55,924
Inventories	22	989	1,059	-	-
Other non-financial assets	24	3,518	5,677	3,042	2,752
Total current assets		79,327	90,154	54,367	61,445
Non-current assets					
Receivables	21	216,448	220,665	219,260	223,477
Other financial assets	23	5,729	4,412	934	934
Other non-financial assets	24	332	54	-	-
Property, plant and equipment	25	1,052,747	1,022,067	1,036,283	1,014,890
Intangible assets	26	1,006	1,450	-	-
Total non-current assets		1,276,262	1,248,648	1,256,477	1,239,301
Total assets		1,355,589	1,338,802	1,310,844	1,300,746
Current liabilities					
Payables	27	45,918	28,130	40,898	24,591
Interest bearing liabilities	28	3,500	3,680	3,500	3,680
Provisions	29	43,903	39,055	41,470	37,501
Revenue received in advance	30	22,856	24,520	18,238	19,679
Total current liabilities		116,177	95,385	104,106	85,451
Non-current liabilities					
Payables	27	-	-	11,823	10,527
Interest bearing liabilities	28	8,986	3,500	-	3,500
Provisions	29	261,670	263,906	260,771	263,179
Total non-current liabilities		270,656	267,406	272,594	277,206
Total liabilities		386,833	362,791	376,700	362,657
Net assets		968,756	976,011	934,144	938,089
Equity					
RMIT entity interest					
Reserves	31	659,004	641,280	613,278	592,778
Retained surplus	19	309,622	334,699	320,866	345,311
Total RMIT entity interest		968,626	975,979	934,144	938,089
Outside equity interest in controlled entities	33	130	32	-	-
Total equity	32	968,756	976,011	934,144	938,089

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

Statement of Cash Flows for the year ended 31 December 2004

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Cash flows from operating activities					
Inflows:					
Commonwealth Government					
Teaching and learning		113,407	105,934	113,171	106,136
HECS and other loan programmes		58,476	71,566	58,476	71,566
Scholarships		3,497	2,865	3,497	2,865
DEST research		16,665	19,150	16,665	19,150
Other DEST		677	629	677	629
ARC grant - Discovery		1,814	1,188	1,814	1,188
ARC grant - Linkages		2,576	2,006	2,576	2,006
Victorian State Government		59,246	67,168	60,028	66,966
HECS – Student payments		8,331	8,148	8,331	8,148
Receipts from student fees and other customers					
Consultancy and contract research		41,654	38,957	26,112	27,246
Fees and charges		173,049	181,175	160,013	164,141
Receipt of GST from Australian Taxation Office		8,964	8,964	10,142	8,964
Other cash receipts in the course of operations		42,482	24,397	27,453	4,711
Interest received		1,367	2,147	841	878
Outflows:					
Payments of salaries and related costs		(336,250)	(323,081)	(313,292)	(300,444)
Payments to suppliers in the course of operations		(153,104)	(167,499)	(137,900)	(142,341)
Interest and other finance costs paid		(183)	(965)	(882)	(964)
Net cash inflow (outflow) from operating activities	36(b)	42,668	42,749	37,722	40,845
Cash flows from investing activities					
Inflows:					
Proceeds from sale of investments		163	1,014	-	1,850
Proceeds from sale of property, plant and equipment		9,796	21,885	9,781	21,819
Outflows:					
Payment for investments		(2,575)	(1,680)	(1,182)	(873)
Payment for intangible assets		-	(41)	-	-
Payments for property, plant and equipment		(50,134)	(42,376)	(38,711)	(39,204)
Net cash inflow (outflow) from investing activities		(42,750)	(21,198)	(30,112)	(16,408)
Cash flows from financing activities					
Inflows:					
Proceeds from borrowings		8,986	7,500	-	7,500
Outflows:					
Payments for finance leases		-	(14)	-	-
Repayment of borrowings		(3,680)	(50,320)	(3,680)	(50,320)
Net cash inflow (outflow) from financing activities		5,306	(42,834)	(3,680)	(42,820)
Net increase/(decrease) in Cash Held		5,224	(21,283)	3,930	(18,383)
Cash at beginning of the year		30,062	57,543	2,769	21,152
Effects of exchange rate changes on cash		(3,261)	(6,198)	-	-
Cash at end of the year	36(a)	32,025	30,062	6,699	2,769

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

Notes to the Financial Statements

Royal Melbourne Institute of Technology and Controlled Entities
 Australian Business Number (ABN): 49 781 030 034
 Financial Report for the year ended 31 December 2004

	Page Number		Page Number
1 Statement of Significant Accounting Policies	66	Liabilities	
2 Disaggregation information	75	27 Payables	89
Revenue		28 Interest bearing liabilities	89
3 Commonwealth Government financial assistance	79	29 Provisions	90
4 Victorian State Government financial assistance	80	30 Revenue received in advance	90
5 Fees and charges	80	Equity	
6 Investment income	80	31 Reserves	91
7 Consultancy and contract research	80	32 Total equity reconciliation	92
8 Other revenue	80	33 Outside equity interest in controlled entities	92
Expenses		34 Contingent liabilities and contingent assets	92
9 Employee benefits	81	35 Commitments for expenditure	93
10 Depreciation and amortisation	81	36 Notes to statement of cash flows	94
11 Repairs and maintenance	81	37 Economic dependency	95
12 Borrowing costs	81	38 Events occurring after reporting date	95
13 Bad and doubtful debts	82	39 Superannuation contributions	95
14 Other expenses	82	40 Financial instruments	98
15 Significant items of revenue and expenditure	83	41 Details of controlled entities	101
16 Remuneration of auditors	83	42 Acquittal of Commonwealth Government financial assistance	102
17 Sales of assets	83	43 Responsible persons and executives officers	105
18 Income tax	83	44 Related parties	106
19 Retained surplus	84	45 Amenities and service fees	107
Assets			
20 Cash assets	84		
21 Receivables	84		
22 Inventories	85		
23 Other financial assets	85		
24 Other non-financial assets	85		
25 Property, plant and equipment	85		
26 Intangible assets	89		

Notes to the Financial Statements for the year ended 31 December 2004

1 Statement of Significant Accounting Policies

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

1.01 Basis of Preparation of the Financial Report

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

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

This financial report has been prepared on an accruals basis and in accordance with the historical cost convention and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies adopted in preparing the financial report are consistent with those of the previous years, except where necessary the comparative figures for 2003 have been reclassified to conform to changes in classification for the current year.

1.02 Financial effects of changes to Commonwealth payment arrangements for 2005 grant year

Background

Payment to universities in respect of programmes under the Higher Education Funding Act 1988 (HEFA) are made on the second and last Thursdays of each month. In the recent past, the first payment in respect of a grant year (equalling 8% of the total recurrent funding for that year) had been made at the end of December of the previous year.

Funding for most programmes under HEFA ends on 31 December 2004 while most new programmes under the Higher Education Support Act 2003 (HESA) commence on 1 January 2005. Continuing the current practice of making the first payment in December 2004 for the 2005 grant year would mean that Commonwealth payments would be made in respect of programmes that are yet to commence and that these payments are treated by majority of universities as revenue for 2004. This has considerable accountability implications for the Australian Government Department of Education, Science and Training (DEST) in administering and accounting for the programme payments.

Higher Education Providers (HEPs), (even those within the same State) do not treat the early payment uniformly and the payment is treated in at least three different ways – as revenue when it is received, as an advance (a liability), and part as revenue and the other as liability. Such varied treatment creates a lack of transparency and distorts both the Commonwealth funding and the HEPs' financial year results.

DEST has announced changes to payment arrangements whereby all recurrent payments in respect of a grant year will be made in that year. For the 2005 grant year, the first payment will be made in January 2005 instead of December 2004. The changes to payment arrangements will mean, that from 2005 reporting period, the financial statements of all higher education providers will accurately reflect the Commonwealth financial assistance in respect of a grant year.

Financial Effects for 2004

Changes to payment arrangements will mean that those HEPs that reported the whole or part of the 8% first payment in respect of the 2004 grant year as revenue in 2003 will have the effect of understating the Commonwealth funding for the 2004 grant year in their 2004 Statement of Financial Performance.

To identify the impact of the changed treatment on the operating result, grants provided for 2004 activities but recognised as 2003 revenue should be adjusted by incorporating the amount received in December 2003 as revenue for the 2004 reporting period.

	\$'000
2004 Revenue from Operating Activities (per Statement of Financial Performance)	197,161
Add Grants Received in 2003 for 2004 Activities:	
Commonwealth Government financial assistance	8,821
HECS – Commonwealth payments	4,465
Commonwealth loan programmes	1,648
Total Restated 2004 Revenue from Operating Activities	<u>212,095</u>
Restated 2004 Operating Result	(9,511)
Reported 2004 Operating Result	(24,445)
Financial Effect on 2004 Operating Result	<u>14,934</u>

The Commonwealth will use the restated figures in all DEST publications, including the Finance 2004 publication, to ensure consistent treatment across all HEPs.

1.03 International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB has issued Australian equivalents to IFRS, and the Urgent Issues Group has issued interpretations corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the year ending 31 December 2005.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained surplus as at 1 January 2004.

The consolidated entity has established a project team to manage the transition to Australian equivalents to IFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The project team has prepared a detailed timetable for managing the transition and is currently on schedule. To date the project team has analysed most of the Australian equivalents to IFRS and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. Some of these choices are still being analysed to determine the most appropriate accounting policy for the consolidated entity.

Major changes identified to date that will be required to the consolidated entity's existing accounting policies include the following (references to new AASB standards below are to the Australian equivalents to IFRS issued in July 2004):

(i) Financial instruments

Under the new AASB 132 Financial Instruments: Disclosure and Presentation the current classification of financial instruments issued by entities in the consolidated entity will not change.

Under the new AASB 139 Financial Instruments: Recognition and Measurement there may be major impacts as a result of financial assets held by the consolidated entity being subject to classification as either held for trading, held-to-maturity, available for sale or loans and receivables and, depending upon classification, measured at fair value or amortised cost. The most likely accounting change is that investments in equity securities will be classified as available for sale and measured at fair value, with changes in fair value recognised directly in equity until the underlying asset is derecognised.

(ii) Internally developed software

Under the new AASB 138 Intangible Assets, intangibles are only permitted to be measured at valuation where there is an active market for the intangible. This will result in a change to the current accounting policy, under which the carrying amount of internally developed software includes amounts that were originally measured at valuation.

Upon introduction of AASB 1041 Revaluation of Non-Current Assets in 2001-2002, these intangible assets were deemed to be at cost. The valuation component of the carrying amount of these assets will be derecognised on adoption of IFRS.

(iii) Post employment benefits

Under the new AASB 119 Employee Benefits the net position of each defined benefit superannuation scheme must be recognised as an asset or liability, as applicable. Movements in the carrying amount of this liability or asset will be recognised as a revenue or expense and are likely to result in increased earnings volatility.

(iv) **Impairment of assets**

Under the new AASB 136 Impairment of Assets non-current assets will be subject to assessment for impairment. Impairment must be measured for non-current assets with indications of impairment and for intangible assets not yet available for use. Impairment is measured by comparing the asset's fair value less costs to sell and its value in use. The greater of these two measurements must not exceed the asset's carrying value. 'Value in use' is determined as either:

- (a) net present value of net cash inflows (for-profit assets); or
- (b) depreciated replacement cost (all other assets).

This will result in a change to the current accounting policy, under which the recoverable amount of for-profit assets is generally only measured where there is an indication of impairment.

(v) **Borrowing costs**

Under the new AASB 123 Borrowing Costs, borrowing costs are generally expensed. AASB 123 includes the option to capitalise borrowing costs where they relate to qualifying assets. [HEP] has decided that it will expense all of its borrowing costs on adoption of the new accounting standards.

This will result in a change to the current accounting policy, under which borrowing costs are capitalised where they relate to qualified assets.

(vi) **Foreign currency**

Under the new AASB 121 Changes in Foreign Exchange Rates each entity is required to measure their financial statements in their functional currency, which may differ from their presentation currency. AASB 121 does not distinguish between foreign operations that are integral and those that are self-sustaining. Rather, the results and financial position of a foreign operation are translated by:

- translating assets and liabilities at the closing rate at the balance sheet date;
- translating income and expenses at exchange rates at the date of the transaction; and
- recognising resulting exchange differences as a separate component of equity.

This will result in a change to the current accounting policy, under which [HEP's] integrated foreign operation's results are translated using the temporal method (with exchange differences recognised as income or expense) and [HEP's] self-sustaining foreign operation's results are translated using the current rate method (with exchange differences recognised directly in equity).

The above should not be regarded as a complete list of changes in accounting policies that will result from the transition to Australian equivalents to IFRS, as not all standards have been analysed. Some decisions have not been made where choices of accounting policies are available. For these reasons it is not possible to quantify the impact of the transition to Australian equivalents to IFRS on the consolidated entity's financial position and reported results.

