



Introduction and Overview

The University of Melbourne continued in 2001 to implement its 'Melbourne Agenda', a 15-20 year strategy for transforming Melbourne, already one of Australia's most eminent research and teaching universities, into one of the finest universities in the world.

The vision is of a University of Melbourne international in character and focus; world class in the staff and students it attracts, the research and scholarship it produces and the academic standards to which it adheres; a University adding immense intellectual, cultural and professional value to the City of Melbourne, and serving Victoria and Australia by performing and being acknowledged as one of the finest of the world's institutions of higher learning.

This Annual Report not only records the continuing financial and organisational strength of the University, but charts the operational and strategic progress Melbourne has made during 2001 in pursuit of its ambitious vision. In so doing, it reports on the performance of Melbourne's scholarly community at all levels in advancing, synthesising, applying and disseminating knowledge through research, teaching and scholarship. It also reports on the University's contributions to the social, cultural and economic life of its local, regional and national communities.

Nationally, the University of Melbourne was named 'Australian University of the Year 2001-2002' by *The Good Universities Guide*. The Award is bestowed annually, with the criteria varying from year to year. In 2000-2001, the Award was for the Australian university with the highest international standing, judged on the basis of international opinion, coupled with a survey of academics, international students and employers in Australia. Melbourne secured that accolade by what the judges called 'a considerable margin'.

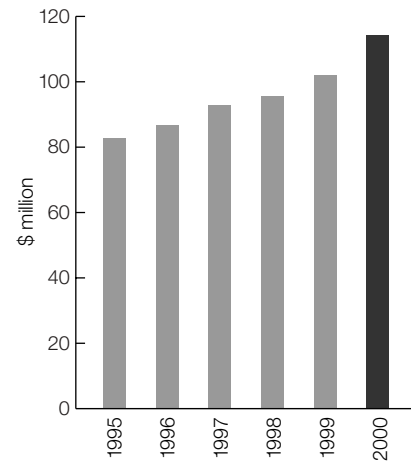
The reputation of the University is soundly based in a record of achievement that was maintained and in many respects enhanced in 2001.

> Research Performance

Melbourne remained the leading research university in Australia in terms of total research expenditure, overall share of national competitive research income and postgraduate research enrolments. According to data that became available in 2001, Melbourne's total expenditure on research (in 2000) was \$291.0 million, making Melbourne the second largest research organisation in Australia (after the CSIRO). In 2000, its research income from contestable sources (national competitive grants, industry funding, etc.) was \$118.9 million, the highest of all Australian universities. Melbourne also had the strongest research publication record among Australian universities, measured by the Commonwealth's weighted publications index, and the highest research degree load.

Two Nobel Laureates continued to work part-time as researchers and research supervisors in 2001, with Professor Peter Doherty accepting a full-time appointment to begin in mid-2002. The University secured the Intellectual Property Research Institute of Australia, and its own new intellectual property policies gave successful researchers increased incentives for seeking the pre-commercial development and commercialisation of research findings. Recognising the needs of successful researchers requiring seed funding for pre-commercial work, the University, through Melbourne University Private Limited, invested \$10.0 million in Uniseed Limited, a joint venture with the University of Queensland designed to stimulate applied research and innovation and fund pre-commercial R&D. Planning also continued for the University's new Molecular Science and Biotechnology Institute, with construction due to begin on this *Bio21* Project early in 2002.

University Research Income from Contestable Sources



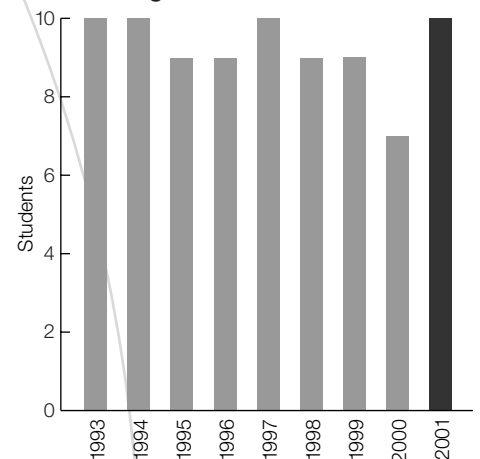
> Quality Students

Since 1992, 92 per cent of all VCE top 10 students have elected to enrol at the University of Melbourne, and the University has in recent years sought to attract comparable students from other states. It is a reflection of the growing success of this policy that, in 2001, 29 students with ENTER scores of 99.85 or better, representing every State in Australia, enrolled at Melbourne through the Melbourne Scholarships program. More broadly, Melbourne was the first choice for 74 per cent of the top one per cent of VCE students in 2001, and the University remained a national leader in the enrolment of Australian fee-paying students, with domestic fee-based undergraduate enrolments having risen from 357 in 1998 to 1124 in 2001. Melbourne's standards for admission have not been compromised by such fee-based enrolments, for the University admits as fee-payers only those whose results would at least have gained them consideration for middle band selection into their chosen courses.

The academic success enjoyed by students once enrolled in a fee-based place provides further confirmation of this.

As there can be no substitution of fee-based places for HECS places, the availability of fee-based places increases the total number of students able to enrol in the University's undergraduate courses. The additional fee revenue enables the University to increase staffing levels and enhance the teaching and learning infrastructure available for all students. By linking the award of Melbourne Scholarships to fee-based places, each year nearly 200 fee-based places are taken up by the most outstanding students from across Australia and students with high potential from disadvantaged backgrounds.

VCE 'Top 10' Students Enrolling at Melbourne



> The Student Experience

The University of Melbourne seeks to provide its students with a superb campus environment, and a rewarding learning experience supported by a powerful mix of face-to-face teaching with newer online technologies and pedagogies, sophisticated multimedia learning tools and high-quality teaching and learning infrastructure in lecture theatres, classrooms, workshops and laboratories.

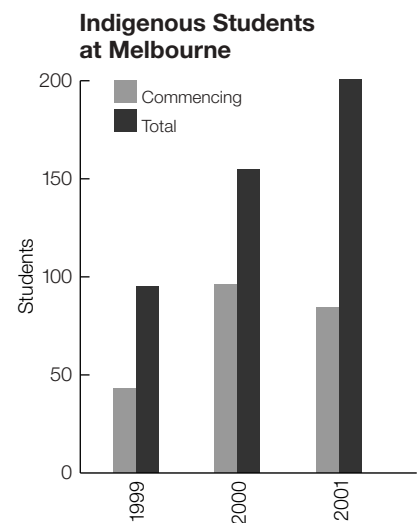
Melbourne won a 2001 Commonwealth Government Teaching Award for its transition program designed to assist students make the social, cultural and pedagogic transition from secondary to tertiary education. At the postgraduate level, Melbourne's unique combination of a School of Graduate Studies and a Postgraduate Students Association working together in a dedicated Postgraduate Centre continued to enhance the postgraduate experience in the University. Melbourne not only had the highest postgraduate research degree load, but its completion rates for research postgraduate students continued to be the highest within the sector.

> Equity and Access

The University of Melbourne accepts a special responsibility to provide higher education of the highest international quality on an equitable basis. Any prospective Australian student with the capacity to take advantage of world class higher education should have access to a first rank university in Australia, irrespective of socioeconomic circumstances or other disadvantages. Ensuring that they do, in increasing numbers, is a central focus of the University of Melbourne's equity programs. The aim is to combine an effective equity agenda with a commitment to the highest international standards of teaching, research and scholarly excellence.

The number of equity scholarships within the overall Melbourne Scholarships program has continued to expand since the program was introduced in 1998. In 2001, 88 Melbourne Scholarships were reserved for students from disadvantaged backgrounds, including students from low-income families and rural and regional schools. Most pleasing was a continuing increase in the enrolment of Aboriginal students. Despite a national trend towards fewer Aboriginal and Torres Strait Islander enrolments in tertiary education, the number of Aboriginal students enrolled at Melbourne has risen from 95 in 1999 to 151 in 2000 and 196 in 2001.

Recognising that students from less privileged backgrounds often need special assistance during their secondary schooling if they are to secure VCE ENTER scores making them eligible for the University of Melbourne, the University launched a new Melbourne Access Program (MAP) in 2001. Focused on 10 rural and urban-fringe schools, MAP is part of a wider commitment to increasing the pool of students graduating from the secondary system qualified for admission to Melbourne.



> Internationalisation

The University of Melbourne has a long history of engagement in international academic collaboration at all levels of scholarly activity. Melbourne's best staff are highly sought after for international appointments, and the University, in turn, continues to recruit outstanding staff from overseas institutions. In 2001 there were over 5500 international students studying on the Parkville campus, and several hundred Australian students went overseas on 'Melbourne Abroad' scholarships to undertake part of their studies at international partner universities. A key challenge remains, however, to strengthen the reputation and profile of Melbourne as a first-rank international institution, and to make it one of the obvious destinations of preference for many of the best scholars, researchers and students in the world.

The University of Melbourne is responding to the challenge of internationalisation essentially through international networking. In 1997, Melbourne took the lead in establishing *Universitas 21*, an international network of kindred research-intensive universities. *Universitas 21*, incorporated in London in 1999, is increasingly regarded as one of the most significant international groupings of universities. By deliberate choice, Melbourne is concentrating on this networking strategy in preference to alternative strategies such as the establishment of international branch campuses or the 'franchising' of institutionally branded content to off-shore providers.

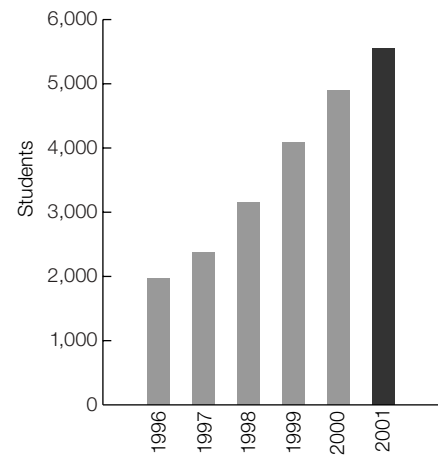
Networking minimises the most serious risks and complexities of operating across international jurisdictions, including the costs, risks and positioning problems that the individual university partners would face in adapting to unfamiliar international environments. Collaboration with powerful institutions that are well respected within their own jurisdictions has the potential to mobilise energy, resources and creativity internationally on a scale no single university, operating alone, could hope to match.

The full potential for internationalisation that *Universitas 21* has to offer is just beginning to emerge. In 2001, major progress was made towards cross-jurisdictional professional recognition for accountancy courses offered in *Universitas 21* universities in East Asia, North America and Europe, and planning began for extending this model to other professional awards. At the same time, effective international cooperation began in multimedia courseware development and usage. The establishment by *Universitas 21* of an international quality assurance agency for higher education, *U21pedagogica*, while designed specifically to support the proposed engagement of *Universitas 21* in global online education, also promises to support the member universities in other ways.

The successful establishment of *U21global*, a major international online university, was the most important international development for Melbourne in 2001. Membership in *U21global* will provide the participating universities, including Melbourne, with opportunities to contribute to higher educational development in countries without well-established higher education systems. *U21global*, a joint venture between *Universitas 21* and Thomson Learning, one of the world's largest publishing, digital information and online solutions companies, promises to make *Universitas 21* a highly valued international 'brand' in higher education.

This in turn will provide Melbourne, along with the other participating universities, with a range of benefits available only through engagement in the potentially massive worldwide expansion of online learning. *U21global* is committed to securing a substantial share of the quality segment in the global online higher education market. In doing so, it will be making a significant contribution to the growing problem of unmet demand in developing countries, where millions of people qualified for admission to higher education courses will miss out in the years ahead without access to the kind of opportunity that *U21global* is designed to offer. Success will not only position the participating *Universitas 21* universities in the forefront of emerging learning technologies, environments and pedagogies but, through substantial royalty earnings, will also provide them with substantial, enduring revenue streams to re-invest in their campus environments.

International Student Enrolments



> Melbourne University Private Limited

Melbourne University Private Limited, a company limited by shares and wholly owned by the University of Melbourne, merged in 2001 with another wholly owned subsidiary of the University, Melbourne Enterprises International Limited (MEIL). This merger had been planned since the establishment of Melbourne University Private in 1998, in recognition of the need to avoid competition between the two subsidiaries should MEIL become a provider of educational services. An inquiry established in September 2000 to investigate the benefits of rationalisation recommended in favour of the merger early in 2001, at a time when the commercial prospects and financial viability of Melbourne University Private were under scrutiny by the Auditor-General and the media. Despite this inauspicious beginning, all early indications are that the merged company, still called Melbourne University Private Limited, will be profitable in 2002, and thereafter play an increasingly important role in enhancing the financial self-reliance of the University of Melbourne. Melbourne University Private had net assets of \$40.0 million in 2001, and revenue of \$53.0 million (excluding profit on sale of shares of \$4.7 million).

The authority of Melbourne University Private to operate as a private degree-granting university was reviewed in November–December 2001, in accordance with a review schedule and against the conditions of the original approval laid down at the time of its initial establishment three years earlier. This interim review resulted in a Report to the Minister responsible for higher education in Victoria, the Hon. Lynne Kosky, MP. The Report recommended that the private university be considered as the commercial arm of the University of Melbourne and retain the right to offer awards as a university in its own right. In reviewing one of the original conditions of approval, that relating to research, the Report recommended that the government accept a broad definition of research as research based on the needs of business clients.

Looking beyond December 2001, the Minister in early 2002 rejected the recommendation favouring a broader approach, and wrote to the Vice-Chancellor requiring that Melbourne University Private Limited accept the original conditions of approval as the basis for further review later in 2003, or give up the title 'university'. The Council of the University of Melbourne is currently considering its response.

> Industrial Relations

In 2001, the University concluded an Enterprise Agreement which reaffirmed Melbourne's commitment to tackling workloads and addressing shortfalls in public higher education funding by linking salary increases to the overall financial performance of the University. The Agreement guaranteed to devote to staff salary increases a substantial proportion of all new, recurrent, discretionary income earned by the University each year, and to invest some of the residue in increased staffing levels. Around 97 per cent of staff voting endorsed the negotiated outcome, accepting the principle that salary increases would to a considerable extent be contingent on overall revenue growth. This self-confident approach augurs well for a continuing improvement in the University's financial strength and self-reliance and, as a result, for continuing improvement in the educational and research performance of the institution.

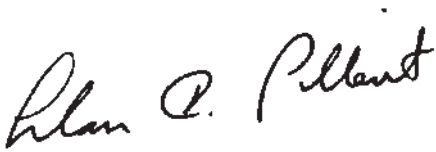
> University Square

A handover on 21 December 2001 of the three academic buildings in University Square marked a successful conclusion to the largest capital project ever undertaken by the University. The University Square development will add 50,000 square metres to the academic space of the University, and 'unlocks' the traditional Parkville campus by integrating into a cohesive educational precinct, a site earmarked for higher educational purposes since 1873. The University Square plaza and five-level underground car park were also completed, with the exception of the Bouverie Street entrance to the car park, which will be completed in 2002.

Completed on schedule and within budget, this major development provides the University with much needed space for expansion in Law, Information and Communications Technology and medical research and also includes an outstanding conference centre. Melbourne University Private will rent space for its headquarters. The consequential benefits for a range of academic areas and student support services on the overcrowded main campus will be considerable, with Student Services, Philosophy, Classics, Fine Arts, Architecture, Science and Engineering benefiting from the freeing-up of space as a result of the movement of Law, Computer Science, Information Systems and Software Engineering to University Square.

> Conclusion

The University of Melbourne remains strong, financially and academically. It retains a 'AA' Standard and Poor's credit rating and continues to strengthen its international reputation for research, scholarship and innovation. The University has emerged from 2001 having made good progress towards the ambitious goals of the 'Melbourne Agenda'.



Alan D. Gilbert

Vice-Chancellor and Principal

Quality People

Goal To strengthen the University of Melbourne as a preferred destination and a supportive workplace for outstanding staff and students from Australia and around the world.

Strategic Plan Perspective, 2001

The University is maintaining its strong position as a preferred destination for Australia's top performing Year 12 students. Of the top 500 students nationally who were awarded an Australian Student Prize in 2001, 23 per cent enrolled at the University of Melbourne. While this included 76 per cent of Victorian prize winners, enrolments included winners from across Australia.

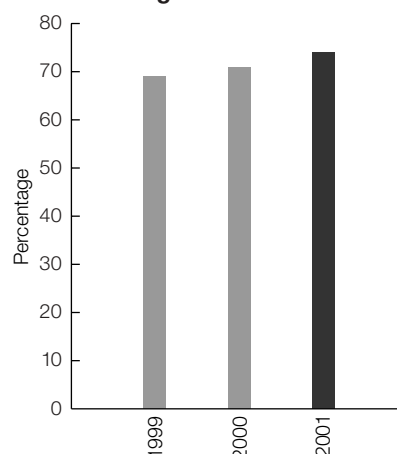
The University of Melbourne was first choice in 2001 for 73.7 per cent of all students with VTAC ENTER scores of 99.00 and above. The median ENTER score for entry to Melbourne in 2001 was 94.60. This score has been maintained since 1999, and is a remarkable achievement given the significant increase in enrolments (4367 in 1999, 4723 in 2000 and 5364 in 2001).

