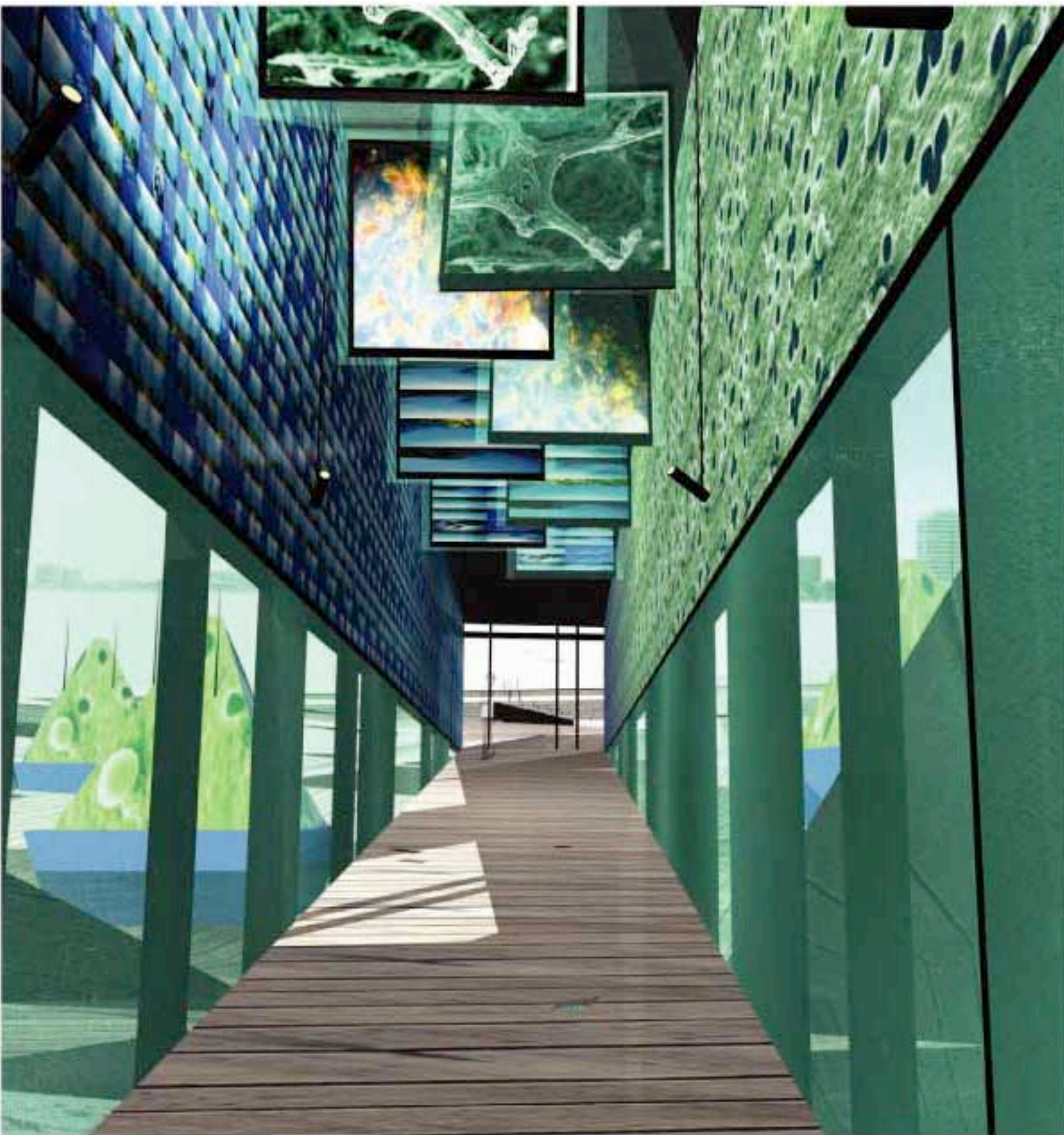


2005 Annual Report



Report of the RMIT Council

for the period 1 January to 31 December 2005

*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 31 December 2005, 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 delegated approval for the Chancellor to approve the Annual Report on its behalf. The Chancellor approved the report on 12 April 2006.

**Professor R Dennis Gibson AO**

Chancellor
12 April 2006

RMIT University
GPO Box 2476V
Melbourne, Victoria, 3001
Australia
www.rmit.edu.au

An online version of the RMIT University 2005 Annual Report is available at: www.rmit.edu.au/about/annualreport

FRONT COVER:

While in his final year at RMIT's School of Architecture and Design, Benjamin Statkus created a virtual tourist facility of the St Kilda Pier in Melbourne. The concept of his eco-sense design project was that people could travel to be virtually present in real but sensitive sites, without the need to be physically present. This design was exhibited in the inaugural lab.3000 Digital Design Biennale 2004 and was selected for its potential to change the way in which we think about digital design. Image courtesy of Benjamin Statkus.

Table of contents

Introduction	1
Chancellor's Statement	3
Vice-Chancellor's Statement	4
Origins and Direction	7
Origins and Background	8
Reputation and Standing	8
University Alliances	8
Operations	9
Highlights	9
Strategic Direction and Objectives	9
Mission	9
Objectives, Powers, Functions and Duties	10
Review of Activities	13
Teaching and Learning	14
Research and Innovation	19
Community Engagement	22
International Operations	24
Our People	27
Buildings and Campus Environment	31
Corporate Governance	35
University Council	36
Senior Officers	40
Compliance Management	43
Risk Management and Internal Audit	45
RMIT Subsidiaries	46
RMIT Associated Entities	47
Consultancies	52
Financial Statements	57
Certifications	58
Auditor-General's Report	59
Financial Report	61
Income Statement	61
Balance Sheet	62
Statement of Changes in Equity	63
Cash Flow Statement	64
Notes to the Financial Statements	65

PHOTO CAPTION:

RMIT University's graduation parade through the heart of Melbourne has become a key part of the University's annual graduation celebrations. In 2005, more than 60 of RMIT's longest-standing alumni and retired staff, dressed in their ceremonial robes, marched in the parade. Aged in their 70s and above, the alumni joined hundreds of current graduates, staff and family members marching through Melbourne's central business district.

Photographer: Andrew Yee

Introduction



Chancellor's Statement



RMIT began 2005 under the leadership of Professor Chris Whitaker as Vice-Chancellor. Council appointed Professor Whitaker for a seven-month term until March 2005 while undergoing a recruitment process to appoint a new Vice-Chancellor. Although his tenure was short, the contribution he made in that time was extremely important as it involved laying the foundations for a more cohesive and financially sustainable framework for the University.

Professor Margaret Gardner took up the position of Vice-Chancellor and President in April 2005, having previously been Deputy Vice-Chancellor Academic at the University of Queensland. She came to RMIT with a distinguished academic record in scholarship and research and an outstanding set of achievements in university leadership.

In her first nine months, she has demonstrated a commitment to clarity, inclusiveness and openness in communication within the University. This has led to the finalisation of the University's new and visionary Strategic Plan, *RMIT 2010: Designing the Future*, which has been strongly supported by the University community. In addition, she has resolved a number of organisational issues that required attention.

In 2005, Council continued to focus on securing the future financial sustainability of RMIT. Council monitored a strategy endorsed in 2004 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 and, under the leadership of the University's new Vice-Chancellor, Council is confident that all the desired outcomes will be achieved. Council also undertook a review of its committee structure and its relationship to the Academic Board and Board of Technical Studies, which will result in a changed committee structure for 2006.

Professor John Nieuwenhuysen completed three years as Deputy Chancellor in 2005 and during his term of office provided both me and the Council with much wise and pertinent advice.

RMIT students, alumni and staff 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, which appears to read 'R Dennis Gibson'. The signature is written in a cursive, flowing style.

Professor R Dennis Gibson AO
Chancellor

Vice-Chancellor's Statement



2005 was a very successful year for RMIT. We ended the year with strong enrolments, excellent teaching and research outcomes and a substantial operating surplus. This is testament to the imagination and hard work of the whole RMIT community. It is also a reflection of the strength of our partnerships with industry and the communities we serve, and our commitment to making a positive difference to the world around us.

In 2005, we developed a Strategic Plan, *RMIT 2010: Designing the Future*, which charts a course for RMIT over the next five years. It reflects a vision which builds on RMIT's strengths as a global university with its heart in the city of Melbourne, focusing on work-relevant education and research which is engaged with the needs of industry and community. It also sets some clear goals for the future. RMIT seeks to offer its students a global passport to learning and work: an education which will equip them for employment and further learning wherever their careers take them. We also aim to improve our standing as a research university known for excellence in our chosen fields and to confirm RMIT as industry's 'provider of choice'.

The achievements of 2005 provide a good foundation for this work. We strengthened our international presence, increasing our numbers of international students, providing more international experiences for Australian students and winning the Governor of Victoria's Export Award for education for the second year in a row. RMIT Vietnam was once again awarded the prestigious Golden Dragon award for its contribution to Vietnam's economic development. Its work was also praised by the International Observatory on Higher Education as a great example of transnational education which is delivering clear benefits across borders. As the international environment becomes increasingly complex and competitive for all Australian universities, our achievements in this area are particularly pleasing.

Demand was strong across our higher education and vocational education and training programs. We improved the quality of our services to students with the establishment of the Student Centre and improvements to the Academic Management System, including the successful enrolment of over 12,000 students online.

RMIT students' satisfaction (as measured by the national Course Experience Questionnaire and the Victorian Student Outcome Survey) showed a substantial increase in 2005 and continued improvement in this area is one of our top priorities.

In research, RMIT increased research income, our numbers of research students and completions, and research publications. A number of partnership projects also came to fruition. These include the establishment of the Melbourne Centre for Financial Studies (in partnership with Melbourne and Monash Universities), the RMIT Drug Development and Testing Laboratories (supported by the Victorian Government) and the Centre for Metabolic Fitness, which involves researchers across the Australian Technology Network universities, including RMIT.

Academic honours included the 2005 Architectural Education Prize awarded by the Royal Australian Institute of Architects; and a host of prizes and awards to individual teachers and researchers too numerous to mention here. Our student and graduates' achievements speak for themselves. Not only do they enjoy one of the highest graduate employment rates in Australia, RMIT students have won prizes and awards in areas as diverse as film, architecture, sculpture, fashion, sustainable development and computer science. For the second year running, the *Times Higher Education Supplement* World University Rankings scored RMIT as one of the world's top 100 universities and among the top 10 Australian universities.

Much of our work in 2005 has supported the establishment of a stable financial platform for our academic work. The changes made will enable us to invest more in teaching, research and services for students. We negotiated an enterprise agreement for all higher education staff which is compliant with the Commonwealth Government's new Higher Education Workplace Reform Requirements and so secured increased Commonwealth funding in 2006.

We are still dealing with the outcomes from the Government's decision to ban automatic membership of student organisations and the collection of compulsory non-academic fees in 2006, but we will work with students and service providers to ensure ongoing student participation in University life and quality services that meet students' needs.

The challenge, of course, continues. The 21st century world in which RMIT finds itself is profoundly different from the 19th century city in which it began. By building on its heritage as a place for useful knowledge and, in particular, the opportunities for flexible and relevant learning that our status as both University and vocational education provider gives us, we can continue to meet the needs of working people in a knowledge economy. While there is no doubt that our environment will continue to test us, I am confident that RMIT will rise to those challenges and continue to provide an exciting space for learning, research, innovation and creativity.

A handwritten signature in black ink, reading "Margaret Gardner". The signature is written in a cursive, flowing style.

Professor Margaret Gardner
Vice-Chancellor and President

PHOTO CAPTION:

Fashion students from RMIT University again showed how foliage can be a fashion statement with their fusion of flowers, foliage and fashion in garments at the 2005 Melbourne International Flower and Garden Show.

Photographer: Andrew Yee

Origins and Direction



Origins and Direction

Origins

RMIT University today stands as one of Australia's leading educational institutions, with a commitment to applied education, training and research. Both nationally and internationally, the University has established a reputation for highly practical and relevant educational programs and innovative research and development.

Founded by prominent grazier and philanthropist Frances Ormond in 1887, the Working Men's College was a forerunner of the modern technical college in Victoria. Beginning as a not-for-profit educational institution, the public RMIT University of today remains dedicated to the same goal of serving the communities in which it operates.

The Royal Melbourne Institute of Technology was granted university status under the *Royal Melbourne Institute of Technology Act 1992* on 1 July 1992, when it also merged with Phillip Institute of Technology. Today, RMIT University has major campuses in the Melbourne central business district and at Brunswick and Bundoora in the city's northern suburbs. RMIT International University Vietnam has a campus in Ho Chi Minh City and a centre in Hanoi. The University also has learning centres in Hamilton and East Gippsland in regional Victoria.

The University is responsible to the Victorian Minister for Education and Training.

Reputation and Standing

RMIT University continues to consolidate its position as an innovative, global university with an international reputation for excellence in education and research, and a strong commitment to internationalisation. As a dual sector tertiary institution, RMIT offers more than 500 TAFE and higher education programs. Students can progress from apprenticeship and traineeship training to doctoral programs within the University.

RMIT is also known for research that is engaged with partners in finding practical solutions to 'real world' problems. Research staff and students are attracted to RMIT because of its strengths in key areas, industry linkages, reputation for creativity and innovation and the talent and vision of its academic leaders. The strong professional and vocational orientation of RMIT's programs prepares graduates for employment and active participation in their communities. Developed in consultation with industry, many programs also integrate work experience with learning. Past results show that more than 70% of RMIT graduates are likely to be employed as professionals or para-professionals in their area of choice within four months of graduation.

The University has an unparalleled reputation for design - from the creative arts through to furniture design, textiles and fashion, architecture, technology and engineering design. Its information technology, communications, science and education programs are among the most popular in Victoria. The University also has an excellent reputation for its health sciences, environmental sustainability, advanced manufacturing and business programs.

Based in a country that is among the most successful in responding to global demand for transnational education, RMIT is one of Australia's universities of choice for international students. In 2005, international higher education student enrolments increased by five per cent. RMIT has responded to the needs of international students by recently launching RMIT University International College. From 2006, the College will offer international students foundation studies, including English language tuition, and a range of diplomas with guaranteed pathways to specialised, high quality degree programs.

In 2005, the University was awarded a five-star rating in Australia's *Good University Guide* for cultural diversity, academic services and international enrolments. It also received the *2005 Governor of Victoria Export Award* for outstanding achievement in the field of education services, facilities, expertise and curriculum.

In 2005, RMIT was ranked well within the top 100 universities in the world by Britain's *The Times Higher Education Supplement*. It was also ranked within the top 100 universities in the world for arts and humanities, social science and technology.

University Alliances

Through its partner relationships and online learning, RMIT programs reach across the world. Links with more than 190 universities and colleges around the world allow RMIT students and staff to participate in exchanges, study abroad programs and cooperative teaching and research programs.

RMIT is a member of the Australian Technology Network, 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 also a partner in *Open Universities Australia*, which develops and delivers accredited online and distance education programs at TAFE, undergraduate and postgraduate levels.

Operations

In 2005, RMIT University had over 57,000 enrolled students, of which around 18,000 were international students.

RMIT University offers TAFE and Higher Education programs in 27 schools across three academic portfolios, as detailed in the following table.

Business

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

Design and Social Context

- Applied Communication
- Architecture and Design
- Art
- Creative Media
- Design (TAFE)
- 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

Highlights for 2005

- 57,000 students enrolled across higher education and vocational education and training sectors, and a record number of PhD completions.
- RMIT was the leading Victorian university for first preference HECS places in 2005 and the top Victorian institution for first preference fee-paying places.
- RMIT again won the *Governor of Victoria Export Award for Education*.
- RMIT was one of 10 Australian universities ranked in the top 100 universities worldwide by *The Times Higher Education Supplement*.
- In 2004 (the most recent externally audited data available), RMIT increased its competitive research grant income by 8% over the previous year.
- RMIT students won first place in the worldwide *Microsoft Embedded Windows Challenge* in Seattle, Washington.
- RMIT film students and graduates enjoyed success at international film festivals, including Melbourne, Cannes, the Vancouver Digital Festival and the Indianapolis Student Animation Festival.
- RMIT received a commendation in the *Diversity at Work Awards* for its work with staff with disabilities.
- The Sustainable Farm Families Project at RMIT Hamilton received the Primary and Community Health Network Award for Innovation and Excellence in Primary Health Care for Health Promotion in Victoria.

Strategic Direction and Objectives

RMIT University's 2002 Strategic Plan articulated its goals, objectives and targets to 2006. The University's strategic direction was reviewed in 2005, resulting in the development of a new Strategic Plan which clearly articulates RMIT's mission and vision to 2010.

Vision

In 2010, RMIT aims to be:

- Global in outlook and action, offering students and staff a global passport to learning and work.
- Urban in orientation and creativity, reflecting and shaping the city of the 21st century.
- The first choice provider of work-relevant learning in Australia, preparing students for professions and vocations of the future.
- One of Australia's top research universities, internationally known for excellence in research and research education in its chosen fields.

Mission

RMIT is an international university of technology with its heart in the city of Melbourne, committed to creating and disseminating knowledge to solve problems of industry and community and to fostering in students the skills and passion to contribute to and engage with the world.

Objectives, Powers, Functions and Duties

The *Royal Melbourne Institute of Technology Act 1992* sets the overarching objectives, functions and duties for the University in the provision of education and research. The vision and mission articulated in the Strategic Plan to 2010 complements the existing objectives under which the University is legislated.

In summary, the main points of the Act are to:

- develop an institution with excellence in teaching, training, scholarship, research, consultancy, community service and other educational services, with emphasis on technological development and application;
- offer programs relevant to community needs in a wide range of fields, from basic trade to postdoctoral studies;
- provide high quality educational, research, residential, commercial, cultural, social, recreational, sporting and other facilities;
- foster the general welfare and development of enrolled students;
- 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;
- maintain close ties with industry and the community, including the development of associations or agreements with other educational, commercial, governmental or other institutions; and
- develop a strong international dimension to the University's activities.

Enrolments by Award Level

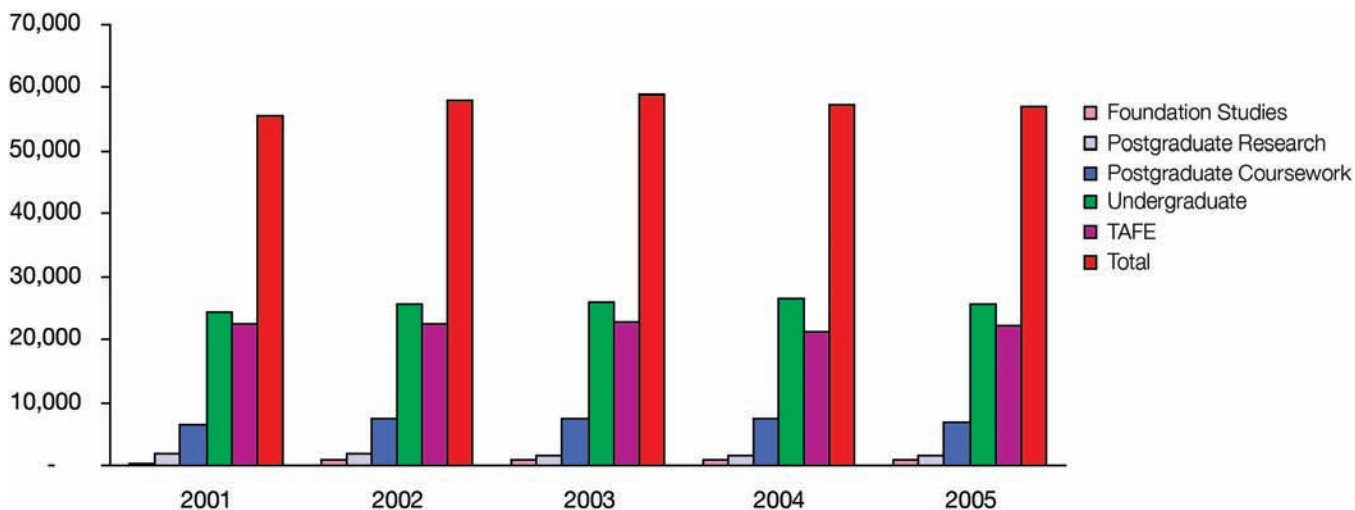


PHOTO CAPTION:

Second-year Chinese Medicine students complete a biotechnology assessment. RMIT's Division of Chinese Medicine is a designated World Health Organisation Collaborating Centre for Traditional Medicine and offers undergraduate and postgraduate degrees in Melbourne and Hong Kong.

Photographer: Margund Sallowsky

Review of Activities



Teaching and Learning

Goal

To equip students with the skills to demonstrate leadership and contribute fully to their professions, vocations, employers and the community.

Strategic Focus

- Provide high quality learning experiences with capability-based curricula
- Develop flexible, useful pathways and learning opportunities for students
- Offer programs that are international in character and which support industry engagement
- Develop sustainable learning communities that value scholarship and teaching excellence

Student-Centred Learning

As one of Australia's largest universities and one of Victoria's biggest TAFE providers, RMIT is committed to excellence in student-centred learning. To this end, the Teaching and Learning strategy focuses strongly on teaching quality to increase student satisfaction and completion rates. It also concentrates on developing and renewing programs to ensure they meet the needs of industry and community stakeholders. This ensures that RMIT maintains its outstanding reputation for producing some of Australia's most employable graduates.

Overall, the foundations of teaching and learning at RMIT were strengthened throughout 2005, providing a strong basis for improved practice across the University in 2006.

During December, the Academic Board/Board of Technical Studies approved changes to its standing committees, creating a Research Committee and a Vocational Education and Training Committee, while the Equity, Intellectual Property and Students Committees have become advisory committees to the Vice-Chancellor.

RMIT is placed well within the top five Australian universities for graduate employment. The ongoing involvement of industry partners through advisory committees at the program level enables RMIT's programs to reflect the needs and preferences of the current workplace.

The University's ability to respond to changing education and employment conditions was enhanced by the streamlining of program approval and renewal processes for both the higher education and TAFE sectors. The new processes allow RMIT to respond more rapidly to emerging opportunities and improve flexibility.

Over the past year, 73 new awards were introduced to be offered within Australia, with a further 11 introduced for offshore operations. Of the 10 new undergraduate offerings within this total, seven were innovative double degrees and three build on RMIT's commitment to internationalisation by combining Engineering with International Studies.

Also included in the suite of new programs were the first five Associate Degrees accredited by the University and the first two Higher Education Diplomas. These changes provide increased flexibility for students by offering alternative entry points to undergraduate study.

Fourteen coursework awards were added at graduate level to provide targeted career development opportunities in a range of specialised areas including bioinformatics, sustainable practice, professional accounting and nursing.

The RMIT Teaching Awards system has been enhanced with increased recognition of past award winners and promulgation of the award results. RMIT nominated two teams to the Victorian State Training Awards, one from the School of International and Community Studies and one from the School of Design. One individual, from the School of Management, and two teams, from the School of International and Community Services and the Academic Development Unit in the Science, Engineering and Technology portfolio were nominated for the Australian Awards for University Teaching in 2005.

A central program of professional development and support for scholarship and recognition of teaching is now undertaken by a new group, Learning and Teaching Development. In addition, a Graduate Certificate in Tertiary Teaching and Learning has been developed for delivery in 2006.

Teaching and Learning Highlights

Once again, innovation in teaching and learning was illustrated by outstanding student projects and activities undertaken during 2005.

The School of Aerospace, Mechanical and Manufacturing Engineering delivered specialised Diploma and Advanced Diploma training to the Royal Australian Navy, the Royal Australian Air Force and the Royal New Zealand Air Force. It also successfully assisted in the State redevelopment of the nationally accredited Diploma and Advanced Diploma of engineering Technology into competency format and successfully prepared RMIT accreditation documentation for implementation in 2006.

As part of an RMIT international scholarship, two TAFE Air-Conditioning and Refrigeration apprentices visited the United States of America and Canada, comparing the process of building, maintaining and installing air-conditioning systems with current practice in Australia.

RMIT's TAFE Business Advertising Program secured a Government grant to develop a 'virtual advertising agency'. It allowed RMIT to purchase equipment and fittings to emulate a real life agency which students use to develop advertising campaigns and to learn how a real agency works. The new agency will give students the opportunity to work on their assignments, projects and presentations using the latest high tech equipment while working in a 'real' agency in typical account service, media, creative and production roles.

With a research grant from the Carrick Institute for Learning and Teaching in Higher Education, RMIT's School of Accounting and Law conducted a study into various aspects of quality in accounting education. This study sought the views of accounting academics from 39 Australian universities.

Transition funds assisted the Business TAFE School in establishing external partnerships to undertake research, consultation and workplace projects to design training products relevant to the business community. *The Retail Innovation Project 2005*, in particular, produced a series of positive results for the School, including the successful establishment of Retail Studies at RMIT, the engagement of experienced and innovative staff, interactive resource materials and inter-School networking to lead to study pathways for other students.

RMIT Fashion students were once again invited to participate in the 2005 annual Melbourne International Flower and Garden Show, which is rated among the top five flower and garden shows in the world. A number of RMIT students received awards for their designs, including the first and third prizes in the student design competition.

Also in 2005, students and staff from the newly formed RMIT School of Design (TAFE) were invited to design, develop and install the entry foyer for designEX 2005, the largest and most influential forum for commercial and residential design in the Asia Pacific region. Six students from the Interior Decoration and Design, Visual Merchandising and Graphic Arts programs worked with key staff to create a unique design that set the scene for the unfolding of new interior products in the exhibition itself.

In addition to a number of student exhibitions through the year, six students from RMIT's School of Art were selected to exhibit in the Commonwealth Games Indigenous Arts Showcase in March 2006.

Resources and Services for Students

The Students Portfolio continues to focus on strategies to further improve the student experience and respond to emerging student needs and issues. This has involved close consideration of the student lifecycle and its implications for the design and delivery of student services and student administration processes. This work has seen close collaboration with the three academic portfolios to integrate service delivery with teaching and learning processes and to build staff capability. The success of this collaboration is reflected in the online enrolment of 12,000 continuing students in 2005, as well as extension of learning support programs.

The opening of a new centralised Student Centre in August 2005 facilitates the ongoing improvement of student administration processes. At the same time, the work of the Student Hubs was expanded to include the delivery of administrative services to students.

There has been a 50% increase in students involved in voluntary activities recognised in University leadership programs, such as peer tutoring and ambassadors, as well as an increased number of student representatives elected to staff/student consultative committees and choosing to participate in organised induction training.

Supporting this interest, RMIT assisted a number of student delegates in attending the *Faith and Values* youth leadership conference in Canberra (supported by the Australian Parliament) and the United Nations Model Conference in Geneva.

The *First Nation Experience Program* was successfully piloted as part of the Bachelor in Education, supporting a number of students in completing field placements in remote Indigenous communities in the Northern Territory.

Over the year, applications from Year 12 students wanting to be involved in the School Network Access Program (SNAP) increased by 126%. This equity scheme was developed by RMIT University to ease the entry into post-secondary education of students from remote, low socio-economic and disadvantaged backgrounds who are likely to miss out on a university place based on their ENTER scores. In 2005, more than 367 students were offered places at RMIT through the SNAP scheme.

The Scholarships Office processed an increased number of DEST Commonwealth Learning Scholarships (548 in 2005) and RMIT Equity Scholarships (517 in 2005) in the form of fee exemptions and grants that are supported by increased HECS fees. These scholarships will be supported by the establishment of an Equity Investment Fund through the RMIT Foundation. Information about scholarships, prizes and awards is now available on a searchable website.

During the year, RMIT continued to strengthen its relationships with private providers of student accommodation and the Accommodation Scholarships offered by UniLodge. New scholarships have been initiated with RMIT Village Old Melbourne.

To support its graduates, licensing arrangements—including agreements with a number of Victorian and interstate universities—have been finalised for the award-winning RMIT *Resume Express* web-based resource that is easily incorporated and adapted to any program to support students to develop employment seeking skills.

Library Services

RMIT's Library services are an essential part of campus life. The Library strives to continuously improve through consultation with staff and students. Both the print and electronic collections were further extended during the year through significant additional funding from the University. Use of Library e-resources, particularly from off-campus, continued to grow in 2005.

Significant funds have been directed towards improving Library facilities and at the end of the year major upgrades to Library spaces commenced at both the Bundoora Library and the Swanston Library.

In addition to refurbishment, the RMIT Library has expanded its collection significantly by increasing both print and electronic resources across a large range of disciplines. The past year saw the acquisition of about 1700 books on art, architecture and business, as well as electronic backfiles that provide permanent access to more than four million articles covering 30 million pages, with some journals dating back to 1939. This expansion in the collection is vital to developing RMIT's research capacity, as well as improving the quality of the student experience.