1.04 Working capital deficiency

The financial statements of the RMIT Consolidated Entity have been prepared on a going concern basis. As at 31 December 2004 the RMIT Consolidated Entity had a working capital deficiency of (\$36.85m), 2003 a deficiency of (\$5.231m) and a working capital ratio of 0.68 (2003 - 0.95).

The RMIT Consolidated Entity has in place a borrowing facility of \$40m (2003 - \$50m), which has not been utilised as at 31 December 2004. This facility with respect to \$30m expires on 23 November 2007, the remaining \$10m is subject to annual review.

The Councillors of RMIT are of the opinion that sufficient cash reserves exist at the end of the 2004 financial year and the operations will generate sufficient cash in 2005 to fund the ongoing operations of RMIT and debts will be able to be paid as and when they fall due.

1.05 Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all of the entities controlled by RMIT as at 31 December 2004 and the results of all controlled entities for the year then ended. RMIT and its controlled entities together are referred to in this report as the RMIT Consolidated Entity. The effects of all transactions between entities in the RMIT Consolidated Entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the statement of financial performance and statement of financial position respectively.

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

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

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

Controlled entities are listed in Note 41.

1.06 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.

1.07 Revenue Recognition

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

Operating Grants

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

Fees, Charges and Commercial Activities

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

Interest income

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

Sale of non-current assets

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

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

Contribution of assets and donations

Contributions 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 Consolidated Entity gains control of the contribution.

1.08 Foreign Currency Transactions and Overseas Investments

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year.

Non-Australian controlled entities that operate with RMIT

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

Under this method:

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

Non-Australian controlled entities that operate on their own

The non-Australian controlled entities operate independently of RMIT both financially and operationally. As a result their financial reports are converted to Australian dollars using the current rate method of accounting.

Under this method:

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

1.09 Research and Development

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

1.10 Income Tax - Note 18

RMIT and all the wholly-owned controlled entities except for those entities mentioned below have been granted exemption from Australian income tax in accordance with the provisions of Section 50-5 of the Australian Income Tax Assessment Act 1997. Income tax in relation to revenues generated in other jurisdictions is provided for as required in accordance with tax regulations operating in those jurisdictions.

The following controlled entities have not been granted income tax exemption status:

Spatial Vision Innovations Pty Ltd
Inquirion Pty Ltd

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

1.11 Bad and Doubtful Debts - Note 13

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

1.12 Cash Assets - Note 20

Cash

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

Bank deposits

- recorded at amounts to be received and interest revenue is recognised on an effective yield to maturity basis.

Bills of exchange and promissory notes

- Bills of exchange have been purchased in the market at a discount to face value. The bills are carried at an amount representing cost and a portion of the discount recognised as income on an effective yield basis. The discount brought to account each period is accounted for as interest received.

Statement of cash flows

- cash is shown net of outstanding bank overdrafts. Bank overdrafts (if any) are shown in Note 27.

1.13 Receivables - Note 21

Debtors are recorded at amounts to be received. A provision for doubtful debts is raised based on a 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.

1.14 Other Financial Assets - Note 23

Interest in listed and unlisted securities, other than controlled entities and associates in the consolidated statement of financial performance, are brought to account at cost and income earned is recognised in the statement of financial performance when receivable. Controlled entities and associates are accounted for in the consolidated statement of financial performance as set out in Note 41.

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.

1.15 Inventories - Note 22

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.

1.16 Recoverable Amount of Non Current Assets

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

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

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

1.17 Property, Plant and Equipment - Note 25

(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 otherwise, the costs are expensed as incurred. Where these costs represent separate components they are accounted for as separate assets and are separately depreciated over their useful lives.

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

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

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

(iv) Disposal of revalued assets

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

1.18 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 independent assessments are made.

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

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

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

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

1.19 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.

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

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

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

	2004 Years	2003 Years
Buildings	25 - 100	25 - 100
Plant and equipment	4 - 20	10 - 33
Leasehold improvements	25 - 50	10 - 33
Computer equipment	4	3 - 10
Computer software	4	4 - 10
Library collections	10	5

1.20 Leasehold Improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the RMIT Consolidated Entity, whichever is the shorter.

1.21 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 over the life of the asset, where it is likely the RMIT Consolidated Entity will obtain ownership of the asset.

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

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

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

1.22 Trade and Other Creditors - Note 27

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

1.23 Employee Benefits - Note 29

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

(i) Wages, salaries

Liabilities for employee benefits for wages, salaries and annual leave are recognised, and are measured at the amounts expected to be paid when the liability is settled plus related on-costs.

(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 and annual leave

The liability for long service leave and annual 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 increase in wages and salary rates including related on-costs, experience of employee departures and periods of service.

Expected future payments are discounted using interest rates attaching to notional government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as long service leave expenses.

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

(iv) Superannuation

Superannuation schemes exist to provide benefits to the employees upon retirement, disability or death. The contributions made to these schemes by the consolidated entity and the emerging cost incurred from unfunded schemes are expensed in the statement of financial performance. Further details are provided in Note 39.

(v) Unfunded superannuation liabilities

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

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

The unfunded liabilities recorded in the Statement of Financial Position under Provisions have been determined by Carl Stevenson of Mercer Human Resource Consulting Pty Ltd and relates to the position as at 30 June 2004.

Details in respect of the individual schemes and the amount of the unfunded superannuation liability determined by the actuary of the Victorian Superannuation Fund and other information are set out in Note 39.

1.24 Interest Bearing Liabilities - Note 28

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

1.25 Borrowing Costs - Note 12

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

1.26 Net Fair Values of Financial Assets and Liabilities

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

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

1.27 Goods and Services Tax System Charges

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments, refer to Note 35, are recorded net of GST, except where there is non - recoverable GST.

1.28 Insurance

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

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

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

1.29 Intangible Assets and Expenditure Carried Forward

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 a costs, is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring expected to arise.

1.30 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 1.19. Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

1.31 Web Site Costs

Costs in relation to web sites controlled by the RMIT Consolidated Entity are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefit. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are considered to be expenses. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefit controlled by the Entity that can be reliably measured, are capitalised as an asset and amortised over the period of 4 years.

1.32 Removal of audit qualification

The 2002 and 2003 financial statements of RMIT were qualified on the basis that audit was unable to form an opinion on student fees and charges, student loans and debtors, and student fees revenue in advance.

This qualification arose as a result of ongoing technical problems with RMIT's Academic Management System (AMS). Accounting information produced by AMS was not adequate or sufficiently accurate to permit the application of necessary audit procedures to reach an unqualified opinion on student related transactions and balances included in RMIT's financial statements.

RMIT has undertaken extensive work to confirm the student related transaction and balances reflected in its 2004 financial statements. This has included conducting a detailed follow up on outstanding amounts, rectifying software concerns and establishing sound processing controls over the enrolment and billing functions.

The Victorian Auditor-General's team has worked closely with various RMIT personnel to ensure that concerns raised in prior years as to the completeness and accuracy of financial information in respect of student related transactions and balances in RMIT's 2004 financial statements have been satisfactorily dealt with.

Accordingly, the audit qualification relating to AMS has been removed.

2 Disaggregation information

(a) Industries

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.

	Higher Education 2004 \$'000	TAFE 2004 \$'000	Total RMIT 2004 \$'000	Higher Education 2003 \$'000	TAFE 2003 \$'000	Total RMIT 2003 \$'000
(i) Statement of Financial Performance						
Revenue from ordinary activities						
Commonwealth Government financial assistance						
Commonwealth Government grants	138,682	3	138,685	145,289	18	145,307
Higher Education Contribution Scheme			-			-
Student contributions	8,331	-	8,331	8,148	-	8,148
Commonwealth payments	47,817	-	47,817	63,316	-	63,316
Commonwealth loan programmes	10,659	-	10,659	8,250		8,250
Victorian State Government financial assistance	2,595	56,618	59,213	3,065	64,103	67,168
Superannuation – deferred government contributions (reduction in debt payable)	2,217	-	2,217	10,813	-	10,813
Fees and charges	131,480	29,336	160,816	127,358	35,405	162,763
Investment income	616	193	809	682	160	842
Consultancy and contract research	23,683	2,037	25,720	23,862	3,350	27,212
Other revenue	18,501	1,967	20,468	29,232	2,668	31,900
Total revenue from ordinary activities	384,581	90,154	474,735	420,015	105,704	525,719
Expenses from ordinary activities						
Employee benefits	254,458	64,426	318,884	241,780	67,762	309,542
Depreciation and amortisation	19,787	5,262	25,049	19,248	4,807	24,055
Repairs and maintenance	10,825	3,287	14,112	7,717	3,212	10,929
Borrowing costs	864	18	882	957	7	964
Bad and doubtful debts	(247)	5	(242)	9,207	2,560	11,767
Other expenses	116,766	22,987	139,753	112,473	19,050	131,523
Total expenses from ordinary activities	402,453	95,985	498,438	391,382	97,398	488,780
Operating result from ordinary activities before related income tax expense						
	(17,872)	(5,831)	(23,703)	28,633	8,306	36,939
Income tax expense	742	-	742	306	33	339
Operating result from ordinary activities after related income tax expense						
	(18,614)	(5,831)	(24,445)	28,327	8,273	36,600
Adjustment resulting from change in accounting policy required by a change in an accounting standard						
	-	-	-	(709)	(171)	(880)
Net increase in asset revaluation reserve	16,297	4,203	20,500	20,855	5,526	26,381
Total revenues, expenses and valuation adjustments attributable to RMIT entity recognised directly in equity						
	16,297	4,203	20,500	20,146	5,355	25,501
Total changes in equity attributable to RMIT entity other than those resulting from transactions with owners as owners						
	(2,317)	(1,628)	(3,945)	48,473	13,628	62,101

	Higher Education 2004 \$'000	TAFE 2004 \$'000	Total RMIT 2004 \$'000	Higher Education 2003 \$'000	TAFE 2003 \$'000	Total RMIT 2003 \$'000
(ii) Statement of Financial Position						
Current assets						
Cash assets	4,093	2,606	6,699	(2,998)	5,767	2,769
Receivables	35,335	9,291	44,626	45,363	10,561	55,924
Other non-financial assets	3,039	3	3,042	2,434	318	2,752
Total current assets	42,467	11,900	54,367	44,799	16,646	61,445
Non-current assets						
Receivables	219,260	-	219,260	223,477	-	223,477
Other financial assets	934	-	934	934	-	934
Property, plant and equipment	799,842	236,441	1,036,283	781,543	233,347	1,014,890
Total non-current assets	1,020,036	236,441	1,256,477	1,005,954	233,347	1,239,301
Total assets	1,062,503	248,341	1,310,844	1,050,753	249,993	1,300,746
Current liabilities						
Payables	34,063	6,835	40,898	20,953	3,638	24,591
Interest bearing liabilities	3,500	-	3,500	3,680	-	3,680
Provisions	38,256	3,214	41,470	34,511	2,990	37,501
Revenue received in advance	18,238	-	18,238	16,351	3,328	19,679
Total current liabilities	94,057	10,049	104,106	75,495	9,956	85,451
Non-current liabilities						
Payables	11,823	-	11,823	10,527	-	10,527
Interest bearing liabilities	-	-	-	3,500	-	3,500
Provisions	254,568	6,203	260,771	256,859	6,320	263,179
Total non-current liabilities	266,391	6,203	272,594	270,886	6,320	277,206
Total liabilities	360,448	16,252	376,700	346,381	16,276	362,657
Net assets	702,055	232,089	934,144	704,372	233,717	938,089
Equity						
RMIT entity interest						
Reserves	450,599	162,679	613,278	434,302	158,476	592,778
Retained surplus	251,456	69,410	320,866	270,070	75,241	345,311
Total equity	702,055	232,089	934,144	704,372	233,717	938,089

The allocation of assets and liabilities to the Higher Education or TAFE Divisions 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

Receivables 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.

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 the Divisions.

Property, Plant and Equipment

These 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.

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 and administrative staff operating within each Division;
- administrative support staff not directly operating within the teaching departments have been allocated on a proportional basis; and
- a small number of teaching and administrative staff who operate across the two divisions within the teaching departments have been solely allocated to the area in which they predominantly operate, as it is impractical to determine their proportional contribution to each division.