All of the top 10 students named in the Premier's VCE Awards for 2001 are now enrolled at Melbourne. Interstate enrolments decreased slightly between 2000 and 2001, but were still up 30 per cent from 1999 (229 in 1999, 298 in 2001). The University accounts for 26 per cent of all interstate enrolment applications in Victoria.

The University launched the inaugural Melbourne National Scholarships for Indigenous Students in 2001. These were awarded to Ms Sana Nakata (Arts/Law, from South Australia), and Ms Lilly Brophy (Veterinary Science, from Queensland). Melbourne Arts/Commerce graduate Mr Fraser Thompson was awarded an Australian Rhodes Scholarship for 2002. The award recognises outstanding academic and athletic achievements and community work.

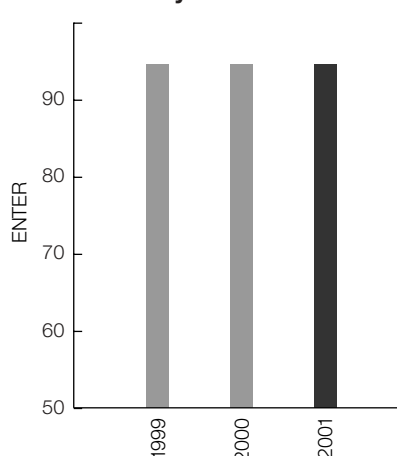
Recognition, in 2001, in the Order of Australia included: Professor Hugh Taylor, AC, for service in ophthalmology, especially river blindness in the third world; Sir Edward Woodward, AC, for contribution to public life; Ms Hilary McPhee, AO, Vice-Chancellor's Fellow, for her service in promoting Australian writers and her role as literary publisher; Professor Frank Larkins, AM, Deputy Vice-Chancellor (Research), for the development of research policy and the promotion of science and technology and education; Professor Wayne Morrison, AM, Head of Department of Surgery at St Vincent's Hospital, for service to reconstructive plastic surgery and innovation in tissue grafting; Emeritus Professor James Pittard, AM, for service to science, microbiology and molecular biology, especially gene expression in bacteria.

Top one per cent students* enrolling at Melbourne



*VTAC applicants with an ENTER 99.0 and above.

Median ENTERs for the University of Melbourne



Dr Philomena Murray, Director of the Contemporary European Research Centre was awarded a Jean Monnet Honorary Chair by the European Union. She is the first Australian academic to achieve this award. Other prestigious awards presented throughout the year included the L'OREAL-UNESCO Women in Science Award and the British Academy's Derek Allen Prize. Professor Suzanne Cory, Director of the Walter and Eliza Hall Institute and Professor of Medical Biology, was the first Australian to win the L'OREAL-UNESCO award, and Dr Janice Stockigt, from the Faculty of Music, won a British Academy award for her book on musician and composer, Jan Zelenka. Associate Professor Prem Bhalla (ILFR) won the Royal Society of Victoria Research Medal, for developing the world's first non-allergenic rye grass.

In 2001, the University awarded *Universitas 21* Fellowships to three academic staff: Dr Jenny George (Melbourne Business School), Mr Peter Jones (Law) and Dr Michelle Livett (Physics). *Universitas 21* Scholarships for general staff were awarded to Dr David Cookson (Melbourne Research and Innovation Office) and Dr Pat McLean (Equity and Learning Programs).

> Workplace Environment

A new Enterprise Agreement was concluded through certification in the Australian Industrial Relations Commission in June 2001. It encapsulated the University's contingent salary setting methodology which, if targets continue to be met, will give rise to a 16.8 per cent compounded salary increase between 1999 and 2003. The Agreement also guarantees a range of employment conditions and benefits, including work and family and salary packaging provisions. Across the years 1999 to 2001, the University has been a salary leader among Australian universities.

> Appointments and Departures

Sir Edward Woodward retired in 2001 after 11 years of distinguished service as Chancellor. In March 2001, Ms Fay Marles was installed as Chancellor – the eighteenth Chancellor since the position was established in 1852 and the first woman Chancellor. She has been Deputy Chancellor for 14 years and Council member since 1984.

Professor James Angus completed his term as President of the Academic Board at the end of 2001. Board officers for 2002 are Professor Peter McPhee (President), Professor Field Rickards (Vice-President), Professor Loane Skene (Deputy Vice-President). Appointments of new Council members in 2001 included Ms Irene Lawson, Ms Rosa Storelli, Dr Robert Di Nicolantonio, Ms Meredith Doig and Mr Paul Coats.

Mr David Lloyd was appointed Chief Executive Officer of Melbourne University Private Limited, having formerly led Melbourne Enterprises International Limited, which in 2001 became a subsidiary of Melbourne University Private, the largest commercial enterprise of any Australian university.

Ms Lin Martin took up appointment as Vice-Principal and Academic Registrar, having previously held positions at the University of New South Wales, RMIT University, the Higher Education Council and Flinders University.

The University reports with regret the deaths of Professor Emeritus Russell Love, Professor of Mathematics, and Dr Nina Christensen who in the mid-1950s established the Department of Russian and led it for some decades.

Throughout 2001 there were 21 appointments to professorships – of these, 10 were University of Melbourne staff appointed under new promotion arrangements introduced in 1999. Of the 21, one was female bringing the number of women in the professoriate to 34 or 15.7 per cent. A further 63 academic staff were promoted to either associate professor or senior lecturer through a rigorous system of peer review. Of these, 27 were female.

Eight professors left the University during 2001, either to retire or to take other appointments. They included Professor Peter Smith (Paediatrics), Professor Michael Aldred (Dental Science) and Professor Ken Polk (Criminology).

Quality Research

Goal To advance the reputation and performance of Melbourne as a major international research university, and to strengthen its role as a centre of advanced research training.

Strategic Plan Perspective, 2001

The research and research training profile of the University continued to strengthen in 2001. The University has consistently ranked first or second in all major research-related national indicators since 1996. Research excellence has been recognised both nationally and internationally through major awards and funding support. The University's achievements occurred within a difficult R&D funding environment with declining investment by industry and government as a percentage of Gross Domestic Product.

The University of Melbourne attracted more than \$114.0 million of external research income. Expenditure on research and research training from all sources was \$291.5 million, representing more than 40 per cent of total University expenditure.

The resource allocation processes of the University demonstrate a strong commitment to the principles of plan-driven, incentive-based budgeting designed *inter alia* to reward research performance, encourage research higher degree enrolments and improve completion rates. These processes continue to serve the University well, particularly in light of the new Commonwealth Government policy *Knowledge and Innovation*, which indicates that research and research training infrastructure funding available to institutions will place an increased emphasis on research outcomes.

Melbourne was again awarded the highest amounts nationally of Research Quantum Funding (\$26.3 million) and Australian Research Council (ARC) Research Infrastructure Block Grant Funding (\$10.7 million). This research infrastructure funding was allocated on the basis of research performance as measured by the Commonwealth Research Composite Index – a national benchmark comprising research income, research higher degree completions and refereed research publications as the key indicators. The University's performance for each of these categories was the highest nationally.

Institution	Income \$m	Rank	Research Higher Degree Load		Research Higher Degree Completions		Weighted Publications	
			Rank	Rank	Rank	Rank		
University of Melbourne	118.9	1	2,345	1	583	1	2,331	1
University of Sydney	104.8	4	2,300	2	523	2	2,207	3
University of New South Wales	110.8	3	1,419	5	374	4	2,046	4
University of Queensland	115.6	2	2,098	3	440	3	2,235	2
Monash University	71.8	5	1,669	4	353	5	1,883	5
National	1,053.3		24,898		5,351		26,822	

Source: DEST

Melbourne also led nationally in research training with 161 Australian Postgraduate Awards and 2,309 Higher Education Contribution Scheme Exemption Scholarships. In addition, the University offered 232 Melbourne Research Scholarships to Australian and international students and was awarded 22 International Postgraduate Research Scholarships.

Total ARC Large Grant funding for 2001 was over \$12.3 million. ARC Small Grant Funding was \$3.4 million.

Other ARC support included:

- ▶ 44 new SPIRT (Strategic Partnership with Industry Research and Training) Awards – an increase of seven from the previous year – for a total of \$2.3 million.
- ▶ 15 new Fellowships (more than doubling the previous allocation) for approximately \$1.0 million.
- ▶ Nine new International Researcher Exchange (IREX) Program Grants (including three IREX Fellowships) for which the University's success rate of 64 per cent was significantly higher than the national success rate of 45 per cent.
- ▶ 15 new Research Infrastructure Equipment and Facilities Program Grants involving the University (seven as lead institution) resulting in a total of \$6.0 million.

The University received more than \$7.0 million in New Project Grants from the National Health and Medical Research Council (NHMRC) in 2001, the highest nationally. Total NHMRC funding for 2001 for new and continuing grants and Fellowships was over \$24.0 million.

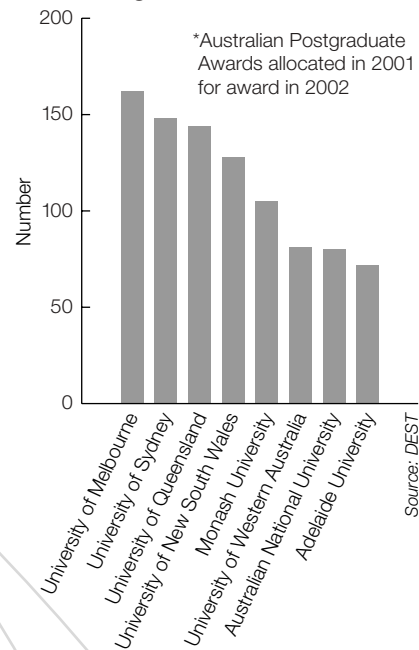
University of Melbourne researchers were core participants in four and a supporting participant in one of the 19 Cooperative Research Centres (CRCs) which received new or continuing Federal Government funding in January 2001. Melbourne is involved as a core participant in 12 and a supporting participant in four of more than 60 CRCs which serve six Federal Government-targeted industry sectors.

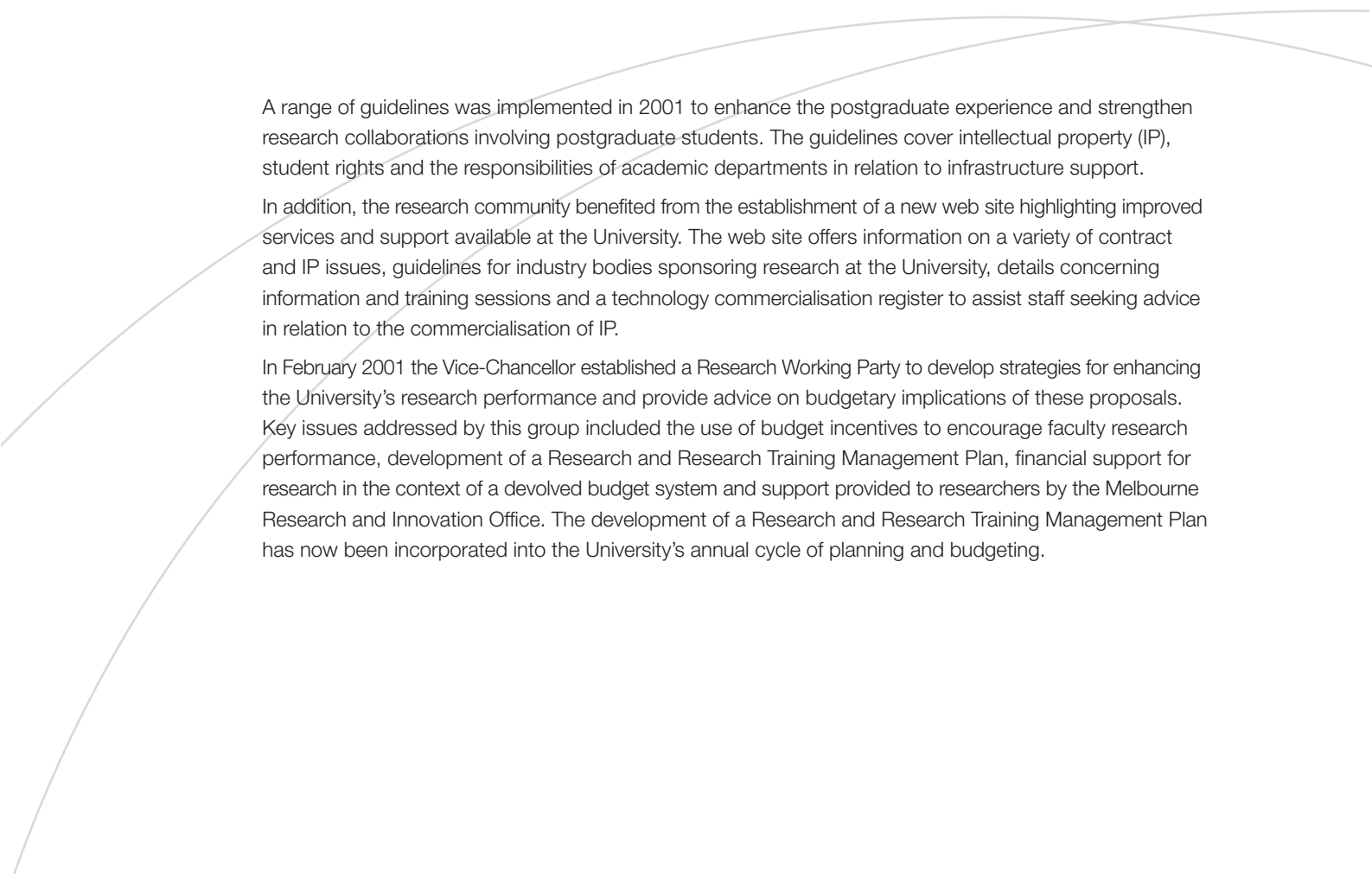
In addition to the CRCs, the University was also involved as a major participant in over 95 research centres including five ARC Special Research Centres and a Grains Research and Development Corporation Centre for 'Functional Genomics for the Growth and End-Use Quality of Cereals'.

In 2001, the University of Melbourne benefited from a number of new State and Federal Government initiatives which will improve areas of strength and create new research advantages for the University. These included:

- ▶ The establishment of the *Bio21* Molecular Science and Biotechnology Institute and the Victorian Neuroscience Consortium (the latter *via* the Victorian Government Science, Technology and Innovation Initiative).
- ▶ The award of a National Centre for Intellectual Property Research involving the Faculties of Law, and Economics and Commerce, and the Melbourne Business School.
- ▶ Successful national bids by the University and collaborating institutions for five Major National Research Facilities Program Grants and five Systemic Infrastructure Initiative Grants.
- ▶ The award of three inaugural Commonwealth Government Federation Fellowships to Professor Keith Nugent, School of Physics, Professor Lenore Manderson, Key Centre for Women's Health in Society and Dr Frank Caruso, who will return to Australia to take up a post in Chemical Engineering.

Allocation of Australian Postgraduate Awards*





A range of guidelines was implemented in 2001 to enhance the postgraduate experience and strengthen research collaborations involving postgraduate students. The guidelines cover intellectual property (IP), student rights and the responsibilities of academic departments in relation to infrastructure support.

In addition, the research community benefited from the establishment of a new web site highlighting improved services and support available at the University. The web site offers information on a variety of contract and IP issues, guidelines for industry bodies sponsoring research at the University, details concerning information and training sessions and a technology commercialisation register to assist staff seeking advice in relation to the commercialisation of IP.

In February 2001 the Vice-Chancellor established a Research Working Party to develop strategies for enhancing the University's research performance and provide advice on budgetary implications of these proposals. Key issues addressed by this group included the use of budget incentives to encourage faculty research performance, development of a Research and Research Training Management Plan, financial support for research in the context of a devolved budget system and support provided to researchers by the Melbourne Research and Innovation Office. The development of a Research and Research Training Management Plan has now been incorporated into the University's annual cycle of planning and budgeting.

Quality Teaching and Learning

Goal To engage outstanding students and create and maintain a superb campus-based teaching and learning environment offering undergraduate and postgraduate education of the highest quality.

Strategic Plan Perspective, 2001

> The 'Melbourne Experience'

Throughout the year there was a heightened focus on ensuring that all students benefit from the 'Melbourne Experience'. This involved placing the highest priority on providing a supportive environment to promote high-quality academic outcomes. In practical terms, the 'Melbourne Experience' means not only assuring excellence in teaching and learning in formal programs, but also striving for best practice in administrative and academic support programs and the provision of health, sporting and physical recreation opportunities.

Part of introducing the 'Melbourne Experience' to prospective students is encouraging them to visit the campus. More than 1000 high-achieving Victorian Year 10 students expanded their knowledge in areas of interest through the new 'Master Class' initiative.

The pilot Melbourne Access Program for schools was implemented in 2001. Ten schools in metropolitan and regional Victoria were involved in the program. Students were mentored by a 'unipal' who visited the school and hosted them on an 'on-campus day'.