Awards

Teaching Awards

The following staff members were recognised for their commitment to learning and teaching:

Student-Centred Teaching

- Dr Anthony Bedford – Mathematical and Geospatial Sciences
- Mr Bruce Christison – Business TAFE
- Dr Saman de Silva – Civil and Chemical Engineering
- Ms Penny Johnson – Creative Media

Research Supervision

- Mr Robert Baines – Art

Provision of Educational Services to the Community

- Mr Julian Silverman and team – International and Community Studies and the Torres Strait Islander Liaison Unit (Milton Nomikoudis, Malvina Moffatt, Stuart McFarlane, Eric Clarke, Anthony Graham)

Enhancement of the Quality of Teaching and Learning at RMIT

- Ms Sandra Smith and team – Business Work Integrated Learning (Ms Kathleen Griffiths, Ms Maureen Hardwick, Ms Kathy Henschke, Ms Sonya Magdziarz, Mr Patrick Poppins, Ms Linda Robinson, Ms Tracey Skordos and the Business Online Teaching and Learning Unit)

Special Commendation Award

Enhancement of the Quality of Teaching and Learning at RMIT

- Professor Julianne Reid – Medical Sciences

Certificates of Achievement

Student-Centred Teaching

- Dr Kipps Horn – Education
- Professor Pavel Trivailo – Aerospace, Mechanical and Manufacturing Engineering
- Dr Adrian Repka – Life and Physical Sciences
- Ms Jennifer Mather – Life and Physical Sciences

Scholarship of Teaching

- Dr Iouri Belski – Electrical and Computer Engineering

Research Supervision

- Associate Professor Majid Al-Dabbagh – Electrical and Computer Engineering
- Professor John Dalrymple – Centre for Management and Quality Research

Enhancement of the Quality of Teaching and Learning at RMIT

- Dr Soumitri Varadarjan and Team – Architecture and Design and the Academic Development Unit Design and Social Context (Liam Fennessy and Helen Mclean)

Special Encouragement Award for Student-Centred Teaching HE

- Ms Melissa Simpson – Business

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, as well as an excellent academic record.

- *Higher Education*
Benjamin James Catford
Bachelor of Arts (Communications)
- *TAFE*
Jonathan Michael Wilson
Advanced Diploma of Business (International Trade)

JN McNichol Prize

The *JN 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 JN McNichol, who worked at the Working Men's College from 1886 to 1936.

In 2005, the recipient of this award was Miles Anton Johnson, Bachelor of Applied Science (Computer Science).

Patricia Guthrie Memorial Award

The *Patricia Guthrie Memorial Award* is presented to an outstanding female student, assessed on academic excellent, social awareness and involvement in community affairs. Patricia Guthrie joined RMIT in 1975 as a lecturer in humanities and was the first woman to be appointed head of school at RMIT.

There were two winners of this award in 2005: Georgia Elizabeth van Cuylenberg, Bachelor of Arts (Public Relations), and Amie Marie Cullum, Bachelor of Applied Science (Environmental Science) (Honours).

Beazley Award

Named after former Victorian parliamentarian William Beazley, the *Beazley Award* is presented to a student in an apprenticeship program who demonstrates scholastic achievement and academic excellence, leadership, initiative and a commitment to quality.

In 2005, the winner was Natasha Kwok Hong So, Certificate III in Printing and Graphic Arts (Graphic Pre-Press).

Performance in 2005

Share of First Preferences	2003 (%)	2004 (%)	2005 (%)
RMIT HE share of first preferences (HECS funded places)	18.5	17.6	19.1
RMIT HE share of all preferences	22.1	22.7	16.1
RMIT TAFE share of first preferences	28.4	26.8	26.9

HE Student Satisfaction	2003 (%)	2004 (%)	2005 (%)
RMIT	62	63	66
National	68	68	NA

Source: Course Experience Questionnaire, Graduate Careers Council of Australia

NA: National competitive data not yet available

TAFE Student Satisfaction	2003 (%)	2004 (%)	2005 (%)
RMIT	77	79	84
State	83	83	87

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

Student Enrolment and Completion	2003	2004	2005
HE Enrolments (No of Students)*	35,203	35,413	34,042
HE Student Load (EFTSU/EFTSL)**	27,381	28,061	27,649
HE Award Program completions (No of Students)	7,031	7,692	NA
TAFE Enrolments**	19,889	20,562	22,357
TAFE Student Contact Hours (SCH)**	8,394,521	8,361,310	7,825,162
TAFE Completions (No of Students)	4,341	4,479	NA

Source: Official Reports to Government

* As at 31 March; ** Full Year as at February 2006

NA: National competitive data not yet available

Graduate Outcomes: HE Full-Time Employment (Domestic Bachelor Graduates)	2003 (%)	2004 (%)	2005 (%)
RMIT	82	82	82
National	80	80	NA

Source: Course Experience Questionnaire, Graduate Careers Council of Australia

NA: National competitive data not yet available

Graduate Outcomes: TAFE Employment	2003 (%)	2004 (%)	2005 (%)
RMIT	78	79	83
State	78	76	82

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

Research and Innovation

Goal

To develop focused areas of excellence in research, innovation and scholarship that assure RMIT's inclusion in the top research performers among Australia's universities.

Strategic Focus

- Select and strengthen areas for research focus
- Ensure research activity is informed by active engagement with community and industry partners
- Build national and international research collaborations and establish benchmarks for performance
- Foster a strong practical research culture of project teams to connect disciplinary strengths
- Commercialise innovations

Research Profile

RMIT University continued to strengthen its research profile during 2005 in a rapidly changing research landscape nationally and internationally. Talented research staff and postgraduate students are attracted to RMIT's strengths in key areas, industry linkages and reputation for creativity and innovation.

Under the *Research and Innovation Strategy* approved by Council in December 2004, RMIT's focus remains on ensuring excellence across a diverse research portfolio while carefully examining areas where RMIT will develop scale as well as quality. RMIT aims to build national and international networks in its chosen areas of focus and to link emerging and excellent researchers to their peers.

Planning began in 2005 for up to four research institutes which will operate in interdisciplinary domains. These institutes represent a progression from the existing virtual research and innovation institutes, reflecting the emphasis on University research focus towards the planned national research quality framework.

During 2005, RMIT maintained its research investment fund of more than \$5 million to underpin the growth of research capability and capacity in areas of focus. The University also maintained its momentum of recent years in winning around \$5.4 million through national competitive programs such as the Australia Research Council (ARC) and National Health and Medical Research Council.

A number of programs operated at RMIT during 2005 to deliver these successes, including the *Innovation Professor* recruitment program aimed at bringing research leaders into RMIT in strategically appropriate areas. Two new *Innovation Professors* were recruited into the complementary domains of 'sustainable science' and 'sustainable resources', adding substantially to RMIT's strong leadership across many dimensions of the sustainability agenda.

Key Research Projects

In partnership with the Victorian Government, the University has initiated new projects with commercial potential in nanotechnology, chemical sciences and drug technology with Nanotechnology Victoria Ltd, VICS Ltd and RMIT Drug Development and Testing Ltd receiving more than \$2 million through the Science, Technology and Innovation Program.

The University has also continued its leadership in the development of digital design capabilities in Victoria via *lab.3000*, which has been commissioned by the Victorian Government to deliver a number of major design-based projects including the development of the Business Bureau, Tertiary Network, Design Incubator, Commonwealth Games Design Showcases, State of Design and Premier's Awards.

The sale in 2005 of Inquirion Pty Ltd to the SAIC Corporation in the USA will allow the effective global exploitation of world leading technology in database management, emanating from research undertaken in RMIT's Multimedia Database Systems Research Centre.

RMIT's strong reputation for architectural innovation and design was recognised in 2005 with the *Architectural Education Prize* of the Royal Australian Institute of Architects. The School of Architecture and Design works internationally with practitioners who have established mastery in their field, engaging them in critical review of the nature of their work.

The University's leading expertise in complementary medicine was also recognised in 2005, with its designation as a World Health Organisation Collaborating Centre for Traditional Medicine. This very prestigious recognition positions the university as one of only three such centres based in English-speaking countries around the world, delivering a very high profile internationally for the University.

Later in the year, RMIT hosted an international congress focussing on the integration of eastern and western medicine. The University is thus well positioned to lead Australian initiatives in this important domain that promises major benefits for human health globally.

Yet another research success saw RMIT University School of Economics, Finance and Marketing join forces with Melbourne and Monash Universities and the Victorian Government to develop Australia's first cutting-edge finance and investment research centre. Launched by the Victorian Minister for Financial Services, André Haermeyer, the Melbourne Centre for Financial Studies will strengthen a practical connection between higher education and industry, cementing Victoria's reputation internationally as a leader in financial services research and practice. It will undertake research in banking and financial services, Australian and Asia Pacific financial markets, funds management, corporate finance and infrastructure, and derivatives and tradeable markets; host conferences, lectures and visits by international scholars; and sponsor doctoral-level training.

Other highlights for the year included a new partnership with Fisheries Victoria for fish breeding at RMIT's Gippsland Lake facility (School of Applied Sciences), collaboration with Australian Wool Innovation Ltd for novel processing of woollen garments (School of Fashion and Textiles) and projects with the ANZ Bank around financial literacy and education (Business Portfolio).

Developing Research Strength

Researchers at RMIT are key members of the newly established Australian Technology Network (ATN) Centre for Metabolic Fitness, an initiative involving the five ATN universities (RMIT University, The University of South Australia, Queensland University of Technology, Curtin University in Western Australia and The University of Technology, Sydney). This centre is receiving around \$2.5 million from these universities over five years to undertake leading research into lifestyle and dietary impacts on obesity and the prevalence of diabetes and cardiovascular disease. The team of more than 30 researchers brings together the skills needed to pursue these aims and which are not currently available in any one university. The researchers are also forming alliances to enable effective reality checking of research outcomes as well as significant extra leverage of research funds, including medical institutes and food manufacturers.

Researchers in RMIT's aerospace team received a 2005 Business and Higher Education Round Table Award for their development of next generation modelling tools for the simulation of defects in airframe structures. The research was undertaken in collaboration with the Cooperative Research Centre for Advanced Composites and Airbus of Germany, an international partnership of some standing that continues to provide real stimulus for research excellence at RMIT.

The University continues to pursue research of the highest quality and impact through internal and external partnerships. Through internal partnerships, researchers often work across University organisational units in pursuit of research at the technology/community interface.

These specialist RMIT research centres are:

- Design
- Applied Social Research
- Rheology and Materials Processing Centre
- Sir Lawrence Wackett Centre for Aerospace Design Technology
- Management Quality
- Microelectronics and Materials Processing

The most significant external partnerships reflect RMIT's participation in 13 cooperative research centres (CRCs) which bring together researchers from other universities, industry and the community to deliver readily exploitable knowledge and intellectual property.

The centres cover:

- Water Quality and Treatment
- Smart Internet Technology
- Polymers
- Interaction Design
- Construction Innovation
- Bushfires
- Telecommunications
- Poultry
- Photonics
- Advanced Composites
- Microtechnology
- Intelligent Manufacturing Systems and Technologies
- Automotive

RMIT Research Awards

Vice-Chancellor's Award for Research 2005

The Vice-Chancellor's Award was shared by Professor Paul James, Director of RMIT's Globalism Institute, and Professor Mark Burry, Director of RMIT's Spatial Information Architecture Laboratory.

Vice-Chancellor's Early Career Researcher Award

Offered for the first time in 2005, this award was won by Dr Sara Charlesworth in the Centre for Applied Social Research.

University Research Prize

In recognition of excellence in a higher degree by research program assessed during 2004:

- Ms Valerie Bowyer (Master of Education)
Developing Adult Literary Skills with Non-Classroom Based Students
- Dr Simon Feeny (Doctor of Philosophy)
Foreign Aid to Papua New Guinea: Causes and Consequences
- Dr Stephen Horton (Doctor of Philosophy) by Publication
Centrifugal Pump Extracorporeal Life Support in Paediatric Patients
- Dr Ruth Johnstone (Doctor of Philosophy)
Revisiting the Print Room
- Dr Ruby Ong (Doctor of Philosophy)
Comprehensive Two Dimensional Gas Chromatography: Fundamentals and Application to Ultra-High Resolution Pollutant Analysis
- Dr Paul Williams (Doctor of Philosophy)
Nonlinear Control and Applications of Tethered Space Systems

Regional Research Awards

Onshore

Sustainable Farm Families: The Human Resource in the Triple Bottom Line

Dr Bruce Wilson: School of Social Science and Planning; Ms Shelagh Krummel, Ms Jenny Maggs, Mr John Martin, Ms Kay Schofield and Mr Stuart Wilder: RMIT Hamilton; Ms Susan Brumby, Ms Ann Curran, Mr Larry Neeson; and Ms Susan Watt: Western District Health Service

Offshore

Local-Global Sustainability Project

Dr Kate Cregan, Ms Kelly Donati, Ms Cleo Fleming, Dr Damian Grenfell, Mr Hariz Halilovich, Assoc Professor Kim Humphery, Professor Paul James, Dr Martin Mulligan, Ms Yaso Nadarajah, Mr Peter Phipps, Dr Christopher Scanlon, Mr Julian Silverman, Ms Pia Smith and Ms Nicky Welch: RMIT Globalism Institute

Research Activity

Higher Degree Research Activity	2003	2004	2005
HDR Enrolments	1,576	1,495	1,526
HDR EFTSU	1,130	1,097	1,124
HDR Award Program Completions	241	253	NA
DEST Weighted Research Publications	898	1,080	NA

NA: national competitive data not yet available

RMIT Innovation Awards (Staff)

Science, Engineering and Technology

- Professor Suresh Bhargava (Applied Science)

Design and Social Context

- Professor Paul James (Globalism Institute)

Business

- Dr Fang Zhao (Management)

RMIT Innovation Awards (Student)

Science, Engineering and Technology

- Dr Paul Williams (Aerospace, Mechanical and Manufacturing Engineering)

Design and Social Context

- Ms Diana Johns (International and Community Studies)

Business

- Ms Carol Tan (Economics, Finance and Marketing)

RMIT Innovation Awards (Team)

Science, Engineering and Technology

Cellular and Molecular Metabolism Laboratory

Dr Andrew Carey, Mr Stanley Chan, Mr Jason Chung, Professor Mark Febbraio, Dr Natalie Hiscock, Ms Anna Holmes, Dr Graeme Lancaster, Ms Hayley Nicholls, Ms Bronwyn Neill, Mr Srijan Pinnamenini, Dr Beata Skiba, Mr Robert Southgate, Ms Nadine Watson, Dr Matthew Watt and Mr Derek Yiu Chee Yuen

Design and Social Context

Re-imagining the Australian Suburb Research Team

Dr Sarah Bekessy, Professor Mike Berry, Professor Tony Dalton, Dr Saman De Silva, Dr Ascelin Gordon, Mr Tim Grant, Dr Richard Hyde, Assoc Professor John Jackson, Dr Bill Langford, Ms Helen Lewis, Assoc Professor David Mercer, Ms Lisa Opray and Dr Indubhushan Patnaikuni

Business

Investment Decision Framework for Infrastructure Asset Management

Professor Arun Kumar and Dr Noppadol Piyatrapoomi

Community Engagement

Goal

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

Strategic Focus

- Ensure that community and industry are active partners in teaching and research
- Nurture sustainable partnerships with community and regional stakeholders
- Deliver education and research programs that are shaped by community needs and aspirations
- Contribute to the scholarship of engagement

Local Communities

RMIT University is proud to be an active and valued member of the communities in which it operates, working in partnership with community organisations, enterprises, government, schools and other institutions. The University connects with communities in diverse and exciting ways and its work is connected to community concerns and aspirations.

RMIT's involvement in its local communities includes business networking sessions, secondary school visits and campus tours, summer schools, representation at career expos and participation in charity events and projects. RMIT is a partner in more than 20 research centres, including 13 cooperative research centres.

Partnerships and Projects

Through *Northern Partnerships*, RMIT continued working with community, schools, industry and local government in the northern metropolitan region throughout 2005. RMIT is a key stakeholder in *Growing Melbourne's North*, a regional economic development program led by the Northern Area Consultative Committee and the NorthLink and the Northern Industry Education and Training Link. In partnership with the Northern Workplace Education Network Inc, RMIT supported workplace learning for students undertaking VET in the VCE and VCAL programs. The *Linking Young People with Employment and Training* project developed community and classroom-based mentoring strategies to support young people in transition from education into employment or further training. To this end, industry education networks were developed in Whittlesea and Moreland to address issues around career education, skill shortages and the preparedness of young people to take up apprenticeships.

Research also continues to support the development of a Chinese herbal medicine farming industry with partners including the City of Whittlesea, Northern Melbourne TAFE and the Northern Area Consultative Committee.

The University is an academic partner in Microsoft's global *Unlimited Potential* program and works in partnership with The Smith Family in enhancing and providing informal learning opportunities through Community Technology Learning Centres which reach disadvantaged learners across Australia.

The RMIT Refugee Project continued to provide refugees and holders of temporary protection visas with access to programs in Design, Communication, Education, Engineering and English, from VCE/TAFE to postgraduate programs. There were 21 scholarship holders in addition to students in TAFE and postgraduate programs, with two students graduating at the end of 2005.

Meanwhile, RMIT Business TAFE students used their marketing skills and humour to raise money for the Peter MacCallum Cancer Centre in a community project titled *Operation Funnybone*. Some 50 RMIT Advanced Diploma of Business (Marketing) students worked together to develop strategies for the publication and sale of an anthology of 200 emerging Australian cartoonists, with funds going to cancer research.

The partnership between RMIT and East Gippsland Institute of TAFE continued in 2005, providing increased access in the region to higher education and research. A facilities contract was signed during a visit by the Vice-Chancellor to the region in August 2005, with a joint management committee established to manage the strategic development and direction of the partnership. A research forum was also held in East Gippsland.

Highlights of RMIT's partnership with the Southern Grampians Shire include the continued success of RMIT nursing graduates in gaining local employment, the award winning research partnership with the Western District Health Service on farmers' health issues, the Iluka Mineral Sands research partnership, a substantial increase in DEST reportable publications, links to international research projects on community sustainability and microfinance, and the continuation of local research partnerships with the Handbury Fellowship program.

The University also continued to host community organisations and offices. These tenants are key partners of the University and provide opportunities in research, learning, work experience and project activity. The Northern Area Consultative Committee has its office on the Bundoora Campus, where the EPIC centre, an early childhood intervention program for children with developmental disabilities, is also located.

Members of City U3A (University of the Third Age) mentored international students and participated in RMIT programs, while RMIT youth radio station SYN FM continued broadcasting to young people across the state involving secondary school students, RMIT students and staff in all aspects of its business from management to on-air delivery. RMITV provides another experience in community broadcasting through Channel 31 in Melbourne.

In August 2005, the RMIT University Community and Regional Engagement Forum 2005 provided an opportunity for community members, organisations, government, industry, other universities and RMIT staff and students to come together to learn from each others' experiences and discuss emerging issues and trends. Workshops focused on developing partnerships in the city and in Melbourne's north, as well as access equity and Indigenous learning communities.

During the year, RMIT's School of Business Information Technology presented research to the Rural and Regional Services and Development Committee, a joint investigatory body of the Parliament of Victoria.

The committee is currently conducting an inquiry into regional telecommunications infrastructure for business. As part of this inquiry, it is conducting public hearings in Melbourne and throughout rural and regional Victoria. The committee was interested to hear more about RMIT's work in the area of e-business, particularly work on the impact of e-administration on rural citizens in Australia and France.

RMIT's School of Management, together with the University of Melbourne, secured a linkage grant for the project *Work and Social Cohesion under Globalisation*. Partnered with National Australia Bank Ltd, Australian Council of Trade Unions, Members Equity, Multiplex Constructions Pty Ltd, Schneider (Australia) Consulting, Ernst & Young, Corrs Chambers Westgarth and Linfox, the project is exploring how innovation and improvement in productivity can be accommodated with notions of fairness at workplace and industry level. A major outcome will be five industry workshops promoting productivity, partnership and social cohesion in a competitive global environment.

Also during the reporting period, RMIT School of Management lecturer Margaret Heffernan was awarded the Brain Foundation's *2005 Woman of Achievement Award for Community Service, Achievements and Inspiration*. Since 1992, Ms Heffernan has worked in a voluntary capacity for women's health and led a \$3 million campaign that redeveloped the oncology unit for the Royal Women's Hospital. The facility is the only unit in the world that offers public patients private facilities.

International Operations

Goal

To define a global network of desired points of presence and improve opportunities for staff and student engagement in international networks.

Strategic Focus

- Establish criteria that guide future international partnerships
- Develop programs that are international in character and encourage global understanding and imagination
- Nurture international research networks and increase international research training in Australia and offshore
- Develop and maintain strategic international partnerships and alliances

International Presence

RMIT University is one of the most successful providers of international education in Australia, with about 18,000 international students. The University is a member of the Global U8 Consortium.

RMIT University won the 2005 *Governor of Victoria Export Award* for its outstanding achievement in the field of education services, facilities, expertise and curriculum.

Building a global university requires strategic partnerships across national borders that ensure RMIT provides transnational education, meets the needs of industry and provides world class and globally relevant education. To this end, RMIT has an international curriculum and pedagogy. It also offers students opportunities to have an 'international experience' as part of their study program.

International Students

The number of international students commencing at RMIT in Melbourne in 2005 reached 4,688, with the total international onshore student population for 2005 climbing to more than 8,900. International students continued to show their preference for Business and Information Technology programs, with the Bachelor of Business (Accountancy), followed by the Bachelor of Business (Management) and the Master of Business (Business Information Systems) being the most popular choices in 2005.

The International Student Information and Support unit provides support and advisory services for international students at RMIT University. It is committed to maximising the academic, cultural and networking opportunities for international students and contributes to the University's internationalisation strategy by developing a strong international program that benefits all students and staff.

RMIT University International College

RMIT University International College aims to secure and build the University's pre- and early university programs. Launched in 2005 for implementation in 2006, the role of the college is to prepare international students for success in TAFE and university degree studies at RMIT, with the certainty of guaranteed pathways to the wide range of specialised, high quality degree programs at RMIT University.

The College currently has Foundation Studies and Diploma of Business programs under its umbrella. In 2005, 332 students enrolled in Foundation Studies and 87 students enrolled in the Diploma of Business.

Offshore Award Programs

RMIT's partnerships with Singapore Institute of Management and Shanghai Institute of Foreign Trade in China, coupled with the RMIT Vietnam campus, have contributed to growth in offshore student numbers. Enrolments in offshore award programs increased by 24% to 9,061 in 2005. More than 1,030 students graduated offshore in 2005 in various locations including Hong Kong, Malaysia, China and Singapore. Students enrolled in programs delivered in Singapore account for 45%, or 4,471, of the total number of offshore students. Singapore Institute of Management is the largest of RMIT's offshore partners with 3,694 students enrolled in 2005. The next largest cohorts of students are in Hong Kong, China, Vietnam and Malaysia.

RMIT International University Vietnam

RMIT International University Vietnam (RMIT Vietnam) commenced operations in 2001. With a student growth rate of 29% in 2005, RMIT Vietnam has for the third year in a row been awarded the 'Golden Dragon' prize for excellence in the field of education in Vietnam. The University has strong links with government, business, industry and the professions, which has been critical to the successful employment outcomes for its graduates.

The highlight for 2005 was the official opening of the US\$20 million purpose-built Saigon South Campus by the Victorian Minister for Education, the Hon Lynne Kosky MP. Accommodating up to 3,000 staff and students, this campus offers state-of-the-art facilities for teaching and learning and is one of the most modern campuses in the region.

RMIT Vietnam celebrated its second graduation in November 2005, with more than 170 students from the business and IT programs, including—for the first time—students from the part-time MBA program.

The year also saw the successful launch of the inaugural RMIT Vietnam Alumni Group. Following its second graduation ceremony, the University boasts more than 200 alumni to add to RMIT alumni database joining a worldwide network of RMIT graduates.

While a range of research degrees and training is available to meet student needs and improve employability, RMIT is actively involved in developing collaborative research projects based in Vietnam which focus on the current priorities of water and the environment. Research and development at RMIT Vietnam continues to grow, with a focus on applied research to contribute to national and international innovation. Research activities address specific issues identified by industry, community partners and other client groups. Particular strengths lie in areas such as Information Technology (including E-Commerce), Environmental Science, Food Technology, Urban and Regional Development, Enterprise Development and Entrepreneurship and Advanced Manufacturing.

RMIT Vietnam also offers the Master Research Scholarship Programs on public health.

African Virtual University

The first diploma graduations for the World Bank-funded RMIT/African Virtual University Computer Science programs were held in March 2005. Of the 67 students graduating, 56 transferred into a degree program.

Graduation ceremonies were held in Tanzania (University of Dar Es Salaam), Ethiopia (Addis Ababa University), Rwanda (Kigali Institute of Science and Technology) and Ghana (University of Cape Coast).

Top 10 source countries for onshore international students (2005)

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

Studying Abroad

RMIT's International Industry Experience and Research Program (RIIERP) is a highly successful international work experience program. Established in 1992, the program is the only one of its kind in Australia and has the support of 140 global companies offering 200 placements overseas. RIIERP celebrated its 1,000th student participant on 26 October 2005.

The number of RMIT students participating in international study or work experience continues to grow, with over 197 students undertaking an exchange overseas, a 21% increase on 2004. Students were supported through RMIT travel grants to undertake a range of activities overseas, including research, study tours, industry placements and field work. RMIT provided \$120,000 in travel grants and received \$88,500 from the Commonwealth government under its *University Mobility in the Asia and Pacific* program.

Reflecting its goal to contribute to the social, economic and environmental wellbeing of the international communities in which it operates, RMIT offered over \$1,700,000 in scholarships to international students studying at RMIT in 2005.

International Projects

Throughout 2005, RMIT's overseas education and training projects remained focused on areas where the University has established a strong reputation.

Work continued on the ASEAN Quality Assurance for Fruit and Vegetables Project, with a number of regional workshops conducted to train delegates in the use and maintenance of post-harvest and quality assurance testing equipment. Workshops held in Cambodia, Lao PDR, Myanmar and Vietnam saw 85 participants in train-the-trainer instruction.

RMIT is also a project partner in the six-year Chongqing (China) Vocational Education Project funded by AusAid. Now entering its second phase, this project aims to develop and promote reform in vocational education and training in the area. This phase focuses on replicating the outcomes from the initial five pilot schools into 32 partner schools throughout the Chongqing region and implementation of further policy and management changes throughout China.

Direct client activity increased from China, with project work diversifying into all parts of the country covering a mix of sectors, government and industry. Current clients include the Ministry of Education, the Tianjin Municipal Government, the China Institute of Vocational and Technical Education, the State Grid Corporation of China, the Tianjin Hexi District, the Guandong Provincial Finance Bureau, the Civil Aviation University of China (CAUC)/China Eastern Airlines, Xiamen Airlines and Air China. Training programs cover a wide range of topics including agriculture, finance and taxation, human resources management, flight training, project management, energy/power marketing and product standards.

An International Artist Residency Program commenced at the RMIT School of Art in 2005, involving eight residencies of between six and eight weeks. These residencies are based on partnership arrangements with the City of Melbourne, Melbourne International Festival, Alliance Française, Victorian College of the Arts (Centre for Ideas), Melbourne Fashion Festival, Centre of Contemporary Photography and the South Project. In 2005, participants came from Brazil, Iran, German, Thailand and France.

RMIT's School of Aerospace, Mechanical and Manufacturing Engineering has continued to strengthen its partnerships both nationally and internationally.

The University has established a student chapter of the American Institute of Aeronautics and Astronautics, one of the leading learned societies for aerospace professionals with 31,000 members worldwide. It has also established a memorandum of understanding with the Civil Aviation Training Centre in Thailand.

Other project work included executive training for the National Rural Roads Agency in India, print journalism training in Indonesia, counselling for PNG Post and students in Papua New Guinea, leadership and management development for the Department of Education in the Philippines, public administration training for middle to senior government officials at the Vietnam Ministry of Home Affairs and leadership training for staff from the Asian Development Bank.

Our People

Goal

To attract, develop, reward and retain staff who will embrace the future with energy and creativity and who are focused on the needs of our students and our partners.

Strategic Focus

- Strengthen RMIT's reputation as an employer of choice
- Recognise and reward outstanding performance
- Improve workforce planning and management capabilities of RMIT leaders
- Provide high quality, culturally sensitive support and advisory services

Organisation

2005 was another period of significant change at RMIT. External challenges included compliance with the Higher Education Workplace Relations Reforms, while internally RMIT faced considerable organisational change.

The University implemented a redundancy program, reducing the workforce establishment by 180 positions. Staff whose positions were identified as redundant were offered support through redeployment processes and career transition services. Consultation with staff and unions was key to the success of this change process, which was achieved without disruption to the University through industrial action.

A new health and safety calendar was also established to provide opportunities to train and retrain staff in multiple work safety areas. This will have a significant impact in improving safety and reducing risks by providing wider access to OH&S training for RMIT staff.

Through the biannual academic staff promotion scheme, 111 academic staff were promoted during the year.