Revenue in Advance

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

	Higher Education 2004 \$'000	TAFE 2004 \$'000	Total RMIT 2004 \$'000	Higher Education 2003 \$'000	TAFE 2003 \$'000	Total RMIT 2003 \$'000
(iii) Statement of Cash Flows						
Cash flows from operating activities						
Inflows:						
Commonwealth Government						
Teaching and learning	113,171	-	113,171	106,136	-	106,136
HECS and other loan programmes	58,476	-	58,476	71,566	-	71,566
Scholarships	3,497	-	3,497	2,865	-	2,865
DEST research	16,665	-	16,665	19,150	-	19,150
Other DEST	674	3	677	611	18	629
ARC grant - Discovery	1,814	-	1,814	1,188	-	1,188
ARC grant - Linkages	2,576	-	2,576	2,006	-	2,006
Victorian State Government	2,595	57,433	60,028	3,065	63,901	66,966
HECS – Student payments	8,331	-	8,331	8,148	-	8,148
Receipts from student fees and other customers						
Consultancy and contract research	24,075	2,037	26,112	23,957	3,289	27,246
Fees and charges	138,430	21,583	160,013	129,782	34,359	164,141
Receipt of GST from Australian Taxation Office	7,100	3,042	10,142	5,751	3,213	8,964
Other cash receipts in the course of operations	19,446	8,007	27,453	2,100	2,611	4,711
Interest received	616	225	841	718	160	878
Outflows:						
Payments of salaries and related costs	(249,006)	(64,286)	(313,292)	(230,142)	(70,302)	(300,444)
Payments to suppliers in the course of operations	(113,300)	(24,600)	(137,900)	(113,848)	(28,493)	(142,341)
Interest and other finance costs paid	(864)	(18)	(882)	(957)	(7)	(964)
Net cash inflow (outflow) from operating activities	34,296	3,426	37,722	32,096	8,749	40,845
Cash flows from investing activities						
Inflows:						
Proceeds from sale of investments	-	-	-	835	1,015	1,850
Proceeds from sale of property, plant and equipment	9,127	654	9,781	21,687	132	21,819
Outflows:						
Payment for investments	(1,182)	-	(1,182)	(873)	-	(873)
Payments for property, plant and equipment	(31,470)	(7,241)	(38,711)	(25,769)	(13,435)	(39,204)
Net cash inflow (outflow) from investing activities	(23,525)	(6,587)	(30,112)	(4,120)	(12,288)	(16,408)
Cash flows from financing activities						
Inflows:						
Proceeds from borrowings	-	-	-	7,500	-	7,500
Outflows:						
Repayment of borrowings	(3,680)	-	(3,680)	(50,320)	-	(50,320)
Net cash inflow (outflow) from financing activities	(3,680)	-	(3,680)	(42,820)	-	(42,820)
Net increase/(decrease) in Cash Held	7,091	(3,161)	3,930	(14,844)	(3,539)	(18,383)
Cash at beginning of the year	(2,998)	5,767	2,769	11,846	9,306	21,152
Cash at end of the year	4,093	2,606	6,699	(2,998)	5,767	2,769
	Total Revenue		Net Operating Results		Total Assets	
	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(b) RMIT Consolidated Entity						
Geographical						
Australia	487,597	542,104	(26,331)	29,963	1,330,308	1,323,426
South East Asia	30,466	32,292	1,335	1,663	25,281	15,376
	518,063	574,396	(24,996)	31,626	1,355,589	1,338,802

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
3 Commonwealth Government financial assistance including HECS and other Commonwealth loan programmes					
(a) DEST - Teaching and learning	42.1				
Operating Grant*		113,456	119,469	113,456	119,469
Total DEST - Teaching and learning		113,456	119,469	113,456	119,469
(b) HECS and other Commonwealth loan programmes	42.2				
HECS - Commonwealth payments		47,817	63,316	47,817	63,316
Postgraduate Loans Scheme		10,642	8,243	10,642	8,243
Bridging for Overseas Trained Professionals Loan Scheme		17	7	17	7
Total - HECS and other Commonwealth loan programmes		58,476	71,566	58,476	71,566
(c) Scholarships	42.3				
Australian Postgraduate Awards		2,428	2,382	2,428	2,382
International Postgraduate Research Scholarships		535	483	535	483
Commonwealth Education Costs Scholarships		130	-	130	-
Commonwealth Accommodation Scholarships		404	-	404	-
Total scholarships		3,497	2,865	3,497	2,865
(d) DEST - Research	42.4				
Institutional Grants Scheme		4,505	4,948	4,505	4,948
Research Training Scheme		11,142	13,102	11,142	13,102
Research Infrastructure Block Grants		1,018	1,100	1,018	1,100
Total DEST - Research		16,665	19,150	16,665	19,150
(e) Other DEST					
Other		677	629	677	629
Total Other DEST		677	629	677	629
Total DEST		192,771	213,679	192,771	213,679
(f) Australian Research Council					
(i) Discovery	42.5				
Project		1,814	1,188	1,814	1,188
Total discovery		1,814	1,188	1,814	1,188
(ii) Linkages	42.5				
Special Research Initiatives		-	20	-	20
Projects		2,576	1,986	2,576	1,986
Total linkages		2,576	2,006	2,576	2,006
Total Commonwealth Government financial assistance		197,161	216,873	197,161	216,873
* Operating grant includes Superannuation Programme and Workplace Reform Programme.					
Reconciliation					
Commonwealth Government grants		138,685	145,307	138,685	145,307
HECS - Commonwealth payments		47,817	63,316	47,817	63,316
Commonwealth loan programmes [PELS + BOTPLS]		10,659	8,250	10,659	8,250
Total Commonwealth Government financial assistance		197,161	216,873	197,161	216,873

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
4 Victorian State Government financial assistance					
Recurrent grants		52,194	52,569	52,194	52,569
Capital grants		2,976	9,883	2,976	9,883
Other grants		4,076	4,716	4,043	4,716
Total Victorian State Government financial assistance		59,246	67,168	59,213	67,168
5 Fees and charges					
Course fees and charges					
Fee paying overseas students		128,502	122,123	122,772	117,777
Continuing education		11,219	14,664	4,914	8,826
Fee Paying domestic postgraduate students		9,722	11,661	9,722	11,661
Fee Paying domestic undergraduate students		6,519	7,091	6,519	7,091
Fee Paying domestic non-award students		1,571	2,237	1,571	2,237
Other domestic course fees and charges		2,799	5,301	2,248	3,292
Total course fees and charges		160,332	163,077	147,746	150,884
Other fees and charges					
Amenities and service fees	45	12,670	11,559	12,509	11,386
Late fees		7	7	7	7
Library fines		58	55	58	55
Registration fees		246	342	2	34
Rental charges		235	172	-	-
Other fees and charges		621	415	494	397
Total other fees and charges		13,837	12,550	13,070	11,879
Total fees and charges		174,169	175,627	160,816	162,763
6 Investment income					
Interest received and receivable		1,306	2,040	809	842
Dividend received and receivable		157	73	-	-
Total Investment income		1,463	2,113	809	842
7 Consultancy and contract research					
Consultancy		20,713	23,853	7,028	8,109
Contract research					
Commonwealth Government		8,080	8,599	8,080	8,599
Victorian State Government		1,514	1,545	1,514	1,545
Local Government		142	178	142	178
Industry and other		7,817	7,420	7,817	7,420
		17,553	17,742	17,553	17,742
Other contract revenue		2,921	1,361	1,139	1,361
Total consultancy and contract research		41,187	42,956	25,720	27,212
8 Other revenue					
Proceeds from sale of assets	17	9,967	21,885	9,781	21,819
Product sales		11,949	11,488	2,479	2,725
Donations and bequests		4,076	9,030	817	1,076
Scholarships		916	1,073	818	1,009
Property rental		2,880	2,856	3,564	3,106
Foreign exchange gains		92	139	88	139
Other		4,409	4,227	2,921	2,026
Total other revenue		34,289	50,698	20,468	31,900

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
9 Employee benefits					
Academic					
Salaries		136,853	127,133	132,398	121,989
Contributions to superannuation schemes:					
Emerging cost		15,809	14,723	15,809	14,723
Funded		17,082	16,333	17,082	16,278
Payroll tax		8,672	8,544	8,190	7,974
Workers' compensation		1,206	1,923	1,180	1,897
Long service leave expense		3,576	3,690	3,576	3,690
Annual leave expense		8,572	8,134	8,532	8,114
Other		88	194	-	-
Total academic		191,858	180,674	186,767	174,665
Non-academic					
Salaries		110,475	103,459	95,121	89,094
Contributions to superannuation schemes:					
Emerging cost		4,373	3,894	4,373	3,894
Funded		15,161	15,084	13,567	13,564
Payroll tax		6,601	6,246	6,111	5,928
Workers' compensation		1,034	1,515	917	1,424
Long service leave expense		2,857	1,806	2,521	1,590
Annual leave expense		7,619	8,808	7,290	8,570
Other		37	-	-	-
Total non-academic		148,157	140,812	129,900	124,064
Total academic and non-academic employee benefits		340,015	321,486	316,667	298,729
Deferred employee benefit - reduction in grants receivable		2,217	10,813	2,217	10,813
Deferred employee benefits for superannuation		2,217	10,813	2,217	10,813
Total employee benefits		342,232	332,299	318,884	309,542
10 Depreciation and amortisation					
Buildings		11,245	10,866	11,232	10,796
Building plant and improvements		1,421	1,253	422	319
Equipment, motor vehicles and furniture and fittings		13,268	10,863	12,162	9,867
Library collection		1,233	3,062	1,233	3,062
Development costs		-	1,249	-	-
Total depreciation		27,167	27,293	25,049	24,044
Intangible assets		474	478	-	11
Total depreciation and amortisation		27,641	27,771	25,049	24,055
11 Repairs and maintenance					
Buildings		13,156	10,075	12,874	9,936
Equipment		1,464	1,218	1,238	993
Total repairs and maintenance		14,620	11,293	14,112	10,929
12 Borrowing costs					
Interest to other corporations		183	965	882	964
Total borrowing costs expensed		183	965	882	964

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
13 Bad and doubtful debts					
Bad debts written off in the Statement of Financial Performance					
Trade debtors		42	322	42	322
Student debtors		4	986	4	986
		46	1,308	46	1,308
Amounts set aside to provision for doubtful debts:					
Trade debtors		446	456	434	432
Student debtors		(721)	10,106	(722)	10,106
Controlled entities		-	-	-	(79)
		(275)	10,562	(288)	10,459
Total bad and doubtful debt expense		(229)	11,870	(242)	11,767
Bad debts written off against provision for doubtful debts					
Trade debtors		622	65	611	22
Student debtors		9,530	2,574	9,530	2,574
		10,152	2,639	10,141	2,596
14 Other expenses					
Scholarships, grants and prizes		21,746	23,098	25,290	25,538
Non-capitalised equipment		4,676	4,670	4,591	4,550
Marketing, advertising and public relations		9,182	11,919	13,161	11,158
General consumables		7,308	7,034	4,857	4,630
Printing and stationery		6,248	6,386	5,788	5,911
Operating lease fees		22,079	21,541	20,281	17,022
Telecommunications		5,643	5,720	5,046	5,091
Travel, staff development and entertainment		12,355	11,204	10,068	8,848
Carrying amount of assets sold	17	12,974	15,026	12,782	14,843
Net diminution in value of non-current assets		1,169	953	1,169	974
Research and development costs written off		-	104	-	-
Foreign exchange losses	π	485	4,241	73	270
Occupancy expenses		11,459	8,077	7,603	6,751
Administrative expenses		23,485	18,604	17,181	14,896
Finance, legal and other		8,649	8,179	7,612	7,004
Accounting and auditing services	16	261	300	166	207
Other expenses		9,739	11,218	4,085	3,830
Total other expenses		157,458	158,274	139,753	131,523

π RMIT Vietnam Holdings Pty Ltd incurred a foreign exchange loss of \$0.369m (2003 - \$3.899m). This loss has resulted from a timing difference between receipts of foreign currency grants and the subsequent payment of those grants to RMIT International University Vietnam. This is an accounting loss only as the grant receipt and payment are denominated in USD.