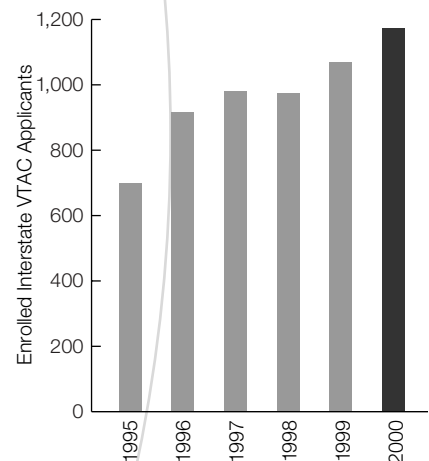
The Transition Program was nominated and awarded an Institutional Australian Universities Teaching Committee Award in 2001. The Award recognises the significant emphasis that the University has placed on addressing transition issues. During the year, the Transition Program web site was developed to assist first-year students to adjust to life at university.

The University expanded the range of its course offerings to include combined programs in Commerce/Property and Construction, Law/Property and Construction and Law/Creative Arts. The interest in combined programs has remained high with 26.2 per cent of students enrolling in these programs.

A major change in management exercise saw the Institute of Land and Food Resources realign its structure, staffing and course offerings to areas of greatest student demand. These changes have provided each of the Institute's campuses with a clearer focus and the ability to better respond to the needs of the rural communities and industries they serve.

The Academic Board approved a policy on student plagiarism. A web site was developed to provide advice and resources for staff and students to prevent inadvertent or deliberate plagiarism, including electronic plagiarism.

Interstate Undergraduate Students at Melbourne



The University introduced web-based enquiry, application and re-enrolment processes for prospective and current students. These developments have improved access to information and streamlined procedures to the benefit of students, particularly those from overseas, interstate or in rural areas.

A Course Experience Questionnaire (CEQ) Working Party, established in 2000 to examine teaching and learning issues with the aim of ensuring Melbourne students are satisfied with their educational experience reported in 2001. Outcomes from the working party included an analysis of faculty CEQ results, a stronger focus for both Teaching and Learning Quality Assurance Committee visits to faculties and *Universitas 21* Fellowships on teaching and learning issues, revision of the University's Code of Good Teaching Practice and improved linkages between graduate attributes and course and subject descriptions. An annual Teaching and Learning Plan will build on the work of this project.

> Melbourne Scholarships Program

The Melbourne Scholarships Program continued to attract outstanding students from all states of Australia following a promotional strategy for undergraduate scholarships which was linked with the schools liaison activities both in Victoria and interstate.

The prestigious Melbourne National and National Medicine scholarships were awarded to 29 students from around Australia. Of this group, 23 had an ENTER of 99.95, placing them in the top 20 students of each state.

Through the Rural, Access and Faculty Access scholarships, the Melbourne Scholarships Program provided opportunities for 88 students who had achieved outstanding results despite social, financial or other disadvantage. Two Indigenous national scholarships were awarded to outstanding Indigenous Australian students.

> Other Programs

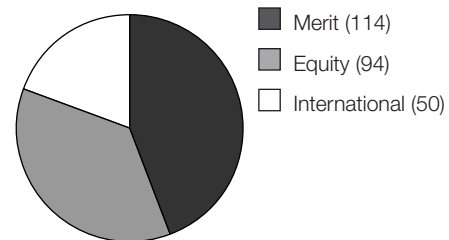
The *Kickstart Your Career* program, a series of seminars designed to assist students to recognise and promote their generic skills and prepare for the employment market, was again successful in 2001 with 344 Faculty of Science students and 250 Arts students taking part.

The SIFE (Students in Free Enterprise) Australian National Competition was won by a University of Melbourne team from the Faculty of Arts. The 10-member team formulated an innovative marketing plan for 200,000 T-shirts left over from the Sydney Olympics.

The *Housing Bursary Program*, introduced in 2001, has helped more than 250 students in rented accommodation cope with difficult financial circumstances. The aim of the program is to help students overcome obstacles associated with being new to Melbourne or from a low socioeconomic background.

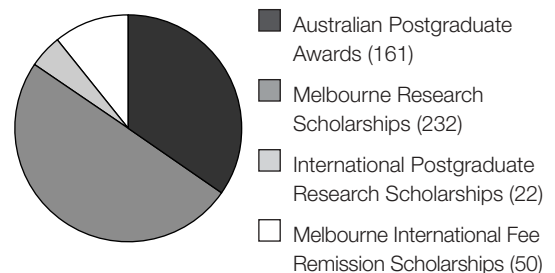
Following the University's successful AusAID tender application in 2000, the number of commencing Australian Development Scheme students doubled in 2001 bringing the total number of enrolled AusAID scholarship students to 230. Australian Development Scheme students participating in a 2001 AusAID survey rated the services and facilities of the University of Melbourne as outstanding.

Melbourne Scholarships 2001 – Undergraduate



- Merit categories include National, Faculty Merit and Later Year scholarships.
- Equity-based scholarships are awarded on academic merit within five equity groups: Rural; Low Income; Non-English Speaking Background; Disability; and Indigenous Australian. Equity scholarship categories include Access, Rural, Faculty Access and Rural Bursaries.
- International Scholarships are awarded primarily on merit.

Melbourne Scholarships 2001 – Postgraduate



The Student Ambassador Leadership Program continued in 2001, with a further 120 students participating through their faculties. The compulsory 40-hour Community Service component of the Program once again resulted in a wide variety of outstanding voluntary contributions from student Ambassadors.

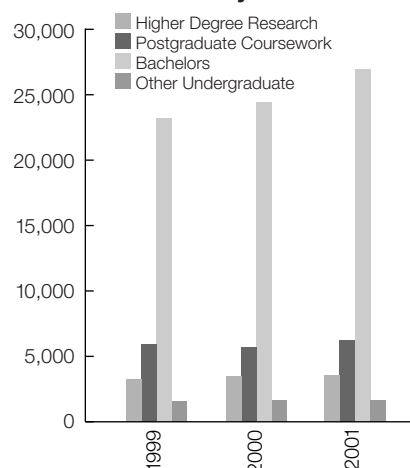
The Willing and Able Mentoring program provided the opportunity for 12 University of Melbourne students to take advantage of an innovative mentoring program designed to help students with a disability get the first crucial foothold in their chosen career.

The progress of Indigenous students in courses was very good with 32 students averaging honours results. Enrolments continued to rise and graduation rates increased to 10 in 2001. The performance of the Centre for Indigenous Education has been recognised by increased funding for Indigenous student support from the Commonwealth Department of Education, Science and Training (DEST).

Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS) Research Grants were awarded to Ms Cynthia Coyne and Ms Lillian Holt.

For the second consecutive year Team Melbourne was runner up at the Australian University Games. 29 students were awarded sporting scholarships in 2001 while a further 23 athletes received funds or access to facilities from Melbourne University Sport to assist with their preparation and participation in University and national sporting programs and events.

University of Melbourne Enrolments by Course Level



> Multimedia Education

The University has continued to support the development of high-quality technology-enhanced courseware. The University achieved high commendations for two of its courseware products by ASCILITE (the Australasian Society for Computers in Learning and Tertiary Education) in December. The Virtual Shopping Mall, a *Universitas 21* collaborative project with the University of Auckland, was highly commended in the category of 'Best web application of computers to teaching and learning'. This is the second award for VSM so far. It also won the Telecommunication Users Association of NZ Interactive Award for best Education Online, in November.

'BUILT: Building Understandings In Literacy and Teaching' was highly commended in the category of 'Best CD-ROM application of computers to teaching and learning'.

> Computer Visualisation Facility

In August the University's Computer Visualisation Facility (CVF) was launched. The facility contained an Alpha workstation for 3D visualisation, a digital video editing suite, a 61-inch plasma screen and the prime attraction, an Elumens VisionStation. The software allows the viewer to interactively move about an environment, enhancing the immersive experience even further. It allows the visualisation of highly complex datasets, providing researchers greater insight into their calculations.

Internationalisation

Goal To promote internationalisation as a profoundly formative agenda throughout the University, and to position Melbourne internationally as one of the leading universities in the world.

Strategic Plan Perspective, 2001

Internationalisation is a critical imperative for the University of Melbourne, driving every facet of its work. Fundamental to this is the recruitment and retention of staff and students of the highest quality, both locally and from around the world.

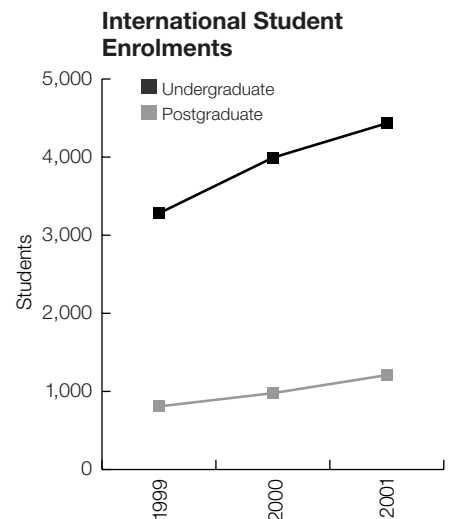
Highlighting the success of its internationalisation strategy, the University was recognised in 2001 with the award of the *Good Universities Guides University of the Year for 2001-2002*, the focus of which was international standing.

In 2001 more than 5,500 international students from every continent enrolled at the University. As part of its internationalisation strategy, the University encourages its students to complete part of their studies overseas. An extensive range of partnerships with universities around the world including *Universitas 21*, enables students to undertake part of their degree in another country. The Melbourne Abroad Scholarships Program provides financial assistance for exchange students.

The University's international partners praised Melbourne for its coordinated program of support for its international student community following the events of September 11. Within 12 hours of the events, a number of forums were arranged for local and international students and staff to reflect and come together to explore concerns. The University Chaplaincy and Counselling Service organised emergency debriefing sessions and inter-faith prayer services, and the specially convened *Islamic Awareness Week* fostered a greater general awareness and understanding of the Islamic faith.

The *Universitas 21* network welcomed one new member in 2001 – the University of Virginia. Faculty deans, senior administrators and student exchange managers from *Universitas 21* institutions met to develop new programs to enhance international engagement and reinforce the strength of the network of research-led universities.

An agreement to form a joint venture for the establishment of a new online University was signed between *Universitas 21* and Thomson Learning in September 2001. Named *U21global*, the Singapore-based venture is to address the global demand for higher education and from early 2003 offer online business and technology degrees accredited by the 16 participating universities. University of Melbourne Vice-Chancellor, Professor Alan D. Gilbert is the Interim Chair of *U21global*. During 2001, the University agreed to contribute equity of US\$5.0 million and to provide transitional underwriting of up to a further US\$3.35 million towards this joint venture. Some of the underwriting commitment has already been abated.



Universitas 21 provided a major focus for international collaboration across the University through meeting of Deans of Faculties, visits by *Universitas 21* Fellows, student exchange and developments of initiatives such as the Learning Resources Catalogue which will facilitate the sharing of academic 'learning objects' between *Universitas 21* institutions.

253 University of Melbourne students chose to incorporate an international exchange program into their undergraduate experience with 94 of these being undertaken through *Universitas 21* partner institutions.

> **Universitas 21 members:**

- | | |
|---------------------------------------|----------------------------------|
| ▶ Albert-Ludwigs-Universität Freiburg | ▶ University of British Columbia |
| ▶ Fudan University | ▶ University of Edinburgh |
| ▶ Lund University | ▶ University of Glasgow |
| ▶ McGill University | ▶ University of Hong Kong |
| ▶ National University of Singapore | ▶ University of New South Wales |
| ▶ Peking University | ▶ University of Nottingham |
| ▶ University of Auckland | ▶ University of Queensland |
| ▶ University of Birmingham | ▶ University of Virginia |

> **VIP international visitors to the University in 2001 included:**

Ms Fan Sun Lu, Deputy Minister of Education, People's Republic of China

Tan Sri Musa Mohamed, Minister for Education, Malaysia

Mr Zhong Binglin, Director General of Higher Education, Ministry of Education, People's Republic of China

Professor Graham Spanier, President, The Pennsylvania State University

Professor Per-Olof Glantz, Vice-Chancellor, Malmö University

Professor Xie Shengwu, President, Shanghai Jiao Tong University

Professor Qin Shaode, Chancellor, Fudan University

Professor Wang Shenhong, President, Fudan University

Professor A. Boedisantoso Ranakusuma, Rector, University of Indonesia

> **Major international visits undertaken by the University's Senior Executive**

In April Professor Kwong Lee Dow, Deputy Vice-Chancellor (Students and Staff), led a delegation to the People's Republic of China and opened the Asia Education Foundation Conference, *Linking Latitudes 2001*, in Shanghai. The delegation visited the Shanghai Education Commission, Shanghai Jiao Tong University, Fudan University, Nanjing Agricultural University, Nanjing University and the Institute of Soil Science at the Chinese Academy of Sciences in Nanjing.

In June Professor Frank Larkins, Deputy Vice-Chancellor (Research), led a *Bio21* cluster joint promotional and fact-finding mission to the *Bio2001 International Biotechnology Convention and Exhibition* in the United States. The exhibition was part of the Victorian Government science and technology delegation promoting Victoria's biotechnology strategic plan.

In October Professor Frank Larkins, Deputy Vice-Chancellor (Research), attended the first APEC *Science and Technology Forum* in Malaysia. The principal focus of the discussions was mechanisms for developing science and technology networks in the APEC region, initiatives expected to open new opportunities to researchers at the University of Melbourne.

> Agreements for academic cooperation and exchange

In 2001 the University of Melbourne established new agreements with:

- ▶ The University of the Philippines
- ▶ University of Edinburgh
- ▶ Korea Advanced Institute of Science and Technology

The University renewed existing agreements with:

- ▶ McGill University
- ▶ Lund University
- ▶ Fudan University
- ▶ University of Glasgow
- ▶ Université Jean Moulin – Lyon 3
- ▶ University of Manchester
- ▶ Sophia University
- ▶ Boston College
- ▶ Keio University
- ▶ University of Illinois at Urbana-Champaign
- ▶ University of Indonesia
- ▶ University of North Carolina – Chapel Hill
- ▶ University College, Dublin
- ▶ University of Texas, at Austin
- ▶ Università Degli Studi di Padova
- ▶ University of Washington
- ▶ National University of Singapore

Community Development

Goal To serve the Victorian and Australian communities and promote the 'Melbourne Agenda' by enriching cultural and community life, elevating public awareness of educational, scientific and artistic developments, and promoting informed intellectual discourse and political debate in the wider society.

Strategic Plan Perspective, 2001

The University of Melbourne has been a defining institution in the social, cultural and scientific life of its home city and state, and nationally, for close to 150 years. Many high profile institutions, from the CSIRO to Museum Victoria, trace their origins to people and initiatives associated with the University of Melbourne.

In 2001 the University continued to embrace its role as a primary focus of cultural and intellectual stimulus in Australia and the region. Through programs and events spanning theatre, music, visual arts, lectures and seminars, the University contributes to the richness and diversity of culture synonymous with the City of Melbourne.

Public lectures by Australian and international speakers are key components of the University's program. One of the University's high-profile Asia-based alumni, Dr Mechai Viravaidya, founder and Board Chairman of the Population and Community Development Association, gave the first address in the new Sidney Myer Asia Centre. He delivered a lecture on the privatisation of poverty alleviation and the survival of civil society in Asia.

The Honourable Justice Ruth Bader Ginsburg of the US Supreme Court was a guest lecturer in the *Rule of Law* series. She elaborated on judicial independence from the United States' perspective in a lecture entitled *Remarks on Judicial Independence: the Situation of the US Federal Judiciary*. Frederick G Hilmer AO, Chief Executive Officer, John Fairfax Holdings Limited, gave the AN Smith Memorial Lecture entitled *The Media Industry in Australia: Public Policy Choices*. Telstra CEO, Dr Ziggy Switkowski, gave the 'Town and Gown' address with his presentation focusing on the theme of the 'means to a smart country'.

Former Prime Minister, Hon. EG Whitlam AC QC, gave an address entitled *Go to the Documents*, as part of the national bi-annual postgraduate history conference. Peter Garrett, President of the Australian Conservation Foundation, gave a lecture entitled *The Politics of Conservation: Reconciling the Economy and the Environment in a Civil Society*, as part of the School of Graduate Studies Dean's Lecture series.

Dr John Hood, Vice-Chancellor of the University of Auckland, gave the Sir Robert Menzies Oration on Higher Education. The theme of his address was 'the research-led university – reflections from New Zealand'.

Highlighting the University's commitment to internationalisation, the Chancellor, Ms Fay Marles, visited Singapore, Malaysia and Thailand in July to meet with graduates of the University and consolidate key connections in the region. Successful alumni receptions were held in each location, with over 220 attending in Singapore, 120 in Kuala Lumpur and 80 alumni and parents of current and prospective students in Bangkok, the largest alumni gathering held there to date.

Responding to the September 11 World Trade Centre terrorist attack, the Vice-Chancellor, Professor Alan Gilbert, expressed sympathy and support at a special briefing session for the University's 400 American students. His address stressed that provocations on this scale tested the essential values of civil society in all its forms.

One of the most important links with future students and the community is the University's annual Discovery Day. More than 35,000 people visited the Parkville campus in August to join in the cultural, academic and community spirit of the University. Entertainment included music from the Faculty of Music and seminars held by faculties throughout the day. To broaden the reach of the Day, the University provided subsidised transport to Parkville for more than 650 people from rural and regional Victoria, enabling many families to gain first-hand experience of the main campus.