Diversity and Equity

RMIT believes that inclusiveness enriches the quality of its academic community. For the fourth successive year, RMIT hosted the Clare Burton Memorial Lecture. This year's lecture was delivered by Professor Alison Mackinnon, Professor of History and Gender Studies and the Foundation Director of the Hawke Research Institute at the University of South Australia. Her inspiring lecture entitled 'Girls, schools and society: a generation of change' was attended by more than 100 people.

Implementation of the RMIT Indigenous Employment Strategy commenced in 2005 to create a work environment in which the unique, rich and diverse cultural backgrounds of Indigenous Australians are acknowledged and valued, and the individual career goals of Indigenous Australian employees are identified, promoted, achieved and celebrated.

The University is the lead agent for the DEST-funded Disability Coordination Officer Project, which was recognised in the 'high commendation' category of the 2005 Diversity@Work Awards.

Professional Development

The RMIT Professional Development Framework strengthens the University's professional development focus and aligns professional development activities with strategic directions. It includes recommendations and initiatives to ensure professional development continues to build RMIT's sustainability and competitiveness.

The launch of a professional development website now offers improved access to information and professional development opportunities for staff.

Offered by RMIT's People and Culture group, the *Open Program* for 2005 included more than 130 workshops aligned with the University's core business. Available to TAFE, academic and general staff, participation in the *Open Program* increased by 36%, with twice as many workshops conducted and cost per participant reduced by 25% compared to 2004. The program delivered a diverse range of workshops to over 1,550 participants, covering topics such as the ageing workforce, management responsibility for occupational health and safety, and future thinking around long-term developments affecting RMIT and the university sector.

Two issues-based forums were undertaken in the second half of the year: 'Managing Change' focused on implementing a redundancy program, while 'Implementing our Research Agenda' considered how to grow research capability within RMIT.

To support staff well-being, performance and morale, as well as to meet legislative and related responsibilities, the University continued to implement the *Effectively Managing Behaviours in the Workplace* training program introduced in 2004 to support and educate staff, supervisors and managers. The program was attended by 270 staff in 2005.

Through RMIT's *LearnScope* program, 92 staff were involved in projects that explored the use of e-learning resources and techniques for various industry areas, including Architectural Technology, Biosciences, Dental Assisting, Electrical, Fashion (Patternmaking), Furniture Production, Neurophysiology, Plumbing and Textile Production. Several of these projects specialised in priority areas such as youth, Indigenous learners, trades, regional and remote.

The TAFE Leadership Program acquainted participants with the basic attitudes, skills and techniques associated with increasing leadership effectiveness within RMIT University TAFE.

RMIT also introduced support for PhD completion leave, assessment leave and research leave to further support appropriate professional development for staff. These new leave types are incorporated into the revised Professional Development Policy.

Employee Relations

Throughout 2005, RMIT continued to work with its staff and relevant unions to improve working conditions. All workplace agreements, policies and practices were reviewed to determine and ensure compliance with higher education workplace relations reforms of the Department of Education, Science and Training. To support direct relationship with employees, a Workplace Consultative Committee provided a forum for formal consultation regarding implementation of the enterprise agreement and associated policies.

The RMIT Senior Staff Enterprise Agreement was certified and implemented in early 2005. In addition, the Academic and General Staff Enterprise Agreement 2005 was successfully negotiated, with implementation commencing in late 2005. Further, academic and general staff who had commenced employment with RMIT after 29 April 2005 were offered the choice to be employed under a certified agreement or an Australian workplace agreement.

Two instances of industrial action in 2005 saw a three-hour stop-work and rally by academic and general staff on 1 June 2005, as well as a 24-hour work stoppage of TAFE teaching staff on 15 November 2005.

Occupational Health and Safety

During 2005, RMIT continued to focus on the prevention of injury through compliance with legislation, strong leadership, consultation and communication and an active safety culture. A comprehensive health and safety training program was delivered across a broad selection of topics, along with tailored workplace programs and consultancies. Improvement has been strongly underpinned by the development of effective systems to identify and manage workplace hazards.

WorkSafe Victoria continues to monitor chemical management in all universities under a targeted project that commenced in 2004. The introduction of an on-line chemical management system, training and the development of improved guidelines and tools has led to an overall improvement in this area. School-based health and safety committees, designated work groups and elected health and safety representatives provide a strong basis for planning, communication, consultation and issue resolution across RMIT. The University recognises that many staff take on additional voluntary roles to support a safe and healthy workplace and an inaugural event was held to thank all health and safety representatives, wardens and first aiders for their contribution.

Hazards/incidents reported by staff, students, contractors and visitors in 2005 totalled 337, of which three were reported to WorkSafe Victoria due to their serious nature. RMIT continues to place a strong emphasis on the early reporting of workplace hazards and injuries as a means of preventing injuries and providing early assistance with injury management.

In 2005, RMIT received 48 new WorkCover claims, 27 fewer than received in 2004. Of these, 25 claims resulted in one or more days away from work, while 23 required no time away from the workplace. Given the 36% reduction in the number of WorkCover claims compared to 2004, RMIT's WorkCover premium has been reduced.

Statistics for 2005

Occupational Health and Safety

OHS Incidents Reported	2003	2004	2005
RMIT	287	378	337
% change	+10.8	+31.7	-10.8

Lost Time Injury Frequency Rate*	2003	2004	2005
RMIT	4.99	5.00	3.93
% change	+9.2	+2	-21.4

* Lost time injuries per million hours worked

Staffing

Staff Type	Total FTE*		Female FTE		% Female		% Change	
	2004	2005	2004	2005	2004	2005	03-04	04-05
Academic	1115.03	1,087.50	408.47	399.2	36.63	36.71	5.01	-2.27
Executive	101.88	91.28	42.28	39.28	41.5	43.03	-1.67	-7.10
General	1687.36	1,570.51	991.34	914.35	58.75	58.22	-4.5	-7.77
TAFE/Teaching	455.44	476.98	201.86	208.32	44.32	43.67	2.14	3.20
Total	3,359.71	3,226.27	1,643.95	1,561.15	48.93	48.39	-1.38	-5.04

* FTE – full-time equivalent; two people both working 0.5 time fractions = 1 FTE; data as at 30 September 2005

Gender Distribution of New Staff Recruited

The number of new staff recruited decreased by 20% in 2005. 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
2005	146	51	138	49	284
2004	185	52	169	48	354
2003	339	57	251	43	590

New Staff Recruitments by Type (2005)	Female	%	Male	%	Total
Academic (HE)	39	40	59	60	98
Executive (HE and TAFE)	3	33	6	67	9
General (HE and TAFE)	84	60	56	40	140
Teaching (TAFE)	20	54	17	46	37
Total	146	51	138	49	284

Benchmark (Victorian workforce)	Female	%	Male	%	Total
2005	1,121,200	45	1,369,300	55	2,490,500

Data Source ABS Labour Force Statistics, November 2005 Quarter, Cat no 6291.0.55.001

Staff Turnover

Staff-initiated turnover increased by 1% in 2005 from 2004.

Staff Turnover	2003 (%)	2004 (%)	2005 (%)
Less than three years' service	14	17	20
More than three years' service	7	6	7
Total	9	9	10

The Honour Roll

Honorary Awards 2005

The following honorary awards were presented at the Conferring Ceremony in May:

- Dr Hamish Drummond
Doctor of Applied Science *honoris causa*
For contribution to food sciences
- Dr Robert Ingpen
Doctor of Arts *honoris causa*
For contribution to children's literature
- Dr Maxwell Lay
Doctor of Engineering *honoris causa*
For contribution to civil engineering
- Dr John Marshall
Doctor of Engineering *honoris causa*
For contribution to mechanical, automotive and manufacturing engineering

Staff Achievement Awards

The 2005 RMIT Frances Ormond Medal was awarded to Mr Peter Datson, Technical Services and Information Technology Manager in the Design and Social Context portfolio, for longstanding service in supporting the University's technical infrastructure.

Publications Awards

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

Science, Engineering and Technology

- Associate Professor Zahir Hussain (Electrical and Computer Engineering)

Design and Social Context

- Associate Professor David Forrest (Education)

Business

- Professor Derek Walker (Graduate School of Business)

Adjunct Professorial Appointments 2005

Through RMIT's Adjunct Professors Program, eminent people are invited to become involved in teaching and research at the University. This strengthens RMIT's links with industry, community and government, while exposing students to leaders in their respective fields. Adjunct Professors appointed in 2005 were:

Mr Ewan Burnett.....	Applied Communication
Dr Dragomir Davidovic	Electrical and Computer Engineering
Mr David Fouvy	Management
Ms Amanda Gome.....	Management
Major General Peter Haddad.....	Management
Professor Richard Harris	Electrical and Computer Engineering
Dr Gordon Hughes.....	Accounting and Law
Mr Robert Joy.....	Social Sciences and Planning
Professor Olga Kanitsaki	Health Sciences
Dr Thomas Kron.....	Applied Sciences
Mr Steven Kyffin.....	Architecture and Design
Professor Jaung-Geng Lin	Health Sciences
Mr John McKay	International and Community Studies
Professor Martin Reginald Mathews	Accounting and Law
Associate Professor Nicholas Procter.....	Health Sciences
Dr Chris Ryan	Architecture and Design
Dr Roya Sheikholeslami.....	Civil and Chemical Engineering
Ms Janet Stoyal	Architecture and Design
Judge Andrew Wilson	International and Community Studies

Buildings and Campus Environment

Goal

To create and maintain a stimulating, sustainable and safe learning and working environment.

Strategic focus

- Improve and consolidate our built infrastructure
- Consolidate and integrate our information and communication technologies
- Continue focussing on key areas for environmental improvement and change

Property Portfolio Overview

As a global university, RMIT delivers academic programs and research in a range of modes through its virtual and physical campuses. RMIT is constantly evolving its campuses and built environments to accommodate the changing ways in which students engage with the University.

In 2005, RMIT reviewed the property portfolio upgrade and rationalisation timetable. The University will retain 3,000 sqm on the south east corner of the Carlton and United Breweries site for the development of a Design Centre and will release the balance of the site for an integrated mixed use commercial development which may include student accommodation. To reflect this intention, RMIT has reclassified the land as 'assets classified as held for sale' in its Financial Statements.

As detailed in *International Operations*, the US\$20 million purpose-built Saigon South Campus of RMIT Vietnam was opened in 2005.

Infrastructure Plan

The RMIT Infrastructure Plan has been reviewed, with the property component of the 2006-2010 Infrastructure Plan to be finalised in early 2006. This provides a comprehensive plan to upgrade RMIT's properties, in particular the City campus. An indicative capital program for the next five years provides for improved student facilities, portfolio/school consolidations, infrastructure upgrades and risk management considerations.

Maintaining Melbourne's Heritage

In 2005, the refurbishment of the former Magistrates' Court, now 'RMIT Building 20' which houses corporate and administrative functions, received the Australian Property Institute President's Commendation. In addition, the regulatory compliance upgrade to the former City Watch House was completed, for leasing to the National Trust and integration with the Melbourne Gaol public visitation program.

Restoration to the Capitol Theatre was also completed during the year. Designed by Walter Burley Griffin, the Capitol theatre received one of the largest grants awarded by the State Government for heritage projects in 2004. This supported renovation of the ceiling, together with new seating and carpets.

Teaching and Research Facilities

Improvements in 2005 included:

- Refurbishment of five lecture theatres and teaching facilities in Buildings 7, 8 and 94.
- Upgrade of facilities in Buildings 10, 12, 113, 212, 253 and 514.
- Creation of new games studio laboratories in Building 14.
- Installation of a nuclear magnetic resonator facility in Building 3.

Student Facilities

Improved student facilities in 2005 included:

- Refurbishment of the city and Bundoora libraries to create open, relaxed and collaborative study areas.
- Upgrade of the RMIT Union student lounge area on the City campus.
- Completion of a new basketball court at the Brunswick campus.
- External recreational areas in O'Grady Lane, including BBQ facilities and a basketball practice court.
- Urban landscape improvements to Bowen Street on the City campus.
- New shade structures and seating to Building 108 plaza area, as well as shade structure to the BBQ area at the Bundoora campus.
- Commencement of improvements to the Building 8 cafeteria on the city campus.

Infrastructure

Infrastructure improvements in 2005 included:

- Reduction in the estimated maintenance backlog by \$2 million from \$127 million to \$125 million.
- Continued asbestos removal and infrastructure renewal works to Building 14 to enable redevelopment of some floors in 2006.
- Fire sprinkler installations to three floors in Buildings 10 and 12.
- Building 5/57 ITS data centre upgrades completed.

Commitment to Environmental Sustainability

Reflecting its longstanding commitment to environmental sustainability, RMIT made the following improvements to its facilities in 2005:

- New efficient central plant was installed to service Buildings 5, 7, 8, 9, 10, 12 and 14.
- The first stage of the building automation system upgrade project was commenced to gradually improve the control of the mechanical plant and reduce energy use.
- Energy efficient light fittings were installed to all levels of Building 51 and parts of Building 94.
- Landscaping and disabled access routes at Bundoora were improved.
- Installation of new lifts to Buildings 203 and 212.

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 2005 reflects a reduced capital program and a change in the type of projects undertaken, with greater emphasis on renovation.

Details are given in the tables below.

Building Works 2002 – 2005	2002	2003	2004	2005
Projects certified for approval	51	25	24	26
Works under construction and the subject of mandatory inspections	11	9	10	13
Occupancy permits issued	40	16	17	17

The University's building maintenance program has increased the number of buildings that are now considered 'satisfactory'.

Space, Quality and Deficiency Ratings of RMIT Buildings in 2005	2002 (%)	2003 (%)	2004 (%)	2005 (%)
S – Satisfactory - require periodic maintenance	76	74	67	71
A – Require expenditure of between 16% – 36% of CRV*	18	20	21	25
B – Require expenditure of between 37% – 57% CRV*	5	5	5	2
C – Require expenditure of between 58% – 78% of CRV*	1	1	3	1
D – Unsatisfactory – redevelopment	0	0	4	1

CRV: capital replacement value

Resource Use	2003	2004	2005
Average Energy Consumption per EFTSU (Electricity and Gas)	9.9	10.3	10.0
Water (KL) per EFTSU	6.3	6.1	6.0

Source: Property Services and Energetics

PHOTO CAPTION:

The purpose-built Saigon South campus of RMIT Vietnam was opened in 2005.
Inset: students enjoying a break during their day.

Photographs provided by RMIT Vietnam

Corporate Governance



Corporate Governance

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

Based on its corporate governance charter, Council undertook an annual performance evaluation, new members took part in an induction program and all members were able to participate in a professional development program which covered a range of areas including informing members about stakeholder issues. As well as its regular meetings, Council had one retreat and one planning day, both of which focussed on the development of the Strategic Plan. The Nominations and Corporate Governance Committee of Council oversaw nominations to Council, its committees and subsidiaries, as well as induction and professional development for councillors. In line with State Government guidelines, optional remuneration was available for independent members of Council and elected students.

In 2005, the simplified corporate governance framework developed in 2004 for RMIT's 11 subsidiaries and 35 associated entities was implemented. All subsidiary companies complied with Council-mandated reforms to their governing bodies, most reviewed their statements of governance principles adopted in 2004, reported on changes to the skills, experience and qualifications of directors and reported on their frameworks for risk management and internal audit.

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; and
- six people appointed by Council.

Consistent with the *Royal Melbourne Institute of Technology Act 1992*, as from time to time amended, the Council is the governing authority of the University and has the direction and superintendence of the University.

Accordingly, Council members participate in the formulation of policy and monitoring of the University's performance. The Council appoints the Vice-Chancellor 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. Independent and student elected 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, in 2003 the University Council adopted a charter containing broad governance principles. This charter is reviewed annually and was amended in 2005.

Council Members in 2005

Ms Frances Awcock AM

Governor in Council member since 27/07/04
BA (Melb), Dip Lib RMIT
Financial and commercial expertise; leadership in information services and cultural affairs

Mr Allan Ballagh

Chair, Board of Technical Studies (ex officio); member since 10/02/03
BEng (Deakin), DipEd (Melb), MEd (RMIT),
Grad Cert Ent Mgmt (Swin)
Director: RMIT TAFE

Ms Tanya Bramley

Elected by General Staff; member since 01/01/04
BA
Manager: RMIT Library

Professor Peter Coloe

Chair, Academic Board (ex-officio); member since 07/08/00
BSc (Hons), PhD Monash, FASM
Practicing researcher; academic manager

Ms Anne Dalton

Governor in Council member since 15/04/03
BA, LLB, Grad Dip Com (Monash),
Grad Cert Pub Sec Mgmt (Griff)
Partner: Sparke Helmore

Mr Sebastian Evans

Elected by the students; member since 01/01/05

Mr Terrence Francis

Governor in Council member since 15/04/03
B Eng (Civ), MBA (Melb)
Financial and commercial expertise;
managing director at a licensed bank

Professor Margaret Gardner

Vice-Chancellor and President (ex-officio)
Member since 04/04/05
BEcon (Hons), PhD Syd, FAIM, GAICD
Broad range of leadership and management
experience in the university sector
Other directorships: Member, Carrick Institute
of Higher Education, Learning and Teaching;
Open Universities Australia Pty Ltd

Professor Dennis Gibson AO

Elected by RMIT Council as Chancellor since 14/04/03;
last appointed 01/01/05
BSc (Hons) Hull, MSc, PhD (Newcastle upon Tyne), DSc
(CNA), Hon DUniv (Sunshine Coast), Hon DUniv (QUT)
Broad range of leadership and management experience
in the university sector

Dr Jane Gilmour OAM

RMIT Council member since 01/01/05
DUP(Sorbonne), BA (Hons) (ANU), FAICD
Financial and commercial expertise; former Chief
Executive Officer of Earthwatch Institute (Australia)

Mr Garth Lampe

Appointed by the Minister; member since 30/1/03
BEco (Hons), MEco (Monash)
Project Director: 2012 Review Office of Gaming
and Racing, Department of Justice

Mr Melvin Lee

Elected by the students; member since 01/01/05
B Eng (Hons)

Ms Rosemary Lever

Governor in Council member since 01/03/05
B Soc Wk
Senior positions in the Victoria public service;
former CEO of the Children's Protection Society

Ms Voula Messimeri-Kianidis

Governor in Council member since 27/07/04
B Soc Wk, GradDip (Community Development),
GradDip (Applied Science)
Expertise in health, ethnic and community affairs;
Exec Director: Australian Greek Welfare Society
Other directorship: Dep Chair, VITS Language Link

Professor John Nieuwenhuysen AM

RMIT Council member since 04/03/02;
last appointed 01/01/04
MA Natal, PhD (London), FASSA
Director: Monash Institute for the Study
of Global Movements
Other directorships: Chair, VITS Language Link;
Member, Australian Multicultural Foundation

Mr Helmut Pekarek

RMIT Council member since 01/01/05
M Eng
Chairman: Boulder Steel Ltd
Other directorship: Chair, Boulder Steel Ltd

Mr Neil Robinson

Elected by Academic Staff (HE); member since 01/01/03
TTTC, Dip App Phys RMIT, BSci (Hons), MSci La Trobe
Senior Lecturer, Applied Physics: Science, Engineering
and Technology Portfolio

Ms Moira Schulze

Governor in Council member since 01/01/05
M Ed, BA, Dip Ed, Dip Ed Admin
Consultant in the public and not-for-profit sectors
Other directorships: Hanover Welfare Services;
Victorian TAFE Development Centre

Mr Clem Simonetto

Elected by the Academic Staff (VET);
member since 16/08/04
BEc, DipEd
TAFE Program Coordinator: Business Portfolio

Mr Trevor Tappenden

RMIT Council member since 08/08/03
ACA, FAICD
Former Managing Partner of Ernst and Young;
independent company director
Other directorships: Chair, Board of Heide Museum
of Modern Art; Member, VITS Language Link

Ms Jenny Varcoe-Cocks

RMIT Council member since 28/02/00;
last appointed 01/01/03
DipBusStud (VUT), FAICD
Broad range of experience in human resources
and corporate governance

Professor Chris Whitaker

Vice-Chancellor (ex officio) until 3/04/05
BA (Cantab), PhD (ANU)
Pro Vice Chancellor: Business; experience in planning,
policy and strategic development

Mr Derek Young

RMIT Council member since 10/11/03
Fellow: Association of Chartered Certified Accountants
(UK); Member: CPA Australia
Financial and commercial expertise;
former Managing Director of Accenture Australia Ltd
Other directorship: Chair, Melbourne Theatre Company

Council Committees

Council Committees are established to assist Council in discharging its responsibilities.

Each Committee had a work plan of activity to exercise its responsibilities in 2005 and reported to Council on its activities.

In December 2005, Council approved changes to its committee structure. From 2006:

- a new Planning and Finance Committee will replace the Finance and Major Initiatives Committee and the Planning Quality and Performance Committee; and
- a new Campus Development Committee will have oversight of the development of RMIT's buildings and grounds.

Audit and Risk Management Committee

This 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 subsidiaries;
- the exposure to legal and business risk of the University and its subsidiaries;
- the effectiveness of the external and internal audit functions; and
- the adequacy and effectiveness of management, financial control systems and other internal controls of the University and its subsidiaries.

Finance and Major Initiatives Committee

This 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 provide advice to Council on their implementation.

Nominations and Corporate Governance Committee

This Committee acts on behalf of Council to ensure Council and the Boards of RMIT subsidiaries have an effective balance of skills and experience.

The Committee's objective was achieved through:

- making recommendations regarding appointments to Council;
- making recommendations to the Minister about appointments to Council;
- oversight of the appointment of directors to RMIT subsidiaries;
- recommending the process for and considering the results of annual performance evaluation of Council;
- monitoring the governance practices of Council and RMIT subsidiaries; and
- developing a professional development program for Councillors.

Planning, Quality and Performance Committee

This Committee acts on behalf of Council to monitor the strategic planning process and review:

- the University's performance;
- performance reporting; and
- major implementation and quality management activities.

Remuneration Committee

This Committee acts on behalf of Council to:

- assess and monitor the Vice-Chancellor's performance; and
- consider remuneration matters relating to the employment of the Vice-Chancellor and members of the Vice-Chancellor's Executive.

Council Performance System

Under its charter, one of the University Council's primary responsibilities is to undertake annual reviews of its own performance. During 2005, the Chancellor undertook structured interviews with individual councillors which focussed on an assessment of Council, effectiveness of individual councillors, RMIT's performance and the challenges ahead. As a result of this evaluation, the Vice-Chancellor's informal monthly meetings continued as one of the opportunities for Council members to learn about RMIT and the external context in which it operates.

During 2005, the Deputy Chancellors undertook an evaluation of the performance of the Chancellor, while the induction program for new Councillors was evaluated during 2005, with induction materials amended for 2006. In addition, future Council members will also have access to an experienced Council mentor.

Following review by a Council working party, a new Council Committee structure will be implemented in 2006.

Attendance at Council and Committees in 2005

Member	Council	Audit and Risk Management	Finance and Major Initiatives	Nominations and Corporate Governance	Planning, Quality and Performance	Remuneration
Frances Awcock	7/8				3/4	4/5
Allan Ballagh	7/8					
Tanya Bramley	6/8		6/8			
Peter Coloe	6/8					
Anne Dalton	7/8	6/6		4/6		
Sebastian Evans	8/8			0/6	2/4	
Terrence Francis	6/8	6/6	8/8			3/5
Margaret Gardner	6/6		6/6	5/5	1/3	4/4
Dennis Gibson	8/8	6/6	8/8	6/6	2/4	5/5
Jane Gilmour	7/8			5/6		
Garth Lampe	6/8		4/8			
Rosemary Lever	6/7					
Melvin Lee	7/8		7/8			
Voula Messimeri-Kianidis	7/8				4/4	
John Nieuwenhuysen	7/8			5/6		5/5
Helmut Pekarek	6/8		7/7			
Neil Robinson	8/8			5/6		
Moira Schulze	8/8				4/4	
Clem Simonetto	6/8				4/4	
Trevor Tappenden	8/8	6/6	8/8			5/5
Jenny Varcoe-Cocks	8/8			6/6		5/5
Chris Whitaker	1/2		2/2	1/1	0/1	1/1
Derek Young	8/8		7/8			

Senior Officers

The senior officers of RMIT University are listed below, as at 31 December 2005.

Vice-Chancellor and President

Professor Margaret Gardner

Professor Gardner is the Chief Executive Officer of RMIT, both for HE and TAFE. She is responsible for ensuring strong, effective leadership and clear direction within the University through an appropriate vision and strategic plan. Professor Gardner provides direct leadership of the Senior Executive, Financial Services, Information Technology Services, the Policy and Planning Group, People and Culture and the Chancellery.

Pro Vice-Chancellor Business

Professor Chris Whitaker

Professor Whitaker 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 six 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 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 Academic Registrar's Group, the Student Services Group and Student Hubs.

Pro Vice-Chancellor International, Enterprise and Community Development

Dr Madeleine Reeve

Dr Reeve's responsibilities include domestic and international student recruitment, the University's public relations, identifying and facilitating 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. Dr Reeve is also a Director on the Boards of RMIT International Pty Ltd, RMIT Training Pty Ltd and RMIT International University Vietnam.

Pro Vice-Chancellor Teaching and Learning (Acting)

Mr Craig Anderson

Mr Anderson provides vision and leadership for teaching and learning within the broad scholarship framework at RMIT University, including program development and delivery, and teaching improvement. He 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.

**Pro Vice-Chancellor
Group Governance (Acting)**

Mr Chris White

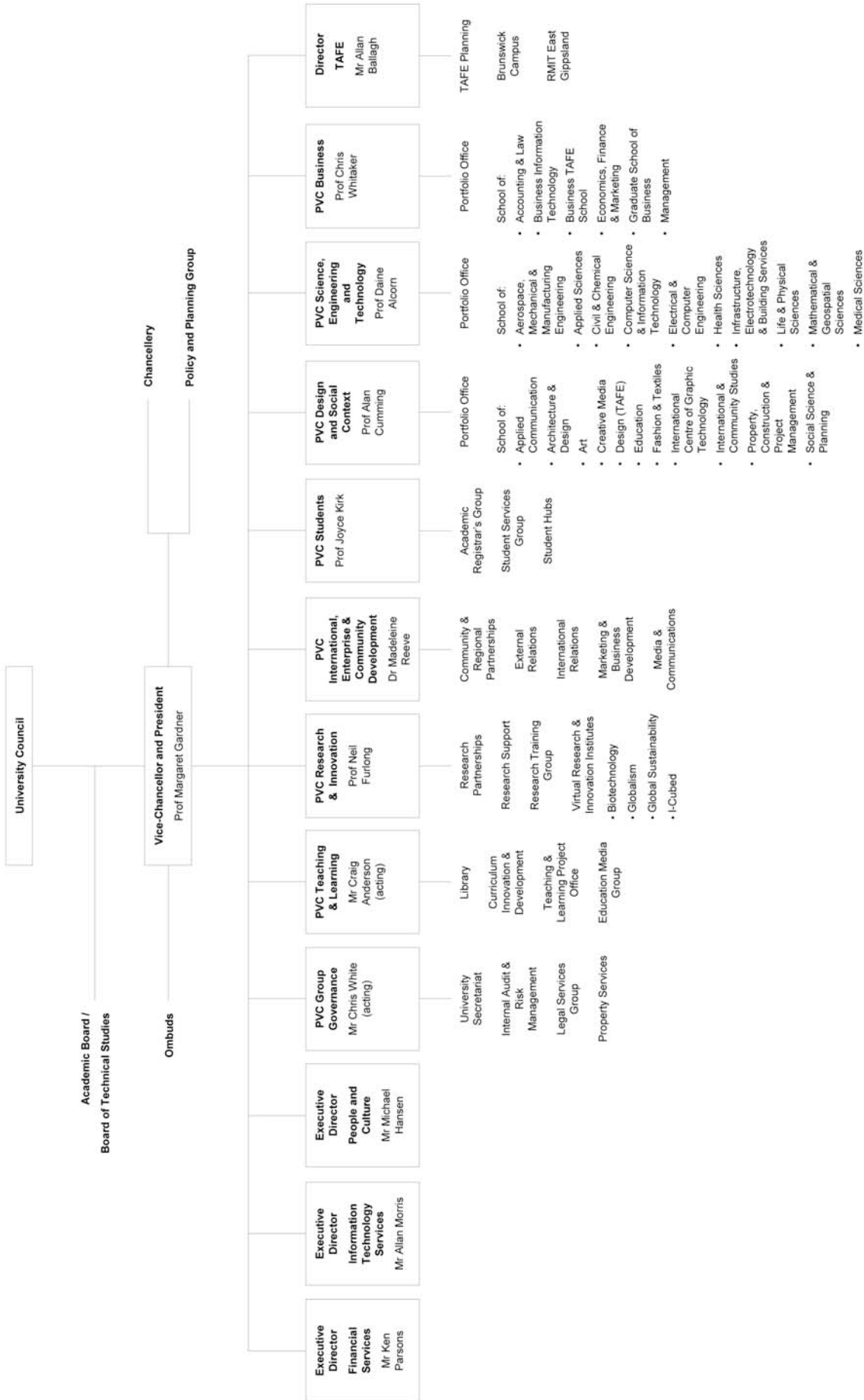
Mr White is responsible for the establishment and support of corporate governance for the RMIT group, RMIT group strategy, and external compliance and reporting. This includes internal audit and risk management; legal services; University Secretariat services to the Council and its committees; and oversight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

Organisational Chart

The organisational summary on the following page provides a graphical representation of the management structure of RMIT as at 31 December 2005. Up-to-date versions of the organisational summary are available on RMIT's website.