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
15 Significant items of revenue and expenditure					
Revenue					
Commonwealth Government operating grant paid in advance		-	14,934	-	14,934
Net profit from the sale of Janefield Estate, Bundoora		-	6,879	-	6,879
Expenditure					
Amounts set aside to provision for doubtful student debtors		(722)	10,106	(722)	10,106
Staff separation payments		8,474	2,263	8,474	2,263
Amortisation or diminution in respect of investments		1,169	1,054	1,169	974
Net loss from the sale of land held in the name of the Minister		350	-	350	-
Write off of leasehold improvements - termination of lease at Fishermans Bend		2,005	-	2,005	-
Bad debts written Off		1,169	1,054	1,169	974
Amounts set aside to provisions		10,198	3,948	10,187	3,905
Doubtful debts					
Employee entitlements		(275)	10,563	(288)	10,460
		1,352	85	1,158	-
16 Remuneration of auditors					
Auditing or reviewing the financial reports of the entity or any entity in the consolidated entity					
Auditor-General of Victoria		211	300	145	207
Accounting services		50	-	21	-
Total accounting and auditing services		261	300	166	207
17 Sales of assets					
Proceeds from disposal of assets					
Investments		163	-	-	-
Property, plant and equipment		9,796	21,885	9,781	21,819
Total proceeds from sale of assets	8	9,959	21,885	9,781	21,819
Carrying amount of assets disposed					
Investments		187	-	-	-
Property, plant and equipment		12,787	15,026	12,782	14,843
Total carrying amount of assets sold	14	12,974	15,026	12,782	14,843
Net gain/(loss) on sale of assets		(3,015)	6,859	(3,001)	6,976
18 Income tax					
Income tax expense		1,154	298	742	339
The income tax expense for the year differs from the amount calculated on the net operating result. The differences are reconciled as follows:					
Prima facie tax payable on operating profit/(loss) of tax paying controlled entities before income tax at 30%		172	(17)	-	-
Income tax effect of permanent differences:					
Non-deductible expenditure		106	-	-	-
Amortisation of intangibles		-	2	-	-
Income tax adjusted for permanent differences		278	(15)	-	-

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Under/(Over) provision in previous years		134	(21)	-	-
Deferred income tax liability not previously recognised		-	(5)	-	-
Income tax expense relating to ordinary activities of tax paying controlled entities		412	(41)	-	-
Income tax on foreign operations of RMIT		742	339	742	339
Income tax expense/(benefit) relating to ordinary activities		1,154	298	742	339
Aggregate Income Tax expense comprises:					
Current tax provision		1,058	356	742	339
Under/(Over) provision prior year		133	(21)	-	-
		1,191	335	742	339
Future income tax benefit		(54)	(54)	-	-
Provision for deferred income tax		17	17	-	-
Income tax expense relating to ordinary activities		1,154	298	742	339
The following controlled entities are subject to income tax in Australia:					
Spatial Vision Innovations Pty Ltd					
Inquirion Pty Ltd					
19 Retained surplus					
Retained surplus at beginning of year		334,699	304,089	345,311	309,591
Net operating result attributable to RMIT entity		(25,077)	31,524	(24,445)	36,600
Adjustment to annual leave - AASB 1028		-	(933)	-	(880)
Transfers to/(from) reserves	31	-	19	-	-
Retained surplus at end of year		309,622	334,699	320,866	345,311
20 Cash assets					
Cash at bank and on hand		16,954	19,585	4,137	2,138
Bank short term deposits, maturing within 60 days		15,144	10,468	2,553	622
Foreign currency bank accounts		9	9	9	9
Total cash assets		32,107	30,062	6,699	2,769
21 Receivables					
Current					
Trade debtors		15,670	18,989	8,599	12,708
Less provision for doubtful debts		(3,497)	(3,679)	(775)	(952)
		12,173	15,310	7,824	11,756
Student loans and student debtors		7,376	19,141	7,375	19,141
Less Provision for Doubtful Debts		(1,100)	(11,352)	(1,100)	(11,352)
		6,276	7,789	6,275	7,789
Loans and advances		9	5	8	5
Government grants receivable		2,228	1,584	2,228	1,584
Deferred government contributions for superannuation	♦	18,500	16,500	18,500	16,500
Interest receivable		145	49	3	35
Other debtors and accrued income		3,382	12,119	2,883	11,113
Amounts receivable from controlled entities		-	-	7,616	7,853
Less provision for doubtful debts		-	-	(711)	(711)
		24,264	30,257	30,527	36,379
Total current receivables		42,713	53,356	44,626	55,924

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Non-current					
Deferred government contributions for superannuation	◆	216,448	220,665	216,448	220,665
Amounts receivable from controlled entities		-	-	2,812	2,812
Total non-current receivables		216,448	220,665	219,260	223,477
Total receivables		259,161	274,021	263,886	279,401

Government contributions - superannuation

- ◆ RMIT recognises a receivable for the amount expected to be received from the Commonwealth Government in respect of unfunded superannuation schemes operated by the State Government. The total consolidated amount owing in respect of these at 30 June 2004 amounted to \$234.948m (2003 - \$237.165m). Refer Notes 1.23 and 29.

22 Inventories

Current

Trading stock		944	1,037	-	-
Work in progress		45	22	-	-
Total inventories		989	1,059	-	-

23 Other financial assets

Non-current

Investments traded on organised markets

Government and semi-government stocks and bonds		46	-	-	-
Managed trust funds		5,415	4,144	-	-

Other (non-traded) investments

Shares in controlled entities		-	-	804	804
Less Provision for diminution in value of investment		-	-	(101)	(101)
Shares in non-related companies		2,470	1,301	2,353	1,184
Less Provision for diminution in value of investment		(2,202)	(1,033)	(2,122)	(953)
Total non-current other financial assets		5,729	4,412	934	934

Total other financial assets		5,729	4,412	934	934
-------------------------------------	--	--------------	--------------	------------	------------

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:

Non-current

Government and semi-government stocks and bonds		46	-	-	-
Managed trust funds		6,301	4,366	-	-
Unlisted investments		268	268	934	934
Total non-current		6,615	4,634	934	934
Total net fair values of investments		6,615	4,634	934	934

24 Other non-financial assets

Current

Library subscriptions prepaid		1,800	1,364	1,800	1,364
Salaries and allowances		6	11	-	-
Withholding tax		200	-	200	-
Interest		22	33	-	-
Other prepayments		1,490	4,269	1,042	1,388
		3,518	5,677	3,042	2,752

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Non current					
Deferred tax asset		332	54	-	-
Total other non-financial assets		3,850	5,731	3,042	2,752
25 Property, plant and equipment					
Land and buildings		991,868	965,401	978,362	960,947
Equipment, motor vehicles and furniture and fittings		48,830	47,878	45,872	45,155
Library collections		12,049	8,788	12,049	8,788
Development costs		-	-	-	-
		1,052,747	1,022,067	1,036,283	1,014,890
The following are details of the valuation basis of these assets, together with depreciation and amortisation provided:					
Land and buildings					
Land - at independent valuation #		260,720	252,991	260,720	252,991
Buildings - at independent valuation #		696,365	687,795	695,249	686,668
Less accumulated depreciation		(27)	(15)	-	-
Net book value		696,338	687,780	695,249	686,668
Buildings under construction - at cost					
Construction costs		21,954	9,181	12,588	9,153
Borrowing costs		597	-	-	-
Net book value		22,551	9,181	12,588	9,153
Leasehold improvements – at cost		19,350	21,567	10,765	13,120
Less accumulated amortisation		(7,091)	(6,118)	(960)	(985)
Net book value		12,259	15,449	9,805	12,135
Total land and buildings		991,868	965,401	978,362	960,947
Equipment, motor vehicles, furniture and fittings - at cost					
Equipment		135,332	131,947	129,967	127,620
Equipment under construction		4,131	2,960	4,131	2,960
Furniture and fittings		4,525	4,543	3,900	3,957
Software		13,455	11,212	12,827	10,743
Motor vehicles		3,981	3,957	3,688	3,643
Works of art		1,169	1,169	1,163	1,163
		162,593	155,788	155,676	150,086
Less accumulated depreciation		(113,763)	(107,910)	(109,804)	(104,931)
Net book value		48,830	47,878	45,872	45,155
Library collection - at cost		29,217	24,722	29,217	24,722
Less accumulated depreciation		(17,168)	(15,934)	(17,168)	(15,934)
Net book value		12,049	8,788	12,049	8,788
Development costs		2,615	2,615	-	-
Less accumulated depreciation		(2,615)	(2,615)	-	-
Net book value		-	-	-	-
Total assets		1,193,411	1,154,659	1,164,215	1,136,740
Less accumulated depreciation		(140,664)	(132,592)	(127,932)	(121,850)
Net book value		1,052,747	1,022,067	1,036,283	1,014,890

An independent valuation of land and buildings was carried out as at 31 December 2004 and 2003 by Craig Cunningham and Co (Real Estate) Pty Ltd.

	Land \$'000	Buildings \$'000	Buildings under construction \$'000	Leasehold improve- ments \$'000	Equipment, motor vehicles, furniture and fittings \$'000	Library collection \$'000	Development Costs \$'000	Total \$'000
RMIT Consolidated Entity								
31 December 2004								
Carrying amount at beginning of year	252,991	687,780	9,181	15,449	47,878	8,788	-	1,022,067
- additions	-	8,100	21,313	261	15,966	4,494	-	50,134
- adjustment due to revaluation of buildings	11,000	9,500	-	-	-	-	-	20,500
- transfer from capital works in progress	-	7,918	(7,943)	25	-	-	-	-
- disposals	(3,271)	(5,703)	-	(2,055)	(1,740)	-	-	(12,769)
- depreciation	-	(11,245)	-	(1,421)	(13,268)	(1,233)	-	(27,167)
- foreign currency translation gain/(loss)	-	(12)	-	-	(6)	-	-	(18)
Carrying amount at end of year	260,720	696,338	22,551	12,259	48,830	12,049	-	1,052,747
31 December 2003								
Carrying amount at beginning of year	249,341	678,537	5,607	8,859	45,040	7,928	683	995,995
- additions	-	34	21,533	2,487	14,400	3,922	-	42,376
- adjustment due to revaluation of buildings	14,500	11,881	-	-	-	-	-	26,381
- transfer from capital works in progress	-	11,495	(17,959)	5,449	413	-	602	-
- disposals	(10,850)	(3,255)	-	(130)	(689)	-	-	(14,924)
- depreciation	-	(10,866)	-	(1,253)	(10,863)	(3,062)	(1,249)	(27,293)
- foreign currency translation gain/(loss)	-	(46)	-	37	(423)	-	(36)	(468)
Carrying amount at end of year	252,991	687,780	9,181	15,449	47,878	8,788	-	1,022,067

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below

	Land	Buildings	Buildings under construction	Leasehold improvements	Equipment, motor vehicles, furniture and fittings	Library collection	Development Costs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Parent entity								
31 December 2004								
Carrying amount at beginning of year	252,991	686,668	9,153	12,135	45,155	8,788	-	1,014,890
- additions	-	8,100	11,351	147	14,619	4,494	-	38,711
- adjustment due to revaluation of buildings	11,000	9,500	-	-	-	-	-	20,500
- transfer from capital works in progress	-	7,916	(7,916)	-	-	-	-	-
- disposals	(3,271)	(5,703)	-	(2,055)	(1,740)	-	-	(12,769)
- depreciation	-	(11,232)	-	(422)	(12,162)	(1,233)	-	(25,049)
Carrying amount at end of year	260,720	695,249	12,588	9,805	45,872	12,049	-	1,036,283
31 December 2003								
Carrying amount at beginning of year	249,341	677,309	4,087	7,392	42,076	7,928	-	988,133
- additions	-	34	21,509	123	13,616	3,922	-	39,204
- adjustment due to revaluation of buildings	14,500	11,881	-	-	-	-	-	26,381
- transfer from capital works in progress	-	11,497	(16,443)	4,939	7	-	-	-
- transfer to leasehold improvements	-	-	-	-	-	-	-	-
- transfer between related entities	-	-	-	-	-	-	-	-
- disposals	(10,850)	(3,257)	-	-	(677)	-	-	(14,784)
- depreciation	-	(10,796)	-	(319)	(9,867)	(3,062)	-	(24,044)
- foreign currency translation gain/(loss)	-	-	-	-	-	-	-	-
Carrying amount at end of year	252,991	686,668	9,153	12,135	45,155	8,788	-	1,014,890

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
26 Intangible assets					
Licences and rights		165	223	-	58
Intellectual property		2,305	2,266	-	-
		2,470	2,489	-	58
Less Accumulated Amortisation		(1,464)	(1,039)	-	(58)
Total intangible assets		1,006	1,450	-	-
27 Payables					
Current					
Bank overdraft		82	-	-	-
Trade and other creditors		45,257	28,130	33,509	22,044
State Government Grants Repayable		579	-	579	-
Amounts payable to controlled entities		-	-	6,810	2,547
Total current payables		45,918	28,130	40,898	24,591
Non-current					
Amounts payable to controlled entities		-	-	11,823	10,527
Total non-current payables		-	-	11,823	10,527
Total payables		45,918	28,130	52,721	35,118
28 Interest bearing liabilities					
Current - unsecured					
Commonwealth Government loan		3,500	3,680	3,500	3,680
Total current interest bearing liabilities		3,500	3,680	3,500	3,680
Non-current - unsecured					
Bank loan		8,986	-	-	-
Commonwealth Government loan		-	3,500	-	3,500
Total non-current interest bearing liabilities		8,986	3,500	-	3,500
Total interest bearing liabilities		12,486	7,180	3,500	7,180
Credit Standby Arrangements with Commonwealth Bank					
(a) Commercial bill acceptance facility:					
The unsecured bill acceptance facility may be drawn at any time.					
The bill acceptance facility has been established as a source of primarily, long term finance.					
Credit facility available		40,000	50,000	40,000	50,000
Amount utilised		-	-	-	-
Unused credit facility		40,000	50,000	40,000	50,000
(b) Credit card facility:					
The RMIT bankers for the provision of a corporate credit card facility at no Consolidated Entity has entered into an arrangement with its interest, provided the debt outstanding is repaid on a monthly basis.					
Credit facility available		7,500	7,500	7,500	7,500
Amount utilised		763	838	763	838
Unused credit facility		6,737	6,662	6,737	6,662