The University continued its contribution to Melbourne's vibrant theatre life through the Melbourne Theatre Company, a University department, with many outstanding presentations of important works throughout the year. Among them were John Webster's Jacobean tragedy, *The Duchess of Malfi*, Anton Chekov's *The Seagull*, Richard Greenberg's *Three Days of Rain*, Shakespeare's *Tempest*, and Noel Coward's *Design for Living*.

Western Australian-based writer, Kim Scott, won the prestigious 2001 Kate Challis RAKA Award – an annual award for Indigenous creative artists administered by the Australian Centre at the University of Melbourne. The \$10,000 prize was awarded to a writer for fiction published over the past five years. Scott's win was for his novel *Benang*. He has also been awarded the 1999 Western Australian Premier's Book Award in both the Fiction and Overall categories and the 2000 Miles Franklin Literary Award.

Eminent publisher and former Director of Melbourne University Press, Mr John Iremonger, was conferred with the honorary degree of Doctor of Letters in recognition of his commitment to scholarly publishing over more than three decades. Dr Iremonger is recognised particularly for his outstanding achievements in publishing in the humanities and social sciences.

Award-winning books in 2001, published by Melbourne University Press, included *The Colonial Earth*, *The Captive White Woman of Gipps Land: In Pursuit of the Legend* and *Street Seen, A History of Oxford Street*. *The Colonial Earth* by Tim Bonyhady, was winner of the 2001 NSW Premier's History Prize, winner of the 2001 Queensland Premier's Literary Award for Non-Fiction and shortlisted for the 2001 The Age Book of the Year.

The Captive White Woman of Gipps Land: In Pursuit of the Legend, by Julie Carr, was shortlisted for the 2001 NSW Premier's History Awards. *Street Seen, A History of Oxford Street*, by Clive Faro and Gary Wotherspoon, was shortlisted for the 2001 NSW Premier's Community and Regional History Prize.

A strong contribution has been made to raising the profile of history in schools and the wider community. The History Council of Victoria, established in late 2000 by the Minister for Education to promote and support the study of history, is chaired by Professor Stuart Macintyre and includes amongst its members Associate Professor Don Garden and Mr Tony Birch from the University of Melbourne. The Council's initial activities include a History Roadshow for VCE students and teachers, the development of a calendar of history related events and awards for teachers.

The History Department in conjunction with staff at Monash University won a Commonwealth tender to undertake courses retraining history teachers across Australia. In addition the History Department and Faculty of Education staff were selected to undertake professional development courses for practising history teachers in Victoria.

The Ian Potter Museum of Art had a successful year showing a range of exhibitions including: *Mercury Rising: Thermal themes from the University of Melbourne Art Collection*, *Linda Marrinon: Work in Progress, Painting: An Arcane Technology*, *The Sense We Make: Australian Art from the Orica Collection*, *Facing Pages: Portraits of Australian Writers*, and *Sanctity and Mystery: The Symbolist Art of Rupert Bunny*.

Quality Management

Goal To achieve continuous quality improvement in the academic and executive management and administration of the University.

Strategic Plan Perspective, 2001

The University of Melbourne is a complex, decentralised organisation strongly focused on the achievement of the 'Melbourne Agenda' through detailed planning, structured assessment of performance against plan and clear accountability. A high level of academic and administrative management capacity is fundamental to the success of the University's core operations of teaching, research and community development.

An annual accountability cycle links planning and budgeting, reporting and quality assurance in an integrated format and incorporates individual accountability for the achievement of designated targets.

Faculties and the administration are subject to annual Operational Performance Reviews which analyse performance against University and divisional operational plans across a full range of academic and administrative performance measures.

At an annual conference in February, the University Council reviews performance against the University's Operational Plan and contributes to the annual update of the University's Strategic Plan.

The University's planning and accountability structure is supported by a budget model designed increasingly to link the allocation of resources according to the basis on which funding is received, reward entrepreneurial activity and encourage quality improvement. The new budget model provides financial incentives to encourage faculty and divisional performance in areas such as student fee income, reduction of academic workloads, development of links with *Universitas 21* institutions and leave liability management.

Management and administrative structures are subject to regular review and analysis, within a continuous improvement framework, to ensure resources are directed to areas of greatest strategic priority.

Quality assurance and the need to demonstrate continuous improvement across all University activities were a key focus for the University during 2001. Rather than duplicate established quality improvement procedures, the University will continue to rely on its formal Accountability Structure for ensuring that it is well placed to undergo any external audit by the Australian Universities Quality Agency.

The University has established the Vice-Chancellor's Quality Improvement Committee, charged with the role of coordinating and initiating quality improvement strategies undertaken as part of the Accountability Structure. The Committee is chaired by Professor Sally Walker, Senior Deputy Vice-Chancellor.

2001 saw the development of the University Systems Project, a major initiative to upgrade core administrative computing systems – finance, administration, human resources and research – over a five-year period, following an initial review completed in 2000. An extensive process of consultation, system analysis, tendering and evaluation is to be complemented by a formal due diligence process the first stage of which is expected to be finalised in early 2002.

If a decision to proceed is taken, it is envisaged that detailed implementation would result in a new finance system being in place for 2003 followed by the staged introduction of other components. The replacement of administrative systems provides the opportunity for a related program of review and redevelopment of administrative policy to improve service delivery, to ensure greater efficiency and to meet the needs of a rapidly changing higher education sector.

Any implementation of a new finance system will facilitate the introduction of accrual accounting throughout all areas of the University, providing opportunities for greater clarity in financial planning and improved reporting and resource management.

The *Compliance Management Program*, initiated in 2000, to enhance academic and administrative managers' understanding and capacity to handle the significant compliance obligations they are likely to confront in the exercise of their responsibilities, has been further implemented through the promotion of a web-based Departmental self-assessment package and an extensive training and support program. In October 2001 the University received an unconditional renewal, for four years, of its workers' compensation self-insurance licence from the Victorian WorkCover Authority. Environmental health and safety external audits are continuing with Lloyds Register contracted to provide Safety MAP and ISO4001 assessments during the next three years.

The University continued to expend significant resources complying with an expanding external regulatory framework. In 2001 legislation including the *Whistleblowers Protection Act 2001*, the *Education Services for Overseas Students (ESOS) Act 2000*, the *Gene Technology Act 2000* and the *Privacy Amendment (Private Sector) Act 2000* have each necessitated additional administrative planning and resource allocation to safeguard University compliance with an increasing range of State and Federal legislation and related external accountabilities relevant to University operations.

A number of initiatives were taken during 2001 to strengthen financial governance and management within the University. These included the outsourcing of management of the University's investment portfolio, strengthening of the role and operation of the Subsidiaries Committee, a sub-committee of the Finance Committee, which exercises an oversight role in respect of subsidiaries, and the refinement of three-year budget projections to enable improved faculty planning.

A key feature of the 2001 Enterprise Agreement was the implementation of a rigorous new Performance Development Scheme which ensures that staff are encouraged to achieve personal and professional goals aligned with the strategic and operational objectives of the University. The Agreement reinforces the expectation that all staff employed for more than 12 months will participate in a structured annual appraisal.

The completion of the organisational arrangements within the new Information Division brought together the University Library, Information Technology Services and the Multimedia Education Unit in a groundbreaking structure which allows similar functions to be integrated, and new service areas to be developed to promote clear accountability and the improved use of resources. A strong focus on new and emerging technologies will ensure that the University is able to use information technology as a strategic asset and benefit from a high level of convergence between information technology, information professionals and multimedia designers and producers.

Quality Infrastructure

Goal To invest aesthetic value, amenity and high levels of functional utility into the University's buildings and estates, and to equip and maintain all University facilities so as to promote academic enterprise of the highest international standards.

Strategic Plan Perspective, 2001

The University Square Project construction contract was completed during 2001. On 6 June 2001 the Information, Communications and Technology (ICT) Building was completed. The Law Building and the Melbourne University Private Building were completed on 21 December 2001 and the University Square Plaza and the 1130 space underground car park were completed on 18 December 2001.

The Faculty of Law moved to the new building for the 2002 academic year. The building contains nine tiered lecture theatres of varying sizes with full audio-visual services, including a 365 seat theatre and a 146 seat theatre which both have video conferencing facilities. There are 13 major seminar rooms equipped with full audio-visual services, three major student computer laboratories and a new Moot Court.

On level 10 of the Law Building, the Woodward Conference Centre was named in honour of Sir Edward Woodward and Lady Woodward to acknowledge their outstanding contribution and service to the University over a period of many years.

The design of the major fit-out for the Information, Communications and Technology Building was completed during the year and a construction contract let for the fit-out to accommodate the Department of Information Systems (Faculty of Science) and the Department of Computer Science and Software Engineering (Faculty of Engineering). The building will have state-of-the-art teaching facilities, including a lecture theatre with a capacity of 194 seats and a theatrette of 107 seats.

Planning and design for the fit-out of the Melbourne University Private Building is in progress and will also provide significant additional teaching facilities for the University.

On 18 December 2001 the Rt Hon The Lord Mayor John So in company with the Vice-Chancellor Professor Alan Gilbert officially opened the University Square Plaza marking the first time in over 100 years that the whole of the University Square bounded by Grattan Street, Barry Street, Pelham Street and Leicester Street has been open to the public. The Plaza was constructed at a cost of \$4.0 million and was handed back to the City of Melbourne by the Vice-Chancellor at the official opening.

An agreement was reached with the Institute of Land and Food Resources for the Department of Property and Buildings to assume responsibility for the property and services management of the Institute campuses throughout Victoria with a progressive handover of management occurring from 1 July 2001 in order to bring the property management of the campuses in line with the University's standards.

During the year the Western Precinct site bounded by Flemington Road, Park Drive and Story Street was prepared for the University's *Bio21* Institute of Molecular Science and Biotechnology building to be constructed at a cost of nearly \$100.0 million. By the end of December the University had spent approximately \$9.5 million preparing the site for the major building. The construction of the Institute building commenced prior to 30 June 2001.

As a part of this project, extensive negotiations have taken place with Heritage Victoria over the status of the Northern Market Reserve Wall on the boundaries of the site and with the Department of Infrastructure on the rezoning of the site for biotechnological purposes.

On 13 March 2001 the *University of Melbourne Land Act 2000* came into operation and transferred the whole of the Western Precinct site to the University of Melbourne as a restricted Crown Grant for the purposes of 'science and biotechnology education, research and development'. Under the Act the University has the power to grant leases, licences and enter into agreements for a period not to exceed 25 years on terms and conditions determined by the University.

The University's Sidney Myer Asia Centre Building fronting Swanston Street was completed and handed to the University in June 2001. The building was constructed at a cost of \$19.05 million and includes a 486 seat lecture theatre with full audio-visual services

Wilson Hall was upgraded during the year at a cost of \$450,000. The works included the refurbishment of the upstairs balcony and the upgrade of building services. New seating has also been installed at a cost of \$136,000.

The extension and refurbishment of the Babel Building was completed at a cost of \$8.71 million.

The program to refurbish existing teaching spaces continued with seven new collaborative learning spaces and a full upgrade of Medical Theatre Three and the Fritz Loewe Lecture Theatre completed during the year at a cost of \$1.7 million.

In addition, strategic funding allocations were approved by the University for the full refurbishment of the Veterinary Research Institute Lecture Theatre at Western Precinct and the Lower Babel Lecture Theatre and the refurbishment of a University property in Berkeley Street to provide additional student music practice rooms. The projects were approved on the basis of their strategic importance to the University in the development and expansion of academic and postgraduate programs in the Faculties of Veterinary Science, Economics and Commerce and Music. The new facilities will be available for the 2002 academic year.

In rural Victoria the University's commitment to the Goulburn Valley region was further enhanced by the purchase of a regional administration headquarters building in Nixon Street Shepparton from the City of Greater Shepparton and the purchase of the land for the University's Department of Rural Health in Graham Street, Shepparton from Goulburn Valley Health. During the year funding approval was received from the Commonwealth and the State Government to proceed with student accommodation on the Graham Street land.

Major capital works were commenced on the Botany North West Extension with a budgeted cost of \$5.6 million and the Chemical Engineering Building Extension with a budgeted cost of \$6.41 million. These projects are due for completion during 2002.

Resourcing Quality

Goal To provide the University with a resource base enabling it to be internationally competitive at the highest level.

Strategic Plan Perspective, 2001

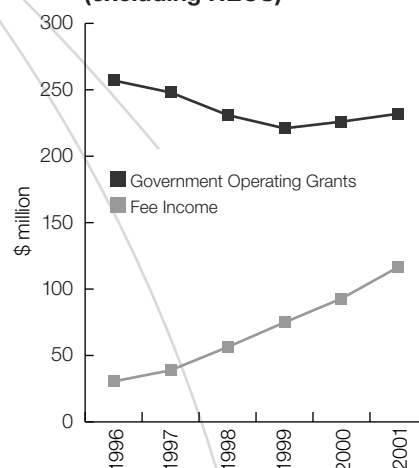
The 'Melbourne Agenda' commits the University to a fundamental reconfiguration and expansion of its funding base in order to enable international competitiveness and development as a leading international University. In the light of reducing levels of public funding, the University of Melbourne has chosen the option of revenue generation over cost cutting and committed itself to achieving significant levels of growth and diversification of revenue sources.

Strategies and targets for increasing non-government and government revenue form key planks of the University's cycle of operational planning, budgeting and review.

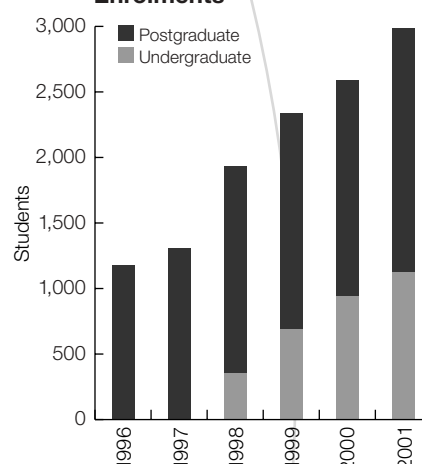
A key medium-term strategy for the achievement of revenue growth is growth in fee-paying student revenue. In 2001 the University was again successful in attaining the achievement of fee-paying student targets enrolling more than 5500 international students, including 4360 undergraduates, and 2936 fee-paying Australian students. In 2001 more than 1100 high performing Australian students chose to enrol in a fee-based undergraduate place in preference to a HECS-based place elsewhere. Many of these were outstanding students including students from financially or socially disadvantaged backgrounds, who were awarded a Melbourne Scholarship linked to a fee-based place. In 2001 43 per cent of students enrolling in a fee-based place at a Victorian university chose to study at Melbourne. In 2001 only 26.3 per cent of the University's revenue, was received via the Commonwealth's annual operating grant (excluding HECS).

As a consequence of increasing the number of fee-paying student enrolments, student fee income rose from \$91.3 million in 2000 to \$114.5 million in 2001 providing essential discretionary income used to support staff salary increases, enhance the quality and range of research, teaching and learning infrastructure and provide for an overall increase in staff numbers.

Government Operating Grant and Fee Income (excluding HECS)



Domestic Fee-based Enrolments



The expansion of non-government income sources is a priority for the University. To this end all faculty operational plans include strategies to support the attraction of increased levels of research income and the achievement of the University's discretionary revenue target of \$180.0 million by 2003.

Significant work was initiated during 2001 in response to the Federal Government's new Postgraduate Education Loan Scheme. For the University, this meant an active focus on the implementation of new courses responsive to emerging professional development needs and initiatives to strengthen the market analysis and the promotion of courses. It is anticipated that the new loans scheme will assist the University in attracting increased numbers of postgraduate coursework students who will have available to them the option of accessing the loans scheme for the payment of fees.

Improved planning and delivery of marketing and support services for the increasing numbers of international students is a major University priority. During 2001 a review of international marketing and admissions activities was undertaken and is expected to facilitate improved cooperation and efficiency in this area across both central areas and faculties.

The University has achieved particular success in increasing its international profile through expanding the range of countries from which international students are drawn. In 2001 the target of 350 new students from countries of emerging importance to the University was exceeded.

In May 2001 University Council approved arrangements for the merger of Melbourne University Private Limited with Melbourne Enterprises International. The merged Melbourne University Private offers a range of services in international education, certified executive training and consultancy. During 2001 interaction with Melbourne University Private was a feature of faculty operational plans and seven teaching/training departmental service contracts were in operation between the public and private universities, including three award courses. Interaction with Melbourne University Private is of particular benefit to the University of Melbourne, as through the engagement by the private University of public University staff and resources, the costs of the private University are translated into revenue for the public University.

University Governance

The University of Melbourne was established by an Act of the Victorian Parliament in 1853. The responsible Minister in the current Victorian Government is the Minister for Post-Compulsory Education, Training and Employment.

The University consists of a Council, the professors, other members of the academic staff, members of faculties, graduates, diplomates, undergraduates and members of the general staff designated by Council. The Council of 21 members (detailed on page 33) has responsibility for the conduct of University affairs.

The graduates collectively comprise Convocation, which may make submissions on University matters to the Council. Convocation elects a Standing Committee which has a similar power.

Academic administration of the University is conducted by the various faculties, the School of Graduate Studies, the Melbourne Business School and the Victorian College of the Arts and is supervised by the Academic Board.