RMIT Organisational Summary

As at 31 December 2005



Compliance Management

Freedom of Information

During the reporting period, the University received 17 applications under the *Freedom of Information Act 1982*.

Access granted in full:	7
Access granted in part:	6
Access denied:	1
Pending:	3

The University is subject to the provisions of the *Freedom of Information Act* and has in place procedures to ensure that it meets its compliance obligations. The University's Freedom of Information Officers are lawyers employed in the University's Legal Services Group.

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 coordinator 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.

Procedures

RMIT developed and introduced its policies and procedures relating to the Act in 1991. These procedures, available online, 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.

Disclosures

- 1) Number and types of disclosures made during the year: three. One was determined to be a protected and/or public interest disclosure; one was determined to be a protected disclosure; one did not satisfy the criteria of a disclosure under the Act, but was investigated by RMIT.
- 2) Number of disclosures referred during the year by the public body to the Ombudsman for determination as to whether they are public interest disclosures: two.
- 3) Number and types of disclosed matters referred to the public body during the year by the Ombudsman: one protected disclosure.
- 4) Number and types of disclosed matters referred during the year by the public body to the Ombudsman to investigate: zero.
- 5) Number and types of investigations of disclosed matters taken over by the Ombudsman from the public body during the year: zero.
- 6) Number of requests made under section 74 during the year to the Ombudsman to investigate disclosed matters: zero.
- 7) Number and types of disclosed matters that the public body has decline to investigate during the year: zero.
- 8) Number and types of disclosed matters that were substantiated on investigation and the action taken on completion of the investigation: one.
- 9) Recommendations of the Ombudsman under this Act that relate to the public body: zero.

Complaints from Ombudsman's Office

There were five complaints made to the Ombudsman in 2005. One investigation continues.

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.

Quality Assurance

RMIT University is committed to 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.

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 2005, the University complied with the *Education Services for Overseas Students Act 2000 (Cth)* and the *National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students*.

Fees and Charges

In 2005, there were no significant changes to the level of fees charged to students by the University.

Tuition Fees

In 2005, average domestic non-government funded fees increased by 4.8%. International onshore student fees were increased by 2.1% on average. Tuition fees charged to State Government-funded TAFE students were increased from \$1.25 per student contact hour to \$1.28 per student contact hour, as per Ministerial guidelines.

Compulsory Non-Academic Fees

The Compulsory Non-Academic Fee charged to HE international students increased by 4.2%. Student Services and Administration Fees charged to local TAFE students increased by 5.6%. The amount of compulsory non-academic fees collected by the University from students and prospective students during the year ended 31 December 2005 is shown in Note 47 to the annual financial statements of the university. The note also shows the purpose 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 increased from 330 in 2004 to 362 in 2005.

Schedule of Fees and Charges

All fees charged to students at RMIT University are set and approved under the authority of Council. An *Approved Schedule of Fees and Charges* is published each year that lists all fees that may be charged to students. A copy of the schedule of fees and charges for 2005 and 2006 is available on the RMIT web site at www.rmit.edu.au/fs/sfc

Additional Information

Consistent with the requirements of the *Financial Management Act 1994* and *Financial Reporting Directions*, further information on the following items is available upon request:

- Declarations of pecuniary interests
- Major external reviews
- Overseas visits undertaken
- Promotional, public relations and marketing activities
- Publications
- Reconciliation of Executive Officers
- Shares held by senior officers

Enquiries should be directed to:
Associate Director, Media and Communications
RMIT University
GPO Box 2476V, Melbourne VIC 3001
Tel (03) 9925 2000
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, is responsible for setting the risk management strategy and overseeing risk management within the University as a whole. This committee ensures that the University has a sound system of internal management and control. Throughout 2005, the University continued to apply sound processes for identifying, evaluating and managing risks. These processes, which are effectively integrated across all areas of University activity, included:

- risk assessments conducted by all operating groups using the University's risk management guidelines which are consistent with the principles of the relevant Standard (AS/NZS 4360);
- portfolio risks included in the University-wide risk profile and rated from an enterprise-wide perspective;
- training more than 50 University staff in risk management; and
- enhancements to templates used by RMIT's subsidiaries to report outcomes of risk management activities to the RMIT Audit and Risk Management Committee.

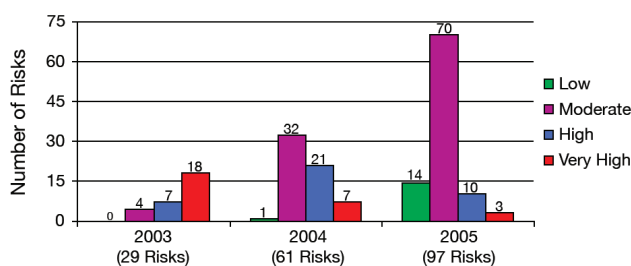
The University's Internal Audit and Risk Management group has responsibility for reviewing the University's risk identification and management processes on a regular basis to ensure their effectiveness.

The total number of risks monitored by the consolidated risk profile has increased from 61 to 97 during 2005, largely as a result of the continued adoption of the universities risk management processes by all operating groups during the year.

There were 13 risks categorised as either 'Very High' or 'High'. These were subject to active management by the senior executive group to ensure that appropriate mitigation measures were in place to ensure the net risk was consistent with RMIT's objectives and risk appetite. 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 2005.

The committee reviewed and recommended adoption of the 2005 financial statements provided in this annual report and the Chancellor was delegated by the Council the power to submit the annual report on the Council's behalf.

RMIT University Consolidated Risk Profile / Trend



Factors Influencing the Risk Profile

The main factors that have influenced the very high and high risk areas in the 2005 risk profile are:

- **Research and Innovation** – Risk is highest in relation to changes in government research funding priorities. Strategies have been established to broaden the research base of the University and provide researchers with access to the equipment and infrastructure required to compete effectively in an increasingly competitive research market.
- **International Business** – The susceptibility of international revenues to increased competition, external influences and international market and currency fluctuations, although unchanged from the previous year, remains high.
- **Operational Efficiency** – Several key projects will continue to deliver outcomes during 2006 that will improve student experience and therefore have a positive impact on attraction and retention as well as operational efficiency. The successful implementation of these projects will contribute towards the financial viability and academic sustainability of the University for the future. These projects are being actively managed by the executive team.
- **Facilities and Environment** – A significant capital program has commenced to consolidate and improve the RMIT property portfolio. This program is considered critical to deliver quality facilities to support the university's goals with respect to growth and quality of teaching facilities.
- **Student Services** – Measures to manage the impact of the voluntary student unionism legislation on service provision to students need to be put in place rapidly to align with the operative date of the legislation. The impact on the University's operating position will need to be closely managed.
- **Fraud** – Measures in place to protect against fraud and improper conduct within the University are being enhanced to further reduce the opportunity for fraud or improper conduct to occur within the University.

RMIT Subsidiaries

RMIT International Pty Ltd

RMIT International is the University's commercial arm responsible for promoting and developing its global business initiatives. Its offices in Melbourne, Jakarta, Port Moresby and Wuhan (China) contribute to international onshore student recruitment and provide international business development, consultancy, training, research and project management services. In 2005, it recruited 4688 international students on behalf of the University into RMIT programs in Melbourne.

The company managed 62 projects across Australia, Vietnam, China, India, Indonesia, Papua New Guinea and the Philippines. These included agriculture, finance and taxation, human resources management, flight training, project management, energy/power marketing and product standards. Delegates included senior officials from a mix of sectors, government and industry groups including Vietnam's Ministry of Home Affairs, China's Ministry of Education, Tianjin Municipality and the Association of South East Asian Nations (ASEAN). Significant pilot training projects were delivered for Air China and Xiamen Airlines.

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 2005, the Foundation received bequests and donations of \$1,418,008 (2004 – \$1,166,345) and distributed \$1,140,138 (2004 – \$1,034,996) 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 a holding company for RMIT International University 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 four Vietnamese universities in Hue, Danang, Can Tho and Thai Nguyen.

RMIT International University 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 Vietnam experienced substantial growth (29%) in 2005, consolidating its position as the leading international university in Vietnam.

RMIT Training Pty Ltd

RMIT Training is comprised of four business units: RMIT English Worldwide, RMIT Publishing, RMIT TestLab and RMIT Workforce Solutions. The company operates the businesses as separate operations and all are profitable. A number of services are donated to RMIT University annually, for example administration and marketing of RMIT short and single courses, the management of the JET employment portal for apprentices and trainees and support for RMIT offshore programs in delivery of English language training.

The company is governed by a Board of Directors which meets six times a year and is chaired by a member of RMIT University Council. An Audit and Risk Management Committee reviews the accounts and performance against the Risk Management Plan and reports to the Board.

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.

Spatial Vision Innovations Pty Ltd

Spatial Vision Innovations Pty Ltd sells geospatial technology and services for use in environmental, land, asset and emergency management, and for government and a growing range of other private sector clients. In 2005, the business continued to expand its client base in NSW, the ACT and now Queensland.

The company was reappointed to the Whole of Victorian Government panel for the provision of e-services and the NSW Government panel for Software Development Services, and appointed to the Queensland GITC IT Software Development Panel. The company expanded its product range to include a new Victorian State-wide Topographic map book series, produced in partnership with the Victorian Government.

RMIT Union

RMIT Union is the main student facilities and service provider at RMIT University. The organisation supports local and international students to participate in sporting, cultural and community activity and provides assistance with professional, sporting, welfare and retail services.

The company has established a risk assessment approach that is consistent with that of RMIT University. RMIT Union is responding and adapting to current changes and challenges to secure its long-term future as the main student facilities and service provider for the campus community.

Meltech Services Ltd

Meltech Services Ltd, limited by guarantee, was established as a nominee company for the RMIT Union. It did not trade in 2005.

RMIT Associated Entities

RMIT's engagement with industry, professional, regional and community organisations, and its investment in research and innovation through spin-off 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 following table outlines RMIT's associated entities.

RMIT Associated Entities

Name	Principal Objects	RMIT Interest	Performance during 2005	Level of financial risk to RMIT	Level of reputational risk to RMIT
AARNet Pty Ltd	AARNet provides high-capacity leading-edge Internet services for the tertiary education and research sector communities and their research partners.	RMIT is one of 37 shareholders comprising of Universities and the CSIRO.	RMIT receives a good return on investment through AARNet's provision of access to high-capacity, cost effective internet services and representations to government and internationally to develop the global Research and Education Network.	Low	Low
Advanced Composite Structures Ltd	To pursue commercialisation opportunities for its patented advanced composite structures technologies.	RMIT is a member of the company.	The company continued to pursue commercialization opportunities for its patented advanced composite structures technologies.	Low	Low
CRC for Advanced Composite Structures Ltd	The CRC's primary aim is to provide a focus for the development of advanced technologies which foster the growth of an efficient, globally-competitive, Australian composite industry. This is achieved by conducting research and development programs into the design, manufacture, testing, durability and supportability of advanced composite structures.		The CRC for Advanced Composite Structures acts as a commercialisation agent on behalf of Advanced Composite Structures Ltd and conducted research on the analysis and development of advanced composites for aircraft and ships. The CRC continues to provide funding for scholarships and conference attendance for RMIT research students.		
Analytica Ltd	A change in corporate strategy has resulted in a focus on drug delivery devices and disposal of diagnostic business.	RMIT holds c. 1% of shares.	Capital raising activities were carried out during 2005 to fund expansion into Hong Kong market and for distribution of current products.	Low	Low
Australasian CRC for Interaction Design Pty Ltd	Established to perform creative, rigorous research, un-blinkered by disciplinary boundaries.	RMIT holds c. 14% of shares.	The company received approval for funding under the Federal Government's CRC programme.	Low	Low
Australian Higher Education Industry Association (AHEIA)	AHEIA is a university employers' association that provides advice, representation, industrial relations policy and case support to RMIT.	RMIT is a member of the Association.	Concentrated on Higher Education Workplace requirements during 2005.	Low	Low
Australian Housing and Urban Research Institute Ltd	The Australian Housing and Urban Research Institute is a national organisation that funds, conducts and promotes high quality, independent research into current issues in housing and urban development. It aims to inform the policy decision-making of governments, industry and the community sector and to stimulate debate on these issues in the broader community.	RMIT is a member of the company.	Twenty research projects were completed during the year. In addition, three Collaborative Research Ventures are now in operation and producing research outcomes.	Low	Low
Australian Mathematical Sciences Institute	An unincorporated joint venture that promotes and enhances mathematical sciences.	RMIT holds c. 12.5% interest.	The Institute has conducted a diverse and successful range of workshops and theme programs. Linkages with industry and commerce are being established under the general guidance of the Industry Advisory Committee and joint projects are under development.	Low	Low
Australian Nuclear Science & Technology Organisation & Others (CRC for Polymers) Polymers CRC Ltd	To conduct leading-edge polymer research to deliver the technically advanced polymeric materials and polymer engineering required to transform Australian industries and to establish and expand companies in emerging high-growth areas of the economy.	RMIT is a member of the company.	This CRC for Polymers' operations were transferred to a new incorporated entity structure, Polymers CRC, which was established during 2005.	Low	Low
Australian Photonics Cooperative Research Centre	Unincorporated joint venture, with a management company (Australian Photonics Pty Ltd) which has the rights to exploit the intellectual property developed by the CRC.	RMIT holds c. 5% interest.	Research undertaken at RMIT during 2005 was significantly reduced. The research was mainly on the development of suitable technologies for the fabrication of advanced lithium niobate optical modulators. In particular, the use of flip-chip bonding techniques for the packaging of modulators was investigated. Flip-chip bonding has the potential to significantly reduce the package size and the cost of packaging of these devices.	Low	Low

Name	Principal Objects	RMIT Interest	Performance during 2005	Level of financial risk to RMIT	Level of reputational risk to RMIT
Australian Poultry CRC	An unincorporated entity that conducts research to assist the poultry industry.	RMIT holds no equity, but participates in projects run by the CRC.	RMIT participated in two projects funded by the Australian Poultry CRC during the year.	Low	Low
Australian Telecommunications Cooperative Research Centre	The Australian Telecommunications Cooperative Research Centre (ATCRC) was established to provide a cooperative environment for developing and commercialising the technologies that will drive a new generation of telecommunications.	RMIT holds c 13% interest.	RMIT, through a number of its research fellows and higher degree students, continued to participate in research activities undertaken by this CRC.	Low	Low
Australian Vice-Chancellors' Committee Ltd	The Australian Vice-Chancellors' Committee advances higher education through voluntary, cooperative and coordinated action.	RMIT's interests are represented at the AVCC via the VC who is a member of the committee.	The AVCC has continued its role as the peak lobby group for the higher education sector in arguing for the legislation to be refined, and in dealing with various implementation matters across the sector.	Low	Low
Biocomm International Ltd Biocomm Services Pty Ltd	Bringing together some of the world's leading education, research and commercial organisations and maximising commercialisation benefits in the biotechnology and life science markets.	RMIT holds c. 3.37% of shares in Biocomm Services Pty Ltd and c. 8.33% of Biocomm International Ltd	Biocomm have completed two audits of potential IP in the broad area of biotechnology at RMIT.	Low	Low
Bushfire CRC Limited	Providing research which enhances the management of the bushfire risk to the community in an economically and ecologically sustainable way.	RMIT is a member of the company.	The Bushfire CRC is in its third successful year. RMIT Innovation Professor John Handmer leads one of four research programs dedicated to providing an improved evidence base for wildfire management and community safety. It is establishing formal agreements with overseas research groups. The CRC generates much media and public interest, and is now producing both practical advice and scientific publications.	Low	Low
Business / Higher Education Round Table Ltd	Forum for Australian business leaders, research and higher education to pursue issues of common interest.	RMIT is a member of the company.	Symposium held to enable stakeholders to contribute their opinions and suggestions on what needs to be done from a post-compulsory education perspective to build enterprise and productivity through an adaptable, well educated and highly skilled labour force.	Low	Low
Carbon Regen Pty Ltd	Established for the purpose of commercialisation of activated carbon regeneration process developed in the CRC for Water Quality and Treatment.	RMIT holds c. 33% of shares.	Continued dialogue with potential licensees.	Low	Low
Caval Ltd	CAVAL Limited was established to enhance the effectiveness of the educational and research activities of its member institutions by continually increasing the excellence of their library services	RMIT is a member of the company.	Changes were made to governance in order to improve operations; continued provision of useful services to RMIT.	Low	Low
CRC for Intelligent Manufacturing Systems and Technologies Limited	To be a world-class centre for the development and application of intelligent manufacturing systems and supporting technologies for the economic benefit of Australian industry and society.	RMIT is a member of the company.	RMIT University are continuing with a three year quantitative study of the effectiveness of In-Factory GPS and how to obtain the best performance from this metrology system.	Low	Low
CRC for Microtechnology	To provide the vision, infrastructure, skilled people and technologies to enable their partners and other enterprises in Australia to successfully compete in the international microtechnology Industry.	RMIT holds c. 15% interest.	The CRC has maintained continuing success.	Low	Low
CRC for Water Quality and Treatment Joint Venture	The Cooperative Research Centre for Water Quality and Treatment provides a national strategic research capacity for the Australian water industry. The CRC focuses on issues relating to water quality management and health risk reduction, from catchment and reservoir management and water treatment to the distribution of drinking water to consumers' taps.	RMIT holds c. 2.86% interest.	RMIT, through a number of its research fellows and higher degree students, continued to participate in research activities undertaken by this CRC.	Low	Low

Name	Principal Objects	RMIT Interest	Performance during 2005	Level of financial risk to RMIT	Level of reputational risk to RMIT
Emerge CMC Ltd	Emerge is an internet-focused Australian technology company specialising in Health, Technology and Innovation.	RMIT held shares in the company.	Company was wound up during 2005.	Low	Low
IDP Education Australia Ltd	Provides international student services, assessment and evaluation services, graduate services, development services, marketing, research and consultancies	RMIT holds c. 2% of shares and is a member of the company.	IDP Board appointed a new permanent CEO and Managing Director, and new business plan was implemented in November 2005. The growth strategy focuses to develop international student recruitment and English language testing.	Low	Low
International Training Australia Pty Ltd	Responsible for marketing and managing vocational education and training programs and projects in offshore markets.	RMIT holds c.2.7% of shares	Awarded a grant for the 2005 Pacific component of the Ross Trust Regional Fellowship Program. The program is working with government and non-government organisations in Samoa and Tonga to meet identified Technical and Vocational Education and Training needs.	Low	Medium
Melbourne Community Television Consortium Ltd (Channel 31)	A not-for-profit television service providing locally-based entertainment, education and information. Channel 31 provides access and representation to the many diverse communities within Victoria.	RMIT provides facilities, sponsorship and bank overdraft guarantee. Leases production studio and transmission facilities from RMIT.	Channel 31 provided training opportunities for RMIT students.	Low	Low
Melbourne Cooperative Bookshop Group Ltd (RMIT Bookshop)	To provide text books, reference books and stationery to students at the cheapest possible prices to service the communities at RMIT University.	The bookshop provides discounts to students and staff of RMIT.	The bookshop experienced a slight decrease in trading compared to 2004 due to relocation of its premises.	Low	Medium
Nanotechnology Victoria Ltd	Nanotechnology Victoria's vision is to develop new sources of competitive advantage for existing and emerging industries in Victoria, using advances in nanoscience and nanotechnology and marketing Victoria's R&D capability and technology outcomes nationally and internationally.	RMIT is a member of the company.	The Company has undertaken a number of research and innovation projects with various partners, including infrastructure (e.g. research equipment) and projects (people and support).	Low	Low
Numdaji Kwei Children's Centre (Bundoora Child Care Centre)	To provide high quality care that nurtures children, recognises and celebrates individual differences and provides development experiences tailored to individual needs and interests as well as being flexible and responsive to the needs of families.	RMIT Union provides annual funding to the child care centre.	A new Victorian government incentive program will result in increased funding for the child care centre.		
Open Universities Australia Pty Ltd (Open Learning Australia)	Provides students with convenient and affordable access to education programs that respond to individual and vocational needs and enhance career prospects.	RMIT holds c. 14% of shares.	Growth in numbers of Open Universities Australia students enrolled in RMIT units of study.	Low	Medium
Queensland University of Technology and 20 Others (CRC for Construction Innovation)	Focuses on the needs of the property, design, construction and facility management sectors.	RMIT holds c. 10% interest.	CRC is proceeding well.	Low	Low
RMIT Student Union Council	The Student Union is a representative body of RMIT students. Its aim is to advance the educational, welfare, social life, and cultural activities of its members. It is run by students, in the interest of students.	Wellbeing of students, provision of services, representation.	Represented RMIT students' concerns in submissions to public inquiries and to the wider community; Creating opportunities to meet and interact with students from diverse backgrounds through participation in on campus and off campus activities and events; Provided social, cultural and leisure activities; Engaged with the university to develop strategies to manage the impact of the VSU legislation on the continued delivery and provision of core student related activities.	Low	Low

Name	Principal Objects	RMIT Interest	Performance during 2005	Level of financial risk to RMIT	Level of reputational risk to RMIT
RMIT Village Old Melbourne Tuscan GPO Melbourne Pty Limited Transfield (OMH) Pty Limited	To provide reasonably priced, clean and safe accommodation for students in a vibrant and supportive community environment.	The Village is affiliated with RMIT and RMIT cooperates with the Village in relation to operation and marketing of the Village.	RMIT received priority rights for its students to occupy the Village in return for granting the Village a license to use the RMIT name in relation to the operation and marketing of the Village.	Low	Low
Smart Internet Technology CRC Pty Limited	To combine research in Artificial Intelligence (AI), Social Interaction and Network Development to create enabling technologies for smart Internet applications that will allow users and network providers to manage the complexity of the Internet.	RMIT holds c. 7% of the shares.	The period 2004-05 was a year of consolidation for the CRC with changing partners, a refocus of R&D and advancement of the programs into applications development.	Low	Low
Triple R Broadcasters Ltd (3RRRFM)	Triple R is an independent radio station serving the Melbourne metropolitan area.	RMIT is a member of the company.	RMIT continued to provide financial support during the year. In return, Triple R 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 non-for-profit company whose shareholders are 37 Australian universities.	RMIT holds c. 2% of the shares.	All of UniSuper's investment strategies returned strong results and out-performed their benchmarks for the 2005 financial year.	Low	Low
Vernet Pty Ltd	To deploy optical fibre network infrastructure across Victoria to help Victoria's researchers and educators to deliver tomorrow's ideas faster. This leading and essential infrastructure will help to collaborate more effectively in international research and to deliver better science and know how for all Australians.	RMIT holds c. 10% 'A' Class voting shares and c. 12.9% 'B' Class shares	Project proceeding. A second internet connection (POP) was installed during 2005.	Low	Low
Victorian Institute of Chemical Sciences Limited (VICS)	The Institute is dedicated to the advancement of the chemical sciences in Victoria.	RMIT is a member of the company.	VICS is charged with promoting Victorian capabilities in the teaching, research and community engagements dimensions of chemistry.	Low	Low
Victorian Partnership for Advanced Computing Ltd (VPAC)	To provide high performance computing facilities and support to its member universities, industry and other organisations within Victoria and Australia.	RMIT is a member of the company.	Despite an extraordinary loss during 2005, VPAC successfully managed steady growth across all its business units as business development in areas such as Life Sciences began to have significant impact.	Low	Low
Victorian Tafe Association	The VTA is Victoria's peak employer body for the public providers of TAFE in Victoria. Their purpose is to actively engage members through developing, supporting and advocating policies and practices that progress and sustain their interests.	RMIT is a member of the Association.	In 2005 a number of RMIT staff participated in the Office of Training and Tertiary Education funded professional development programs, arranged through the VTA for human resource practitioners and TAFE teacher line managers.	Low	Low

Consultancies 2005

Vendor Name	Order Amount (\$)	Invoiced Amount (\$)	Further Commitments (\$)	Description
Entity Solutions	472,061	465,965	6,096	Student Life Cycle Project
KPMG	293,559	293,559	0	Property Review & Development
Cytel Pty Ltd	224,868	224,868	0	Peoplesoft Technical Support
Motet Consulting Pty Ltd	221,755	221,755	0	Student Life Cycle Project
S1 Consulting	211,728	211,728	0	Student Life Cycle Project
Minter Ellison	202,226	202,226	0	InQurion Sale & Other Contract Work
Lee Hecht Harrison Pty Ltd	184,270	179,270	5,000	Outplacement Services & Career Assistance
Inquirion Pty Ltd	176,600	176,600	0	ITS Support Services
Cordiner King & Co Pty Ltd	193,925	171,921	22,004	Recruitment of VC/DVC/VP
Oxygen Business Solutions P/l	159,809	159,809	0	SAP Consulting
JDS Solutions (Aust) Pty Ltd	159,600	159,600	0	AMS – Financials Reporting
Presence of IT - Victoria Pty Ltd	155,522	155,522	0	SAP – HR Development & Support
Victorian University of Technology	154,309	154,309	0	Disability Learning & Development Project
East Gippsland Institute of TAFE	154,142	154,142	0	Bachelor of Commerce Program 2005
Grace Lynch & Associates	148,400	148,400	0	Business Plan lab3000 and Project Work
Peoplesoft Australia Pty Ltd	143,700	143,700	0	Student Life Cycle Project
Moore Stephens HF Services Pty	143,165	143,165	0	AMS Review
ABL Action Based Learning & Dev	123,234	123,234	0	Course Preparation & Delivery
Urcot Limited	112,445	112,445	0	Teaching & Workshops
Enakt Pty Ltd	104,500	104,500	0	Transition Projects
Texskill	102,545	102,545	0	Textiles Training
Osa Group	101,470	101,470	0	Employee Assistance Program
Total	3,943,833	3,910,733	33,100	
1,042 consultancies of less than \$100,000	7,213,060	6,943,575	269,485	

Glossary

AEU	Australian Education Union
ARC	Australian Research Council
ATN	Australian Technology Network of universities
CEQ	Course Experience Questionnaire
Course	Prior to 2001, referred to as a Subject
CRC	Cooperative Research Centre
DEST	Department of Education, Science and Technology
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
NH&MRC	National Health and Medical Research Council
NTEU	National Tertiary Education Union
OH&S	Occupational Health and Safety
Program	A collection of courses leading to a university award
PVC	Pro Vice-Chancellor
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
VTAC	Victorian Tertiary Admissions Centre

Compliance Index

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

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

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

Clause	Disclosure	Pg
Report of operations		
FRD 10	Compliance index	54
FRD 21(1)(a), (b), (c), (d)	Disclosure of responsible persons and executive officers' remuneration	96
FRD 21(2)(a), (b), (c)	Disclosure of remuneration of executive officers	96
FRD 22; SD 4.2(g) (h)	General and financial information	57
SD 4.2 (j)	Signature of Chancellor or nominee	Inside cover
	Date of meeting at which Council approved or delegated approval of annual report	Inside cover
General information		
FRD 22 (a)	Manner in which the University was established	8
FRD 22 (a)	Relevant Minister	8
FRD 22 (a)	Objectives, functions, powers and duties	10
FRD 22 (a)	Nature and range of services, people and communities served	14
FRD 22 (a)	Administrative structure	36
FRD 22 (a)	Members of the Council	36
FRD 22 (a)	Occupants of senior offices and areas of responsibility	40
FRD 22 (a)	Organisational chart	42
FRD 22 (a)	Workforce data for current and previous year; statement on application of merit / equity principles	27
FRD 22 (a)	Statement on occupational health and safety matters	28
Financial year information		
FRD 22 (a)	Summary of the financial results with comparative results for the preceding four years	104
FRD 22 (a)	Summary of significant changes in financial position	103
FRD 22 (a)	Operational objectives and performance including significant activities and achievements	9
FRD 22 (a)	Major changes or factors affecting the achievement of operational objectives	8
FRD 22 (a)	Events subsequent to balance date which may have a significant effect on operations in subsequent years	89
FRD 22 (a)	Consultancies in excess of \$100,000	52
FRD 22 (a)	Consultancies less than \$100,000	52
Other relevant information		
FRD 22 (a)	Application and operation of the Freedom of Information Act 1982	43
FRD 22 (a)	Compliance with the Building Act 1993	32
FRD 22 (a)	Compliance with the Whistleblowers Protection Act 2001 (section 104)	43
FRD 22 (a)	Information listed in Appendix of FRD 15	45
FRD 22 (a)	Implementation and compliance with National Competition Policy	43
FRD 22 (a)	Summary of environmental performance	32

Clause	Disclosure	Pg
	Additional information on request subject to the provision of the FOI Act	
FRD 22 (a)	Declarations of pecuniary interests	45
FRD 22 (a)	Shares held by senior officers	45
FRD 22 (a)	Publications	45
FRD 22 (a)	Changes in prices, fees, charges, rates and levies	44
FRD 22 (a)	Major external reviews	45
FRD 22 (a)	Major research and development activities	19
FRD 22 (a)	Overseas visits	45
FRD 22 (a)	Promotional, public relations and marketing activities	45
FRD 22 (a)	Occupational health and safety matters	28
FRD 22 (a)	Industrial relations, accidents and disputes	28
FRD 22 (a)	List of major committees sponsored by the University	38
	Superannuation liabilities and disclosure	
FRD 23	Name and type of scheme	89
FRD 23	Basis for calculating superannuation contributions	90
FRD 23	Cost to the University for the scheme during the year	89
FRD 23	Amount of contributions to defined contribution schemes outstanding at balance date	89
FRD 23	Details of any loan to the University from the scheme	90
FRD 23	If superannuation liabilities are recognised, details for each plan, accrued benefits, market value, etc	89
	Additional information	
TEA 1993 (s121)	Compulsory non-academic fees, subscriptions and charges	44
PAEC (Dec 1997)	International initiatives and strategies	24
PSMEA (s 7 & 8)	Employment processes and principles of conduct for public sector employees	27
RUG	Statement that public funds are allocated to the purposes specified by the Government or other public funding body	44
RUG	Council's risk management strategy	45
RUG	Summary table of financial performance of the University's associates and commercial ventures	48
ESOS	Compliance with ESOS Act 2000	44
DEST	Internal grievance and complaint procedures; complaints to and investigated by the Ombudsman	43
DEST	Website address for the current and previous annual reports	Inside cover
	Financial statements	
FMA 49(a), (b), (c), (d), (e)		
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 Income Statement and Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the financial statements	61-102
SD 4.2(c)	Signed and dated by the accountable officer, CFAO and a member of the responsible body	58
SD 4.2 (d)	Expressed in the nearest dollar	72
SD 4.2 (e)	Reviewed and recommended by the audit committee or responsible body prior to finalisation and submission	45

PHOTO CAPTION

RMIT's Treasury Training Facility was the first educational complex of its kind funded by the State Government and supported by the finance community. Its introduction revolutionised the way treasury functions were taught and radically enhanced the skills of RMIT's graduates in finance, through its intensive simulation methods.