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
29 Provisions					
Current					
Deferred income tax		1,399	335	742	339
Employee benefits					
Annual leave		17,608	18,102	16,293	16,901
Long service leave		6,396	4,118	5,935	3,761
Deferred benefits for superannuation	◆	18,500	16,500	18,500	16,500
Total current provisions		43,903	39,055	41,470	37,501
Non-current					
Deferred income tax		17	17	-	-
Employee benefits					
Annual leave		9,974	9,165	9,974	9,165
Long service leave		35,231	34,059	34,349	33,349
Deferred benefits for superannuation	◆	216,448	220,665	216,448	220,665
Total non-current provisions		261,670	263,906	260,771	263,179
Total provisions		305,573	302,961	302,241	300,680
Employee benefits					
Provision for employee benefits - current		42,504	38,720	40,728	37,162
Provision for employee benefits – non-current		261,653	263,889	260,771	263,179
Aggregate employee benefits		304,157	302,609	301,499	300,341
		No.	No.	No.	No.
Number of employees as at the end of the reporting period:					
Full-time equivalent academic		1,675	1,667	1,553	1,577
Full-time equivalent non-academic		2,104	2,155	1,776	1,854
Full-time equivalent casual		375	256	327	215
		4,154	4,078	3,656	3,646
Average number of employees during the year		4,073	4,112	3,573	3,665
The following assumptions were adopted in measuring the present value of long service leave and retirement gratuity entitlements:					
Weighted average increase in employee costs		4.8%	4.0%	4.8%	4.0%
Weighted average discount rates		5.1%	5.5%	5.1%	5.5%
Weighted average settlement period		15yrs	15yrs	15yrs	15yrs
◆ A total consolidated unfunded liability for retirement benefits of \$234.948m (2003 - \$237.165m) accruing to beneficiaries of the State Superannuation Scheme has been recorded in the Statements of Financial Position as a liability. Refer Notes 1.23(v) and 21.					
30 Revenue received in advance					
Government advances - Commonwealth Government		2,453	1,858	2,453	1,858
Research grants		829	437	829	437
Student fees		18,820	21,563	14,360	16,830
Projects fees		119	44	-	-
Other		635	618	596	554
		22,856	24,520	18,238	19,679

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
31 Reserves					
Consolidated reserves					
Balance at beginning of year		641,280	617,890	592,778	566,397
Transfers from/(to) retained surplus		-	(19)	-	-
Revaluation of land and buildings		20,500	26,381	20,500	26,381
Foreign exchange losses		(2,776)	(2,972)	-	-
Capital Profits Reserve		-	-	-	-
Balance at end of year		659,004	641,280	613,278	592,778
Represented by:					
Asset revaluation reserve		653,130	632,630	613,278	592,778
Fixed asset replacement reserve		637	1,637	-	-
Capital projects reserve		10,000	10,000	-	-
Foreign currency translation reserve		(5,763)	(2,987)	-	-
Scholarship reserve		1,000	-	-	-
Capital profits reserve		-	-	-	-
		659,004	641,280	613,278	592,778
Movements in reserves during the year were:					
Asset revaluation reserve					
Balance at beginning of year		632,630	606,255	592,778	566,397
Transfers from/(to) retained surplus		-	(6)	-	-
Revaluation of land		11,000	14,500	11,000	14,500
Revaluation of buildings		9,500	11,881	9,500	11,881
Balance at end of year		653,130	632,630	613,278	592,778
Fixed asset replacement reserve					
Balance at beginning of year		1,637	1,637	-	-
Transfers to scholarship reserve		(1,000)	-	-	-
Balance at end of year		637	1,637	-	-
Capital projects reserve					
Balance at beginning of year		10,000	10,000	-	-
Balance at end of year		10,000	10,000	-	-
Foreign currency translation reserve					
Balance at beginning of year		(2,987)	(13)	-	-
Transfers from/(to) retained surplus		-	(2)	-	-
Foreign currency translation gains/(losses)		(2,776)	(2,972)	-	-
Balance at end of year		(5,763)	(2,987)	-	-
Scholarship reserve					
Balance at beginning of year		-	-	-	-
Transfers from fixed asset replacement reserve		1,000	-	-	-
Balance at end of year		1,000	-	-	-

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Capital profits reserve					
Balance at beginning of year		-	11	-	-
Transfers from/(to) retained surplus		-	(11)	-	-
Balance at end of year		-	-	-	-

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record asset revaluation increments and decrements in the value of non-current physical assets.

Fixed asset replacement reserve

The fixed asset replacement reserve sets aside retained earnings 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.

Scholarship reserve

The scholarship reserve sets aside retained earnings to be used for the provision of scholarship to students needing financial support in order to complete their studies.

32 Total equity reconciliation

Total equity at beginning of year		976,011	921,974	938,089	875,988
Total changes in parent entity interest in equity recognised in statements of financial performance		(7,353)	54,000	(3,945)	62,101
Total change in outside equity interest	33	98	37	-	-
Total equity at end of year		968,756	976,011	934,144	938,089

33 Outside equity interest in controlled entities

Outside equity interest in controlled entities comprises:

Interest in accumulated funds at the beginning of the year		(67)	(169)	-	-
Interest in net operating result		81	102	-	-
Interest in accumulated funds at the end of the year		14	(67)	-	-
Interest in share capital		116	99	-	-
Total outside equity interests in controlled entities		130	32	-	-

34 Contingent liabilities and contingent assets

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: 950 1,241 950 1,241

No material losses are anticipated in respect of any of the above contingent liabilities.

Litigations

Claims for unspecified damages have been lodged against the RMIT Consolidated Entity. The RMIT Consolidated Entity has disclaimed liability and is defending the actions. Legal advice indicates that it is unlikely that any significant liability will arise.

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Leases					
Leases contracted for at the reporting date but not recognised as assets					
Future minimum rental receivable					
		446	484	446	484
		732	593	732	593
		<u>1,178</u>	<u>1,077</u>	<u>1,178</u>	<u>1,077</u>
Quantifiable contingent liabilities and assets					
RMIT Vietnam Holdings Pty Ltd expects to receive funds from its benefactor for the development of third party projects at the Danang University Learning Resource Centre, the Cantho University Learning Resource Centre and the Thai Nguyen Learning Resource Centre.					
RMIT Vietnam Holdings Pty Ltd also has an obligation to use these funds as well as other funds currently held in trust to fund the acquisition of relevant assets at the aforementioned Learning Resource Centres.					
The financial impact of the above is as follows:					
Contingent assets					
		12,262	-	-	-
Contingent Liabilities					
		9,549	-	-	-
		5,294	-	-	-
		<u>14,843</u>	<u>-</u>	<u>-</u>	<u>-</u>
35 Commitments for expenditure					
(a) Operating leases					
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:					
Future minimum rental payments for leased premises					
		6,027	4,068	5,098	3,732
		13,403	18,690	12,126	17,386
		13,186	1,247	12,917	-
		<u>32,616</u>	<u>24,005</u>	<u>30,141</u>	<u>21,118</u>
Future minimum rental payments for leased equipment					
		7,210	8,525	7,049	8,320
		7,892	4,721	7,747	4,531
		<u>15,102</u>	<u>13,246</u>	<u>14,796</u>	<u>12,851</u>
(b) Capital and other commitments					
The RMIT Consolidated Entity and RMIT has a commitment with respect to capital and other expenditure which has been contracted for at balance date.					
Plant and equipment					
		1,249	1,124	1,249	1,124
Building works					
		4,792	5,138	4,729	5,101

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Other non-capital commitments					
Due within one year		6,374	6,559	6,374	6,559
Due after one year but within five years		399	-	399	-
		12,814	12,821	12,751	12,784

36 Notes to statement of cash flows

(a) Reconciliation of Cash

For the purpose of the statement 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 Statement 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		19,585	12,877	2,138	6,719
Short-term money market deposits		10,468	35,689	622	5,456
Bills of exchange accepted or endorsed by banks		-	8,977	-	8,977
Foreign currency bank accounts		9	-	9	-
		30,062	57,543	2,769	21,152
Cash at the End of Year					
Cash at bank and at hand		16,954	19,585	4,137	2,138
Short-term money market deposits		15,144	10,468	2,553	622
Foreign currency bank accounts		9	9	9	9
Bank overdraft		(82)	-	-	-
		32,025	30,062	6,699	2,769
Cash Movement for the Year		1,963	(27,481)	3,930	(18,383)

(b) Reconciliation of Net Cash provided by Operating Activities to Operating Result - after related income tax

Operating result from ordinary activities after income tax		(24,996)	31,626	(24,445)	36,600
Eliminate Non-Cash Flows					
Unrealised foreign exchange (gain)/loss		953	3,692	-	-
Loss/(gain) on sale of property, plant and equipment	17	3,015	(6,859)	3,001	(6,976)
Depreciation on property plant and equipment	10	27,167	27,293	25,049	24,044
Loss/(gain) on sale of intellectual property					-
Diminution in value of investment	14	1,169	953	1,169	974
Provision for doubtful debts	13	(275)	10,562	(288)	10,459
Bad debts written off	13	46	1,308	46	1,308
Amortisation of intangible assets	10	474	478	-	11
Change in Operating Assets and Liabilities					
Net (increase) / decrease in current receivables		12,872	(21,109)	13,540	(22,061)
Net (increase) / decrease in inventories		70	(3)	-	-
Net (increase) / decrease in other assets		2,159	(2,823)	(290)	(15)
Net increase / (decrease) in revenue received in advance		(1,664)	(1,405)	(1,441)	(1,542)
Net increase / (decrease) in payables		17,127	920	17,603	(72)
Net increase / (decrease) in current tax liability		786	(289)	403	(170)
Net increase / (decrease) in employee entitlements (excluding Deferred Superannuation)		3,765	(1,595)	3,375	(1,715)
Net cash provided by operating activities		42,668	42,749	37,722	40,845

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
37 Economic dependency					
The RMIT Consolidated Entity is reliant on a significant volume of its revenue being derived from:					
Commonwealth Government financial assistance		215,789	244,433	215,789	244,433
Victorian State Government financial assistance		60,760	68,713	60,727	68,713
		<u>276,549</u>	<u>313,146</u>	<u>276,516</u>	<u>313,146</u>

The percentage of the RMIT Consolidated Entity revenue was sourced from:

Commonwealth Government financial assistance	42%	43%	45%	46%
Victorian State Government financial assistance	12%	12%	13%	13%

38 Events occurring after reporting date

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

39 Superannuation contributions

Funds to which RMIT or any controlled entity contributed to during the financial year:

(a) Defined benefits schemes

State Superannuation Fund - closed	20,182	18,617	20,182	18,617
Unisuper DBP/ICP	27,323	25,831	27,185	25,726
State Employees Retirement Benefits Scheme - closed	88	146	88	113

(b) Defined contribution schemes

Victorian Superannuation Fund	3,163	3,374	3,163	3,375
Advance Credit - closed	-	32	-	-
AMP - closed	4	4	-	-
Australian Retirement Fund	23	19	-	-
AXA Australia Tailored Superannuation Fund	663	351	28	14
BT Lifetime Superannuation Employer Plan	102	110	-	-
Commonwealth Bank of Australia	-	1	-	-
BASHIR&M	6	-	-	-
Health Super	10	9	-	-
Host Plus	165	173	-	-
Local Authorities Superannuation	5	8	-	-
MLC Superannuation	7	-	-	-
MTAA Superannuation	-	5	-	-
Norwich Superannuation Fund	6	-	-	-
Retail Employees Superannuation Trust	51	45	-	-
RMIT Superannuation Plan - Closed	191	615	185	614
RMIT Union Tailored Superannuation	225	541	-	-
Superannuation Trust of Australia	192	149	-	-
Tertiary Education Superannuation Scheme	17	-	-	-
Other	-	4	-	-
	<u>52,423</u>	<u>50,034</u>	<u>50,831</u>	<u>48,459</u>

Unisuper DBP/ICP (formerly Superannuation Scheme Australian Universities)

The last actuarial investigation was completed on 16 May 2003 and conducted as at 31 December 2002. The investigation was conducted by Mr. Grant Harslett (FIA, FIAA) and Mr. Matthew Burgess (FIAA) of Towers Perrin.

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
As at 30 June 2004 and 2003, the amounts of the fund were:					
Net market value		174,306	142,816	174,306	142,816
Accrued benefits		154,865	135,427	154,865	135,427
Surplus / (shortfall)		19,441	7,389	19,441	7,389
Vested benefits		180,029	162,074	180,029	162,074

The actuary expects all commitments to members to be met and the existing contribution rates to remain appropriate.