> Bachelor degree courses offered by the University

- Agriculture
- Agricultural Science
- Animal Science
- Applied Science
- Arts
- Arts and Sciences
- Biomedical Science
- Commerce
- Computer Science
- Creative Arts
- Dance
- Dental Science
- Dental Studies
- Dramatic Art
- Early Childhood Studies
- Education
- Education and Training
- Engineering
- Film and Television
- Fine Art
- Forestry
- Forest Science
- Geomatic Engineering
- Horticulture
- Information Systems
- Landscape Architecture
- Laws
- Medical Science
- Medicine
- Music
- Music Education
- Music Performance
- Optometry
- Physiotherapy
- Planning and Design
- Public Policy and Management
- Resource Management
- Science
- Surgery
- Training and Development
- Veterinary Science

In addition, the following bachelor degree courses are available for graduate entry:

- Architecture
- Building
- Property and Construction
- Social Work
- Teaching

In most disciplines in which there is a degree of bachelor, degrees of master and doctor and the degree of Doctor of Philosophy are also available. The University also offers a Juris Doctor course.

> Other courses leading to masters degrees

- Accounting
- Actuarial Science
- Agribusiness
- Agricultural Studies
- Animal Welfare
- Applied Commerce
- Applied Finance
- Arts Management
- Audiology
- Banking and Financial Services
- Building Science
- Business Administration
- Choreography
- Computer Assisted Language Learning
- Computer Science
- Construction
- Corporate Law
- Criminology
- Development
- Dance, Development Studies
- Development Technologies
- Educational Management
- Educational Psychology
- e-Law
- Energy Studies
- Engineering Science
- English Language
- Environmental Engineering
- Environmental Studies
- Epidemiology
- Forest Industries
- General Practice Psychiatry
- Gynaecology and Obstetrics
- Health Ethics
- Health Promotion
- Health Sciences
- Horticultural Science
- Information Technology in Education
- International Business
- Management
- Management (Technology)
- Manufacturing Studies
- Medical Anthropology
- Medicine
- Modern Languages Education
- Military Law
- Music Studies
- Nursing
- Psychology
- Public Health
- Public Policy
- Taxation
- Urban Planning
- Utilities Management
- Veterinary Studies
- Water Resources Management
- Women's Health
- Wood Science

At its inception, and for many years afterwards, the University received grants from the Victorian Government, and income from fees and benefactions. Since the Second World War the Australian Government has provided financial support.

In the last decade of the 20th century the structure of the University underwent profound change.

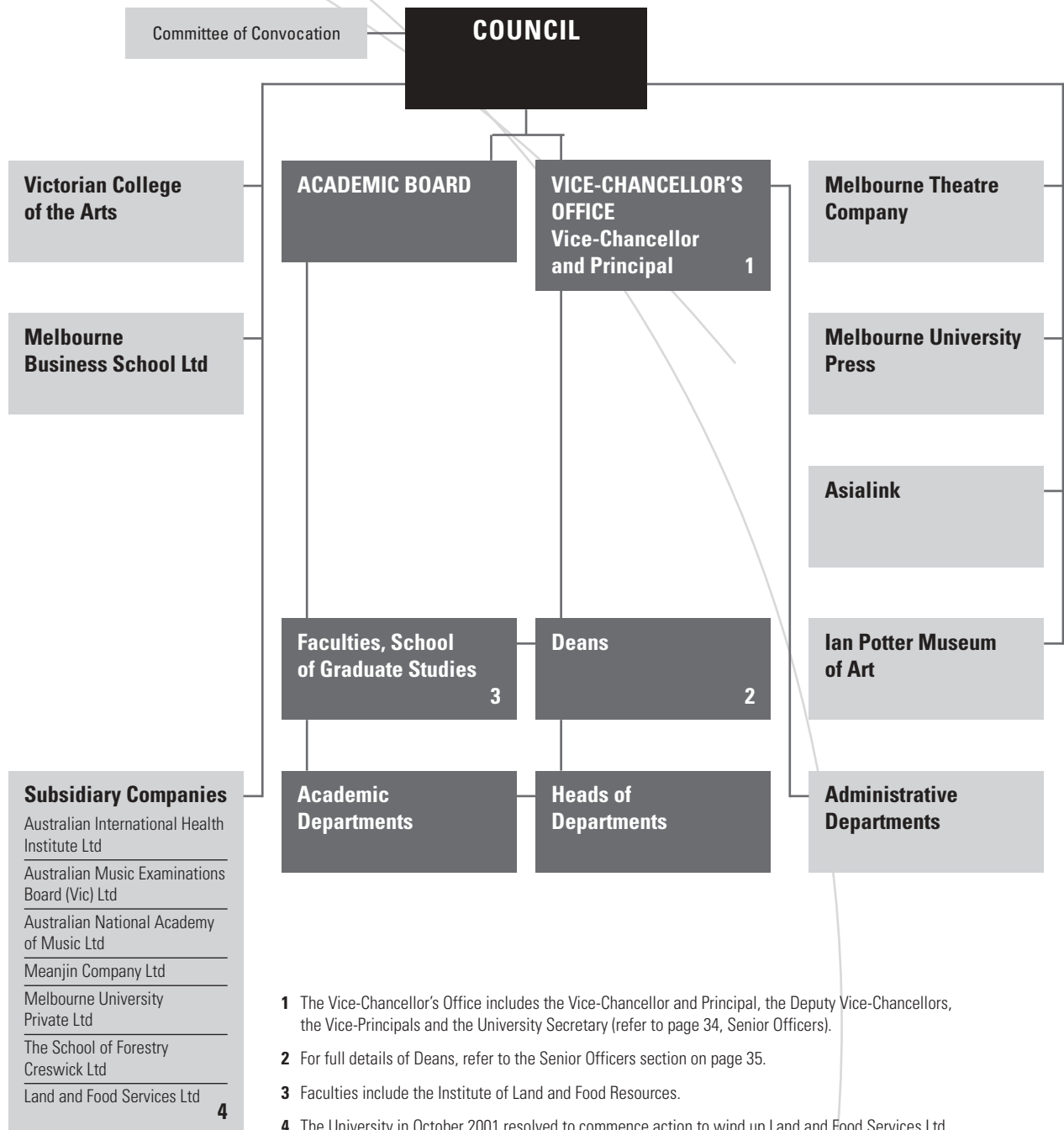
An amalgamation between the University and the adjacent Melbourne College of Advanced Education came into effect in 1989. The College and the Faculty of Education of the University merged.

The award courses of the Hawthorn Institute of Education, affiliated with the University in 1991 and now fully amalgamated and integrated with the Faculty of Education, are offered through departments of the Faculty. Also in 1991, the Victorian College of the Arts affiliated with the University and its higher education programs are now offered through the School of the Victorian College of the Arts.

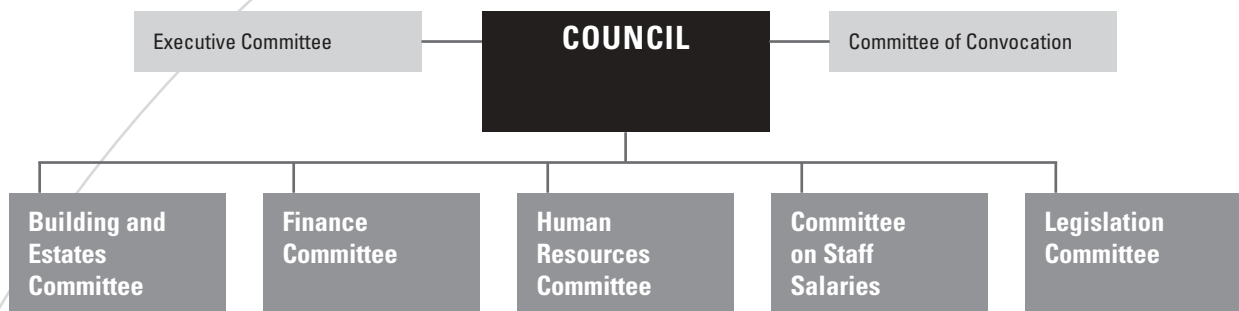
The Victorian College of Agriculture and Horticulture affiliated with the University in 1992, and became a part of the new Faculty of Agriculture, Forestry and Horticulture in 1995. The Faculty was reconstituted as the Institute of Land and Food Resources in July 1997.

In 1998 the University established a private arm, Melbourne University Private Limited, which offered its first courses in 1999. Award courses offered by Melbourne University Private Limited are subject to validation by the University of Melbourne Academic Board. During 2001 the first stage of a merger between Melbourne University Private Limited and Melbourne Enterprises International Limited, the University's commercial arm, was effected, with Melbourne Enterprises International Limited becoming a subsidiary of Melbourne University Private Limited.

Corporate Structure

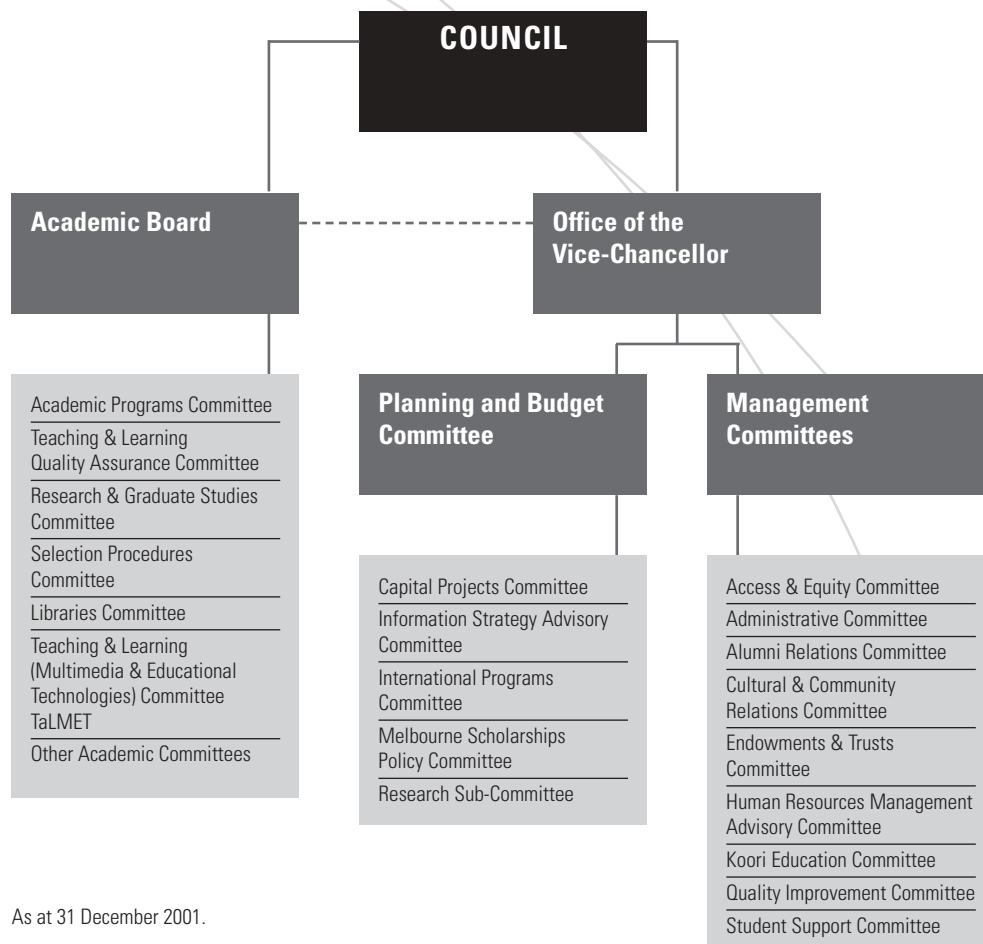


Principal Committees and Reporting Structure



Other University committees with significant governance responsibilities are the Audit Committee, Investment Committee and Subsidiaries Committee all of which report to Council normally through the Finance Committee.

Academic and University Committees



As at 31 December 2001.

Faculties, Departments and Schools

Faculty of Architecture, Building and Planning

Faculty of Arts

- Criminology
- English
- Fine Arts, Classics & Archaeology
- History
- History & Philosophy of Science
- Philosophy
- Political Science
- Social Work
- School of Creative Arts
- School of Anthropology, Geography and Environmental Studies

School of Languages

- French & Italian Studies
- German & Swedish Studies
- Language Studies
- Linguistics & Applied Linguistics

Melbourne Institute of Asian Languages & Societies

Faculty of Economics and Commerce

- Accounting
- Economics
- Finance
- Management
- Melbourne Institute of Applied Economic & Social Research

Faculty of Education

- Education Policy & Management
- Language, Literacy & Arts Education
- Learning & Educational Development
- Science & Mathematics Education

Faculty of Engineering

- Chemical Engineering
- Civil & Environmental Engineering
- Mechanical & Manufacturing Engineering
- Geomatics

School of Electrical Engineering & Computer Science

- Computer Science & Software Engineering
- Electrical & Electronic Engineering

Institute of Land and Food Resources

- School of Agriculture & Food Systems
- School of Resource Management, Forestry & Amenity Horticulture
- School of Vocational Education & Training

Faculty of Law

Faculty of Medicine, Dentistry and Health Science

School of Medicine

- Anatomy & Cell Biology
- Biochemistry & Molecular Biology
- Clinical & Biomedical Sciences (Barwon Health)
- General Practice
- Medical Biology
- Microbiology & Immunology
- Pathology
- Pharmacology
- Physiology
- Medicine (RMH & Western)
- Medicine (St Vincent's)
- Medicine (Austin & Repatriation Medical Centre)
- Obstetrics & Gynaecology (RWH)
- Obstetrics & Gynaecology (Mercy & Austin)
- Ophthalmology
- Otolaryngology
- Paediatrics
- Psychiatry
- Radiology
- Surgery (RMH & Western)
- Surgery (St Vincent's)
- Surgery (Austin & Repatriation Medical Centre & Northern)

School of Dental Science

School of Physiotherapy

School of Behavioural Science

- Psychology

School of Postgraduate Nursing

School of Population Health

- Public Health
- Rural Health

Faculty of Music

Faculty of Science

- Botany
- Genetics
- Information Systems
- Mathematics & Statistics
- Optometry & Vision Sciences
- Zoology
- School of Chemistry
- School of Earth Sciences
- School of Physics

Faculty of Veterinary Science

- Veterinary Science
- Veterinary Clinic & Hospital

School of Graduate Studies

Bio 21

Molecular Science and Biotechnology Institute

School of the Victorian College of the Arts

Melbourne Business School

Academic units listed within faculties are departments unless otherwise indicated. Faculty and departmental titles are as at 31 December 2001.

Council Membership 2001

EX-OFFICIO MEMBERS

Chancellor

THE HON SIR EDWARD WOODWARD,
AC Kt OBE QC LLM *Melb* Hon LLD *NSW & Melb*
Hon DLitt *Ballarat*.

First co-opted to Council 19 May 1986
(Previously an elected member from December
1973 to November 1975)
Elected Chancellor 1 January 1990
Resigned 2 February 2001

MS FAY MARLES,

AM MA DipSocStud *Melb*

First appointed to Council 1 January 1984
Elected Chancellor 3 February 2001

Vice-Chancellor

PROFESSOR ALAN GILBERT,
MA ANU DPhil *Oxf* Hon DLitt *Tas* FASSA

Vice-Chancellor and Principal
Appointed 1 January 1996

President of the Academic Board

PROFESSOR JAMES ANGUS,
BSc PhD *Syd*

Appointed 1 August 2000

ONE PERSON APPOINTED BY THE MINISTER FOR EDUCATION

MR PETER ALLEN,
BA *Syd*

Appointed 15 February 1999
Re-appointed 1 January 2001

SIX PERSONS APPOINTED BY THE GOVERNOR-IN-COUNCIL

MR DAVID CRAWFORD,
BCom LLB *Melb* FCA FCPA
Appointed 1 January 1999

MS ELIZABETH PROUST,
BA (Hons) *La Trobe* LLB *Melb* FAICD
Appointed 1 January 1998
Re-appointed 1 January 1999
Resigned 6 March 2001

MS IRENE LAWSON,
LLB *Melb*

Appointed 23 October 2001

MRS CATHERINE WALTER,
LLB (Hons) LLM MBA *Melb* FAICD

Appointed 1 July 1996
Re-appointed 14 March 2000

SIR ALEC BROERS,
BSc *Melb* BA *Camb* PhD *Camb* ScD *Camb*
FRS FEng FIEE FIP

Appointed 14 March 2000

DR BEN LOCHTENBERG,
BEng (Hons) WA DPhil *Oxf* FTSE

Appointed 1 January 1996
Re-appointed 1 January 2001

MS NICOLE FEELY,

BCom LLB *Melb*

Appointed 1 January 2001
Resigned 2 March 2001

MS MEREDITH DOIG,
BA MEd Stud *Monash*, Dip Ed *Melb*,
Grad Dip Mgt *RMIT*

Appointed 23 October 2001

SIX PERSONS APPOINTED BY THE COUNCIL

THE HON JUSTICE ALEX CHERNOV,
QC BCom LLB (Hons) *Melb*

Appointed 1 January 1992
Re-appointed 1 January 1999

MS ROSA STORELLI,
BEd *Adel* CAE Grad Dip Student Welfare *Hawthorn*
MEduc Studies *Monash* AFAIM

Appointed 1 January 2001

MS FAY MARLES,
AM MA DipSocStud *Melb*

Appointed 1 January 1984
Re-appointed 1 January 2000
Vacated Position 3 February 2001

THE HON BILL FORWOOD MLC,
BCom *Melb*

Appointed 18 May 1993
Re-appointed 3 February 2001

THE HON DAVID WHITE,
BCom BA MBA *Melb* FCPA
Appointed 1 March 2000

DR NORMAN CURRY,
AM PhD *Lond* BA MEd *Melb* Hon STD MCD FACE

Appointed 1 January 1988
Re-appointed 1 January 2001
(Previously an ex-officio member from February
1982 to December 1986)

MR IAN RENARD,
BA LL.M. *Melb*
Appointed 1 January 1994
Re-appointed 1 January 2001

THREE PERSONS ELECTED BY AND FROM THE STAFF OF THE UNIVERSITY

Representing the Professors

PROFESSOR PETER McPHEE,
BA (Hons) Dip Ed MA PhD *Melb* FAHA
Appointed 1 January 2001

Representing the Academic Staff, other than Professors:

ASSOCIATE PROFESSOR CATHERINE McCARTY,
BSc MPH *Minnesota* PhD *Pittsburgh*
Appointed 1 January 2000
Resigned 25 July 2001

DR ROBERT DI NICOLANTONIO,
BSc PhD *Melb*
Appointed 1 October 2001

Representing General Staff Members

MR TIMOTHY ANNING,
BSc *Melb*
Appointed 1 March 1995
Re-appointed 1 January 2001

TWO PERSONS ELECTED BY AND FROM THE STUDENTS ENROLLED AT THE UNIVERSITY

MR PAUL COATS
Appointed 1 January 2001

MR SIMON BOOTH
BA *VUW* PG Dip Arts *Melb*
Appointed 11 October 2000
Re-appointed 1 January 2001

Audit Committee

DR BEN LOCHTENBERG
MR DAVID CRAWFORD
MR STEPHEN COUGLE

MS MARGARET CROSSLEY
MR PAUL BARKER
At 31 December 2001 one vacancy was to be filled.