Photograph courtesy of Walter Collato Photography

Financial Statements

for the year ended 31 December 2005

Royal Melbourne Institute of Technology and Subsidiaries
Australian Business Number (ABN): 49 781 030 034
Financial Report for the year ended 31 December 2005



COUNCILLORS' DECLARATION

YEAR ENDED 31 DECEMBER 2005

In our opinion:

The consolidated financial statements of Royal Melbourne Institute of Technology (RMIT) consisting of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flows Statement and the accompanying notes thereto, present fairly the financial position of the University and its subsidiaries as at 31 December 2005 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 expended for the purposes specified by the Government or other public funding bodies and RMIT has complied with applicable legislation, contracts, agreements and program expenditure.

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



M. E. Gardner
Vice-Chancellor and President

STATEMENT BY PRINCIPAL ACCOUNTING OFFICER

In my opinion:

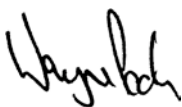
The financial statements of RMIT present fairly the financial transactions of RMIT and the consolidated entity during the financial year ended 31 December 2005 and the financial position of its operations for the year ended on that date;

Commonwealth financial assistance expended during the financial year ended 31 December 2005 was expended for the purposes for which it was provided;

RMIT has complied in full with applicable legislation, contracts, agreements and the requirements of various program 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 and other mandatory professional reporting requirements.

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.



W. A. Poole
Chief Finance and Accounting Officer (Acting)

Dated at Melbourne
This day 12th of April 2006



AUDITOR GENERAL
VICTORIA
INDEPENDENT AUDIT REPORT

Royal Melbourne Institute of Technology

To the Members of the Parliament of Victoria and Members of the Council of the University

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report for the financial year ended 31 December 2005 relates to the financial report of Royal Melbourne Institute of Technology included on its web site. The Members of the Council of Royal Melbourne Institute of Technology are 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.

Scope

The Financial Report

The accompanying financial report for the year ended 31 December 2005 of Royal Melbourne Institute of Technology consists of the income statement, balance sheet, statement of changes in equity, cash flow statement, notes to and forming part of the financial report, and the supporting declaration. The financial report includes the consolidated financial statements of the economic entity, comprising 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 40 to the financial statements.

Members' Responsibility

The Members of the Council of Royal Melbourne Institute of Technology are responsible for:

- the preparation and presentation of the financial report and the information it contains, including accounting policies and accounting estimates
- the maintenance of adequate accounting records and internal controls that are designed to record its transactions and affairs, and prevent and detect fraud and errors.

Audit Approach

As required by the *Audit Act 1994*, an independent audit has been carried out in order to express an opinion on the financial report. 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:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the financial report
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the members
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the financial report.



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

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 University'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.

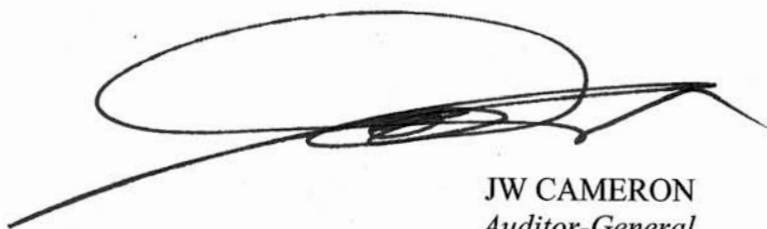
Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers are to be exercised. The Auditor-General and his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

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 2005 and their financial performance and cash flows for the year then ended.

MELBOURNE
18 April 2006



JW CAMERON
Auditor-General

INCOME STATEMENT
for the year ended 31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	3	160,587	138,685	160,587	138,685
HECS-HELP – Australian Government payments	3	55,870	47,817	55,870	47,817
FEE-HELP	3	12,441	10,659	12,441	10,659
State and local Government financial assistance	4	60,042	59,246	60,042	59,213
HECS-HELP – Student Payments		11,452	8,331	11,452	8,331
Fees and charges	5	187,344	174,169	170,095	160,816
Investment income	6	4,034	1,463	2,906	809
Consultancy and contract research	7	39,091	41,187	23,103	25,720
Other revenue	8	30,355	24,329	14,229	10,687
		561,216	505,886	510,725	462,737
Deferred government superannuation contributions		29,466	35,837	29,466	35,837
Total revenue from continuing operations		590,682	541,723	540,191	498,574
Expenses from continuing operations					
Employee benefits and on costs	9	344,301	340,179	319,332	316,830
Depreciation and amortisation	10	26,506	26,561	23,574	24,037
Repairs and maintenance	11	13,558	14,562	13,157	14,112
Borrowing costs	12	914	397	973	882
Bad and doubtful debts	13	1,255	(229)	1,309	(242)
Other expenses	14	146,432	149,716	129,456	132,004
		532,966	531,186	487,801	487,623
Deferred employee benefits for superannuation		29,466	35,837	29,466	35,837
Total expenses from continuing operations		562,432	567,023	517,267	523,460
Operating result before income tax		28,250	(25,300)	22,924	(24,886)
Income tax expense (benefit)	16	(543)	1,154	(319)	742
Operating result from continuing operations		28,793	(26,454)	23,243	(25,628)
Net operating result attributable to minority interest	32	(115)	(92)	-	-
Net operating result attributed to RMIT entity		28,678	(26,546)	23,243	(25,628)

The above income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

as at 31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	17	59,557	32,107	31,814	6,699
Receivables	18	46,434	42,713	49,380	47,438
Inventories	19	888	989	-	-
Assets classified as held for sale	20	29,875	-	29,875	-
Other non-financial assets	25	3,500	3,518	2,947	3,042
Total current assets		140,254	79,327	114,016	57,179
Non-current assets					
Receivables	18	285,463	254,502	285,463	254,502
Available for sale financial assets through equity	21	6,956	-	-	-
Other financial assets	22	174	5,729	822	934
Property, plant and equipment	23	1,040,994	1,047,165	1,021,486	1,031,464
Intangible assets	24	2,140	2,172	2,093	1,225
Other non-financial assets	25	66	332	-	-
Total non-current assets		1,335,793	1,309,900	1,309,864	1,288,125
Total assets		1,476,047	1,389,227	1,423,880	1,345,304
LIABILITIES					
Current liabilities					
Payables	26	58,284	45,836	51,571	40,898
Interest bearing liabilities	27	-	3,582	13,724	15,323
Provisions	28	39,582	43,589	38,035	41,470
Other liabilities	29	30,531	22,856	22,016	18,238
Total current liabilities		128,397	115,863	125,346	115,929
Non-current liabilities					
Interest bearing liabilities	27	9,541	8,986	-	-
Provisions	28	335,866	299,299	334,520	298,086
Total non-current liabilities		345,407	308,285	334,520	298,086
Total liabilities		473,804	424,148	459,866	414,015
Net assets		1,002,243	965,079	964,014	931,289
EQUITY					
RMIT entity interest					
Reserves	30	557,548	546,553	510,154	500,672
Retained surplus	31	444,462	418,407	453,860	430,617
Total RMIT entity interest		1,002,010	964,960	964,014	931,289
Minority interest	32	233	119	-	-
Total equity		1,002,243	965,079	964,014	931,289

The above balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Total equity at the beginning of the financial year		965,079	973,765	931,289	936,417
Adjustment to reserves on adoption of AASB 132 and AASB 139 – net of tax	30	1,414	-	-	-
Disposals through revaluation reserve	30	(34)	-	-	-
Gain on revaluation of land and buildings, net of tax	23	9,482	20,500	9,482	20,500
Exchange differences on translation of foreign operations	30	133	(2,749)	-	-
Net income recognised directly in equity		10,995	17,751	9,482	20,500
Operating result for the year		28,793	(26,454)	23,243	(25,628)
Total recognised income and expense for the year		39,788	(8,703)	32,725	(5,128)
Transactions with equity holders in their capacity as equity holders					
Contribution of equity		(1)	17	-	-
Disposal of investment in subsidiary	31	(2,623)	-	-	-
		(2,624)	17	-	-
Total equity at the end of the financial year		1,002,243	965,079	964,014	931,289
Total recognised income and expense for the year is attributable to:					
Members of RMIT		39,673	(8,795)	32,725	(5,128)
Minority interest	32	115	92	-	-
		39,788	(8,703)	32,725	(5,128)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

for the year ended 31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Cash flows from operating activities					
Inflows:					
Australian Government					
CGS and Other DEST Grants	41.1	134,039	113,008	134,039	113,009
Higher Education Loan Programmes	41.2	72,863	59,572	72,863	59,572
Scholarships	41.3	3,636	3,497	3,636	3,497
DEST research	41.4	19,098	16,665	19,098	16,665
ARC grant – Discovery	41.5(a)	1,948	1,814	1,948	1,814
ARC grant – Linkages	41.5(b)	3,482	2,576	3,482	2,576
Other Australian Government Grants		727	677	727	677
State Government Grants		60,042	59,246	59,463	60,028
HECS-HELP – Student payments		11,452	8,331	11,452	8,331
Receipts from student fees and other customers					
Consultancy and contract research		39,116	41,654	23,164	26,112
Fees and charges		185,418	173,049	166,967	160,013
Other cash receipts in the course of operations		24,299	32,913	8,569	17,834
Dividends received		169	157	-	-
Interest received		3,865	1,210	2,877	841
Receipt of GST from Australian Taxation Office		11,159	8,964	10,960	10,142
Outflows:					
Payments to suppliers (inclusive of GST) and employees		(498,741)	(485,197)	(456,187)	(445,160)
Interest & other finance costs paid		(914)	(397)	(973)	(882)
Net cash inflow (outflow) from operating activities	35(b)	71,658	37,739	62,085	35,069
Cash flows from investing activities					
Inflows:					
Proceeds from sale of investments		4,038	163	3,729	-
Proceeds from sale of property, plant & equipment		1,182	9,804	1,131	9,781
Outflows:					
Payment for investments		(1,601)	(2,604)	(1,580)	(1,182)
Payment for intangible assets		(1,414)	(1,213)	(1,276)	(1,152)
Payments for property, plant & equipment		(43,564)	(44,080)	(37,375)	(34,906)
Net cash inflow (outflow) from investing activities		(41,359)	(37,930)	(35,371)	(27,459)
Cash flows from financing activities					
Inflows:					
Proceeds from borrowings		-	8,986	1,901	-
Outflows:					
Repayment of borrowings		(3,582)	(3,598)	(3,500)	(3,680)
Net cash inflows (outflow) from financing activities		(3,582)	5,388	(1,599)	(3,680)
Net increase (decrease) in cash and cash equivalents		26,717	5,197	25,115	3,930
Cash and cash equivalents at the beginning of the financial year		32,025	30,062	6,699	2,769
Effects of exchange rate changes on cash and cash equivalents		815	(3,234)	-	-
Cash and cash equivalents at end of year	35(a)	59,557	32,025	31,814	6,699

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

Contents of the notes to the Financial Statements

Page
Number

1	Statement of Significant Accounting Policies	66
2	Disaggregation information	73
	Revenue	
3	Australian Government financial assistance	76
4	State and Local Government financial assistance	76
5	Fees and charges	77
6	Investment income	77
7	Consultancy and contracts	77
8	Other revenue	77
	Expenses	
9	Employee benefits and on costs	77
10	Depreciation and amortisation	78
11	Repairs and maintenance	78
12	Borrowing costs	78
13	Bad and doubtful debts	78
14	Other expenses	79
15	Sales of assets	79
16	Income tax	79
	Assets	
17	Cash and cash equivalents	80
18	Receivables	80
19	Inventories	80
20	Assets classified as held for sale	80
21	Available for sale financial assets through equity	80
22	Other financial assets	81
23	Property, plant and equipment	82
24	Intangible assets	84
25	Other non-financial assets	84
	Liabilities	
26	Payables	84
27	Interest bearing liabilities	84
28	Provisions	85
29	Other liabilities	85
	Equity	
30	Reserves	86
31	Retained surplus	87
32	Minority interest	87
33	Contingent liabilities and contingent assets	87
34	Commitments for expenditure	87
35	Notes to statement of cash flows	88
36	Economic dependency	88
37	Events occurring after reporting date	89
38	Superannuation contributions	89
39	Financial instruments	91
40	Details of subsidiaries	92
41	Acquittal of Commonwealth Government financial assistance	93
42	Remuneration of auditors	95
43	Responsible persons and executives officers	95
44	Related parties	97
45	Amenities and service fees	97
46	Explanation of transition to Australian equivalents to IFRS	98

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

1 Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Royal Melbourne Institute of Technology (RMIT) as an individual entity and the consolidated entity consisting of RMIT and its subsidiaries.

1.01 Basis of Preparation of the Financial Report

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), the Financial Management Act 1994, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the Department of Education, Science and Training and other State/Australian Government legislative requirements.

Compliance with IFRSs

The financial statements and notes comply with the Australian Accounting Standards some of which contain requirements specific to non-for-profit entities that are inconsistent with IFRS requirements.

Application of AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first RMIT financial statements to be prepared in accordance with AIFRSs. AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of RMIT until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing RMIT 2005 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2004 were restated to reflect these adjustments. RMIT has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 January 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the RMIT's equity and its net income are given in note 46.

Early adoption of standard

RMIT has elected to apply AASB 119 Employee Benefits (issued in December 2004) to the annual reporting period beginning 1 January 2005. This includes applying AASB 119 to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets at fair value through equity and certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the RMIT's accounting policies.

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

Background

DEST made changes to payment arrangements in late 2004 so that all recurrent payments in respect of a grant year were made in that year. The past practice of making the first payment in respect of a grant year at the end of December of the previous year was discontinued. For the 2005 grant year, the first payment was made in January 2005 instead of December 2004.

Financial Effects for 2004

Changes to payment arrangements meant that those Universities that reported the whole or part of the 8% first payment in respect of the 2004 grant year as revenue in 2003 had the effect of understating the Australian Government funding for the 2004 grant year in their 2004 Statement of Financial Performance. The Universities were required to identify in their 2004 financial statements, the impact of the changed treatment on their operating result by restating the Australian Government financial assistance for 2004 (by incorporating the amount received in December 2003 as revenue for the 2004 reporting period) and the total revenue from operating activities. The restated amounts for 2004 were reported in the income statement, therefore that information is provided below:

2004 Revenue from Operating Activities (per income statement)	\$'000 197,161
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	(10,694)
Reported 2004 Operating Result	<u>(25,628)</u>
Financial Effect on 2004 Operating Result	14,934

The Australian Government has used the restated figures for 2004 in all DEST publications, including the Finance 2004 publication, to ensure consistent treatment across all Universities.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

1.03 Working capital deficiency

The financial statements of the RMIT Consolidated Entity have been prepared on a going concern basis. As at 31 December 2005 the RMIT Consolidated Entity had working capital of 11.857m, 2004 a deficiency of (36.536m) and a working capital ratio of 1.09 (2004 – 0.68).

The RMIT Consolidated Entity has in place a borrowing facility of \$40m (2004 – \$40m), which has not been utilised as at 31 December 2005. 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 2005 financial year and the operations will generate sufficient cash in 2006 to fund the ongoing operations of RMIT and debts will be able to be paid as and when they fall due.

1.04 Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of RMIT as at 31 December 2005 and the results of all subsidiaries for the year then ended. RMIT and its subsidiaries together are referred to in this final report as the Group or the consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

1.05 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is RMIT's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- * assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- * income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- * all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

1.06 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. All revenue is stated net of the amount of goods and services tax (GST). Revenue is recognised for the major business activities as follows:

(i) Government financial assistance

Revenue is recognised in the accounts upon advice from various government sources. Grants received where the consolidated entity controls the grant (non-reciprocal) are brought to account at the time of receipt. Grants received that are not fully controlled (reciprocal) are brought to account in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

1.06 Revenue recognition (continued)

(ii) Fees and charges

Revenue from fees and charges comprises earned income (net of returns, discounts and allowances) from the provision of products or services to entities and individuals 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 non-reciprocal.

(iii) Investment income

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

(iv) Consultancy and contract

Contract revenue, which is reciprocal, is either recognised when the service has been provided or, where applicable in accordance with the percentage of completion method where the stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract.

(v) Sale of non-current assets

The net profit or loss of non-current asset sales are included as revenue or expense at the date control of the asset passes to the purchaser, 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.

(vi) Property rental (lease) income

Rental income from operating leases is recognised as income on a straight-line basis over the lease term.

(vii) 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.

1.07 Income Tax – Note 16

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

1.08 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases – note 34(b). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1.09 Acquisitions of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

1.10 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.11 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables and other debtors are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

1.13 Inventories – Note 19

Inventories are measured at the lower of cost and net realisable value. Cost is measured on the basis of specific identifiable cost and in the case of inventory held for distribution replacement cost if this is lower than cost of acquisition. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.14 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

1.15 Investments and other financial assets

From 1 January 2004 to 31 December 2004

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 January 2005. The Group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Under previous AGAAP, interests in listed and unlisted securities, other than subsidiaries and associates, are brought to account at cost and dividend income is recognised in the income statement when receivable. Transaction costs are excluded from the carrying amounts.

Adjustments on transition date: 1 January 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 January 2005) changes to carrying amounts are taken to retained earnings or reserves.

For further information concerning the adjustments on transition date reference should be made to the following notes:

- Available-for-sale financial assets – note 21
- Other financial assets – note 22
- Reserves – note 30
- Retained surplus – note 31
- Explanation of transition to AIFRSs – note 46

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss and available-for-sale financial assets through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

1.15 *Investments and other financial assets (continued)*

(i) Receivables

Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

1.16 *Net Fair Values of Financial Assets and Liabilities*

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

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

- Monetary financial assets and liabilities not traded in an organised financial market – cost basis carrying amounts of cash at bank, deposits, bills of exchange, foreign currency bank accounts (translated at applicable rate of exchange at balance date) receivables, payables and interest bearing liabilities
- Non-current receivables – amortised cost (Net Present Value)
- Available for sale financial assets – current quoted market bid price
- Shares in non related companies – cost less any estimate of impairment
- Government Stocks (short term) – current quoted market bid price

1.17 *Property, Plant and Equipment – Note 23*

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. Land and buildings valuations are conducted on periodic, but at least triennial, valuations an external independent valuer based on reference to market-based evidence and value in use. Any revaluation increment or decrement is credited or debited to the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred out to retained earnings.

All other plant and equipment is stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying amount may be impaired. The recoverable amount of plant and equipment is assessed with reference to the higher of fair value less costs to sell or value in use.

For plant and equipment, impairment losses are recognised in the income statement. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

1.17 *Property, Plant and Equipment – Note 23 (continued)*

Land and works of art are not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

	2005 Years	2004 Years
Buildings	25 – 100	25 – 100
Plant, equipment, furniture and fitting and motor vehicles	4 – 20	4 – 20
Leasehold improvements	25 – 50	25 – 50
Computer equipment	4	4
Library collections	10	10

The capitalisation threshold for plant, equipment, computers, motor vehicles and furniture and fittings to be recognised as an asset is \$2,000 (2004 - \$2,000). The library collections are capitalised on an individual unit bases, they are considered to be significant in value as a collective group.

1.18 *Leasehold Improvements*

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

1.19 *Intangible assets*

Software costs are charged as expenses in the period in which they are incurred unless they relate to the acquisition of a material asset (greater than \$0.100m), 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 and ongoing costs of maintenance during the operating phase are considered to be expenses. Costs incurred in building or enhancing the software asset, 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 (2004 – 4 years).

1.20 *Deferred Employee Benefits for Superannuation – Note 38*

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as the Department of Education, Science and Training (DEST) the effects of the unfunded superannuation liabilities of RMIT and its subsidiaries were recorded in the Income statement and the Balance sheet for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements.

The unfunded liabilities recorded in the Balance sheet under Provisions have been determined by Carl Stevenson FIA, FIAA, BSc Actuary and relate to the estimates of net liabilities at 30 June 2005. The methodology for measurement of the net liabilities using discount rates based on the bond rate and assumed salary increases of 4%, pension indexation at 2.5% with an assumed investment return on Fund assets of 7.5% (net of fees).

AASB 119 Employee Benefits requires that the estimated present value of superannuation obligations recognised in the financial statements should be determined as at balance date. These financial statements recognise estimated superannuation obligations in respect of the State Superannuation Fund using an actuarial estimate as at 30 June 2005. As there is no net impact on the balance sheet or income statement from these superannuation obligations (due to recognition of a corresponding receivable), the costs of providing an actuarial assessment at balance date (31 December 2005) outweigh the benefits. RMIT has therefore elected not to obtain an estimate of its superannuation obligations as at balance date. Consequently superannuation obligations (and corresponding receivable) are stated in the financial statements based on estimates prepared 6 months in arrears.

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the RMIT's beneficiaries of the State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the State Grants (General Revenue) Amendment Act 1987, Higher Education Funding Act 1988 and subsequent amending legislation. Accordingly the unfunded liabilities have been recognised in the Balance Sheet under Provisions with a corresponding asset recognised under Receivables. The recognition of both the asset and the liability consequently does not affect the year end net asset position of RMIT.

1.21 *Trade and Other Creditors – Note 26*

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1.22 *Borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.23 *Borrowing Costs – Note 12*

Borrowing costs incurred for the construction of any qualifying asset are expensed as incurred in accordance with Financial Reporting Directive (FRD) 105. All other borrowing costs are also expensed.

1.24 *Provisions*

Provisions for legal claims are recognised when: the Consolidated Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

1.25 *Employee Benefits and Oncosts – Note 28*

Provision is made for employee benefits and oncosts 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 and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Amounts expected to be settled more than 12 months after the reporting date are measured at the present value of amounts expected to be paid.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and oncosts and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments beyond 12 months are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) 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 income statement. Further details are provided in Note 38.

(iv) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

1.26 *Interest Bearing Liabilities – Note 27*

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

1.27 *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 balance sheet.

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 34) 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;
- journeyman;
- 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 income statement in the year in which the loss is reported.

1.29 *Rounding of Amounts*

All dollar amounts in this financial report (except where indicated) have been rounded to the nearest thousand dollars for presentation.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

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 2005 \$'000	TAFE 2005 \$'000	TOTAL RMIT 2005 \$'000	HIGHER EDUCATION 2004 \$'000	TAFE 2004 \$'000	TOTAL RMIT 2004 \$'000
(i) Income Statement						
Revenue from continuing operations						
Australian Government financial assistance						
Australian Government grants	160,587	-	160,587	138,682	3	138,685
HECS-HELP – Australian Government payments	55,870	-	55,870	47,817	-	47,817
FEE-HELP	12,441	-	12,441	10,659	-	10,659
State and local Government financial assistance	1,834	58,208	60,042	2,595	56,618	59,213
HECS-HELP – Student Payments	11,452	-	11,452	8,331	-	8,331
Fees and charges	142,088	28,007	170,095	131,480	29,336	160,816
Investment income	2,467	439	2,906	616	193	809
Consultancy and contract research	21,732	1,371	23,103	23,683	2,037	25,720
Other revenue	12,582	1,647	14,229	9,374	1,313	10,687
	421,053	89,672	510,725	373,237	89,500	462,737
Deferred government superannuation contributions	29,466	-	29,466	35,837	-	35,837
Total revenue from continuing operations	450,519	89,672	540,191	409,074	89,500	498,574
Expenses from continuing operations						
Employee benefits and on costs	255,663	63,669	319,332	252,340	64,490	316,830
Depreciation and amortisation	18,845	4,729	23,574	18,945	5,092	24,037
Repairs and maintenance	11,085	2,072	13,157	10,825	3,287	14,112
Borrowing costs	966	7	973	864	18	882
Bad and doubtful debts	971	338	1,309	(247)	5	(242)
Other expenses	111,819	17,637	129,456	109,452	22,552	132,004
	399,349	88,452	487,801	392,179	95,444	487,623
Deferred employee benefits for superannuation	29,466	-	29,466	35,837	-	35,837
Total expenses from continuing operations	428,815	88,452	517,267	428,016	95,444	523,460
Operating result before income tax	21,704	1,220	22,924	(18,942)	(5,944)	(24,886)
Income tax expense (benefit)	(321)	2	(319)	742	-	742
Operating result from continuing operations	22,025	1,218	23,243	(19,684)	(5,944)	(25,628)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	HIGHER EDUCATION 2005 \$'000	TAFE 2005 \$'000	TOTAL RMIT 2005 \$'000	HIGHER EDUCATION 2004 \$'000	TAFE 2004 \$'000	TOTAL RMIT 2004 \$'000
(ii) Balance sheet						
Current assets						
Cash and cash equivalents	20,572	11,242	31,814	4,093	2,606	6,699
Receivables	44,683	4,697	49,380	38,148	9,290	47,438
Assets classified as held for sale	29,875	-	29,875	-	-	-
Other non-financial assets	2,462	485	2,947	3,040	2	3,042
Total current assets	97,592	16,424	114,016	45,281	11,898	57,179
Non-current assets						
Receivables	285,463	-	285,463	254,502	-	254,502
Other financial assets	822	-	822	934	-	934
Property, plant and equipment	783,492	237,994	1,021,486	796,314	235,150	1,031,464
Intangible assets	1,970	123	2,093	1,046	179	1,225
Total non-current assets	1,071,747	238,117	1,309,864	1,052,796	235,329	1,288,125
Total assets	1,169,339	254,541	1,423,880	1,098,077	247,227	1,345,304
Current liabilities						
Payables	44,791	6,780	51,571	34,063	6,835	40,898
Interest bearing liabilities	13,724	-	13,724	15,323	-	15,323
Provisions	35,305	2,730	38,035	38,502	2,968	41,470
Other liabilities	18,868	3,148	22,016	18,238	-	18,238
Total current liabilities	112,688	12,658	125,346	106,126	9,803	115,929
Non-current liabilities						
Provisions	327,789	6,731	334,520	291,950	6,136	298,086
Total non-current liabilities	327,789	6,731	334,520	291,950	6,136	298,086
Total liabilities	440,477	19,389	459,866	398,076	15,939	414,015
Net assets	728,862	235,152	964,014	700,001	231,288	931,289
Equity						
RMIT entity interest						
Reserves	370,814	139,340	510,154	363,978	136,694	500,672
Retained surplus	358,048	95,812	453,860	336,023	94,594	430,617
Total equity	728,862	235,152	964,014	700,001	231,288	931,289