State Superannuation Fund and State Employees Retirement Benefit Scheme

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

As at 30 June 2004, 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 is:

State Superannuation Fund

Unfunded liabilities	233,481	235,601	233,481	235,601
Accrued benefits	284,054	298,092	284,054	298,092
Vested benefits	290,713	300,741	290,713	300,741

State Employees Retirement Benefits Scheme

Unfunded liabilities	1,467	1,564	1,467	1,564
Accrued benefits	1,645	1,557	1,645	1,557
Vested benefits	1,655	1,743	1,655	1,743

The last actuarial investigation was conducted as at 30 June 2004. The investigation was conducted by Mr. Carl Stevenson of Mercer Human Resource Consulting Pty Ltd.

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 for all subsequent years including 2004.

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 2004 Reporting Period" also requires that the unfunded superannuation obligations are treated as an asset and liability.

(a) Defined benefits schemes**State Superannuation Fund**

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

RMIT is required to contribute on a fortnightly basis for TAFE employees in respect of:

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

Unisuper DBP/ICP

RMIT's contribution rates throughout 2004 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

RMIT is required to contribute at a rate of 12.8% of active member salaries, in addition RMIT contributes 100% of pensions paid in respect of former employees.

(b) Defined contribution schemes**Victorian Superannuation Fund**

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

RMIT Superannuation Plan

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

RMIT Union Tailored Superannuation

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

Unisuper Award Plus Plan

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

AXA Australia Tailored Superannuation Fund

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

Australian Retirement Fund	}	
BT Lifetime Superannuation Employer Plan	}	
Commonwealth Bank of Australia	}	
BASHIR&M	}	
Health Super	}	
Host Plus	}	The employer is required
Local Authorities Superannuation	}	to contribute on account
MLC Superannuation	}	of eligible employees
MTAA Superannuation	}	at the rate of 9%.
Norwich Superannuation Fund	}	
Retail Employees Superannuation Trust	}	
Superannuation Trust of Australia	}	
Tertiary Education Superannuation Scheme	}	
Other	}	

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 2004 was \$2.853m (2003 - \$2.123m).

40 Financial instruments

(i) Accounting policies

RMIT Consolidated Entity accounting policies, including the terms and conditions of each class of financial asset and financial liability, both recognised and unrecognised at balance date, are as follows:

Recognised Financial Instruments	Notes	Accounting Policies	Terms and Conditions
(a) Financial assets			
Bank short term deposits	20	Carried at cost or fair value.	Bank short term deposit interest rates are determined by the official money market.
Receivables	21	Carried at nominal amounts due less any provision for doubtful debts.	Accounts receivable credit terms are 30 days.
Investments	23	Carried at the lower of cost or recoverable amount.	
(b) Financial liabilities			
Payables	27	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced.	Creditors are normally settled on 30 day terms.
Interest bearing liabilities	28		
Bank borrowings		Carried at face value.	The term of the facility extends until 23 November 2007.
Commonwealth Government loan		Carried at face value.	Indexed loan fully repayable by 2006.

(ii) Interest rate risk

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

	Note	Floating interest rate \$	1 year or less \$	Fixed Interest 1 to 5 years \$	Maturing Over 5 years \$	Non Interest Bearing \$	Total \$
31 December 2004							
Assets							
Cash assets	20	16,954	-	-	-	-	16,954
Short term deposits	20	15,144	-	-	-	-	15,144
Foreign currency bank accounts	20	9	-	-	-	-	9
Receivables	21	-	-	-	-	24,213	24,213
Government Stocks - Short Term	23	-	-	46	-	-	46
Managed trust funds	23	5,415	-	-	-	-	5,415
Shares in non-related companies	23	-	-	-	-	268	268
		37,522	-	46	-	24,481	62,049
Weighted average interest rate		3.23%		0.14%			
Liabilities							
Payables	27	-	-	-	-	45,918	45,918
Interest bearing liabilities	28	-	3,500	8,986	-	-	12,486
		-	3,500	8,986	-	45,918	58,404
Weighted average interest rate			2.35%	6.03%			
Net financial assets (liabilities)		37,522	(3,500)	(8,940)	-	(21,437)	3,645
31 December 2003							
Assets							
Cash assets	20	19,585	-	-	-	-	19,585
Short term deposits	20	10,468	-	-	-	-	10,468
Foreign currency bank accounts	20	9	-	-	-	-	9
Receivables	21	-	-	-	-	36,856	36,856
Managed trust funds	23	4,144	-	-	-	-	4,144
Shares in non-related companies	23	-	-	-	-	268	268
		34,206	-	-	-	37,124	71,330
Weighted average interest rate		4.26%					
Liabilities							
Payables	27	-	-	-	-	28,130	28,130
Interest bearing liabilities	28	-	3,680	3,500	-	-	7,180
		-	3,680	3,500	-	28,130	35,310
Weighted average interest rate			2.35%	2.35%			
Net financial assets (liabilities)		34,206	(3,680)	(3,500)	-	8,994	36,020

(iii) Credit risk

The RMIT Consolidated Entity has not obtained any collateral or other security for its financial assets - they are unsecured.

41 Details of controlled entities

	Notes	Class of Shares	Place of Incorporation	Ownership		Shares Held		Net equity		Total revenue		Contribution to consolidated Net Operating Result	
				2004 %	2003 %	2004 No.	2003 No.	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Controlled entities—corporate													
RMIT International Pty Ltd	(a)	Ordinary	Victoria, Australia	100	100	200,002	200,002	176	573	17,396	17,289	(397)	(1,902)
RMIT Training Pty Ltd	(b)	Ordinary	Victoria, Australia	100	100	502,000	502,000	3,824	3,228	15,115	15,566	596	1,074
RMIT Innovation Limited	(c)	Limited by guarantee	Victoria, Australia	100	100	-	-	(714)	(711)	-	2	(3)	(8)
Spatial Vision Innovations Pty Ltd	(d)	Ordinary	Victoria, Australia	49.73	51	102,000	102,000	421	289	2,280	2,149	58	(3)
RMIT (Malaysia) Sdn. Bhd.	(e)	Ordinary	Kuala Lumpur, Malaysia	100	100	235,000	235,000	3	3	-	19	-	(10)
RMIT Vietnam Holdings Pty Ltd	(f)	Ordinary	Victoria, Australia	100	100	12	12	17,732	18,859	2,613	7,887	(1,127)	(4,203)
RMIT International University Vietnam	(g)	Vietnam investment licence	Vietnam	100	100	-	-	8,497	12,147	8,725	11,178	(874)	377
Inquiry Pty Ltd	(h)	Ordinary	Victoria, Australia	50.05	50.05	10,010	10,010	(181)	(227)	2,958	2,768	23	109
Meltech Services Ltd	(i)	Limited by guarantee	Victoria, Australia	100	100	-	-	-	-	-	-	-	-
Controlled entities—other													
RMIT Union	(l)	Unincorporated body		-	-	-	-	14,755	14,308	11,481	10,929	447	(572)
RMIT Foundation	(k)	Unincorporated body		-	-	-	-	6,521	5,957	1,792	962	565	38
								51,034	54,426	62,360	68,749	(712)	(5,100)

- (a) RMIT International Pty Ltd is a company incorporated under the Corporations Act 2001 with share capital of 200,002 ordinary shares of \$1 each.
- (b) RMIT Training Pty Ltd is a company incorporated under the Corporations Act 2001 with share capital of 502,000 ordinary shares of \$1 each.
- (c) RMIT Innovation Ltd is a company incorporated under the Corporations Act 2001, limited by guarantee and without share capital. The liability of members at balance date was limited to \$60 being six members with a liability limited to \$10 each.
- (d) Spatial Vision Innovations Pty Ltd is a company incorporated under the Corporations Act 2001 with ordinary shares of 205,128 (2003 - 200,000) of \$1 each. The company is a subsidiary of RMIT Innovation Limited by virtue of its financial control and the power to appoint the board. RMIT Innovation Limited holds 49.73% (2003 - 51%) of equity in company.
- (e) RMIT (Malaysia) Sdn. Bhd. is a company incorporated under the Malaysian Companies Act 1965 with issued share capital of 235,000 ordinary shares of RM1 each, which are held by RMIT. The company is currently in members' voluntary liquidation.
- (f) RMIT Vietnam Holdings Pty Ltd (RVH) - is a wholly owned entity of RMIT and has 12 ordinary shares of \$1 each. The company's principal activity is to hold funds for distribution to operations at the RMIT International University Vietnam (RIUV) Campus and RMIT's investment in RIUV. Each year the RVH results will be affected by a timing difference between receipt of grants and the subsequent payment of those grants to RIUV.
- (g) RMIT International University Vietnam - a wholly owned entity of RMIT Vietnam Holdings Pty Ltd. Its purpose is to provide advanced education to the Vietnamese community in Vietnam.
- (h) Inquirion Pty Ltd was incorporated on the 16 December 2001. RMIT hold 10,010 ordinary shares of \$0.10 each, which is 50.05% of the equity with the balance being held by RMIT employees. RMIT has the power to appoint the board and therefore has substantial influence over its operations.
- (i) Meltech Services Ltd is a company incorporated under the Corporations Act 2001, limited by guarantee and without share capital. The liability of members at balance date was limited to \$120, being six members with a liability limited to \$20 each. Three directors, being a majority of directors, are nominees of RMIT. Accordingly, Meltech Services Ltd, is a subsidiary of RMIT.
- (j) RMIT Union is an unincorporated body. Its principal purpose is to provide support services to RMIT students.
- (k) 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.

42 Acquittal of Commonwealth Government financial assistance

42.1 DEST – Teaching and Learning

	Note	Parent entity (HEP) ONLY	
		Operating Grant*	
		2004	2003
		\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Commonwealth for the Programmes)		113,456	111,925
Net accrual adjustments		-	7,544
Revenue for the period	3(a)	113,456	119,469
		-	
Accrual surplus / (deficit) from the previous year		8,821	343
Total accrual revenue		122,277	119,812
Less accrual expenses		122,277	110,991
Accrual surplus / (deficit) for reporting period		-	8,821

* Including Workplace Reform Program and superannuation contributions

42.2 HECS and other Commonwealth Loan Programmes

Parent entity (HEP) ONLY HECS (CwIth payments only)	PELS		BOTPLS		Total			
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000				
48,383	63,316	11,184	8,093	5	7	59,572	71,416	
(566)	-	(542)	150	12	-	(1,096)	150	
3(b)	47,817	63,316	10,642	8,243	17	7	58,476	71,566
4,465	-	-	-	-	-	-	4,465	
52,282	63,316	10,642	8,243	17	7	62,941	71,566	
52,282	58,851	10,642	8,243	17	7	62,941	67,101	
-	4,465	-	-	-	-	-	4,465	

Financial assistance received in CASH during the reporting period (total cash received from the Commonwealth for the Programmes)
Net accrual adjustments
Revenue for the period

Accrual surplus / (deficit) from the previous year
Total accrual revenue
Less accrual expenses
Accrual surplus / (deficit) for reporting period

42.3 Scholarships

	Postgraduate Awards Pre-2002		Postgraduate Awards Post-2002		Australian International Postgraduate Research Scholarships		Australian CwIth Education Costs Scholarships		CwIth Accommodation Scholarships		Total
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	
3(c)	363	915	2,065	1,467	535	483	130	-	404	-	2,865
	363	915	2,065	1,467	535	483	130	-	404	-	2,865
	555	359	432	242	138	165	-	-	-	-	766
	918	1,274	2,497	1,709	673	648	130	-	404	-	4,622
	474	719	2,000	1,277	426	510	130	-	404	-	3,434
	444	555	497	432	247	138	-	-	-	-	1,188

Financial assistance received in CASH during the reporting period (total cash received from the Commonwealth for the Programmes)
Net accrual adjustments
Revenue for the period

Accrual surplus / (deficit) from the previous year
Total accrual revenue
Less accrual expenses
Accrual surplus / (deficit) for reporting period

42.4 DEST Research

	Institutional Grants Scheme		Research Training Scheme		Research Infrastructure Block Grants		Total
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	
3(d)	4,505	4,584	11,142	12,133	1,018	1,019	16,665
	-	364	-	969	-	81	1,414
	4,505	4,948	11,142	13,102	1,018	1,100	16,665
	391	-	969	-	685	283	2,045
	4,896	4,948	12,111	13,102	1,703	1,383	18,710
	4,896	4,557	12,111	12,133	950	698	17,957
	-	391	-	969	753	685	753

Financial assistance received in CASH during the reporting period (total cash received from the Commonwealth for the Programmes)
Net accrual adjustments
Revenue for the period

Accrual surplus / (deficit) from the previous year
Total accrual revenue
Less accrual expenses
Accrual surplus / (deficit) for reporting period

42.5 Australian Research Council Grants

(a) Discovery

		Projects	
		2004	2003
		\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Commonwealth for the Programmes)		1,814	1,169
Net accrual adjustments		-	19
Revenue for the period	3(f)(i)	<u>1,814</u>	<u>1,188</u>
Accrual surplus / (deficit) from the previous year		340	294
Total accrual revenue		<u>2,154</u>	<u>1,482</u>
Less accrual expenses		<u>1,623</u>	<u>1,142</u>
Accrual surplus / (deficit) for reporting period		<u>531</u>	<u>340</u>