Senior Officers

Vice-Chancellor and Principal

The Vice-Chancellor and Principal, as Chief Executive Officer of the University, exercises general superintendence over the educational and administrative affairs of the University.

PROFESSOR ALAN GILBERT,
MA ANU DPhil *Oxf* Hon DLitt *Tas* FASSA
Appointed 1 January 1996

Senior Deputy Vice-Chancellor

The Senior Deputy Vice-Chancellor supports the Vice-Chancellor by exercising authorities across the complete portfolio of the Vice-Chancellor's responsibilities.

PROFESSOR SALLY WALKER
LLB (Hons) LL.M. *Melb* Barrister and Solicitor
Appointed 1 July 2000

Deputy Vice-Chancellors, Assistant Vice-Chancellors

Deputy Vice-Chancellors and Assistant Vice-Chancellors exercise a general superintendence within the particular areas of the University's affairs indicated by their titles.

PROFESSOR FRANCIS LARKINS,
AM BEd DSc *Melb* DPhil DipAdvMath *Oxf* FAA FRACI
FAIE FAIP

Deputy Vice-Chancellor (Research)
Appointed 1 October 1990

PROFESSOR KWONG LEE DOW,
AM BSc *Melb* BEd *Melb* ARACI FACE
Deputy Vice-Chancellor (Students and Staff)
Appointed 9 June 1998

PROFESSOR ROBERT RICHARDSON,
BAg Ec *NE* MSc PhD *Purdue*
Assistant Vice-Chancellor (Regional Victoria)
Appointed March 2000

Pro Vice-Chancellors

The elected President and Vice-President of Academic Board are appointed as Pro Vice-Chancellors to perform duties in relation to the academic affairs of the University.

PROFESSOR JAMES ANGUS,
BSc PhD *Syd*
Appointed 1 January 1999

PROFESSOR PETER McPHEE,
BA (Hons) DipEd MA PhD *Melb* FAHA
Appointed 4 September 2000

DEANS

The Deans are responsible for particular academic divisions of the University.

Architecture, Building and Planning

PROFESSOR ROSS KING,
MArch *Syd* MArch *Penn* DipTCP *Syd* FRAIA

Arts

PROFESSOR STUART MACINTYRE,
BA MA *Monash* PhD *Camb* FASSA

Economics and Commerce

PROFESSOR ROSS WILLIAMS,
BCom *Melb* MSc PhD *Lond* FASSA

Education

PROFESSOR BRIAN CALDWELL,
BSc *Melb* BEd *Melb* MEd *Alta* PhD *Alta* FACE FACEA

Engineering

PROFESSOR DAVID WOOD,
BSc PhD *Lond* FICHEM FIEAust FRACI

Institute of Land and Food Resources

PROFESSOR ROBERT RICHARDSON,
BAg Ec *NE* MSc PhD *Purdue*

Law

PROFESSOR MICHAEL CROMMELIN,
BA LLB *QLD* LLM PhD *Br Col*
Barrister-at-Law Queensland and High Court of Australia,
Barrister and Solicitor Victoria and Papua New Guinea,
Legal Practitioner Northern Territory.

Medicine, Dentistry and Health Sciences

PROFESSOR RICHARD LARKINS,
BS PhD *Lond* MD FRACP FRCP

Music

PROFESSOR WARREN BEBBINGTON,
MA *Queens* MMus MPhil PhD *CUNY*

Science

PROFESSOR JOHN MCKENZIE,
BSc PhD *La Trobe* FAA

Veterinary Science

PROFESSOR IVAN CAPLE,
BVSc PhD *NSW* MACVSc

School of Graduate Studies

PROFESSOR BARBARA EVANS,
BSc PhD DipPhEd *TSTC*

VICE-PRINCIPALS AND UNIVERSITY SECRETARY

The Vice-Principals and the University Secretary have responsibilities for particular areas of the administrative services of the University indicated by their titles. Their duties are performed in coordination, under the general direction of the Senior Vice-Principal.

Senior Vice-Principal

MR IAN MARSHMAN,
BA (Hons) *Melb* LLB *ANU*
Appointed 1 March 1999

Vice-Principal (Information) and University Librarian

MS HELEN HAYES,
BA *Melb*, *ALIA*, *FALIA*
Appointed 1 January 1999

Vice-Principal (University Development)

MR ROGER PEACOCK,
BA (Hons) *NSW*
Appointed 1 January 1999

Vice-Principal and Chief Financial Officer

MR DAVID PERCIVAL,
BEC MBA *Adel* CPA ACIS FAICD
Appointed 1 March 1999

Vice-Principal (Property and Buildings)

DR DOUGLAS DAINES
PhD *Macq* MTP *NSW* Dip TCP *Syd*
FRAPI FAPI Val&Ec Cert TCP, Regd Valuer (NSW)
Appointed 2 January 2001

Vice-Principal and Academic Registrar

MS LINLEY MARTIN
BSc MSc Dip Comp Sci *Adel*
Appointed 3 September 2001

University Secretary

MR LENNARD CURRIE,
BA (Hons) DipEd *Melb*
Appointed 4 May 1999

The University of Melbourne Committee of Convocation

Presidents of Convocation

MR THOMAS BRUCE, LLB *Melb*.

Master Bruce resigned as President of Convocation effective from 5 March 2001.

Dr Robin Condron, who was Deputy President, was acting President until there was a call for nominations to fill this casual vacancy. Dr Condron was subsequently elected to this position, effective from 11 April 2001.

DR ROBIN CONDRON, BVSc *Melb*. PhD *LaTrobe*
DipBact *Lond*

Deputy Presidents

Dr Robin Condron held the position of Deputy President until he filled the Presidential casual vacancy following Master Bruce's resignation. Dr Condron also retained his position of representative of the graduates of Veterinary Science concurrently with these terms. Mr Allan Handberg was duly elected Deputy President from 1 May 2001.

MR ALLAN HANDBERG, BCom *Melb*

Representatives of the Graduates in Architecture, Building and Planning

Term expiring in 2001 –

MR PETER HIRST, BArch (Hons) *Melb*
DipT&RP *Melb* FRAIA MRAPI, Registered Architect
Victoria and ACT

MS CLARE CONNAN, BArch *Melb* BPD *Melb*

Representatives of the Graduates in Arts and Social Work

MS LESLEY BOSTON, BA *Melb* BEd *Melb* MACE

DR LEAH MCKENZIE, BA(Hons) *Syd* MA(Hons) *Syd*
PhD *Melb*.

MR GEOFFREY THOMAS, BA *Melb* BEd *Melb*

MR JAMES ISLES, LLB *Melb* BA *Melb*

MR ROBERT EWINS, BA (Hons) *Melb* BEd *Melb*
DipEd *Melb*

MS ASTRID NEAL-ADAM, BA (Hons) *Melb*

MS MARLENE ROBINSON, BA *Melb* DipEd *Melb*

MS HELEN COHN, BA *Melb* MA *Melb* GradDipLib. *Melb*

MS MEGAN AUSTIN, BA *Melb* LLB *Melb*

DR JEFFREY ROBINSON, BA *Melb* MEd *Melb*

PhD *Melb*

Resigned March 2001

At 31 December 2001 one vacancy was to be filled.

Representatives of the Graduates in Economics and Commerce and the Melbourne Business School

MR MALCOLM ANDERSON, BCom *Melb* FASA
ACIS RCA

MR BARRINGTON DANCE, BCom *Melb*

MR RUSSELL SINCOCK, BCom *Melb*

Term expiring in 2003 –

MR DAVID DODD, BCom *Melb*

MR ALAN DOUGLAS, BCom *Melb* GradDipTaxLaws
Monash CPA

MR ALLAN HANDBERG, BCom *Melb*

Representatives of the Graduates in Education and Music

MR GRAHAM BARTLE, BA *Melb*. MMus *Melb* DipEd
Melb TPTC

MS BARBARA THRIVES, BEd *Melb* MEd *Melb*
DipPhysEd *Melb* GradDipMovement&Dance *Melb*

Term expiring in 2003 –

MS JANE BROWN, MMus *Melb* DipEd *Melb*

MR GERARD CALNIN, BA *Melb* MEd *Melb* DEd *Melb*
Resigned March 2001

DR JEFFREY ROBINSON, BA *Melb* MEd *Melb*
PhD *Melb*.

Appointed March 2001

Representatives of the Graduates in Engineering

MR ROY HARDCASTLE, BCE *Melb*. FRMIT FIEAust
FAustIMM

MR FRANK LEES, AM MBE BMechE *Melb* FRSA

Term expiring in 2003 –

MR JOHN HUMPHREY, BMechE *Melb*

MR CHRYS CHANDRARAJ, BE *Melb* MBA *Deakin*
MEng *Monash*

Representatives of the Graduates of the Institute of Land and Food Resources and Veterinary Science

MR WILLIAM DUNK, MAgrSc *Melb* FAIAS

Term expiring in 2003 –

DR ROBIN CONDRON, BVSc *Melb* PhD *La Trobe*
DipBact *Lond*

At 31 December 2001 one vacancy was to be filled.

Representatives of the Graduates in Law

MS JILLIAN CROWE, BA *Melb* LLB *Melb*

MR JOHN JONES, LLB *Melb* BCL *Oxf*

Term expiring in 2003 –

MR RICHARD COOK, LLB ANU LLM *Melb*

MR GEOFFREY DAWSON, LLB *Melb*

Representatives of the Graduates in Medicine, Dentistry and Health Sciences

DR RICHARD HARDHAM, BDS *Melb* DDS *Tor* LDS
Vic FRACDS FICD

DR NOEL RAMSEY, OAM MBBS *Melb* DObst.
RCOGDip RACOG FRACGP

DR JAMES GALBRAITH, OBE MBBS *Melb* FRCS
FRACS FACS FRACO FACTM

DR PETER LOWE, MBBS *Melb* FANZCA

DR STAN SAHHAR, MDSc *Melb* FRACDS LDS *Vic*.

DR DAVID BROWNBILL, AM MBBS *Melb* FRACS
FACTM MACLM

Representatives of the Graduates in Science

DR SOPHIE DUCKER, AM DSc, *Melb* HonLLD

DR NIVES MILANOVIC, BSc(Hons) *Melb* PhD *Melb*

DR ANGELA JONES, BSc *Aberd* MSc. *Melb*
PhD *Aberd*

DR ALAN MOORE, BSc *Melb* PhD *Camb*

MS ANN RUSDEN, BSc *Melb* TSTC MACE

MR JOHN NICHOLAS, BA *Melb* BSc *Melb* FlntP FAIP

Freedom of Information

In the year from 1 July 2000 to 30 June 2001 12 new requests for documents were received. This comprised three requests for personal documents and nine requests for non-personal documents. Access in full was given to three requests, access in part was given to one request and access was denied in full to six requests. In one instance the University held no documents. One request was withdrawn.

The Principal Officer of the University is the Vice-Chancellor, Professor Alan D. Gilbert. The Senior Vice-Principal is the formally designated Freedom of Information Manager of the University.

All formal requests for access to documents of the University, under the provisions of the *Freedom of Information Act*, are to be made in writing to:

The Senior Vice-Principal
The University of Melbourne
PARKVILLE VIC 3010

Where access is granted to inspect, obtain or purchase material, arrangements will be made during normal office hours, Monday-Friday, 8.45am to 5.00pm.

Enquiries on any aspect of the Freedom of Information legislation, or assistance that may be required to identify documents of the University available under Freedom of Information should be directed to:

Mr Len Currie
University Secretary
The University of Melbourne
PARKVILLE VIC 3010
Telephone: 03 8344 4000

A request for access to a document of the University should include sufficient information about that document to enable it to be identified. Assistance will be provided by an officer of the University in cases where details supplied about a document are not sufficiently clear to identify that document.

Charges for access to documents of the University under the provisions of the *Freedom of Information Act* will be in accordance with the standard provisions of the Freedom of Information (Access Charges) Regulation 1993.

A: CATEGORIES OF DOCUMENTS

Major Information Systems – Central Administration

1. University Council Minutes 1853-
2. Academic Board (formerly Professorial Board) Minutes 1853-
3. Central Administration Correspondence [CA]
4. Staff Correspondence Files [HR]
5. Faculty Records
6. Academic Department Records
7. Computer Records and Systems

Computer-based systems have been developed to assist the University's administrative processes in the following major areas of activity:

- ▶ Student Administration
- ▶ Human Resources
- ▶ Financial Accounting
- ▶ Budgeting
- ▶ Research Administration

A wide range of smaller systems have been developed. Within this overall structure, a vast range of individual computer reports are produced to meet the needs of University Administration, faculties, academic departments and students.

B: DOCUMENTS CONTAINING POLICIES, PROCEDURES AND GUIDELINES

Documents listed within this section cover University publications that include details of policies, operating procedures and/or guidelines that may have an effect or impact on members of the public in their dealings with the University. All documents listed may be inspected on application to the University Secretary, where not otherwise available in the University Bookroom or other public venues. Many documents are available on the World Wide Web at: <http://www.unimelb.edu.au/>

1. University Act, Statutes and Regulations

The *University Act*, Statutes and Regulations are detailed in the Calendar. Regulations dealing with courses, scholarships and endowments are available in a separate volume.

2. Standing Resolutions of Council

Produced periodically, the Standing Resolutions of Council codify the terms of reference, membership and functions of committees of Council and collect together all Council resolutions on meeting procedure etc.

3. Manuals/Rules of Procedure

Rules and practices affecting members of the public in their dealings with the University will be found, in the first instance, in the following publications:

- ▶ Calendar
- ▶ PhD Handbook: Guide to Rules and Regulations
- ▶ Standing Resolutions of Council
- ▶ Undergraduate Studies Handbook
- ▶ Student Diary
- ▶ Personnel Policy and Procedures
- ▶ Finance Policy and Procedures
- ▶ Environmental Health and Safety Manual
- ▶ IT Policy and Procedures Guide
- ▶ Records Management Policy and Procedures Manual
- ▶ Project Management and Design Standards
- ▶ Compliance Manual

C: PUBLICITY SERVICES

The University issues a large number and range of publications. A list of official publications is available on the World Wide Web at : <http://www.unimelb.edu.au/unisec/foipart2.html>

D: REPORT LITERATURE

The University produces a large number and range of reports and statements relating to its business and operations.

Major University Reports

Major reports of the University, copies of which are available for reference in the University Library are:

- ▶ The University of Melbourne Annual Report
- ▶ The Research Report
- ▶ Research Performance
- ▶ The University of Melbourne Statistics
- ▶ The University of Melbourne Strategic Plan
- ▶ The University of Melbourne Operational Plan
- ▶ The University of Melbourne Annual Budget
- ▶ Ensuring Accountability

Human Resource Issues

Workplace relations

In 2001 the University concluded an Enterprise Agreement covering all staff. The Agreement, which expires in June 2003, explicitly links remuneration outcomes for staff with the overall financial performance of the University. New benefits for staff included enhanced maternity and family leave provisions, flexible remuneration packaging and a new performance development process, all of which were implemented in 2001. There were no days lost in 2001 due to industrial action.