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	HIGHER EDUCATION 2005 \$'000	TAFE 2005 \$'000	TOTAL RMIT 2005 \$'000	HIGHER EDUCATION 2004 \$'000	TAFE 2004 \$'000	TOTAL RMIT 2004 \$'000
(iii) Statement of Changes in Equity						
Total equity at the beginning of the financial year	700,001	231,288	931,289	703,388	233,029	936,417
Gain on revaluation of land and buildings, net of tax	6,836	2,646	9,482	16,297	4,203	20,500
Net income recognised directly in equity	6,836	2,646	9,482	16,297	4,203	20,500
Operating result for the year	22,025	1,218	23,243	(19,684)	(5,944)	(25,628)
Total recognised income and expense for the year	28,861	3,864	32,725	(3,387)	(1,741)	(5,128)
Total equity at the end of the financial year	728,862	235,152	964,014	700,001	231,288	931,289
(iv) Statement of Cash Flows						
Cash flows from operating activities						
Inflows:						
Australian Government						
CGS and Other DEST Grants	134,039	-	134,039	113,009	-	113,009
Higher Education Loan Programmes	72,863	-	72,863	59,572	-	59,572
Scholarships	3,636	-	3,636	3,497	-	3,497
DEST research	19,098	-	19,098	16,665	-	16,665
ARC grant – Linkages	1,948	-	1,948	1,814	-	1,814
ARC grants – Networks and Centres	3,482	-	3,482	2,576	-	2,576
Other Australian Government Grants	727	-	727	674	3	677
State Government Grants	1,834	57,629	59,463	2,595	57,433	60,028
HECS-HELP – Student payments	11,452	-	11,452	8,331	-	8,331
Receipts from student fees and other customers						
Consultancy and contract research	21,793	1,371	23,164	24,075	2,037	26,112
Fees and charges	131,422	35,545	166,967	138,430	21,583	160,013
Other cash receipts in the course of operations	6,232	2,337	8,569	10,480	7,354	17,834
Interest received	2,435	442	2,877	616	225	841
Receipt of GST from Australian Taxation Office	7,672	3,288	10,960	7,100	3,042	10,142
Outflows:						
Payments to suppliers (inclusive of GST) and employees	(372,035)	(84,152)	(456,187)	(356,703)	(88,457)	(445,160)
Interest and other finance costs paid	(966)	(7)	(973)	(864)	(18)	(882)
Net cash inflow (outflow) from operating activities	45,632	16,453	62,085	31,867	3,202	35,069
Cash flows from investing activities						
Inflows:						
Proceeds from sale of investments	3,729	-	3,729	-	-	-
Proceeds from sale of property, plant and equipment	994	137	1,131	9,127	654	9,781
Outflows:						
Payment for investments	(1,580)	-	(1,580)	(1,182)	-	(1,182)
Payment for intangible assets	(1,276)	-	(1,276)	(1,152)	-	(1,152)
Payments for property, plant & equipment	(29,421)	(7,954)	(37,375)	(27,201)	(7,705)	(34,906)
Net cash inflow (outflow) from investing activities	(27,554)	(7,817)	(35,371)	(20,408)	(7,051)	(27,459)
Cash flows from financing activities						
Inflows:						
Proceeds from borrowings	1,901	-	1,901	-	-	-
Outflows:						
Repayment of borrowings	(3,500)	-	(3,500)	(3,680)	-	(3,680)
Net cash inflows (outflow) from financing activities	(1,599)	-	(1,599)	(3,680)	-	(3,680)
Net increase (decrease) in cash and cash equivalents	16,479	8,636	25,115	7,779	(3,849)	3,930
Cash and cash equivalents at the beginning of the financial year	4,093	2,606	6,699	(3,686)	6,455	2,769
Cash and cash equivalents at end of year	20,572	11,242	31,814	4,093	2,606	6,699
(b) RMIT Consolidated Entity						
Geographical						
	Total Revenue		Net Operating Results		Total Assets	
	2005	2004	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	557,163	511,257	26,195	(27,575)	1,444,980	1,364,544
South East Asia	33,519	30,466	2,598	1,121	31,067	24,683
	590,682	541,723	28,793	(26,454)	1,476,047	1,389,227

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
3 Australian Government financial assistance including HECS-HELP and other Australian Government loan programmes					
(a) Commonwealth Grants Scheme and Other Grants	41.1				
Commonwealth Grants Scheme		109,042	93,547	109,042	93,547
Indigenous Support Fund		149	119	149	119
Equity Programmes		436	213	436	213
Workplace Reform Programme		1,473	2,605	1,473	2,605
Capital Development Pool		1,571	-	1,571	-
Superannuation Programme		18,818	16,972	18,818	16,972
Collaboration & Structural Reform Programme		207	-	207	-
Total Commonwealth Grants Scheme and Other Grants		131,696	113,456	131,696	113,456
(b) Higher Education Loan Programmes	41.2				
HECS-HELP		55,870	47,817	55,870	47,817
FEE-HELP		12,441	10,659	12,441	10,659
Total Higher Education Loan Programmes		68,311	58,476	68,311	58,476
(c) Scholarships	41.3				
Australian Postgraduate Awards		2,170	2,428	2,170	2,428
International Postgraduate Research Scholarships		290	535	290	535
Commonwealth Education Cost Scholarships		388	130	388	130
Commonwealth Accommodation Scholarships		788	404	788	404
Total scholarships		3,636	3,497	3,636	3,497
(d) DEST - Research	41.4				
Institutional Grants Scheme		5,231	4,505	5,231	4,505
Research Training Scheme		12,636	11,142	12,636	11,142
Research Infrastructure Block Grants		1,231	1,018	1,231	1,018
Total DEST - Research		19,098	16,665	19,098	16,665
(e) Australian Research Council					
(i) Discovery Project	41.5(a)				
Discovery Project		1,948	1,814	1,948	1,814
Total discovery		1,948	1,814	1,948	1,814
(ii) Linkages	41.5(b)				
Special Research Initiatives		57	-	57	-
Infrastructure Projects		110	-	110	-
Projects		3,315	2,576	3,315	2,576
Total linkages		3,482	2,576	3,482	2,576
(f) Other Australian Government financial assistance					
Other		727	677	727	677
Total other Australian Government financial assistance		727	677	727	677
Total Australian Government financial assistance		228,898	197,161	228,898	197,161
Reconciliation					
Australian Government grants		160,587	138,685	160,587	138,685
HECS-HELP - Australian Government payments		55,870	47,817	55,870	47,817
Other Australian Government loan programmes [FEE-HELP]		12,441	10,659	12,441	10,659
Total Australian Government financial assistance		228,898	197,161	228,898	197,161
4 State and Local Government financial assistance					
Recurrent grants		55,062	52,194	55,062	52,194
Capital grants		2,697	2,976	2,697	2,976
Other grants		2,283	4,076	2,283	4,043
Total State and Local Government financial assistance		60,042	59,246	60,042	59,213

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
5					
Fees and charges					
Course fees and charges					
Fee paying overseas students		140,158	128,502	129,813	122,772
Continuing education		5,638	11,219	5,638	4,914
Fee paying domestic postgraduate students		8,967	9,722	8,967	9,722
Fee paying domestic undergraduate students		13,789	6,519	8,232	6,519
Fee paying domestic non-award students		2,032	1,571	2,032	1,571
Other domestic course fees and charges		2,440	2,799	1,769	2,248
Total course fees and charges		173,024	160,332	156,451	147,746
Other fees and charges					
Amenities and service fees	45	12,963	12,670	12,774	12,509
Late fees		27	7	27	7
Library fines		156	58	156	58
Registration fees		194	246	-	2
Rental charges		235	235	-	-
Other fees and charges		745	621	687	494
Total other fees and charges		14,320	13,837	13,644	13,070
Total fees and charges		187,344	174,169	170,095	160,816
6					
Investment income					
Interest received and receivable		3,865	1,306	2,906	809
Dividend received and receivable		169	157	-	-
Total Investment income		4,034	1,463	2,906	809
7					
Consultancy and contracts					
Consultancy		10,978	13,403	5,483	7,028
Contract					
Commonwealth Government		7,258	8,080	7,258	8,080
Victorian State Government		1,561	1,514	1,561	1,514
Local Government		64	142	64	142
Industry and other		7,829	7,817	7,829	7,817
		16,712	17,553	16,712	17,553
Other contract revenue					
Seminar and conference fees		757	995	757	995
Project management services		10,493	7,309	-	-
Service fees		61	1,811	61	28
Other		90	116	90	116
		11,401	10,231	908	1,139
Total consultancy and contract		39,091	41,187	23,103	25,720
8					
Other revenue					
Net gain on disposal of property, plant & equipment	15	88	-	95	-
Product sales		12,341	11,949	2,719	2,479
Donations and bequests		1,320	4,076	623	817
Scholarships and prizes		2,613	3,036	921	818
Property rental		2,409	2,880	3,135	3,564
Foreign exchange gains		34	92	34	88
Net gain on sale of available-for-sale financial asset	15	3,618	-	3,618	-
Other		7,932	2,296	3,084	2,921
Total other revenue		30,355	24,329	14,229	10,687
9					
Employee benefits and on costs					
Academic					
Salaries		139,961	136,853	132,960	132,398
Contributions to superannuation schemes:					
Emerging cost	38(i)	14,855	15,809	14,855	15,809
Funded		17,128	17,082	17,087	17,082
Payroll tax		8,345	8,672	8,226	8,190
Workers' compensation		1,233	1,206	1,215	1,180
Long service leave expense		6,425	3,576	6,425	3,576
Annual leave expense		8,838	8,654	8,797	8,614
Other		-	88	-	-
Total academic		196,785	191,940	189,565	186,849

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
9 Employee benefits and on costs (continued)					
Non-academic					
Salaries		107,804	110,475	92,433	95,121
Contributions to superannuation schemes:					
Emerging cost	38(i)	4,865	4,373	4,865	4,373
Funded		15,552	15,161	14,070	13,567
Payroll tax		6,155	6,601	5,882	6,111
Workers' compensation		961	1,034	871	917
Long service leave expense		2,011	2,857	1,722	2,521
Annual leave expense		10,167	7,701	9,924	7,371
Other		1	37	-	-
Total non-academic		147,516	148,239	129,767	129,981
Total academic & non-academic employee benefits & on costs		344,301	340,179	319,332	316,830
Deferred employee benefit for superannuation		29,466	35,837	29,466	35,837
Deferred employee benefits for superannuation		29,466	35,837	29,466	35,837
Total academic & non-academic employee benefits & on costs		373,767	376,016	348,798	352,667
10 Depreciation and amortisation					
Depreciation					
Buildings		11,757	11,245	11,593	11,232
Building plant and improvements		1,500	1,421	713	422
Equipment, motor vehicles & furniture and fittings		10,755	11,775	9,138	10,719
Library collection		1,722	1,233	1,722	1,233
Total depreciation	23	25,734	25,674	23,166	23,606
Amortisation					
Software licences & rights		408	431	408	431
Intellectual property		364	456	-	-
	24	772	887	408	431
Total depreciation and amortisation		26,506	26,561	23,574	24,037
11 Repairs and maintenance					
Buildings		12,372	13,156	12,083	12,874
Equipment		1,186	1,406	1,074	1,238
Total repairs and maintenance		13,558	14,562	13,157	14,112
12 Borrowing costs					
Interest to other corporations		914	397	973	882
Total borrowing costs expensed		914	397	973	882
13 Bad and doubtful debts					
Bad debts written off in the Income Statement:					
Trade debtors		12	42	12	42
Student debtors		145	4	145	4
		157	46	157	46
Amounts set aside to allowance for doubtful receivables:					
Trade debtors		(127)	446	(73)	433
Student debtors		1,225	(721)	1,225	(721)
		1,098	(275)	1,152	(288)
Total bad and doubtful debt expense		1,255	(229)	1,309	(242)
Bad debts written off against provision for doubtful debts					
Trade debtors		580	628	572	611
Student debtors		755	9,530	755	9,530
		1,335	10,158	1,327	10,141

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
14 Other expenses					
Scholarships, grants and prizes		26,630	23,373	30,192	25,290
Non-capitalised equipment		5,182	6,856	4,861	6,703
Advertising, marketing and promotional expenses		7,869	9,184	13,640	13,161
General consumables		7,960	7,308	5,669	4,857
Printing and stationery		5,342	6,248	5,044	5,788
Minimum lease payments on operating leases		22,749	22,291	18,491	20,281
Telecommunications		5,087	5,749	4,378	5,046
Travel, staff development and entertainment		12,355	12,355	10,002	10,068
Net loss on disposal of property, plant & equipment	15	-	2,874	-	2,892
Net loss on sale of available-for-sale financial asset	15	14	23	-	-
Net diminution in value of non-current assets		1,580	1,169	1,581	1,169
Foreign exchange losses		(127)	485	79	73
Occupancy expenses		8,694	11,459	6,897	7,603
Audit fees, bank charges, legal costs, insurance and taxes	42	3,434	3,656	2,888	3,164
Contractors and consultancy fees		21,698	19,224	14,779	14,680
Patents, copyright and licences		1,250	1,423	1,164	1,334
Impairment of assets		554	-	554	-
Other expenses		16,161	16,039	9,237	9,895
Total other expenses		146,432	149,716	129,456	132,004
15 Sales of assets					
Proceeds from disposal of assets					
Investments		4,038	163	3,729	-
Property, plant & equipment		1,182	9,804	1,131	9,781
Total proceeds from sale of assets		5,220	9,967	4,860	9,781
Carrying amount of assets disposed					
Investments		434	186	111	-
Property, plant & equipment		1,094	12,647	1,036	12,642
Intangibles		-	31	-	31
Total carrying amount of assets sold		1,528	12,864	1,147	12,673
Net gain/(loss) on sale of assets		3,692	(2,897)	3,713	(2,892)
16 Income tax					
Income tax expense		(543)	1,154	(319)	742
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 of tax paying subsidiaries before income tax at 30%		788	172	-	-
Income tax effect of permanent differences:					
Non-deductible expenditure		(36)	106	-	-
Debt Forgiveness		(777)	-	-	-
Income tax adjusted for permanent differences		(25)	278	-	-
Under/(Over) provision in previous years		(199)	134	-	-
Income tax expense relating to ordinary activities of tax paying subsidiaries		(224)	412	-	-
Income tax on foreign operations of RMIT		(319)	742	(319)	742
Income tax expense/(benefit) relating to ordinary activities		(543)	1,154	(319)	742
Aggregate Income Tax expense comprises:					
Current tax provision		(347)	1,057	239	742
Under/(Over) provision prior year		(199)	134	(558)	-
		(546)	1,194	(319)	742
Future income tax benefit		1	(54)	-	-
Provision for deferred income tax		2	17	-	-
Income tax expense/(benefit) relating to ordinary activities		(543)	1,154	(319)	742

The following subsidiaries are subject to income tax in Australia:

Spatial Vision Innovations Pty Ltd

Inquirion Pty Ltd (sold 30 September 2005)

In addition RMIT's foreign operations are subject to income tax in the following jurisdictions: Hong Kong, Malaysia and Singapore

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
17					
Cash and cash equivalents					
Cash at bank and on hand	‡	22,378	16,954	3,190	4,137
Deposits at call		18,736	15,144	10,181	2,553
Bills of exchange accepted or endorsed by banks		18,434	-	18,434	-
Foreign currency bank accounts		9	9	9	9
Total cash assets		59,557	32,107	31,814	6,699
‡ Refer to note 33a(i) for information on a Debt Service Reserve Account as guarantee for the borrowings of a subsidiary.					
18					
Receivables					
Current					
Trade debtors		16,161	15,670	7,529	8,599
Less allowance for doubtful receivables		(2,790)	(3,497)	(130)	(775)
		13,371	12,173	7,399	7,824
Student loans & student debtors		9,745	7,376	9,745	7,375
Less allowance for doubtful receivables		(1,570)	(1,100)	(1,570)	(1,100)
		8,175	6,276	8,175	6,275
Loans and advances		-	9	-	8
Government grants receivable		429	2,228	429	2,228
Deferred government contributions for superannuation	◆	18,500	18,500	18,500	18,500
Interest receivable		93	145	32	3
Other debtors and accrued income		5,866	3,382	5,623	2,883
Amounts receivable from subsidiaries		-	-	9,933	10,428
Less allowance for doubtful receivables		-	-	(711)	(711)
		24,888	24,264	33,806	33,339
Total current receivables		46,434	42,713	49,380	47,438
Non-current					
Other debtors		2,049	-	2,049	-
Allowance for impairment		(554)	-	(554)	-
Deferred government contributions for superannuation	◆	283,968	254,502	283,968	254,502
Total non-current receivables		285,463	254,502	285,463	254,502
Total receivables		331,897	297,215	334,843	301,940
Bad and doubtful receivables					
The Consolidated Group has recognised a loss of \$1.266m (2004: recovery \$0.229m) in respect of bad and doubtful receivables during the year ended 31 December 2005 - Refer Note 13.					
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 2005 amounted to \$302.468m (2004 - \$273.002m). Refer Notes 1.20 and 28.					
19					
Inventories					
Current					
Trading stock		748	944	-	-
Work in progress		140	45	-	-
Total inventories		888	989	-	-
20					
Assets classified as held for sale					
Current assets					
Freehold land		29,875	-	29,875	-
21					
Available for sale financial assets through equity					
Non current					
Investments in managed trust funds - at fair value		6,956	-	-	-
Balance 31 December 2004		5,415	-	-	-
Adjustment on adoption of AASB 132 and AASB 139		886	-	-	-
Balance 1 January 2005		6,301	-	-	-
Additions		485	-	-	-
Disposals (sale and redemption)		(325)	-	-	-
Revaluation		495	-	-	-
Balance 31 December 2005		6,956	-	-	-
Represented by:					
Financial assets under funds management - equity securities		4,902	-	-	-
Financial assets under funds management - fixed interest		2,054	-	-	-
		6,956	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
21 Available for sale financial assets through equity (continued)					
Transition to AASB 132 and AASB 139:					
The Consolidated Entity has taken the exemption available under AASB 1 to apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 January 2005. At the date of transition to these standards of 1 January 2005:					
-					
Funds under management, equity and fixed interest, with a carrying amount of \$5,415,203 that were classified in the balance sheet under AGAAP as other financial assets were designated and re-classified as available for sale financial assets - refer note 22; and					
-					
an adjustment of \$885,919 was recognised. This represented an initial gain on remeasurement to fair value of assets that under previous AGAAP had been measured at cost.					
For more information refer to note 1.15 and note 46(5).					
22 Other financial assets					
Non-current					
Investments traded on organised markets					
Government and semi-government stocks and bonds		16	46	-	-
Managed trust funds		-	5,415	-	-
Other (non-traded) investments					
Unlisted shares in subsidiaries	#	-	-	803	804
Less Provision for diminution in value of investment		-	-	(101)	(101)
Unlisted shares in non-related companies		3,941	2,470	3,823	2,353
Less Provision for diminution in value of investment		(3,783)	(2,202)	(3,703)	(2,122)
Total non-current other financial assets		174	5,729	822	934
Total other financial assets		174	5,729	822	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		16	46	-	-
Managed trust funds		-	6,301	-	-
Unlisted investments		158	268	822	934
Total non-current other financial assets		174	6,615	822	934
Total other financial assets		174	6,615	822	934

Refer to note 33a(ii) for information on a limited recourse share mortgage as guarantee for the borrowings of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
23 Property, plant and equipment					
Land and buildings		967,573	979,012	957,822	968,557
Leasehold improvements		8,146	12,259	6,095	9,805
Equipment, motor vehicles & furniture and fittings		49,627	43,845	41,921	41,053
Library collections		15,648	12,049	15,648	12,049
		1,040,994	1,047,165	1,021,486	1,031,464
The following are details of the valuation basis of these assets, together with depreciation and amortisation provided:					
Land and buildings					
Land - at independent valuation #	♦	251,612	260,720	251,612	260,720
Buildings - at independent valuation #	♦	701,503	696,119	700,633	695,249
Buildings - at cost		8,977	246	-	-
Less accumulated depreciation		(197)	(27)	-	-
Net book value		710,283	696,338	700,633	695,249
Buildings under construction - at cost					
Construction costs (not depreciated)		5,678	21,954	5,577	12,588
Net book value		5,678	21,954	5,577	12,588
Total land and buildings		967,573	979,012	957,822	968,557
Leasehold improvements - at cost		16,070	19,350	7,188	10,765
Less accumulated amortisation		(7,924)	(7,091)	(1,093)	(960)
Net book value		8,146	12,259	6,095	9,805
Equipment, motor vehicles, furniture & fittings - at cost					
Equipment		151,212	135,484	139,475	129,967
Equipment under construction (not depreciated)		2,404	2,925	2,404	2,925
Furniture & fittings		4,854	4,525	4,136	3,900
Motor vehicles		3,638	3,981	3,339	3,688
Works of art		1,169	1,169	1,163	1,163
		163,277	148,084	150,517	141,643
Less accumulated depreciation		(113,650)	(104,239)	(108,596)	(100,590)
Net book value		49,627	43,845	41,921	41,053
Library collection - at cost		34,538	29,217	34,538	29,217
Less accumulated depreciation		(18,890)	(17,168)	(18,890)	(17,168)
Net book value		15,648	12,049	15,648	12,049
Development costs		2,615	2,615	-	-
Less accumulated depreciation		(2,615)	(2,615)	-	-
Net book value		-	-	-	-
Total assets		1,184,270	1,178,305	1,150,065	1,150,182
Less accumulated depreciation		(143,276)	(131,140)	(128,579)	(118,718)
Net book value		1,040,994	1,047,165	1,021,486	1,031,464

- # An independent valuation of land and buildings was carried out as at 31 December 2005 and 2004 by Craig Cunningham & Co (Real Estate) Pty Ltd. The valuation has been determined on the following basis:
Land at market, Buildings at market or depreciated replacement cost.
- ♦ Land and buildings valued at \$218.455m (2004 - \$212.555m) is held by RMIT on behalf of the Minister. Upon disposal of any such properties the use of the proceeds will be directed by the Minister.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

23 Property, plant and equipment (continued)

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

	Note	Land \$'000	Buildings \$'000	Buildings under construction \$'000	Leasehold improvements \$'000	Equipment, motor vehicles, furniture & fittings \$'000	Library collection \$'000	Total \$'000
RMIT Consolidated Entity								
31 December 2005								
Carrying amount at beginning of year		260,720	696,338	21,954	12,259	43,845	12,049	1,047,165
- additions		-	-	20,828	632	16,783	5,321	43,564
- adjustment due to revaluation		20,385	(10,903)	-	-	-	-	9,482
- assets classified as held for sale	20	(29,875)	-	-	-	-	-	(29,875)
- transfer from capital works in progress		382	36,427	(37,107)	(610)	908	-	-
- transfer to leasehold improvements		-	(89)	-	89	-	-	-
- disposals		-	-	-	(2,724)	(1,396)	-	(4,120)
- depreciation	10	-	(11,757)	-	(1,500)	(10,755)	(1,722)	(25,734)
- foreign currency translation gain/(loss)		-	267	3	-	242	-	512
Carrying amount at end of year		251,612	710,283	5,678	8,146	49,627	15,648	1,040,994
31 December 2004								
Carrying amount at beginning of year		252,991	687,780	10,702	15,449	45,247	8,788	1,020,957
- additions		-	8,100	19,195	261	12,030	4,494	44,080
- adjustment due to revaluation		11,000	9,500	-	-	-	-	20,500
- transfer from capital works in progress		-	7,918	(7,943)	25	-	-	-
- disposals		(3,271)	(5,703)	-	(2,055)	(1,651)	-	(12,680)
- depreciation	10	-	(11,245)	-	(1,421)	(11,775)	(1,233)	(25,674)
- foreign currency translation gain/(loss)		-	(12)	-	-	(6)	-	(18)
Carrying amount at end of year		260,720	696,338	21,954	12,259	43,845	12,049	1,047,165
Parent entity								
31 December 2005								
Carrying amount at beginning of year		260,720	695,249	12,588	9,805	41,053	12,049	1,031,464
- additions		-	-	20,730	228	11,096	5,321	37,375
- adjustment due to revaluation		20,385	(10,903)	-	-	-	-	9,482
- assets classified as held for sale	20	(29,875)	-	-	-	-	-	(29,875)
- transfer from capital works in progress		382	27,969	(27,741)	(610)	-	-	-
- transfer to leasehold improvements		-	(89)	-	89	-	-	-
- disposals		-	-	-	(2,704)	(1,090)	-	(3,794)
- depreciation	10	-	(11,593)	-	(713)	(9,138)	(1,722)	(23,166)
Carrying amount at end of year		251,612	700,633	5,577	6,095	41,921	15,648	1,021,486
31 December 2004								
Carrying amount at beginning of year		252,991	686,668	9,153	12,135	42,608	8,788	1,012,343
- additions		-	8,100	11,351	147	10,814	4,494	34,906
- adjustment due to revaluation		11,000	9,500	-	-	-	-	20,500
- transfer from capital works in progress		-	7,916	(7,916)	-	-	-	-
- disposals		(3,271)	(5,703)	-	(2,055)	(1,650)	-	(12,679)
- depreciation	10	-	(11,232)	-	(422)	(10,719)	(1,233)	(23,606)
Carrying amount at end of year		260,720	695,249	12,588	9,805	41,053	12,049	1,031,464

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
24 Intangible assets					
Software, licences & rights		6,122	4,846	6,122	4,846
Intellectual property	X	86	2,305	-	-
		6,208	7,151	6,122	4,846
Less Accumulated Amortisation and impairment		(4,068)	(4,979)	(4,029)	(3,621)
Total intangible assets		2,140	2,172	2,093	1,225
Carrying amount at start of year		2,172	1,879	1,225	505
Additions		155	1,214	124	1,182
Disposals		(568)	(31)	-	(31)
Transfer from equipment under construction		1,152	-	1,152	-
Revaluation increments (decrements)		1	(3)	-	-
Depreciation / amortisation expense	10	(772)	(887)	(408)	(431)
Carrying amount at end of year		2,140	2,172	2,093	1,225
X Inquirion Pty. Ltd. owner of the Terratext intellectual property, developed at RMIT was sold on 30 September 2005.					
25 Other non-financial assets					
Current					
Library subscriptions prepaid		1,245	1,800	1,245	1,800
Salaries and allowances		-	6	-	-
Withholding tax		245	200	245	200
Workcover		30	-	-	-
Interest prepaid		-	22	-	-
Other prepayments		1,980	1,490	1,457	1,042
		3,500	3,518	2,947	3,042
Non current					
Deferred tax asset		66	332	-	-
Total other non-financial assets		3,566	3,850	2,947	3,042
26 Payables					
Current					
Trade and other creditors	27(d)	57,864	45,257	43,315	33,509
OS-HELP Liability to Australian Government		420	-	420	-
State Government Grants Repayable		-	579	-	579
Amounts payable to subsidiaries		-	-	7,836	6,810
Total payables		58,284	45,836	51,571	40,898
27 Interest bearing liabilities					
Current - unsecured					
Bank overdraft		-	82	-	-
Amounts payable to subsidiaries		-	-	13,724	11,823
Commonwealth Government loan	27(a)	-	3,500	-	3,500
Total current unsecured interest bearing liabilities		-	3,582	13,724	15,323
Non-current - secured					
Bank loan	27(b)	9,541	8,986	-	-
Total non-current unsecured interest bearing liabilities		9,541	8,986	-	-
Total interest bearing liabilities		9,541	12,568	13,724	15,323
Financing arrangements					
(a) RMIT standby arrangements with Commonwealth Bank					
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	40,000	40,000	40,000
Amount utilised		-	-	-	-
Unused credit facility		40,000	40,000	40,000	40,000
The facility with respect to \$30m expires on 23 November 2007, the remaining \$10m is subject to annual review.					
(b) Subsidiary long term loan facility					
A subsidiary has a long term facility of US\$7.25m, each with two international finance organisations. In 2004, the subsidiary obtained two loans of US\$3.5m each from the lenders. As at 31 December 2005, the undrawn balance of the facilities amounts to US\$3.75m from each lender.					
The loans term is 10 years at an interest rate based on the London Interbank Offered Rate (LIBOR) on 6 months deposit plus 3% - equating to 6.86% at 31 December 2005. The first repayment is due on the 15 May 2009 and every 6 months thereafter until 15 November 2013.					
RMIT and RMIT Vietnam Holdings Pty. Ltd. have provided guarantees for the borrowings of the subsidiary.	33(a)				