42.6 Australian Research Council Grants

(b) Linkages

		Special		Projects		Total	
		Research Initiatives					
		2004	2003	2004	2003	2004	2003
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in CASH during the reporting period (total cash received from the Commonwealth for the Programmes)		-	20	2,576	1,889	2,576	1,909
Net accrual adjustments		-	-	-	97	-	97
Revenue for the period	3(f)(ii)	<u>-</u>	<u>20</u>	<u>2,576</u>	<u>1,986</u>	<u>2,576</u>	<u>2,006</u>
Accrual surplus / (deficit) from the previous year		20	-	959	741	979	741
Total accrual revenue		<u>20</u>	<u>20</u>	<u>3,535</u>	<u>2,727</u>	<u>3,555</u>	<u>2,747</u>
Less accrual expenses		<u>-</u>	<u>-</u>	<u>2,294</u>	<u>1,768</u>	<u>2,294</u>	<u>1,768</u>
Accrual surplus / (deficit) for reporting period		<u>20</u>	<u>20</u>	<u>1,241</u>	<u>959</u>	<u>1,261</u>	<u>979</u>

43 Responsible persons and executives officers

(a) Responsible persons related disclosures

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

(i) Responsible Ministers:

The names of persons who were Responsible Persons at 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	
Awcock, F.	Appointed 24.7.2004	Martin S	Term 1.1.2004 - 31.12.2004
Ballagh, A.		Messimeri-Kianidis V.	Appointed 27.7.2004
Coloe, P.		Nieuwenhuysen, J.	
Coutts, C.	Resigned 11.5.2004	Rajalingham, D.	Term 1.1.2004 - 31.12.2004
Dalton, A.		Robinson, N.	
Dunkin, R.	Resigned 27.8.2004	Scollay, M.	Resigned 31.12.2004
Francis, T.		Simonetto, C.	Appointed 16.8.2004
Frater, R.	Resigned 31.12.2004	Tappenden, T.	
Gibson, R. D.		Thomas, P.	Resigned 31.12.2004
Hepburn, R.	Resigned 31.12.2004	Varcoe-Cocks, J.	
Hilliar, K.	Resigned 13.7.2004	Young, D.	
Lampe, G.		Whitaker, C.	Appointed 30.8.2004

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
(b) Remuneration of responsible persons					
Income paid or payable, or otherwise made available, to Councillors and/or directors by entities in the RMIT consolidated entity and related parties in connection with the management of affairs of the RMIT entity or its controlled entities.		4,466	4,642	1,426	1,090

Number of RMIT Councillors whose income from RMIT and any related bodies corporate was within the following bands:

	2004 No.	2003 No.
\$0	2	22
Less than \$10,000	2	-
\$10,000 - \$19,999	11	-
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	2	1
\$80,000 - \$89,999	-	1
\$90,000 - \$99,999	1	-
\$100,000 - \$109,999	-	1
\$120,000 - \$129,999	-	1
\$140,000 - \$149,999	2	1
\$150,000 - \$159,999	2	-
\$400,000 - \$409,999	-	1
\$410,000 - \$419,999	1	-
	24	28

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
(c) Executive Officers' Remuneration					
Income received or due and receivable from entities in the consolidated entity and related parties by Australian-based executive officers (including executive councillors) whose remuneration was at least \$100,000.		4,543	2,981	3,085	2,382
The number of executive officers whose income was within the following bands:					
		2004 No.	2003 No.	2004 No.	2003 No.
\$110,000 - \$119,999		2	1	-	-
\$120,000 - \$129,999		3	-	1	-
\$130,000 - \$139,999		4	1	-	-
\$140,000 - \$149,999		-	1	-	-
\$150,000 - \$159,999		1	-	1	-
\$160,000 - \$169,999		2	-	-	-
\$180,000 - \$189,999		2	1	-	-
\$190,000 - \$199,999		1	-	1	-
\$200,000 - \$209,999		1	1	1	1
\$210,000 - \$219,999		1	5	1	5
\$220,000 - \$229,999		-	1	-	1
\$240,000 - \$249,999		1	1	1	1
\$250,000 - \$259,999		2	-	2	-
\$260,000 - \$269,999		-	1	-	1
\$270,000 - \$279,999		1	-	1	-
\$310,000 - \$319,999		1	-	1	-
\$440,000 - \$449,999		1	-	1	-
		23	13	11	9
The number of executive officers whose income was less than \$100,000.		6	-	6	-

44 Related parties

The following related party transactions occurred during the financial year and were conducted on normal terms and conditions unless otherwise stated:

(a) Responsible persons and specified executives

The names, remuneration and retirement benefits of persons who were Councillors of RMIT at any time during the financial year are set out in Note 43.

(b) Wholly-owned group

Ownership interests in controlled entities are set out in note 41.

	Note	CONSOLIDATED		RMIT	
		2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
(c) Transactions with non councillor related parties - controlled entities:					
All transactions with controlled entities are on normal terms and conditions.					
Aggregate amounts included in the determination of operating result from ordinary activities that resulted from transactions with each class of other related parties:					
Revenue	- Contract and professional services	-	-	9,587	8,110
	- Fees and charges	-	-	5,202	4,857
	- Donations and bequests	-	-	370	597
	- Interest income	-	-	700	27
	- Rental income	-	-	684	250
	- Other	-	-	3,387	6,120
Expenses	- Marketing expenses	-	-	8,500	6,800
	- Grants, scholarships and prizes	-	-	8,908	11,573
	- Consulting services	-	-	1,087	1,265
	- Rental expense	-	-	684	294
	- Interest expense	-	-	700	27
	- Other	-	-	52	-

Certain administrative services are provided by RMIT to a number of entities within the wholly owned group at no charge.

Aggregate amounts receivable from, and payable to wholly-owned controlled entities

Current Receivables	-	-	6,904	7,142
Non - Current Receivables	-	-	2,812	2,812
Current Payables	-	-	6,810	2,547
Non - Current Payables	-	-	11,823	10,527

45 Amenities and service fees

In accordance with The Tertiary Education (Amendment) Act 1994, the following compulsory non-academic fees were collected by RMIT from students and prospective students:

Fees collected

General service fee	8,885	8,334	8,724	8,161
Enrolment fee	3,785	3,225	3,785	3,225
	12,670	11,559	12,509	11,386

Distribution of fees by way of grants to:

Student Union Council	3,225	2,993	3,225	2,993
RMIT Union	5,202	4,869	5,202	4,869
RMIT Teaching Departments	3,946	3,397	3,785	3,224
RMIT Student Services	297	300	297	300
	12,670	11,559	12,509	11,386

Summary of financial position for the years 2000 to 2004 inclusive

	Consolidated					RMIT				
	2004 \$'000	2003 \$'000	2002 \$'000	2001 \$'000	2000 \$'000	2004 \$'000	2003 \$'000	2002 \$'000	2001 \$'000	2000 \$'000
Current assets										
Cash	32,107	30,062	57,543	30,562	28,864	6,699	2,769	21,152	9,643	5,379
Receivables	42,713	53,356	44,117	53,728	46,793	44,626	55,924	45,630	52,409	56,836
Inventories	989	1,059	1,056	1,008	863	-	-	-	-	-
Other Financial Assets	-	-	1,014	1,036	25,548	-	-	1,014	1,036	25,548
Other Assets	3,518	5,677	2,854	1,954	1,369	3,042	2,752	2,737	1,732	1,304
Total current assets	79,327	90,154	106,584	88,288	103,437	54,367	61,445	70,533	64,820	89,067
Non-current assets										
Receivables	216,448	220,665	231,478	228,362	221,675	219,260	223,477	234,290	233,110	222,507
Other non-financial assets	332	54	43	-	-	-	-	-	-	-
Other Financial Assets	5,729	4,412	3,785	4,314	5,190	934	934	1,930	1,930	1,991
Property, plant and equipment	1,052,747	1,022,067	995,995	979,167	900,385	1,036,283	1,014,890	988,133	974,773	896,227
Intangibles	1,006	1,450	1,887	148	101	-	-	11	35	35
Total non-current assets	1,276,262	1,248,648	1,233,188	1,211,991	1,127,351	1,256,477	1,239,301	1,224,364	1,209,848	1,120,760
Total assets	1,355,589	1,338,802	1,339,772	1,300,279	1,230,788	1,310,844	1,300,746	1,294,897	1,274,668	1,209,827
Current liabilities										
Payables	45,918	28,130	27,814	28,933	22,016	40,898	24,591	22,132	24,100	18,432
Interest bearing liabilities	3,500	3,680	15,000	-	-	3,500	3,680	15,000	-	-
Finance lease liabilities	-	-	4	30	70	-	-	-	-	-
Provisions	43,903	39,055	48,996	45,816	43,174	41,470	37,501	47,626	44,607	42,095
Revenue received in advance	22,856	24,520	25,925	32,264	29,154	18,238	19,679	21,221	27,462	24,613
Total current liabilities	116,177	95,385	117,739	107,043	94,414	104,106	85,451	105,979	96,169	85,140
Non-current liabilities										
Payables	-	-	26	-	-	11,823	10,527	13,567	14,297	11,427
Interest bearing liabilities	8,986	3,500	35,000	25,000	25,000	-	3,500	35,000	25,000	25,000
Finance lease liabilities	-	-	10	-	67	-	-	-	-	-
Provisions	261,670	263,906	265,088	259,479	252,692	260,771	263,179	264,363	259,008	252,332
Total non-current liabilities	270,656	267,406	300,124	284,479	277,759	272,594	277,206	312,930	298,305	288,759
Total liabilities	386,833	362,791	417,863	391,522	372,173	376,700	362,657	418,909	394,474	373,899
Net assets	968,756	976,011	921,909	908,757	858,615	934,144	938,089	875,988	880,194	835,928
Equity										
RMIT entity interest										
Retained surplus	309,622	334,699	304,089	304,404	297,113	320,866	345,311	309,591	327,321	324,531
Reserves	659,004	641,280	617,890	604,241	561,400	613,278	592,778	566,397	552,873	511,397
Total RMIT entity interest	968,626	975,979	921,979	908,645	858,513	934,144	938,089	875,988	880,194	835,928
Outside equity interest in controlled entities	130	32	(70)	112	102	-	-	-	-	-
Total equity	968,756	976,011	921,909	908,757	858,615	934,144	938,089	875,988	880,194	835,928