Staff development

In 2001, there was a 33 per cent increase in the number of persons attending programs in 2000, with the numbers increasing from 1878 to 2489. Ninety three per cent of participants rated the 2001 programs as very good or excellent and 96 per cent rated the courses as meeting expectations.

The University of Melbourne is unique among Australian universities in providing a comprehensive development program for current and future heads of academic departments. An evaluation report of the first year of the *Heads' Development and Support Program 2001* strongly endorsed the Program. The four streams of the Program are designed for different target groups: *Head Start* provides a new University-wide support system for succession planning in departments, and a broadened base for future academic leadership. *Headway* provides recently appointed heads of departments with an intensive orientation to headship. *Head Spaces* provides options for professional development and recognition and support for the contribution that Heads make to the University community. *Headwork* encourages collaborative and collegial working dynamics and offers expert assistance to departmental executive teams as they initiate and complete strategic plans and projects.

Merit and Equity Principles

The Equal Opportunity for Women Agency congratulated the University for affirmative action achievements identified in its first report under the revised legislation. During the year, faculties took a range of strategic initiatives including the appointment of Equal Opportunity for Women (EOWW) Coordinators to assistant Dean positions, the upgrading or establishment of EOWW committees, the appointment of departmental EOWW representatives and the provision of financial and administrative assistance to coordinators.

Work and family policies were benchmarked and a number of University policies upgraded to meet 'best HR practice' within the sector. The *Work and Family Best Practice Guide* for managers and staff was substantially revised and updated.

The guide, *Managing Conflict in the Workplace*, was published. The guide, the eighth produced as part of the series *Best HR Practice*, forms part of an initiative to support fair and equitable processes in the resolution of conflict at the departmental level, in line with existing University employment policies and EO legislation.

The staff development program *Managing Diversity* was introduced in 2001. The innovative program encourages broader understanding of diversity issues and the development of new projects and initiatives across the University.

Public Sector Management and Employment Act 1998, Sections 7 and 8

The University's human resources policies comply with the Public Sector Employment Principles and the Public Sector Conduct Principles contained in Sections 7 and 8 of the *Public Sector Management and Employment Act 1998*.

Staff Numbers

Due to the seasonality of the University's activities there is considerable variation throughout the year in the numbers of staff employed in the University. The statutory requirement to report staff numbers as at 31 December does not reflect this situation and in fact represents a low point in the University's annual staff numbers.¹

In order to meet reporting obligations to other agencies, the University reviews its staff numbers (on a non consolidated basis) at 31 March each year, taking into account the number of full time equivalent casual staff employed at the University in the previous year. The data for 2001 and 2000 are as follows.

Staff Numbers at 31 March – Main University*		
	2001	2000
<i>Full time equivalent</i>		
Total	5353	5187
Academic	2575	2511
General	2778	2676

*Main University excludes controlled entities and semi-autonomous bodies (including the Victorian College of the Arts and Melbourne Business School) and includes TAFE staff in the Institute of Land and Food Resources.

¹ As reported at page 70 of the Financial Statements staff numbers at 31 December are as follows.

	2001	2000
<i>Full time equivalent</i>		
University	4777	4774
Consolidated†	5277	5202

Note: These figures exclude some casual staff.

†See page 60 'Principles of consolidation'

Statement on Occupational Health and Safety Matters

In October 2001 the University of Melbourne was granted renewal of its licence for workers' compensation self-insurance by the Victorian WorkCover Authority, without any conditions being placed on this licence. The maintenance of effective systems to manage workplace injuries and the resulting claims remains a mandatory component for continuation of this licence.

The past year has been one of consolidation to embed the existing safety management system into all faculties and administrative departments. The external audit program was moved to Lloyds Register Quality Assurance and is progressing as planned. Extensive auditing has led to successful accreditation against the national safety standard 'SafetyMAP initial level' and the international environmental standard 'ISO14001' in the Property and Buildings, the Faculties of Engineering, Science, Veterinary Science, Medicine, Dentistry and Health Science, Education, and the Development Division. The central control and management of the system through the Risk Management Office has also been accredited.

During 2001 significant activities carried out by the University Occupational Health and Safety Committee included a review of the University OHS policy along with approximately 90 per cent of the University *Environment Health and Safety Manual*. New legislation that has influenced procedural changes includes the *Gene Technology Act 2000* and the Health (Legionella) Regulations 2001. The OHS policy has been amended to include OHS training requirements and is now published as University Standing Resolution 3.40.

Monthly email circulars alert the University community to changes in the University *Environment Health and Safety Manual* and amendments are also posted on the web.

Number of significant incidents and status of their resolution

During 2001 the University reported three serious incidents to the Victorian WorkCover Authority as required by the *Incident Notification Regulations*. Each of these incidents involved a contractor employed by the University. These incidents have been thoroughly investigated to ensure that appropriate corrective and preventative actions have been put in place.

Of these reported serious incidents, two electrical incidents resulted in the issue of Improvement Notices in addition to another Improvement Notice served on the University for emergency management at a shared facility at the Austin and Repatriation Medical Centre. The requirements of these Improvement Notices have been met and subsequently signed off to the satisfaction of authorised officers from the Victorian WorkCover Authority.

Major improvements and initiatives in 2001

The University of Melbourne is still the only university in Australia to maintain effective safety management systems audited against national and international standards.

Targets for improved OHS performance in 2002:

- ▶ Reduce the incidence of electrical incidents by the installation and testing of residual current devices and the testing of portable electrical equipment.
- ▶ Encourage the reporting of all incidents so that hazards can be identified and controlled through an active induction program.
- ▶ Maintain an audit program that meets the needs of the Victorian WorkCover Authority Self-Insurer Unit.
- ▶ Implement an ionizing radiation risk control plan as required by Health Services Victoria.

Provision of appropriate performance measures regarding OHS matters as they affect outputs

Key OHS performance indicators for 2001	Outcomes
<p>Address manual handling issues to reduce strain injuries:</p> <ul style="list-style-type: none"> • workplace ergonomic/manual handling assessments carried out by RMO • workstation setup training 	<p>In response to the continuing occurrence of overexertion incidents, 267 ergonomic assessments have been carried out and 218 staff attended relevant training in an effort to improve the identification and control of hazardous manual handling activities. At this stage these activities have not resulted in a reduction of the total number of overexertion incidents (82 reported incidents in 2001; 83 reported incidents in 2000) or the seriousness of the injuries (two incidents with <10 days lost in 2001; three incidents with <10 days lost in 2000) (106 days lost in 2001; 65 days lost in 2000). Deans and Vice-Principals have been requested to ensure that further manual handling assessments are undertaken to identify preventative and control measures. The 2002 staff development program will include a specific training program on ergonomics and manual handling.</p>
<p>RMO to encourage incident reporting and analyse data to facilitate continued improvement:</p> <ul style="list-style-type: none"> • RMO to prepare six-monthly reports for Deans and Vice-Principals with recommended actions where appropriate • continuing downward trend in severity of injuries and related costs 	<p>Incident reports have been issued to Deans and Vice-Principals for the January-June 2001 period and January-December 2001 period. The overall trend in reported staff incidents is positive with a continuing decrease in the number of lost time incidents (16 in 2001; 23 in 2000) and in the number of days lost from the resulting injuries (251 days in 2001; 473 days in 2000).</p>

Key OHS performance indicators for 2001	Outcomes
<p>Assess effectiveness of induction programs:</p> <ul style="list-style-type: none"> • internal audit to focus on induction of all new staff and students during SafetyMAP or other audits 	<p>There has been a substantial improvement in compliance with Human Resources induction requirements with no non-conformances noted at internal safety system audits in 2001.</p>
<p>Ensure the effectiveness of emergency management:</p> <ul style="list-style-type: none"> • RMO to prepare six-monthly reports for OHSC on emergency preparedness • appropriate corrective action implemented where required 	<p>Vigorous follow up by the Risk Management Office has led to an improved rate in the number of emergency preparedness trials. A chemical spill exercise involving staff from Property and Buildings, Chemistry and Risk Management identified some deficiencies in emergency response procedures. The pending Crisis Management Plan is aimed at rectifying procedural issues. Based on government recommendations a new Suspicious Mail and Packages Emergency Response Procedure has been implemented.</p>
<p>Auditing of safety management systems:</p> <ul style="list-style-type: none"> • audits carried out in all faculties and administration divisions • corrective actions completed within agreed timeframes 	<p>An audit program has been implemented in consultation with the Victorian WorkCover Authority. Internal audits of safety management systems have been carried out in all faculties and administrative departments. The effectiveness of the safety management systems have also been assessed at external audit by Lloyds Register Quality Assurance auditors as meeting the requirements of the SafetyMAP initial level audit standard. A single non-conformance was issued requiring the identification of mandatory Occupational Health and Safety training requirements. These training requirements have since been published in the <i>Environment Health and Safety Manual</i> and addressed through the Compliance Program.</p>

Summary of Regulations

The University administers Statutes and Regulations of the University and Resolutions of the Council, in accordance with the provisions of the *Melbourne University Act 1958*. The Statutes, Regulations and Resolutions are substantial, varied and too numerous to summarise. They are recorded in three volumes of University publications. A copy of the Statutes, Regulations and Resolutions may be inspected in the Baillieu Library of the University, or may be viewed on the World Wide Web at <http://www.unimelb.edu.au>

Statutes enacted, repealed and amended during 2001

Statute 1.1	Preliminary	Amended
Statute 2.6	The Vice-Principals and the University Secretary	Amended
Statute 3.3	Election to the Committee of Convocation	Amended
Statute 6.1	Academic Departments and Schools - General	Amended
Statute 10.2	Prizes, Exhibitions, Scholarships and Bursaries	Amended
Statute 10.3	Other Gifts	Amended
Statute 12.6	Admission to Degrees and Granting of Diplomas after Examination	Amended

National Competition Policy and Competitive Neutrality Requirements

The University has established policies and procedures to ensure adherence to the *Trade Practices Act 1974* and to practise competitive neutrality in relation to relevant significant business activities.

Information and guidelines may be obtained from a number of web sites available on the University's Intranet including the Melbourne Research and Innovation Office, Finance Policy and Procedures and the University's Compliance Management Program web site. Advice on the law of trade practices and competitive neutrality is provided by each of these areas.

Conformity with the *Building Act 1993*

Major Projects (New and Existing Building Works)

The following mechanisms have been implemented to ensure new buildings and works to existing buildings conform with building standards:

- The University project group closely examines each major project prior to the selection of a project team.
- The selected design consultants for each project are University registered or Department of Infrastructure registered consultants.
- All design and management of project works are undertaken in accordance with the University's Project Management and Design Manual. The Manual has been developed to advise consultants of the management procedures and design standards required by the University and includes procedures covering environmental and occupational health and safety matters.
- The University has promulgated procedures similar to those required by the private sector for the issue of Building Permits.
- An external building surveyor consultant is appointed for each project to give advice regarding planning and building permits, certification of final inspection and occupancy permits.
- The University ensures that an asbestos audit is carried out for each project prior to the commencement of construction work.
- All projects are monitored by the University project managers and appointed consultants in order to ensure that projects comply with the current building regulations and statutory requirements.
- A Project Management Procedures Manual has been developed for University project managers to ensure that University policy and procedures are followed in relation to project works.

A total of 39 projects, each with expenditure of more than \$50,000, were completed in 2001. Each of these projects was carried out in accordance with building regulations and statutory requirements.

An Occupancy Permit or Certificate of Final Inspection is obtained for every project for which there is a building permit.

In addition 13 projects were not subject to Certification of Plans or Building Surveyor involvement during construction.

These included:

- ▶ Engineering Infrastructure Upgrades (4)
- ▶ Site Works Infrastructure (5)
- ▶ Equipment Upgrades (4)

These were not subject to the *Building Act 1993* authority or structural change requiring building surveyor inspections.

Statement to the Minister for Post Compulsory Education, Training and Employment in regard to Compulsory Non-Academic Fees, Subscriptions and Charges Payable for the year ended 31 December 2001

Amendments to the *Tertiary Education Act 1993*, enacted in 2000, require the University to publish as part of its annual report details of compulsory non-academic fees collected and the purposes to which these have been applied. The amendment also requires details of moneys provided to student organisations and the manner in which those student organisations spent the funds.

The amount of compulsory non-academic fees – referred to as the Amenities and Services Fees – collected by the University of Melbourne from students and prospective students during the year ended 31 December 2001 is shown in the Amenities and Services Fee Fund Statement shown on page 48. This statement also shows the purposes for which the University distributed those fees and the amounts of money made available to University operations and student related organisations.

In accordance with audited financial statements received from the University's two student organisations the purposes for which these organisations spent the money made available to them and the names of other bodies to which they made money available and their respective amounts were as follows:

1. Melbourne University Student Union Inc.

	2001 \$	2000 \$
Amenities and Services Fees Received	6,011,774	6,123,677
Less Operating and Capital Expenditures		
Food and Beverages	730,258	588,361
Counselling	80,683	80,558
Legal Advice	67,758	59,226
Health Care	130,909	133,615
Visual and Performing Arts	640,039	520,741
Libraries and Reading Rooms	278,288	270,091
Academic Support	351,396	321,262
Orientation Information	32,649	18,218
Support for Overseas Students	132,530	109,104
Building Services	1,489,523	1,571,054
Administrative Services	2,615,241	2,567,173
	<u>6,549,274</u>	<u>6,239,403</u>
Deficit for year	(537,500)	(115,726)
Funding made available to other bodies		
Melbourne University Overseas Students Society	116,403	85,925

2. University of Melbourne Postgraduate Association Inc.

	2001 \$	2000 \$
Income		
Amenities and Services Fees	1,059,246	1,091,610
Other Income	313,745	243,112
Total Income	1,372,991	1,334,722
Less Operating and Capital Expenditures –		
Academic Support and Counselling	459,030	333,232
Representation and Education Activities	260,967	156,245
International Postgraduates	43,574	32,119
Orientation and Induction	33,423	25,605
Printing, Binding and Fax Services	83,804	71,836
Bistro and Café Bar	1,300	1,054
Administration	518,709	484,507
Total Operating Expenditure	1,400,807	1,104,598
Purchases of Fixed Assets	102,518	143,983
Total Expenditures	1,503,325	1,248,581
Surplus/(Deficit) for year	(130,334)	86,141
Funding made available to other bodies	Nil	Nil

Amenities and Services Fee Fund Statement

For the year ended 31 December 2001

	2001 \$	2000 \$
FEE COLLECTIONS		
Fees Collected from Students	9,829,310	8,871,734
Fees Collected from ILFR Higher Education Students	221,597	256,281
OTHER INCOME		
Interest Earned	211,867	208,576
	10,262,774	9,336,591
less DISBURSEMENTS		
Student Organisations		
Melbourne University Student Union Inc.	6,011,774	6,123,676
University of Melbourne Postgraduate Association Inc.	1,059,246	1,091,610
ILFR Student Associations	386,209	287,121
University Operations and Expenses		
Sport and Physical Recreation Centre	2,304,875	2,337,055
Child Care Services	183,821	178,467
Administration of Fund	73,227	71,094
Publication of Annual Accounts	(4,000)	4,000
Student Personal Accident Insurance	45,266	47,171
	10,060,418	10,140,194
Surplus/(Deficit) for Year	202,356	(803,603)
Accumulated Funds at start of year	877,079	1,680,682
Accumulated Funds at end of year	1,079,435	877,079
These funds are represented by:		
Cash	1,074,345	877,928
Sundry Debtors – Fees	5,090	3,151
	1,079,435	881,079
Less Sundry Creditors	–	4,000
	1,079,435	877,079

Note

A distribution of surplus funds accumulated since 1996 took place in January 2000 in accordance with the December 1999 report to Council. This one-off distribution was the cause of the deficit for the year.

Opinion

In our opinion this statement conforms with the requirements of the *Tertiary Education (Amendment) Act 1994* and has been drawn up so as to present fairly the Income and Expenditure of the Amenities and Services Fee Fund for the year then ended.



B L Rossi

Director of Financial Operations
The University of Melbourne



P J McGrath

Internal Auditor
The University of Melbourne

Further Information

The University has the following information available on request:

- ▶ declarations of pecuniary interests;
- ▶ details of shares held beneficially by senior officers as nominees of a statutory authority or subsidiary;
- ▶ details of publications produced;
- ▶ details of major promotional, public relations and marketing activities;
- ▶ details of changes in prices, fees, charges, rates and levies charged;
- ▶ details of major external reviews;
- ▶ details of overseas visits;
- ▶ occupational health and safety assessments and measures; and
- ▶ a list of major committees and their purposes.

Enquiries regarding the above should be addressed to:

Mr Len Currie
University Secretary
The University of Melbourne
VICTORIA 3010
Telephone: 03 8344 4000

Financials (Consolidated Results)

AUDITOR-GENERAL'S QUALIFICATIONS

1. Unfunded Superannuation Liabilities

This year the Auditor-General has for the fourth year in succession qualified the University's financial report on the ground that he is unable to confirm, as an asset, the receivable from the Commonwealth Government to cover the costs associated with the unfunded superannuation liability. The Auditor-General's report is produced on page 104 in this Annual Report.