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
27 Interest bearing liabilities (continued)					
(c) Bank overdraft facility					
A subsidiary has arranged an overdraft facility, which is secured by a floating charge over its assets.					
Credit facility available		50	-	-	-
Amount utilised		-	-	-	-
Unused credit facility		50	-	-	-
(d) Credit card facility:					
RMIT has entered into an arrangement with its bankers for the provision of a corporate credit card facility. No interest has been paid during the year as all outstanding balances have been paid by the due dates.					
Credit facility available		7,500	7,500	7,500	7,500
Amount utilised		(834)	(763)	(834)	(763)
Unused credit facility		6,666	6,737	6,666	6,737
28 Provisions					
Current					
Deferred income tax		239	1,399	239	742
Employee benefits and oncosts					
Annual leave		18,639	17,608	17,296	16,293
Long service leave		2,204	6,082	2,000	5,935
Deferred benefits for superannuation	◆	18,500	18,500	18,500	18,500
Total current provisions		39,582	43,589	38,035	41,470
Non-current					
Deferred income tax		21	17	-	-
Employee benefits and oncosts					
Annual leave		7,805	9,235	7,804	9,235
Long service leave		44,072	35,545	42,748	34,349
Deferred benefits for superannuation	◆	283,968	254,502	283,968	254,502
Total non-current provisions		335,866	299,299	334,520	298,086
Total provisions		375,448	342,888	372,555	339,556
Employee benefits					
Provision for employee benefits and oncosts - current		39,343	42,190	37,796	40,728
Provision for employee benefits and oncosts- non-current		335,845	299,282	334,520	298,086
Aggregate employee benefits		375,188	341,472	372,316	338,814
Number of employees as at the end of the reporting period:		No.	No.	No.	No.
Full-time equivalent academic		1,578	1,675	1,537	1,553
Full-time equivalent non-academic		1,831	2,104	1,564	1,776
Full-time equivalent casual		477	375	342	327
		3,886	4,154	3,443	3,656
Average number of employees during the year		3,945	4,073	3,474	3,573
The following assumptions were adopted in measuring the present value of long service leave and retirement gratuity entitlements:					
Weighted average increase in employee costs		5.3%	4.8%	5.3%	4.8%
Weighted average discount rates		5.4%	5.1%	5.4%	5.1%
Weighted average settlement period		18yrs	15yrs	18yrs	15yrs
◆ A total consolidated unfunded liability for retirement benefits of \$302.468m (2004 - \$273.002m) accruing to beneficiaries of the State Superannuation Scheme has been recorded in the Balance Sheet as a liability. Refer Notes 1.20 and 38.					
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
29 Other liabilities					
Current					
Australian Government unspent financial assistance		7,001	2,453	7,001	2,453
Monies held in trust		2,775	-	-	-
Research grants		890	829	890	829
Student fees		19,556	18,820	13,937	14,360
Projects fees		83	119	-	-
Other		226	635	188	596
Total current other liabilities		30,531	22,856	22,016	18,238

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
30 Reserves					
Consolidated reserves					
Balance at beginning of year		546,553	528,802	500,672	480,172
Transfers from/(to) retained surplus		-	-	-	-
Revaluation of land & buildings		9,482	20,500	9,482	20,500
Foreign exchange gains/(losses)		133	(2,749)	-	-
Adjustment on adoption of AASB 132 and AASB 139		886	-	-	-
Disposals through revaluation reserve		(34)	-	-	-
Unrealised valuation gain taken to equity		528	-	-	-
Balance at end of year		557,548	546,553	510,154	500,672
Represented by:					
Asset revaluation reserve		550,005	540,523	510,154	500,672
Fixed asset replacement reserve		637	637	-	-
Capital projects reserve		10,000	10,000	-	-
Foreign currency translation reserve		(5,474)	(5,607)	-	-
Scholarship reserve		1,000	1,000	-	-
Available for sale revaluation reserve		1,380	-	-	-
		557,548	546,553	510,154	500,672
Movements in reserves during the year were:					
Asset revaluation reserve					
Balance at beginning of year		540,523	520,023	500,672	480,172
Revaluation of land		20,385	11,000	20,385	11,000
Revaluation of buildings		(10,903)	9,500	(10,903)	9,500
Balance at end of year		550,005	540,523	510,154	500,672
Fixed asset replacement reserve					
Balance at beginning of year		637	1,637	-	-
Transfers to scholarship reserve		-	(1,000)	-	-
Balance at end of year		637	637	-	-
Capital projects reserve					
Balance at beginning of year		10,000	10,000	-	-
Transfers from/(to) retained surplus		-	-	-	-
Balance at end of year		10,000	10,000	-	-
Foreign currency translation reserve					
Balance at beginning of year		(5,607)	(2,858)	-	-
Transfers from/(to) retained surplus		-	-	-	-
Foreign currency translation gains/(losses)		133	(2,749)	-	-
Balance at end of year		(5,474)	(5,607)	-	-
Scholarship reserve					
Balance at beginning of year		1,000	-	-	-
Transfers from fixed asset replacement reserve		-	1,000	-	-
Balance at end of year		1,000	1,000	-	-
Available for sale revaluation reserve					
Balance at beginning of year		-	-	-	-
Adjustment on adoption of AASB 132 and AASB 139		886	-	-	-
Disposals through revaluation reserve		(34)	-	-	-
Unrealised valuation gain taken to equity		528	-	-	-
Balance at end of year		1,380	-	-	-

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

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve. The reserve is recognised in the profit and loss when the net investment is disposed of.

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.

Available for sale revaluation reserve

Changes in fair value are taken to available for sale revaluation reserve, as described in note 1.15.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
31 Retained surplus					
Retained surplus at beginning of year		418,407	444,953	430,617	456,245
Net operating result attributable to RMIT entity		28,678	(26,546)	23,243	(25,628)
Disposal of investment in subsidiary		(2,623)	-	-	-
Retained surplus at end of year		444,462	418,407	453,860	430,617
32 Minority interest					
Outside equity interest in subsidiaries comprises:					
Interest in accumulated funds at the beginning of the year		3	(89)	-	-
Interest in net operating result		115	92	-	-
Interest in accumulated funds at the end of the year		118	3	-	-
Interest in share capital		115	116	-	-
Total outside equity interests in controlled entities		233	119	-	-
33 Contingent liabilities and contingent assets					
(a) Contingent liabilities					
The RMIT Consolidated Entity and RMIT has contingent liabilities at 31 December 2005 in respect of:					
Guarantees					
Guarantees for contract performance		590	964	576	950
Guarantees for the borrowings of a subsidiary - note 27(b)					
(i) security over a bank account designated as a Debt Service Reserve Account established and maintained by RMIT in Australia;	17	US\$2,100	US\$2,100	US\$2,100	US\$2,100
(ii) a limited recourse share mortgage pursuant to which RMIT created a first priority mortgage in favour of the lenders over all of the share capital directly or indirectly owned by RMIT in its subsidiary (refer note 40); and	22				
(iii) a limited recourse guarantee and pledge of legal capital agreement pursuant to which a subsidiary of RMIT has pledged in favour of the lenders all of the legal capital it has contributed to the company.		US\$7,000	US\$7,000	-	-
Litigations					
There are no current outstanding claims which have the potential to impact adversely on the business of RMIT or its subsidiaries.					
(b) Contingent assets					
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					
Due within one year		4,770	12,262	-	-
Contingent Liabilities					
Due within one year		11,108	9,549	-	-
Due after one year but within five years		5,684	5,294	-	-
		16,792	14,843		
34 Commitments for expenditure					
(a) Capital commitments					
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:					
Plant and equipment					
Due within one year		545	1,249	545	1,249
Building works					
Due within one year		5,904	4,792	5,874	4,729
(b) Operating leases - as lessee					
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities payable:					
Future minimum rental payments for leased premises					
Due within one year		5,477	6,027	5,131	5,098
Due after one year but within five years		8,851	13,403	8,541	12,126
Due after five years		12,758	13,186	12,758	12,917
		27,086	32,616	26,430	30,141
Future minimum rental payments for leased equipment					
Due within one year		7,206	7,210	7,102	7,049
Due after one year but within five years		7,055	7,892	7,012	7,747
		14,261	15,102	14,114	14,796

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
34 Commitments for expenditure (continued)					
Operating leases - as lessor					
Leases contracted for at the reporting date but not recognised as assets					
Future minimum rental receivable					
Due within one year		1,008	446	1,008	446
Due after one year but within five years		1,717	732	1,717	732
		2,725	1,178	2,725	1,178
The weighted average interest rate impact of the leases is 2.3% (2004 - 2.1%)					
(c) Other expenditure commitments					
Due within one year		11,277	17,281	11,277	17,281
Due after one year but within five years		16,339	24,428	16,339	24,428
Due after five years		1,359	3,821	1,359	3,821
		28,975	45,530	28,975	45,530
35 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, short term money market deposits, short dated bills of exchange and 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		16,954	19,585	4,137	2,138
Short-term money market deposits		15,144	10,468	2,553	622
Bills of exchange accepted or endorsed by banks		-	-	-	-
Foreign currency bank accounts		9	9	9	9
Bank overdraft		(82)	-	-	-
		32,025	30,062	6,699	2,769
Cash at the End of Year					
Cash at bank and at hand		22,378	16,954	3,190	4,137
Short-term money market deposits		18,736	15,144	10,181	2,553
Bills of exchange accepted or endorsed by banks		18,434	-	18,434	-
Foreign currency bank accounts		9	9	9	9
Bank overdraft		-	(82)	-	-
		59,557	32,025	31,814	6,699
Cash Movement for the Year		27,532	1,963	25,115	3,930
(b) Reconciliation of operating result after income tax to net cash inflow from operating activities					
Operating result for the period after income tax		28,793	(26,454)	23,243	(25,628)
Eliminate Non-Cash Flows in Net Result					
Unrealised foreign exchange (gain)/loss		341	953	-	-
Loss/(gain) on sale of property, plant & equipment	14	(88)	2,874	(95)	2,892
Loss/(gain) on sale of available-for-sale financial asset	8	(3,604)	23	(3,618)	-
Depreciation on property plant & equipment	10	25,734	25,674	23,166	23,606
Diminution in value of investment	14	1,580	1,169	1,580	1,169
Provision for doubtful debts	13	1,098	(275)	1,152	(288)
Bad debts written off	13	157	46	157	46
Amortisation of intangible assets	10	772	456	408	431
Allowance for impairment	14	554	-	554	-
Change in Assets and Liabilities					
Net (increase) / decrease in current receivables		(7,281)	12,872	(2,541)	13,028
Net (increase) / decrease in inventories		101	70	-	-
Net (increase) / decrease in other assets		18	228	95	(290)
Net increase / (decrease) in revenue received in advance		4,900	(1,664)	3,778	(1,441)
Net increase / (decrease) in payables		15,223	17,057	10,673	17,603
Net increase / (decrease) in current tax liability		(890)	782	(503)	403
Net increase / (decrease) in employee entitlements (excluding Deferred Superannuation)		4,250	3,928	4,036	3,538
Net cash flows from operating activities		71,658	37,739	62,085	35,069
36 Economic dependency					
The RMIT Consolidated Entity is reliant on a significant volume of its revenue being derived from:					
Commonwealth Government financial assistance		277,074	249,409	277,074	249,409
Victorian State Government financial assistance		61,603	60,760	61,603	60,727
		338,677	310,169	338,677	310,136
The percentage of the RMIT Consolidated Entity revenue sourced from:					
Commonwealth Government financial assistance		49.37%	49.30%	54.25%	53.90%
Victorian State Government financial assistance		10.98%	12.01%	12.06%	13.12%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
37 Events occurring after reporting date					
No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the RMIT consolidated entity or parent entity, the results of those operations, or the state of affairs of the RMIT consolidated entity or parent entity in future financial years.					
38 Superannuation contributions					
Funds to which RMIT or any controlled entity contributed to during the financial year:					
(a) Defined benefit schemes					
State Superannuation Fund - closed		19,720	20,182	19,720	20,182
Unisuper DBP/ICP		26,702	27,185	26,702	27,185
State Employees Retirement Benefits Scheme - closed		98	88	98	88
(b) Defined contribution schemes					
Victorian Superannuation Fund		3,417	3,301	3,315	3,163
Australian Retirement Fund		22	23	-	-
AXA Australia Tailored Superannuation Fund		639	663	31	28
BT Lifetime Superannuation Employer Plan		-	102	-	-
Bashir & Mehri Superannuation Fund		7	6	-	-
Health Super		15	10	2	-
Hesta - closed		2	-	2	-
Host Plus		180	165	-	-
Vision Super (Local Authorities Superannuation)		6	5	-	-
MLC Superannuation		2	7	-	-
MATA Superannuation		2	-	-	-
Norwich Superannuation Fund		7	6	-	-
Retail Employees Superannuation Trust		50	51	-	-
RMIT Superannuation Plan - Closed		143	191	138	185
AXA / National Mutual Life Association		189	225	-	-
Superannuation Trust of Australia		260	192	-	-
Tertiary Education Superannuation Scheme		23	17	-	-
Other		908	4	868	-
		52,392	52,423	50,876	50,831

UniSuper Defined Benefit Plan

The UniSuper Defined Benefit Plan (DBP) is a defined benefit plan.

Uni Super advised that sufficient information is not available to account for the defined benefits provided by the DBP as a defined benefit plan. The DBP exposes the participating employers to actuarial risks associated with the current and former employees of other participating employers, with the result that there is currently no consistent and reliable basis available to the Fund for allocating the obligation, plan assets and cost to participating employers. Consequently, the University is prevented from accounting for its proportionate share of the defined benefit obligation, plan assets and costs associated with the plan, as provided for in AASB 119 "Employee Benefits" in these circumstances AASB 119 allows disclosure of available information on the Fund in the notes to the statements.

UniSuper advise that as at 30 June 2005 there is no funding surplus of deficit which currently affects, or is expected to affect, the amount of future contributions payable by participating employers to the DBP.

Historically the surplus in the DBP has been used to improve members' benefits and has not affected the amount of participating employers' contributions.

As at 30 June 2005 the assets of the DBP in aggregate were estimated to be \$230 million in excess of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the DBP.

As at 30 June 2005 the assets of the DBP in aggregate were estimated to be \$1,543 million in excess of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary Russell Employee Benefits using the actuarial demographic assumptions outlined in their report dated 16 May 2003 on the actuarial investigation of the DBP as at 31 December 2002. The financial assumptions used were:

	Vested Benefits	Accrued Benefits
Gross of tax investment return	7.0% pa	9.1% pa
Net of tax investment return	6.5% pa	9.1% pa
Consumer Price index	2.5% pa	2.5% pa
Inflationary salary increases	3.5% pa	3.5% pa
(additional promotional salary increases are assumed to apply based on past experience)		

Assets have been included at their net market value, i.e. allowing for realisation costs.

Clause 34 of the UniSuper Trust Deed outlines the process UniSuper must undertake (including employer notifications and notice periods) in order to request additional contributions from employers if the UniSuper assets are considered by the Trustee to be insufficient to provide benefits payable under the Deed. At least four years notice that such a request may be made is required. Employers must jointly determine the amount (if any) they are willing to contribute as an additional contribution to UniSuper. If such a request was agreed to by all the employers then members must also contribute additional contributions equal to one-half of the rate at which their employer is prepared to contribute. If employers do not agree to increase contributions the Trustee must reduce benefits payable to defined benefit members on a fair and equitable basis. The Trustee notified employers during 2003 that such a request may be made in the future but it considered this was unlikely at that time.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

38 Superannuation contributions (continued)

Victorian State Superannuation Fund and State Employees Retirement Benefit Fund

RMIT has in its staffing profile a number of employees who are members of the Victorian State Superannuation Fund or the State Employees Retirement Benefit Scheme and in respect of whom defined benefits are payable on termination of employment.

As at 30 June 2005, the Superannuation Funds were carrying total liabilities for member benefits, in excess of the value of the fund's assets.

Hence, unfunded superannuation liabilities exist which are recognised in the financial statements of the funds.

The notional share of this public sector employee superannuation funds unfunded liabilities attributable to RMIT, as assessed by the funds as at 30 June 2005, amounted to \$302.468m (2004 - \$273.002m). Unfunded liabilities are met by the Australian Government.

There was no other unfunded superannuation liability for any other scheme.

(i) Defined benefit schemes

State Superannuation Fund

RMIT is required to contribute as and when the Higher Education Sector contributors become beneficiaries under the scheme (Emerging cost). 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 members election.

Unisuper DBP/ICP

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

State Employees Retirement Benefit 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.

(ii) 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 RMIT 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 & Mehri Superannuation Fund	}	
Health Super	}	
Host Plus	}	
Vision Super (Local Authorities Superannuation)	}	
MLC Superannuation	}	} The employer is required to contribute on account of eligible employees at the rate of 9%.
MTAA Superannuation	}	
Norwich Superannuation Fund	}	
Retail Employees Superannuation Trust	}	
Superannuation Trust of Australia	}	
Tertiary Education Superannuation Scheme	}	
Other	}	

The rates quoted above relate to all the funds for both 2005 and 2004.

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 2005 was \$2.141m (2004 - \$2.853m).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

39 Financial instruments

(i) Financial risk management

RMIT Consolidated Entity activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest risk and price risk), credit risk and cash flow interest rate risk. RMIT Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Entity.

(ii) Liquidity risk

Liquidity risk is managed by the University's Internal Audit, management and Finance Committee through the monitoring of current forecasts. The University has also established a standby facility of \$10 million to provide short-term cash should the need arise.

(iii) Foreign currency risk

The RMIT Consolidated Entity has transactional currency exposures. Such exposure arises from the purchase in currencies other than the local currency.

(iv) 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 \$	Fixed Interest 1 year or less \$	Fixed Interest 1 to 5 years \$	Fixed Interest Maturing Over 5 years \$	Non Interest Bearing \$	Total \$
31 December 2005							
Assets							
Cash at bank and on hand	17	22,378	-	-	-	-	22,378
Deposits at call	17	18,736	-	-	-	-	18,736
Bills of exchange	17	18,434	-	-	-	-	18,434
Foreign currency bank accounts	17	9	-	-	-	-	9
Receivables	18	-	-	-	-	331,897	331,897
Available for sale financial assets	21	2,054	-	-	-	4,902	6,956
Government stocks - short term	22	-	16	-	-	-	16
Shares in non-related companies	22	-	-	-	-	158	158
		61,611	16	-	-	336,957	398,584
Weighted average interest rate		4.07%	0.14%				
Liabilities							
Payables	26	-	-	-	-	58,284	58,284
Interest bearing liabilities	27	9,541	-	-	-	-	9,541
		9,541	-	-	-	58,284	67,825
Weighted average interest rate		6.25%					
Net financial assets (liabilities)		52,070	16	-	-	278,673	330,759
31 December 2004							
Assets							
Cash at bank and on hand	17	16,954	-	-	-	-	16,954
Deposits at call	17	15,144	-	-	-	-	15,144
Foreign currency bank accounts	17	9	-	-	-	-	9
Receivables	18	-	-	-	-	297,215	297,215
Government stocks - short term	22	-	-	46	-	-	46
Managed trust funds	22	2,161	-	-	-	3,254	5,415
Shares in non-related companies	22	-	-	-	-	268	268
		34,268	-	46	-	300,737	335,051
Weighted average interest rate		3.23%		0.14%			
Liabilities							
Payables	26	-	-	-	-	45,836	45,836
Interest bearing liabilities	27	9,068	3,500	-	-	-	12,568
		9,068	3,500	-	-	45,836	58,404
Weighted average interest rate		6.03%	2.35%				
Net financial assets (liabilities)		25,200	(3,500)	46	-	254,901	276,647

(v) Credit risk

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

The credit risk on financial assets, excluding investments, of the RMIT Consolidated Entity which have been recognised on the Balance Sheet, is the carrying amount, net of any provision for doubtful debts.

The RMIT Consolidated Entity minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties and by performing extensive due diligence procedures on major new customers.

(vi) Market risk

RMIT Consolidated Entity's exposure to market risk is borne by the borrowings placed in bank accepted commercial bills and bank short term deposit.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

39 Financial instruments (continued)

	Note	CONSOLIDATED			
		2005 \$'000	2004 \$'000	2005 Carrying Amount \$'000	2004 Net Fair Value \$'000
(vii) Reconciliation of net financial assets to net assets					
Net financial assets as above		330,759	276,647		
Non-financial assets and liabilities					
Inventories	19	888	989		
Other non-financial assets	25	3,566	3,850		
Assets classified as held for sale	20	29,875	-		
Property, plant and equipment	23	1,040,994	1,047,165		
Intangible assets	24	2,140	2,172		
Provisions	28	(375,448)	(342,888)		
Other liabilities	29	(30,531)	(22,856)		
Net assets per balance sheet		1,002,243	965,079		
(viii) Net Fair Values					
The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are as follows:					
Financial Assets					
Cash and cash equivalents					
Cash at bank and on hand	17	22,378	22,378	16,954	16,954
Deposits at call	17	18,736	18,736	15,144	15,144
Bills of exchange accepted or endorsed by banks	17	18,434	18,434	-	-
Foreign currency bank accounts	17	9	9	9	9
Receivables	18	331,897	331,897	297,215	297,215
Other financial assets					
Government and semi-government stocks and bonds	22	16	16	46	46
Available for sale financial assets	21	6,956	6,956	-	-
Managed trust funds	22	-	-	5,415	6,301
Unlisted shares in non-related companies	22	158	158	268	268
		398,584	398,584	335,051	335,937
Financial Liabilities					
Payables	26	58,284	58,284	45,836	45,836
Interest bearing liabilities	27	9,541	9,541	12,568	12,568
		67,825	67,825	58,404	58,404

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

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

40 Details of subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1.04:

	Note	Class of Shares	Place of Incorporation	Ownership		Shares Held		Net equity	
				2005 %	2004 %	2005 No.	2004 No.	2005 \$'000	2004 \$'000
Controlled entities - corporate									
RMIT International Pty Ltd	(a)	Ordinary	Australia	100	100	200,002	200,002	350	176
RMIT Training Pty Ltd	(b)	Ordinary	Australia	100	100	502,000	502,000	3,416	3,699
RMIT Innovation Limited	(c)	Limited by guarantee	Australia	100	100	-	-	(718)	(714)
Spatial Vision Innovations Pty Ltd	(d)	Ordinary	Australia	49.73	49.73	102,000	102,000	444	400
RMIT (Malaysia) Sdn Bhd	(e)	Ordinary	Malaysia	100	100	235,000	235,000	3	3
RMIT Vietnam Holdings Pty Ltd	(f)	Ordinary	Australia	100	100	12	12	17,766	17,732
RMIT International University Vietnam	(g)	Vietnam investment licence	Vietnam	100	100	-	-	11,013	7,900
Inquirion Pty Ltd	(h)	Ordinary	Australia	-	50.05	-	10,010	-	(181)
Meltech Services Ltd	(i)	Limited by guarantee	Australia	100	100	-	-	-	-
Controlled entities - other									
RMIT Union	(j)	Unincorporated body						15,520	14,676
RMIT Foundation	(k)	Unincorporated body						8,851	6,521
								56,645	50,212

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

40 Details of subsidiaries (continued)

- (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 (2004 - 205,128) 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% (2004 - 49.73%) 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 was placed into voluntary liquidation on 6 February 2004.
- (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 is 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 held 10,010 ordinary shares of \$0.10 each, which was 50.05% of the equity with the balance being held by RMIT employees. RMIT had the power to appoint the board and therefore has substantial influence over its operations. On the 30 September 2005 RMIT sold it's holdings.
- (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 controlled entity 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.

41 Acquittal of Commonwealth Government financial assistance

41.1 DEST – Teaching and Learning

Note	Parent entity (HEP) ONLY							
	Commonwealth Grants		Indigenous Support Fund		Equity Programmes*		Workplace Reform Programme	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)	109,586	94,056	149	119	436	213	1,473	2,605
Net accrual adjustments	(544)	(509)	-	-	-	-	-	-
Revenue for the period	3(a) 109,042	93,547	149	119	436	213	1,473	2,605
Accrual surplus from the previous year	-	7,595	-	-	38	-	-	-
Total accrual revenue	109,042	101,142	149	119	474	213	1,473	2,605
Less accrual expenses	109,042	101,142	149	119	337	213	1,473	2,605
Accrual surplus for reporting period	-	-	-	-	137	-	-	-

* Including Workplace Reform Program and superannuation contributions

Note	Parent entity (HEP) ONLY							
	Capital Development Pool		Superannuation Programme		Collaboration & Structural Reform Programme		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)	1,571	-	20,617	16,016	207	-	134,039	113,009
Net accrual adjustments	-	-	(1,799)	956	-	-	(2,343)	447
Revenue for the period	3(a) 1,571	-	18,818	16,972	207	-	131,696	113,456
Accrual surplus from the previous year	-	-	-	1,226	-	-	38	8,821
Total accrual revenue	1,571	-	18,818	18,198	207	-	31,734	122,277
Less accrual expenses	706	-	18,818	18,198	144	-	130,669	122,277
Accrual surplus for reporting period	865	-	-	-	63	-	1,065	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

41 Acquittal of Commonwealth Government financial assistance (continued)

41.2 Higher Education Loan Programmes

Note	Parent entity (HEP) ONLY					
	HECS-HELP payments only		FEE-HELP		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)	58,374	48,383	14,489	11,189	72,863	59,572
Net accrual adjustments	(2,504)	(566)	(2,048)	(530)	(4,552)	(1,096)
Revenue for the period	3(b) 55,870	47,817	12,441	10,659	68,311	58,476
Accrual surplus from the previous year	-	4,465	-	-	-	4,465
Total accrual revenue	55,870	52,282	12,441	10,659	68,311	62,941
Less accrual expenses	55,870	52,282	12,441	10,659	68,311	62,941
Accrual surplus for reporting period	-	-	-	-	-	-

41.3 Scholarships

Note	Parent entity (HEP) ONLY					
	Australian Postgraduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarships	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)	2,170	2,428	290	535	388	130
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	3(c) 2,170	2,428	290	535	388	130
Accrual surplus from the previous year	941	987	247	138	-	-
Total accrual revenue	3,111	3,415	537	673	388	130
Less accrual expenses	2,448	2,474	468	426	388	130
Accrual surplus for reporting period	663	941	69	247	-	-

Note	Parent entity (HEP) ONLY			
	Commonwealth Accommodation Scholarships		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)	788	404	3,636	3,497
Net accrual adjustments	-	-	-	-
Revenue for the period	3(c) 788	404	3,636	3,497
Accrual surplus from the previous year	-	-	1,188	1,125
Total accrual revenue	788	404	4,824	4,622
Less accrual expenses	784	404	4,088	3,434
Accrual surplus for reporting period	4	-	736	1,188

41.4 DEST Research

Note	Parent entity (HEP) ONLY							
	Institutional Grants Scheme		Research Training Scheme		Research Infrastructure Block Grants		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)	5,231	4,505	12,636	11,142	1,231	1,018	19,098	16,665
Net accrual adjustments	-	-	-	-	-	-	-	-
Revenue for the period	3(d) 5,231	4,505	12,636	11,142	1,231	1,018	19,098	16,665
Accrual surplus from the previous year	-	391	-	969	753	685	753	2,045
Total accrual revenue	5,231	4,896	12,636	12,111	1,984	1,703	19,851	18,710
Less accrual expenses	5,231	4,896	12,636	12,111	1,738	950	19,605	17,957
Accrual surplus for reporting period	-	-	-	-	246	753	246	753

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

41 Acquittal of Commonwealth Government financial assistance (continued)

41.5 Australian Research Council Grants

(a) Discovery

Note	Parent entity (HEP) ONLY	
	Projects	
	2005 \$'000	2004 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)	1,948	1,814
Net accrual adjustments	-	-
Revenue for the period	1,948	1,814
Accrual surplus from the previous year	509	340
Total accrual revenue	2,457	2,154
Less accrual expenses	1,577	1,623
Accrual surplus for reporting period	880	531

(b) Linkages

Note	Parent entity (HEP) ONLY							
	Special Research Initiatives		Infrastructure		Projects		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Financial assistance received in cash during the reporting period (total cash received from the Commonwealth for the Programmes)	57	-	-	-	3,315	2,576	3,482	2,576
Net accrual adjustments	-	-	-	-	-	-	-	-
Revenue for the period	57	-	110	-	3,315	2,576	3,482	2,576
Accrual surplus from the previous year	90	110	-	-	1,241	959	1,331	1,069
Total accrual revenue	147	110	110	-	4,556	3,535	4,813	3,645
Less accrual expenses	-	20	-	-	3,111	2,294	3,111	2,314
Accrual surplus for reporting period	147	90	110	-	1,445	1,241	1,702	1,331

Note	CONSOLIDATED		RMIT	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
42 Remuneration of auditors				
Auditing or reviewing the financial reports of the entity or any entity in the consolidated entity				
Auditor-General of Victoria		242	211	171
PriceWaterhouseCoopers Vietnam		26	8	-
Total accounting and auditing services		268	219	171

43 Responsible persons and executive 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) Minister

The relevant Minister is The Hon. Lynne Kosky MP (1 January 2005 to 31 December 2005).

Remuneration of the Minister is disclosed in the financial report of the Department of Premier and Cabinet.