Summary of financial performance for the years 2000 to 2004 inclusive

	2004	2003	2002	2001	2000	2004	2003	2002	2001	2000	2004	2003	2002	2001	2000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from Ordinary Activities															
Commonwealth Government grants	138,685	145,307	120,699	115,198	110,328	138,685	145,307	120,699	115,198	110,328	138,685	145,307	120,699	115,198	110,328
Victorian State Government financial assistance	59,246	67,168	65,948	58,248	55,072	59,246	67,168	65,948	58,248	55,072	59,246	67,168	65,948	58,248	55,072
Higher Education Contribution Scheme															
Student contributions	8,331	8,148	8,180	8,159	8,570	8,331	8,148	8,180	8,159	8,570	8,331	8,148	8,180	8,159	8,570
Commonwealth payments	47,817	63,316	53,070	53,531	51,116	47,817	63,316	53,070	53,531	51,116	47,817	63,316	53,070	53,531	51,116
Commonwealth loan programmes	10,659	8,250	5,277	-	-	10,659	8,250	5,277	-	-	10,659	8,250	5,277	-	-
Fees and charges	174,169	175,627	170,626	151,061	135,165	174,169	175,627	170,626	151,061	135,165	174,169	175,627	170,626	151,061	135,165
Superannuation															
Deferred Government contributions - grants receivable	-	-	3,116	6,687	12,975	-	-	3,116	6,687	12,975	-	-	3,116	6,687	12,975
Superannuation - deferred government contributions (reduction in debt payable)	2,217	10,813	-	-	-	2,217	10,813	-	-	-	2,217	10,813	-	-	-
Commonwealth supplementation	-	-	15,159	15,924	15,111	-	-	15,159	15,924	15,111	-	-	15,159	15,924	15,111
Investment income	1,463	2,113	1,857	3,467	4,994	1,463	2,113	1,857	3,467	4,994	1,463	2,113	1,857	3,467	4,994
Consultancy and contract research	41,187	42,956	17,567	13,348	12,292	41,187	42,956	17,567	13,348	12,292	41,187	42,956	17,567	13,348	12,292
Other revenue	34,289	50,698	79,454	58,255	46,137	34,289	50,698	79,454	58,255	46,137	34,289	50,698	79,454	58,255	46,137
Total revenue from ordinary activities	518,063	574,396	540,953	483,878	451,760	518,063	574,396	540,953	483,878	451,760	518,063	574,396	540,953	483,878	451,760
Expenses from Ordinary Activities															
Employee benefits	342,232	332,299	318,309	298,269	280,632	342,232	332,299	318,309	298,269	280,632	342,232	332,299	318,309	298,269	280,632
Depreciation and amortisation	27,641	27,771	27,800	24,444	24,914	27,641	27,771	27,800	24,444	24,914	27,641	27,771	27,800	24,444	24,914
Buildings and grounds	14,620	11,293	18,989	19,817	18,806	14,620	11,293	18,989	19,817	18,806	14,620	11,293	18,989	19,817	18,806
Bad and doubtful debts	(229)	11,870	3,189	2,634	375	(229)	11,870	3,189	2,634	375	(229)	11,870	3,189	2,634	375
Borrowing cost expense	183	965	2,422	1,097	1,385	183	965	2,422	1,097	1,385	183	965	2,422	1,097	1,385
Other expenses	157,458	158,274	170,488	128,814	102,979	157,458	158,274	170,488	128,814	102,979	157,458	158,274	170,488	128,814	102,979
Total expenses from ordinary activities	541,905	542,472	541,197	475,075	429,091	541,905	542,472	541,197	475,075	429,091	541,905	542,472	541,197	475,075	429,091
Operating Result from Ordinary Activities before related Income Tax Expense	(23,842)	31,924	(244)	8,803	22,669	(23,842)	31,924	(244)	8,803	22,669	(23,842)	31,924	(244)	8,803	22,669
Income tax expense	1,154	298	587	198	74	1,154	298	587	198	74	1,154	298	587	198	74
Operating Result from ordinary activities after related income tax expense	(24,996)	31,626	(831)	8,605	22,595	(24,996)	31,626	(831)	8,605	22,595	(24,996)	31,626	(831)	8,605	22,595
Net Operating Result attributable to outside equity interests	(81)	(102)	183	(14)	(4)	(81)	(102)	183	(14)	(4)	(81)	(102)	183	(14)	(4)
Net Operating Result attributed to RMIT Entity	(25,077)	31,524	(648)	8,591	22,591	(25,077)	31,524	(648)	8,591	22,591	(25,077)	31,524	(648)	8,591	22,591
Revised AASB 1028 "Employee Benefits"	-	(933)	-	-	-	-	(933)	-	-	-	-	(933)	-	-	-
Net increase in Asset Revaluation Reserve	20,500	26,381	13,524	41,476	21	20,500	26,381	13,524	41,476	21	20,500	26,381	13,524	41,476	21
Net exchange difference on translation of financial report of foreign controlled entity	(2,776)	(2,972)	58	65	-	(2,776)	(2,972)	58	65	-	(2,776)	(2,972)	58	65	-
Total Revenue, Expense and Valuation Adjustments attributed to the RMIT Entity	17,724	22,476	13,582	41,541	21	17,724	22,476	13,582	41,541	21	17,724	22,476	13,582	41,541	21
Total Changes in Equity attributable to RMIT Entity other than those Resulting from transactions with Owners as Owners	(7,353)	54,000	12,934	50,132	22,612	(7,353)	54,000	12,934	50,132	22,612	(7,353)	54,000	12,934	50,132	22,612

Summary Table of Financial Performance and Position of Controlled Entities

(a) Statement of Financial Performance

Name	Domicile	Ownership Interest %	Total Revenue 2004 \$'000	Total Revenue 2003 \$'000	Total Expenditure 2004 \$'000	Total Expenditure 2003 \$'000	Operating Result 2004 \$'000	Operating Result 2003 \$'000
RMIT International Pty. Ltd.	Victoria, Australia	100	17,396	17,289	17,793	19,191	(397)	(1,902)
RMIT Training Pty. Ltd.	Victoria, Australia	100	15,115	15,566	14,519	14,492	596	1,074
RMIT Innovation Limited	Victoria, Australia	100	-	2	3	10	(3)	(8)
Spatial Vision Innovations Pty. Ltd.	Victoria, Australia	49.7	2,280	2,149	2,222	2,152	58	(3)
RMIT (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	100	-	19	-	29	-	(10)
RMIT Vietnam Holdings Pty. Ltd.	Victoria, Australia	100	2,613	7,887	3,740	12,090	(1,127)	(4,203)
RMIT International University Vietnam	Vietnam	100	8,725	11,178	9,599	10,801	(874)	377
Inquiry Pty Ltd	Victoria, Australia	50	2,958	2,768	2,935	2,659	23	109
Meltech Services Ltd.	Victoria, Australia	100	-	-	-	-	-	-
RMIT Union			11,481	10,929	11,034	11,501	447	(572)
RMIT Foundation			1,792	962	1,227	924	565	38
			62,360	68,749	63,072	73,849	(712)	(5,100)

Summary Table of Financial Performance and Position of Controlled Entities - continued

(b) Statement of Financial Position

Name	Working Capital		Physical Assets		Total Assets		Internal Borrowings		Total Liabilities		Equity	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
RMIT International Pty. Ltd.	(24)	440	200	351	3,542	3,231	1,503	1,223	3,366	2,658	176	573
RMIT Training Pty. Ltd.	3,031	2,369	1,178	1,126	11,730	9,353	-	-	7,906	6,125	3,824	3,228
RMIT Innovation Limited	(214)	(211)	-	-	240	241	350	343	954	952	(714)	(711)
Spatial Vision Innovations Pty. Ltd.	(211)	158	-	131	241	802	(1)	-	952	513	(711)	289
RMIT (Malaysia) Sdn. Bhd.	3	3	-	-	59	59	56	51	56	56	3	3
RMIT Vietnam Holdings Pty. Ltd.	1,402	2,529	-	-	23,459	24,290	5,707	5,407	5,727	5,431	17,732	18,859
RMIT International University Vietnam	925	7,953	11,935	1,574	25,283	15,372	259	233	16,786	3,225	8,497	12,147
Inquiry Pty Ltd	848	657	-	-	2,884	2,639	-	439	3,065	2,866	(181)	(227)
Meitech Services Ltd.	-	-	-	-	-	-	-	-	-	-	-	-
RMIT Union	12,012	10,385	3,057	3,997	16,683	16,343	-	-	1,928	2,035	14,755	14,308
RMIT Foundation	1,106	1,812	-	-	6,605	5,958	-	-	84	1	6,521	5,957
	18,878	26,095	16,370	7,179	90,726	78,288	7,874	7,696	40,824	23,862	49,902	54,426

Glossary

AEU	Australian Education Union
AMS	Academic Management System
ARC	Australian Research Council
ATN	Australian Technology Network of universities
CEQ	Course Experience Questionnaire
CISS	Centre for International Students and Scholars
Course	Prior to 2001, referred to as a Subject
CRC	Cooperative Research Centre
C&RP	Community and Regional Partnerships
DBA	Doctor of Business Administration
DEST	Department of Education, Science and Technology
DLS	Distributed Learning System
EFTSU	Equivalent Full-time Student Unit
ENTER	Equivalent National Tertiary Entrance Rank
ESOS Act	Education Services for Overseas Students
HE	Higher Education
HECS	Higher Education Contribution Scheme
HEW	Higher Education Worker
IECD	International, Enterprise and Community Development
MBA	Master of Business Administration
MIT	Melbourne Institute of Textiles
MYLO	Melbourne Youth Learning Opportunities
NH&MRC	National Health and Medical Research Council
NIECAP	Northern Interactive Education Coordinated Area Program
NTEU	National Tertiary Education Union
OECD	Organisation for Economic Co-operation and Development
PQA	Program Quality Assurance
Program	A collection of courses leading to a university award
PVC	Pro Vice-Chancellor
RAIA	Royal Australian Institute of Architects
RMIT	Royal Melbourne Institute of Technology
TAFE	Technical and Further Education
VCAL	Victorian Certificate and Advance Learning
VCE	Vice-Chancellor's Executive
VET	Vocational Education and Training
VRIL	Virtual Research and Innovation Institute
VTAC	Victorian Tertiary Admissions Centre

Compliance Index

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

FMA	<i>Financial Management Act 1994</i>
FRD	Financial Reporting Directions
SD	Standing Directors of the Minister for Finance issued under the <i>Financial Management Act 1994</i>
TEA 1993	<i>Tertiary Education Act 1993</i>
PAEC	Decision of Public Accounts and Estimates Committee of Parliament
RUG	Victorian Government response to the Review of University Governance
ESOS	Education Services for Overseas Students Act 2000
DEST	Department of Education, Science and Training

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

Clause	Disclosure	Page(s)
Report of Operations		
FRD 10	Compliance Index	113-115
FRD 11	Disclosure of Ex-Gratia Payments	50
FRD 21(1)(a), (b), (c), (d)	Disclosure of responsible persons and executive officers remuneration.	105
FRD 21(2)(a), (b), (c)	Disclosure of remuneration of executive officers.	106
FRD 22	General and financial information	9-107
SD 4.2(g) (h)	General and financial information	9-107
SD 4.2 (j)	Signature of Chancellor or nominee	2
	Date of meeting at which Council approved annual report, or date of delegated approval	2
General information		
FRD 22	Manner in which the university was established	11
FRD 22	Relevant Minister	11
FRD 22	Objectives, functions, powers and duties	9
FRD 22	Nature and range of services, people and communities served	9-57
FRD 22	Administrative structure	48
FRD 22	Members of the Council	43
FRD 22	Occupants of senior offices and areas of responsibility	46-47
FRD 22	Organisational chart	48
FRD 22	Workforce data for current and previous year; statement on application of merit and equity principles	25, 26, 36
FRD 22	Statement on Occupational Health and Safety matters.	34
Financial Year information		
FRD 22	Summary of the financial results with comparative results for the preceding four years	108-111
FRD 22	Summary of significant changes in financial position	108-111
FRD 22	Operational objectives and performance including significant activities and achievements	9-57
FRD 22	Major changes or factors affecting the achievement of operational objectives	9-57
FRD 22	Events subsequent to balance date which may have a significant effect on operations in subsequent years	95
FRD 22	Consultancies in excess of \$100,000	57
FRD 22	Consultancies less than \$100,000	57

Clause	Disclosure	Page(s)
Other Relevant Information		
FRD 22	Application and operation of the <i>Freedom of Information Act 1982</i>	49
FRD 22	Compliance with the <i>Building Act 1993</i>	29
FRD 22	Compliance with the <i>Whistleblowers Protection Act 2001</i> (section 104)	49
FRD 22	Statement that information listed in Appendix 1 is available on request to the relevant Minister	50
FRD 22	Implementation and compliance with National Competition Policy	49
FRD 22	Summary of environmental performance	36
Additional information on request subject to the provision of the FOI Act		
FRD 22	Declarations of pecuniary interests	50
FRD 22	Shares held by senior officers	50
FRD 22	Publications	50
FRD 22	Changes in prices, fees, charges, rates and levies	50
FRD 22	Major external reviews	50
FRD 22	Major research and development activities	20-21
FRD 22	Overseas visits	50
FRD 22	Promotional, public relations and marketing activities	50
FRD 22	Occupational Health and Safety matters	34
FRD 22	Industrial relations, accidents and disputes	25, 34
FRD 22	List of major committees sponsored by the University	44
Superannuation Liabilities and Disclosure		
FRD 23	Name and type of scheme	95-98
FRD 23	Basis for calculating superannuation contributions	95-98
FRD 23	Cost to the University for the scheme during the year.	95-98
FRD 23	Amount of contributions to defined contribution schemes outstanding at balance date.	95-98
FRD 23	Details of any loan to the University from the scheme.	95-98
FRD 23	If superannuation liabilities are recognized, details for each plan, accrued benefits, market value, etc.	95-98
Additional information		
s. 12I TEA 1993	Compulsory non-academic fees, subscriptions and charges	50
PAEC (December 1997)	International initiatives and strategies	23-24
PSMEA ss 7 and 8	Employment processes and principles of conduct for public sector employees	25
RUG	Statement that public funds allocated to the purposes specified by the Government or other public funding body	50
RUG	Council's risk management strategy	51-52
RUG	Summary table of financial performance of the University's Associates and commercial ventures	54-56
ESOS	Compliance with <i>ESOS Act 2000</i>	50
DEST	Internal grievance and complaint procedures and complaints made to and investigated by the Ombudsman	49
DEST	Website address for the current and previous Annual Reports	50

Clause	Disclosure	Page(s)
FMA 49(a), (b), (c), (d), (e) Financial Statements		
SD 4.2 (a)	Prepared in accordance with Australian Accounting Standards (AAS and AASB standards) and other mandatory professional reporting requirements (including Urgent Issues Group Consensus Views and Statements of Accounting Concepts), Financial Reporting Directions and Business Rules.	66
SD 4.2 (b)	Comprised Statement of Financial Performance and Financial Position, Statement of Cash Flows and Notes to the financial statements.	62-107
SD 4.2 (c)	Signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body.	60
SD 4.2 (d)	Expressed in the nearest dollar.	69
SD 4.2 (e)	Reviewed and recommended by the Audit Committee or Responsible body prior to finalisation and submission	51