Other relevant interests are declared in the Register of Member's interests which is completed by each member of the Parliament.

(ii) Names of responsible persons and executive officers

The following persons were responsible persons and executive officers of RMIT during the year:

Board Members

NAME	NAME	
Awcock, F.	Lever, R.	Appointed 1.3.2005
Ballagh, A.	Messimeri-Kianidis V.	
Bramley, T. Term 1.1.2005 - 31.12.2005	Nieuwenhuysen, J.	Appointed 1.1.2005
Coloe, P.	Pekarek, H.	
Dalton, A.	Robinson, N.	Appointed 1.1.2005
Evans, S. Term 1.1.2005 - 31.12.2005	Schulze, M.	
Francis, T.	Simonetto, C.	Appointed 1.1.2005
Gardner, M. Appointed 4.4.2004	Tappenden, T.	
Gibson, R. D.	Varcoe-Cocks, J.	
Gilmour, J. Appointed 1.1.2005	Young, D.	
Lampe, G.	Whitaker, C.	Resigned 3.4.2005
Lee, M. Term 1.1.2005 - 31.12.2005		

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
43 Responsible persons and executives officers (continued)					
(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 subsidiaries.		3,667	4,422	1,225	1,407
Number of RMIT Councillors whose total remuneration from RMIT and any related bodies corporate was within the following bands:					
		2005 No.	2004 No.	2005 No.	2004 No.
\$ 0		2	3	2	2
Less than \$10,000		6	9	-	2
\$ 10,000 - \$ 19,999		17	17	13	11
\$ 20,000 - \$ 29,999		2	3	-	-
\$ 30,000 - \$ 39,999		1	-	-	-
\$ 50,000 - \$ 59,999		-	2	-	1
\$ 60,000 - \$ 69,999		1	2	1	2
\$ 70,000 - \$ 79,999		1	-	1	-
\$ 80,000 - \$ 89,999		2	1	1	-
\$ 90,000 - \$ 99,999		3	4	2	1
\$100,000 - \$109,999		1	-	-	-
\$110,000 - \$119,999		1	-	-	-
\$120,000 - \$129,999		-	2	-	1
\$130,000 - \$139,000		-	1	-	-
\$140,000 - \$149,999		3	3	1	1
\$150,000 - \$159,999		-	2	-	2
\$160,000 - \$169,999		1	-	1	-
\$180,000 - \$189,999		-	1	-	-
\$190,000 - \$199,999		-	1	-	-
\$200,000 - \$209,999		-	1	-	-
\$210,000 - \$219,999		1	-	-	-
\$240,000 - \$249,999		-	1	-	-
\$250,000 - \$259,999		1	-	-	-
\$310,000 - \$319,999		2	-	1	-
\$370,000 - \$379,999		1	-	-	-
\$410,000 - \$419,999		-	1	-	1
\$430,000 - \$439,999		1	-	-	-
\$480,000 - \$489,999		-	1	-	-
\$560,000 - \$569,999		-	1	-	-
		47	56	23	24
(c) Executive Officers' Remuneration					
Income received or due and receivable from entities in the consolidated entity and related parties by Australian-based executive officers whose remuneration was at least \$100,000		4,154	2,790	2,712	2,277
Base remuneration of executive officers		5,940	4,420	4,205	2,962
Total remuneration of executive officers					
The number of executive officers whose total remuneration was within the following bands:		2005 No.	2004 No.	2005 No.	2004 No.
\$110,000 - \$119,999		1	2	-	-
\$120,000 - \$129,999		2	4	-	2
\$130,000 - \$139,999		2	4	-	-
\$140,000 - \$149,999		2	-	-	-
\$150,000 - \$159,999		-	1	-	1
\$160,000 - \$169,999		1	2	1	-
\$170,000 - \$179,999		1	-	-	-
\$180,000 - \$189,999		-	2	-	-
\$190,000 - \$199,999		-	1	-	1
\$200,000 - \$209,999		1	1	-	1
\$210,000 - \$219,999		1	-	1	-
\$220,000 - \$229,999		3	-	3	-
\$230,000 - \$239,999		2	-	2	-
\$240,000 - \$249,999		1	1	1	1
\$250,000 - \$259,999		1	-	1	-
\$310,000 - \$319,999		3	-	2	-
\$370,000 - \$379,999		1	-	1	-
\$410,000 - \$419,999		-	1	-	1
\$440,000 - \$449,999		1	1	1	1
\$730,000 - \$739,999		1	-	1	-
		24	20	14	8
The number of executive officers whose income was less than \$100,000.		2	6	2	6
Remuneration of executive officers also includes annual leave, long service leave and termination payments made during the period.					

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

	Note	CONSOLIDATED		RMIT	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
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 and specified executives at any time during the financial year are set out in Note 43.					
(b) Controlled entities					
Interests in subsidiaries are set out in note 40.					
(c) Transactions with related parties					
The following transactions occurred with related parties:					
Aggregate amounts included in the determination of operating result from ordinary activities that resulted from transactions with each class of other related parties within the group:					
Sale of services					
- Contract and professional services		-	-	9,798	9,587
- Fees and charges		-	-	5,451	5,202
- Donations and bequests		-	-	567	370
- Interest income		-	-	706	700
- Rental income		-	-	754	684
- Other		-	-	-	52
Purchase of services					
- Marketing expenses		-	-	9,504	8,500
- Grants, scholarships and prizes		-	-	6,618	5,572
- Consulting services		-	-	550	1,087
- Rental expense		-	-	754	684
- Interest expense		-	-	706	700
- Other		-	-	-	52
Loans to related parties					
Loans advanced to:					
Subsidiaries		-	-	602	602
Loans from related parties					
Loans advanced to:					
RMIT		-	-	23,538	18,425
Interest expense					
RMIT		-	-	706	520
(d) Outstanding balances					
The following balances are outstanding at the reporting date in relation to transactions with related parties:					
Current Receivables					
Subsidiaries		-	-	9,222	9,716
Current Payables					
Subsidiaries		-	-	7,836	6,810
(e) Forgiveness of debts					
As part of the sale transaction for the sale of Inquirion Pty. Ltd. RMIT forgave a receivable as part of the sale agreement					
		-	-	2,210	-
(f) Terms and Conditions					
All transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for repayment of loans between the parties. The average interest rate on loans during the year was 5.5% (2004 - 5%).					
Outstanding balances are unsecured and are repayable in cash.					
Certain administrative services are provided by RMIT to a number of entities within the wholly owned group at no charge.					
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		9,367	8,885	9,178	8,724
Enrolment fee		3,596	3,785	3,596	3,785
		12,963	12,670	12,774	12,509
Distribution of fees by way of grants to:					
Student Union Council		3,421	3,225	3,421	3,225
RMIT Union		5,451	5,202	5,451	5,202
RMIT Teaching Departments		3,785	3,946	3,596	3,785
RMIT Student Services		306	297	306	297
		12,963	12,670	12,774	12,509

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

46 Explanation of transition to Australian equivalents to IFRS

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 January 2004

	Note	CONSOLIDATED			RMIT		
		Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
ASSETS							
Current assets							
Cash and cash equivalents		30,062	-	30,062	2,769	-	2,769
Receivables		53,356	-	53,356	55,924	-	55,924
Inventories		1,059	-	1,059	-	-	-
Other non-financial assets	(e)	3,746	-	3,746	2,752	-	2,752
Total current assets		88,223	-	88,223	61,445	-	61,445
Non-current assets							
Receivables		220,665	-	220,665	223,477	-	223,477
Other financial assets		4,412	-	4,412	934	-	934
Property, plant and equipment	(f)	1,023,998	(3,572)	1,020,426	1,014,890	(3,078)	1,011,812
Intangible assets	(f)	1,450	428	1,878	-	504	504
Other non-financial assets		54	-	54	-	-	-
Total non-current assets		1,248,648	(3,144)	1,247,435	1,239,301	(2,574)	1,236,727
Total assets		1,338,802	(3,144)	1,335,658	1,300,746	(2,574)	1,298,172
LIABILITIES							
Current liabilities							
Payables		28,130	-	28,130	24,591	-	24,591
Interest bearing liabilities		3,680	-	3,680	3,680	-	3,680
Provisions	(g)	39,055	4	39,059	37,501	-	37,501
Other liabilities		24,520	-	24,520	19,679	-	19,679
Total current liabilities		95,385	4	95,389	85,451	-	85,451
Non-current liabilities							
Payables		-	-	-	10,527	-	10,527
Interest bearing liabilities		3,500	-	3,500	3,500	-	3,500
Provisions	(g)	263,906	(902)	263,004	263,179	(902)	262,277
Total non-current liabilities		267,406	(902)	266,504	277,206	(902)	276,304
Total liabilities		362,791	(898)	361,893	362,657	(902)	361,755
Net assets		976,011	(2,246)	973,765	938,089	(1,672)	936,417
EQUITY							
RMIT entity interest							
Reserves	(a) (h)	641,280	(112,478)	528,802	592,778	(112,606)	480,172
Retained surplus		334,699	110,254	444,953	345,311	110,934	456,245
Total RMIT entity interest		975,979	(2,224)	973,755	938,089	(1,672)	936,417
Minority interest		32	(22)	10	-	-	-
Total equity		976,011	(2,246)	973,765	938,089	(1,672)	936,417

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

46 Explanation of transition to Australian equivalents to IFRS (continued)

(b) At the end of the last reporting period under previous AGAAP: 31 December 2004

	Note	CONSOLIDATED			RMIT		
		Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
ASSETS							
Current assets							
Cash and cash equivalents		32,107	-	32,107	6,699	-	6,699
Receivables		42,713	-	42,713	47,438	-	47,438
Inventories		989	-	989	-	-	-
Other non-financial assets		3,518	-	3,518	3,042	-	3,042
Total current assets		79,327	-	79,327	57,179	-	57,179
Non-current assets							
Receivables		254,502	-	254,502	254,502	-	254,502
Other financial assets		5,729	-	5,729	934	-	934
Property, plant and equipment		1,052,747	(5,582)	1,047,165	1,036,283	(4,819)	1,031,464
Intangible assets		1,006	1,166	2,172	-	1,225	1,225
Other non-financial assets		332	-	332	-	-	-
Total non-current assets		1,314,316	(4,416)	1,309,900	1,291,719	(3,594)	1,288,125
Total assets		1,393,643	(4,416)	1,389,227	1,348,898	(3,594)	1,345,304
LIABILITIES							
Current liabilities							
Payables		45,836	-	45,836	40,898	-	40,898
Interest bearing liabilities		3,582	-	3,582	15,323	-	15,323
Provisions	(g)	43,903	(314)	43,589	41,470	-	41,470
Other liabilities		22,856	-	22,856	18,238	-	18,238
Total current liabilities		116,177	(314)	115,863	115,929	-	115,929
Non-current liabilities							
Interest bearing liabilities		8,986	-	8,986	-	-	-
Provisions	(g)	299,724	(425)	299,299	298,825	(739)	298,086
Total non-current liabilities		308,710	(425)	308,285	298,825	(739)	298,086
Total liabilities		424,887	(739)	424,148	414,754	(739)	414,015
Net assets		968,756	(3,677)	965,079	934,144	(2,855)	931,289
EQUITY							
RMIT entity interest							
Reserves	(a) (h)	659,004	(112,451)	546,553	613,278	(112,606)	500,672
Retained surplus		309,622	108,785	418,407	320,866	109,751	430,617
Total RMIT entity interest		968,626	(3,666)	964,960	934,144	(2,855)	931,289
Minority interest		130	(11)	119	-	-	-
Total equity		968,756	(3,677)	965,079	934,144	(2,855)	931,289

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

46 Explanation of transition to Australian equivalents to IFRS (continued)

(2) Reconciliation of profit for the year ended 31 December 2004

	Note	CONSOLIDATED			RMIT		
		Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
Revenue from continuing operations							
Australian Government financial assistance							
Australian Government grants		138,685	-	138,685	138,685	-	138,685
HECS-HELP – Australian Government payments		47,817	-	47,817	47,817	-	47,817
FEE-HELP		10,659	-	10,659	10,659	-	10,659
State and local Government financial assistance		59,246	-	59,246	59,213	-	59,213
HECS-HELP – Student Payments		8,331	-	8,331	8,331	-	8,331
Fees and charges		174,169	-	174,169	160,816	-	160,816
Investment income		1,463	-	1,463	809	-	809
Consultancy and contract research		41,187	-	41,187	25,720	-	25,720
Other revenue	(d)	34,289	(9,960)	24,329	20,468	(9,781)	10,687
		515,846	(9,960)	505,886	472,518	(9,781)	462,737
Deferred government superannuation contributions		35,837	-	35,837	35,837	-	35,837
Total revenue from continuing operations		551,683	(9,960)	541,723	508,355	(9,781)	498,574
Expenses from continuing operations							
Employee benefits and on costs	(g)	340,015	164	340,179	316,667	163	316,830
Depreciation and amortisation	(f)	27,641	(1,080)	26,561	25,049	(1,012)	24,037
Repairs and maintenance	(f)	14,620	(58)	14,562	14,112	-	14,112
Borrowing costs	(e)	183	214	397	882	-	882
Bad and doubtful debts		(229)	-	(229)	(242)	-	(242)
Other expenses	(d) (f)	157,458	(7,742)	149,716	139,753	(7,749)	132,004
		539,688	(8,502)	531,186	496,221	(8,598)	487,623
Deferred employee benefits for superannuation		35,837	-	35,837	35,837	-	35,837
Total expenses from continuing operations		575,525	(8,502)	567,023	532,058	(8,598)	523,460
Operating result before income tax		(23,842)	(1,458)	(25,300)	(23,703)	(1,183)	(24,886)
Income tax expense (benefit)		1,154	-	1,154	742	-	742
Operating result from continuing operations		(24,996)	(1,458)	(26,454)	(24,445)	(1,183)	(25,628)
Net operating result attributable to minority interest		(81)	(11)	(92)			-
Net operating result attributed to RMIT entity		(25,077)	(1,469)	(26,546)	(24,445)	(1,183)	(25,628)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

46 Explanation of transition to Australian equivalents to IFRS (continued)

(3) Reconciliation of cash flow statement for the year ended 31 December 2005

There are no material differences between the cash flow statement presented under Australian equivalents to IFRSs and the cash flow statement presented under previous AGAAP.

(4) Notes to the reconciliation

(a) Foreign currency translation reserve: cumulative translation differences

The RMIT Entity has not elected to apply the exemption in AASB 1 First-time Adoption of Australian Equivalents to International Financial Standards. Therefore the foreign currency translation reserve still exists.

Translation of the adjustments mentioned in (a) above are translated at the average exchange rate for income statement items and year-end exchange rates for balance sheet items. In adjusting prior years borrowing costs, a difference arises on translation under AGAAP and A-IFRS, this has been quantified as \$0.128m at 1 January 2004 and \$0.027m at 31 December 2004. It has been adjusted against foreign currency translation reserve.

(b) Financial instruments

The Consolidated Group has elected to apply the exemption from restatement of comparatives for AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurements. It has therefore continued to apply the previous AGAAP rules to financial assets and financial liabilities for the year ended 31 December 2004. The adjustments required for differences between previous AGAAP and AASB 132 and AASB 139 have been determined and recognised at 1 January 2005. Refer to section 5 of this note and note 1 for further details.

(c) State Superannuation Fund

The calculation of superannuation obligations under A-IFRS is different to A-GAAP. Under A-IFRS market yields on government bonds (rather than an internal earning rate) are used to calculate the value of superannuation liabilities and this has resulted in a different value. As there is no net impact on the balance sheet or income statement from these superannuation obligations (due to recognition of a corresponding receivable), the costs of providing an actuarial assessment for transition date outweigh the benefits. The University has therefore elected not to obtain an estimate of its superannuation obligations for transition date. Consequently, no transitional adjustments are disclosed.

(d) Offsetting of gains/(losses) on sale of assets

AASB 101 "Presentation of Financial Statements" allows offsetting of gains and losses on the disposal of property, plant and equipment sales. AGAAP did not allow offsetting. At 31 December 2004 an amount of \$9.960m Consolidated (\$9.781m - RMIT) was removed from other revenue and other expenditure. As a result, a loss of \$2,906 consolidated (\$2,892 - RMIT) remained in other expenditure.

(e) Borrowing costs

Borrowing costs are recognised as an expense when incurred in accordance with AASB 123 "Borrowing Costs." Under the previous AGAAP borrowing costs were required to be capitalised on qualifying assets. AASB 123 permits a choice between either expensing or capitalising borrowing costs. However, FRD 105 requires borrowing costs to be expensed. An amount of \$0.410m consolidated at 1 January 2004 and \$0.187m consolidated at 31 December 2004 has been adjusted against property, plant and equipment.

(f) Software development costs

Under AGAAP, software development costs were recognised as part of property, plant and equipment. AASB 138: Intangible Assets require such costs to be recognised separately as intangible assets. At the date of translation, software was reclassified as an intangible asset. It decreased property, plant and equipment by \$3.162m Consolidated (\$3.078m RMIT). Intangible assets were subsequently derecognised to the extent of \$2.734m Consolidated (\$2.574m - RMIT) resulting in a net carrying amount of \$0.428m Consolidated (\$0.504m - RMIT).

For the year ended 31 December 2004, depreciation and amortisation was reduced by \$1.080m Consolidated (\$1.012m - RMIT), and other costs, being derecognition of intangible assets, amounted to \$2.218m Consolidated (\$2.032m - RMIT).

(g) Employee benefits - annual leave

Under superseded policies, provision for annual leave was measured at nominal value. AASB 119: Employee Benefits requires provisions made in respect of employee benefits that are not expected to be settled within 12 months to be measured as the present value of estimated future cash outflows.

At 31 December 2004, provision for annual leave decreased by \$0.164m Consolidated (\$0.163m - RMIT). Adjustments were made to recognise gains of \$0.898m (\$0.902m - RMIT) directly in retained earnings. Also a review of provision was conducted resulting in a transfer of \$0.314m to non-current from current provision.

(h) Asset revaluation reserve

The RMIT Entity has not elected to apply the exemption in AASB 1 First-time Adoption of Australian Equivalents to International Financial Standards and FRD115 Non Current Physical Assets - First Time Adoption in continuing to maintain a balance in the asset revaluation reserve that has been specifically identified with assets under its control.

An adjustment of \$112.606m has been made to remove the amount that no longer relates to assets held and transferred to retained surplus.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

46 Explanation of transition to Australian equivalents to IFRS (continued)

(i) Net operating result

The effect on net operating result of the changes set out above are as follows:

	Note	CONSOLIDATED		RMIT	
		1 Jan 2004 \$'000	31 Dec 2004 \$'000	1 Jan 2004 \$'000	31 Dec 2004 \$'000
Derecognition of borrowing costs	(e)	(410)	(214)	-	-
Software development costs - net adjustment	(f)	(2,734)	(1,080)	(2,574)	(1,020)
Employee benefits - annual leave	(g)	898	(164)	902	(163)
Total adjustment attributed to the consolidated entity		(2,246)	(1,458)	(1,672)	(1,183)

(5) Adjustments on transition to AASB 132 Financial Instruments: Disclosure and presentation and AASB 139

Financial instruments: Recognition and Measurements: 1 January 2005

	Note	CONSOLIDATED			RMIT		
		AIFRS 31 Dec 2004 \$'000	Adjustment \$'000	1 Jan 2005 \$'000	AIFRS 31 Dec 2004 \$'000	Adjustment \$'000	1 Jan 2005 \$'000
ASSETS							
Current assets							
Cash and cash equivalents		32,107		32,107	6,699		6,699
Receivables		42,713		42,713	47,438		47,438
Inventories		989		989	-		-
Other non-financial assets		3,518		3,518	3,042		3,042
Total current assets		79,327	-	79,327	57,179	-	57,179
Non-current assets							
Receivables		254,502		254,502	254,502		254,502
Available for sale financial assets through equity	21	-	6,302	6,302	-	1	1
Other financial assets	22	5,729	(5,416)	313	934	(1)	933
Other non-financial assets		332		332	-		-
Property, plant and equipment		1,047,165		1,047,165	1,031,464		1,031,464
Intangible assets		2,172		2,172	1,225		1,225
Total non-current assets		1,309,900	886	1,310,786	1,288,125	-	1,288,125
Total assets		1,389,227	886	1,390,113	1,345,304	-	1,345,304
LIABILITIES							
Current liabilities							
Payables		45,836		45,836	40,898		40,898
Interest bearing liabilities		3,582		3,582	15,323		15,323
Provisions		43,589		43,589	41,470		41,470
Other liabilities		22,856		22,856	18,238		18,238
Total current liabilities		115,863	-	115,863	115,929	-	115,929
Non-current liabilities							
Interest bearing liabilities		8,986		8,986	-		-
Provisions		299,299		299,299	298,086		298,086
Total non-current liabilities		308,285	-	308,285	298,086	-	298,086
Total liabilities		424,148	-	424,148	414,015	-	414,015
Net assets		965,079	886	965,965	931,289	-	931,289
EQUITY							
RMIT entity interest							
Reserves		546,553	886	547,439	500,672		500,672
Retained surplus		418,407		418,407	430,617		430,617
Total RMIT entity interest		964,960	886	965,846	931,289	-	931,289
Minority interest		119		119	-		-
Total equity		965,079	886	965,965	931,289	-	931,289

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

BALANCE SHEET FOR THE YEARS 2005 TO 2001 INCLUSIVE

	CONSOLIDATED					RMIT				
	AIFRS		AGAAP			AIFRS		AGAAP		
	2005 \$'000	2004 \$'000	2003 \$'000	2002 \$'000	2001 \$'000	2005 \$'000	2004 \$'000	2003 \$'000	2002 \$'000	2001 \$'000
ASSETS										
Current assets										
Cash and cash equivalents	59,557	32,107	30,062	57,543	30,562	31,814	6,699	2,769	21,152	9,643
Receivables	46,434	42,713	53,356	44,117	53,728	49,380	47,438	55,924	45,630	52,409
Inventories	888	989	1,059	1,056	1,008	-	-	-	-	-
Assets classified as held for sale	29,875	-	-	-	-	29,875	-	-	-	-
Other Financial Assets	-	-	-	1,014	1,036	-	-	-	1,014	1,036
Other non-financial assets	3,500	3,518	5,677	2,854	1,954	2,947	3,042	2,752	2,737	1,732
Total current assets	140,254	79,327	90,154	106,584	88,288	114,016	57,179	61,445	70,533	64,820
Non-current assets										
Receivables	285,463	254,502	220,665	231,478	228,362	285,463	254,502	223,477	234,290	233,110
Available for sale financial assets through equity	6,956	-	-	-	-	-	-	-	-	-
Other financial assets	174	5,729	4,412	3,785	4,314	822	934	934	1,930	1,930
Property, plant and equipment	1,040,994	1,047,165	1,022,067	995,995	979,167	1,021,486	1,031,464	1,014,890	988,133	974,773
Intangible assets	2,140	2,172	1,450	1,887	148	2,093	1,225	-	11	35
Other non-financial assets	66	332	54	43	-	-	-	-	-	-
Total non-current assets	1,335,793	1,309,900	1,248,648	1,233,188	1,211,991	1,309,864	1,288,125	1,239,301	1,224,364	1,209,848
Total assets	1,476,047	1,389,227	1,338,802	1,339,772	1,300,279	1,423,880	1,345,304	1,300,746	1,294,897	1,274,668
LIABILITIES										
Current liabilities										
Payables	58,284	45,836	28,130	27,814	28,933	51,571	40,898	24,591	22,132	24,100
Interest bearing liabilities	-	3,582	3,680	15,000	-	13,724	15,323	3,680	15,000	-
Finance lease liabilities	-	-	-	4	30	-	-	-	-	-
Provisions	39,582	43,589	39,055	48,996	45,816	38,035	41,470	37,501	47,626	44,607
Other liabilities	30,531	22,856	24,520	25,925	32,264	22,016	18,238	19,679	21,221	27,462
Total current liabilities	128,397	115,863	95,385	117,739	107,043	125,346	115,929	85,451	105,979	96,169
Non-current liabilities										
Payables	-	-	-	26	-	-	-	10,527	13,567	14,297
Interest bearing liabilities	9,541	8,986	3,500	35,000	25,000	-	-	3,500	35,000	25,000
Finance lease liabilities	-	-	-	10	-	-	-	-	-	-
Provisions	335,866	299,299	263,906	265,088	259,479	334,520	298,086	263,179	264,363	259,008
Total non-current liabilities	345,407	308,285	267,406	300,124	284,479	334,520	298,086	277,206	312,930	298,305
Total liabilities	473,804	424,148	362,791	417,863	391,522	459,866	414,015	362,657	418,909	394,474
Net assets	1,002,243	965,079	976,011	921,909	908,757	964,014	931,289	938,089	875,988	880,194
EQUITY										
RMIT entity interest										
Reserves	557,548	546,553	641,280	617,890	604,241	510,154	500,672	345,311	566,397	552,873
Accumulated funds	444,462	418,407	334,699	304,089	304,404	453,860	430,617	592,778	309,591	327,321
Total RMIT entity interest	1,002,010	964,960	975,979	921,979	908,645	964,014	931,289	938,089	875,988	880,194
Outside equity interest in controlled entities	233	119	32	(70)	112	-	-	-	-	-
Total equity	1,002,243	965,079	976,011	921,909	908,757	964,014	931,289	938,089	875,988	880,194

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

INCOME STATEMENT FOR THE YEARS 2005 TO 2001 INCLUSIVE

	CONSOLIDATED					RMIT				
	AIFRS		AGAAP			AIFRS		AGAAP		
	2005 \$'000	2004 \$'000	2003 \$'000	2002 \$'000	2001 \$'000	2005 \$'000	2004 \$'000	2003 \$'000	2002 \$'000	2001 \$'000
Revenue from continuing operations										
Australian Government financial assistance										
Australian Government grants	160,587	138,685	145,307	135,858	131,122	160,587	138,685	145,307	135,858	131,122
HECS-HELP – Australian Government payments	55,870	47,817	63,316	53,070	53,531	55,870	47,817	63,316	53,070	53,531
FEE-HELP	12,441	10,659	8,250	5,277	-	12,441	10,659	8,250	5,277	-
State and local Government financial assistance	60,042	59,246	67,168	65,948	58,248	60,042	59,213	67,168	65,948	58,248
HECS-HELP – Student Payments	11,452	8,331	8,148	8,180	8,159	11,452	8,331	8,148	8,180	8,159
Fees and charges	187,344	174,169	175,627	170,626	151,061	170,095	160,816	162,763	160,112	145,294
Investment income	4,034	1,463	2,113	1,857	3,467	2,906	809	842	401	1,790
Consultancy and contract research	39,091	41,187	42,956	17,567	13,348	23,103	25,720	27,212	17,567	13,843
Other revenue	30,355	24,329	50,698	79,454	58,255	14,229	10,687	31,900	31,834	26,645
	561,216	505,886	563,583	537,837	477,191	510,725	462,737	514,906	478,247	438,632
Deferred government superannuation contributions	29,466	35,837	10,813	3,116	6,687	29,466	35,837	10,813	3,116	6,687
Total revenue from continuing operations	590,682	541,723	574,396	540,953	483,878	540,191	498,574	525,719	481,363	445,319
Expenses from continuing operations										
Employee benefits and on costs	344,301	340,179	321,486	315,193	291,582	319,332	316,830	298,729	297,853	274,674
Depreciation and amortisation	26,506	26,561	27,771	27,800	24,444	23,574	24,037	24,055	24,461	23,276
Repairs and maintenance	13,558	14,562	11,293	18,989	19,817	13,157	14,112	10,929	17,954	18,899
Borrowing costs	914	397	965	2,422	1,097	973	882	964	2,017	1,087
Bad and doubtful debts	1,255	(229)	11,870	3,189	2,634	1,309	(242)	11,767	3,848	10
Other expenses	146,432	149,716	158,274	170,488	128,814	129,456	132,004	131,523	149,335	117,698
	532,966	531,186	531,659	538,081	468,388	487,801	487,623	477,967	495,468	435,644
Deferred employee benefits for superannuation	29,466	35,837	10,813	3,116	6,687	29,466	35,837	10,813	3,116	6,687
Total expenses from continuing operations	562,432	567,023	542,472	541,197	475,075	517,267	523,460	488,780	498,584	442,331
Operating result before income tax	28,250	(25,300)	31,924	(244)	8,803	22,924	(24,886)	36,939	(17,221)	2,988
Income tax expense (benefit)	(543)	1,154	298	587	198	(319)	742	339	509	198
Operating result from continuing operations	28,793	(26,454)	31,626	(831)	8,605	23,243	(25,628)	36,600	(17,730)	2,790
Net operating result attributable to minority interest	(115)	(92)	(102)	183	(14)	-	-	-	-	-
Net operating result attributed to RMIT entity	28,678	(26,546)	31,524	(648)	8,591	23,243	(25,628)	36,600	(17,730)	2,790