In the late 1980s and early 1990s the University of Melbourne affiliated with certain State instrumentalities, whose employees were members of the State Superannuation schemes. These schemes were funded by the employer, the State of Victoria on an emerging costs basis. In 1974 the Commonwealth assumed the government responsibility for funding the higher education sector. Since that time the Commonwealth has reimbursed these instrumentalities on an emerging costs basis. Since these affiliations, the University has been reimbursed for these emerging costs.

An arrangement exists between the Commonwealth Government and the State Government to meet the unfunded liability 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.

In accordance with the directions issued by the State Minister for Finance in January 1999 and the revised 1998 instructions issued by the Commonwealth 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 the University and its controlled entities have been recorded in the Statement of Financial Performance and the Statement of Financial Position.

As the moneys are reimbursed by the Commonwealth, the University has recognised an asset for an amount equal to the liability being the amount expected to be received in future years from the Commonwealth.

The Auditor-General's argument is that the Commonwealth can commit itself only for the current budget year and has not recognised the future amounts owing as a liability in its financial statements. The Auditor-General believes there is a degree of uncertainty as to whether or not this asset will be collected.

Reproduced on page 105 of this Annual Report is a copy of a letter from the Minister for Finance indicating that the State Government disagrees with the Auditor-General's position in this matter.

2. Revenue Recognition – Commonwealth Government Grants

In accordance with Australian Accounting Standard AAS15, Statement of Accounting Concepts (SAC4) and the 1999 reporting guidelines issued pursuant to the *Higher Education Funding Act 1988*, the first bimonthly Commonwealth Government Grant for January 2002 received in advance on 21 December 2001 has been treated as Income in Advance and recognised as a liability in the Statement of Financial Position.

It is a condition of receipt of grants from the Commonwealth Government that institutions comply with the above guidelines.

The University regards the receipt of Commonwealth Government Grants as a reciprocal transfer as the University has to teach a HECS-funded student load and provide the necessary facilities and services in return for the grant of financial assistance. Where the Minister is satisfied that a higher education institution has failed to meet a condition applicable to the financial assistance, the financial assistance or part thereof is required to be returned to the Commonwealth.

Under these conditions the revenue received in advance may not be recognised until the higher education institution meets its obligations in the relevant year. This treatment is consistent with the University's treatment of this revenue in prior years.

The Auditor-General has taken a view that the revenue should be treated as income in the actual year of receipt and for that reason has for the third year in succession qualified the University's financial report.

The University does not agree with that interpretation of the nature of the income.

CONSOLIDATED RESULTS

The University of Melbourne and its controlled entities recorded an operating surplus after tax of \$76.232 million for the year ended 31 December 2001. This consolidated result includes the operations of a group which apart from the University itself comprises nine directly controlled entities. The major entities in the University Group are the Victorian College of the Arts, Melbourne Business School Limited and Melbourne University Private Limited.

On 19 November 2001 Melbourne University Private Limited replaced the University of Melbourne as the sole member of Melbourne Enterprises International Limited. There were no other significant changes in the financial position of the group during 2001.

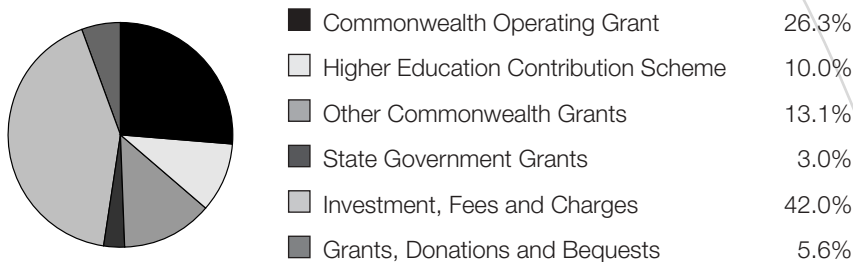
No matter or circumstance has arisen since the end of the financial year that has affected or may subsequently affect the University and its controlled entities.

The financial position of the group is satisfactory with year-end liquidity at the current ratio of 2.11:1.00 (1.76:1.00 for 2000) and total assets covering total liabilities at the ratio of 6.46:1.00 (7.70:1.00 for 2000).

SOURCES OF INCOME

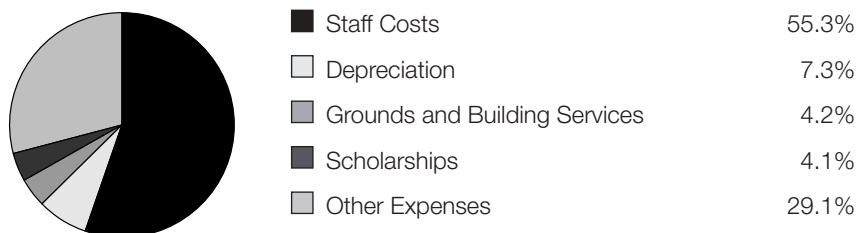
Combined operating revenues at \$839.769 million increased by \$90.377 million or 12.1% on 2000 with the most significant improvement being recorded in revenues from Fees and Course Related Charges (\$46.3 million), Investment Income (\$14.4 million) and Other Revenue items (\$17.0 million).

In 2001 the Commonwealth Operating Grant accounted for only 26.3% of total income, with the Higher Education Contribution Scheme accounting for an additional 10.0% (28.5% and 10.7% respectively in 2000).



EXPENDITURES

Operating expenditure of the combined University for 2001 totalled \$763.45 million, full details of which appear in the supporting notes to the Statement of Financial Performance and in Note 28. Of these expenditures 55.3% was spent on salaries and other staff costs (55.8% in 2000).



THE UNIVERSITY OF MELBOURNE

This represents the University's teaching, research and administrative activities, but excludes the activities conducted by its controlled entities. The University of Melbourne recorded an operating surplus of \$68.207 million.

The University of Melbourne General

The University General, comprising the teaching and research activities only, recorded a surplus of \$58.444 million, which was used to partly fund items of capital expenditure with the balance of capital funding being provided from University reserves and borrowings. During the year the University spent \$145.7 million on Land and Buildings, \$19.9 million on Equipment and Motor Vehicles and \$9.0 million on Library Purchases. The Land and Buildings expenditure includes \$119.4 million spent on the University Square development. From March 2002 these buildings will progressively be used for academic purposes.

Trust Funds

The University's activities are supported by funds from endowments, bequests and the income earned on these funds. A substantial portion of these Trust Funds is held to provide scholarships and to fund specific purposes. These funds generally are not available to meet the normal operating cost of the University. Income received during the year included \$1.498 million in donations and bequests and \$14.881 million earned as dividends and interest.

The book value of Trust Funds amounted to \$171.899 million as at 31 December 2001.

Auxiliary Operations

These operations encompass activities related to the University but are not part of the University's main activities of teaching, research or administration.

The operating surplus for the year of \$916,000 is represented by:

Auxiliary Operations	Surplus/(Deficit) \$'000
Student Loans	260
Halls of Residence:	
– Medley Hall	(18)
– Kendall Hall	36
– International House	127
Child Care Services	216
Sport and Physical Recreation Centre	16
Ian Potter Museum of Art	(40)
Veterinary Clinic and Hospital	221
Strathfieldsaye Estate	(12)
Melbourne Theatre Company	164
Melbourne University Press	(54)
	<hr/>
	916

CONTROLLED ENTITIES

These are statutory entities which are either formed under a specific Act of Parliament or incorporated under Corporations Law. The activities of these entities are represented in the consolidated figures of the combined University.

The operating surplus after tax for the year of \$8.025 million is represented by:

Controlled Entities	Surplus/(Deficit)
	\$'000
Victorian College of the Arts	6,192
Melbourne Business School Limited Group	2,543
Melbourne University Private Limited Group	(3,779)
Melbourne Enterprises International Ltd Group	3,815
Meanjin Company Limited	8
Australian Music Examinations Board (Victoria) Limited	–
Australian International Health Institute (University of Melbourne) Limited	(13)
Land and Food Services Ltd	37
Australian National Academy of Music Limited	(860)
The School of Forestry, Creswick Limited	82
	<hr/>
	8,025
	<hr/>

Five Year Financial Summary

The University of Melbourne and Controlled Entities

	2001	2000	1999	1998	1997
Revenue and Expense (\$'000)					
Income	839,769	749,392	683,745	648,219	627,217
Expenses	763,450	695,820	665,291	625,134	587,326
Surplus/(Deficit)	73,319	53,572	18,454	23,085	39,891
Abnormal/Extraordinary Items and Tax	(87)	(20)	78,358	5	(405)
Surplus/(Deficit) after Abnormal/ Extraordinary Items and Tax	76,232	53,552	96,812	23,090	39,486
Financial Position Statement (\$'000)					
Reserves	1,856,461	1,802,061	1,548,949	1,538,373	1,540,073
Retained Surplus/(Deficit)	494,009	443,227	401,136	308,271	283,470
Total Equity	2,350,470	2,245,288	1,950,085	1,846,644	1,823,543
Current Liabilities	147,220	134,694	133,810	126,388	114,963
Non-Current Liabilities	282,340	200,301	144,731	128,877	44,406
Equity and Liabilities	2,780,030	2,580,283	2,228,626	2,101,909	1,982,912
Current Assets	311,824	236,984	210,308	272,003	256,310
Non-Current Assets	2,468,206	2,343,299	2,018,318	1,829,906	1,726,602
Total Assets	2,780,030	2,580,283	2,228,626	2,101,909	1,982,912
Cash Flows (\$'000)					
Operational Cash Flows including Government Funding					
– Receipts	864,682	716,476	689,224	643,298	630,897
– Payments	727,751	648,843	610,367	571,855	548,224
Net Cash provided by Operations	136,931	67,633	78,857	71,443	82,673

Five Year Financial Summary

The University of Melbourne and Controlled Entities

	2001	2000	1999	1998	1997
Sources of Income (\$'000)					
Commonwealth Recurrent Grants	220,862	214,243	207,319	217,097	235,891
Other Commonwealth Grants	109,796	109,248	97,908	95,958	96,572
Higher Education Contribution Scheme:					
– From Higher Education Trust Fund	68,607	64,833	68,469	62,890	50,865
– Up-Front payments from Students	15,446	15,037	14,290	13,712	12,183
State Government Grants	24,722	20,715	19,087	22,501	20,554
Investments, Fees, Charges	352,950	290,190	252,412	216,353	195,803
Grants, Donations and Bequests	47,386	35,126	24,260	19,708	15,349
Total Income	839,769	749,392	683,745	648,219	627,217
Expenditures (\$'000)					
Staff Costs	422,287	388,570	361,279	351,281	324,803
Depreciation	55,793	49,344	48,764	48,771	43,124
Grounds and Building Services	32,160	37,748	32,206	26,116	25,451
Scholarships	31,212	30,294	26,691	24,379	25,180
Other Expenses	221,998	189,864	196,351	174,587	168,768
Total Expenditure	763,450	695,820	665,291	625,134	587,326
Key Ratios					
Commonwealth Recurrent Grants including Payments from the Higher Education Contribution Scheme Trust Fund and Up-front payments from Students	304,915	294,113	290,078	293,699	298,939
Other University Income	534,854	455,279	393,667	354,520	328,278
Total University Income (\$'000)	839,769	749,392	683,745	648,219	627,217
Commonwealth Recurrent Grants as a % of Total University Income	36	39	42	45	48
Students (Full-time Equivalents)	30,125	28,956	28,633	28,104	27,618
Average Commonwealth Recurrent Grants per Student \$	10,122	10,157	10,131	10,450	10,824
DEST Funded Student Load	21,562	21,463	22,204	23,015	23,708
Average Commonwealth Recurrent Grants* per DEST funded position \$	10,243	9,982	9,337	9,433	9,950

*Excluding payments from the Higher Education contribution Scheme Trust Fund and Up-front payments from Students.

Full financial details are contained in the Financial Report for the year ended 31 December 2001 and in the explanatory notes thereto.

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Statements of Financial Performance

For the year ended 31 December 2001

	Note	CONSOLIDATED		UNIVERSITY	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Revenues from Ordinary Activities	2				
Commonwealth Government Financial Assistance	2.1	323,882	318,127	316,950	312,654
Higher Education Scheme:	2.2				
– Commonwealth Payments		68,607	64,833	68,607	64,833
– Student Contributions		15,446	15,037	15,151	14,631
Victorian Government Financial Assistance	2.3	24,722	20,715	24,178	20,262
Superannuation:					
– Deferred Government Contributions		1,252	3,901	953	3,501
– Commonwealth Supplementation		6,776	5,364	6,776	5,364
Fees and Charges	2.4	246,739	200,476	173,419	144,940
Investment Income	2.5	60,210	45,762	47,488	37,823
Other Revenue	2.6	92,135	75,177	88,898	75,221
Donation from Controlled Entity	3	–	–	–	50,000
Total Revenue from Ordinary Activities		839,769	749,392	742,420	729,229
Expenses from Ordinary Activities	2				
Employee Benefits	2.7	422,287	392,471	380,959	359,324
Depreciation and Amortisation	2.8	55,793	49,344	51,675	46,002
Borrowing Costs/Expenses	2.9	8	15	8	2
Buildings and Grounds	2.10	32,160	37,748	30,216	36,337
Bad and Doubtful Debts	2.11	534	67	109	67
Accounting and Auditing Services	2.12	442	274	133	120
Other Expenses	2.13	252,226	215,901	211,113	188,948
Total Expenditure from Ordinary Activities		763,450	695,820	674,213	630,800
Operating Result from Ordinary Activities		76,319	53,572	68,207	98,429
Income Tax	5	(87)	(20)	–	–
Operating Result from Ordinary Activities – after Income Tax		76,232	53,552	68,207	98,429
Increase in Asset Revaluation Reserve	15(b)	28,961	241,652	28,044	240,028
Total Changes in Equity		105,193	295,204	96,251	338,457

The accompanying notes form part of these financial statements.

Statements of Financial Position

For the year ended 31 December 2001

	Note	CONSOLIDATED		UNIVERSITY	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Current Assets					
Cash		17,926	15,744	3,576	1,948
Receivables	6	43,265	48,798	34,554	41,267
Investments	1.8, 7	224,903	147,304	177,903	99,534
Inventories	1.5, 8	8,080	7,135	8,035	7,074
Other	9	17,650	18,003	10,370	9,687
Total Current Assets		311,824	236,984	234,438	159,510
Non-Current Assets					
Receivables	6	90,314	90,530	78,419	79,967
Investments	1.8, 7	384,077	419,417	364,188	406,860
Property, Plant and Equipment	1.3, 10	1,987,836	1,833,140	1,871,874	1,720,973
Intangibles	1.4	5,945	212	–	–
Other		34	–	–	–
Total Non-Current Assets		2,468,206	2,343,299	2,314,481	2,207,800
Total Assets		2,780,030	2,580,283	2,548,919	2,367,310
Current Liabilities					
Accounts Payable		45,114	41,002	36,425	39,890
Other	12	53,180	48,033	43,056	39,160
Provisions	11	48,926	45,659	45,822	43,048
Total Current Liabilities		147,220	134,694	125,303	122,098
Non-Current Liabilities					
Borrowings	13	143,763	63,000	143,763	63,000
Provisions	11	138,577	137,301	124,828	123,439
Total Non-Current Liabilities		282,340	200,301	268,591	186,439
Total Liabilities		429,560	334,995	393,894	308,537
Net Assets		2,350,470	2,245,288	2,155,025	2,058,773
Equity					
Reserves	15(a)	1,856,461	1,802,061	1,735,935	1,683,367
Retained Surplus	14	494,009	443,227	419,090	375,406
Total Equity		2,350,470	2,245,288	2,155,025	2,058,773

The accompanying notes form part of these financial statements.

Statements of Cash Flows

For the year ended 31 December 2001

	Note	CONSOLIDATED		UNIVERSITY	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Cash Flows from/(used in) Operating Activities					
Inflows					
Financial Assistance:					
– Commonwealth Government		329,373	321,208	323,105	315,799
– Victorian Government		24,620	20,715	24,260	20,262
Higher Education Contribution Scheme:					
– Student Payments		15,446	15,037	15,151	14,631
– Commonwealth Payments		70,038	64,966	70,038	64,966
Fee-for-service Revenue		287,877	184,044	211,952	137,623
Other Income		68,657	63,609	66,163	114,454
Interest/Dividends Received		46,045	37,981	40,020	32,049
GST Net Refund		22,626	–	22,645	–
Outflows					
Payment to Employees		(416,575)	(382,380)	(375,943)	(350,510)
Payment to Suppliers		(253,279)	(166,402)	(219,271)	(148,300)
GST Net Payment		–	(4,975)	–	(4,975)
Interest Paid		(29)	(15)	(8)	(3)
Other		(57,868)	(86,155)	(57,258)	(85,154)
Net cash provided by Operating Activities	16(b)	136,931	67,633	120,854	110,842
Cash Flows from/(used in) Investing Activities					
Inflows					
Investments Sold		109,307	104,498	71,729	51,199
Proceeds from Sale of Non-Current Assets		4,176	24,320	1,815	24,126
Outflows					
Investments Purchased		(84,770)	(64,825)	(62,510)	(58,120)
Property, Plant and Equipment Purchased		(185,438)	(131,087)	(176,437)	(122,390)
Purchase of Goodwill		(6,098)	(228)	–	–
Net cash used in Investing Activities		(162,823)	(67,322)	(165,403)	(105,185)
Cash Flows from/(used in) Financing Activities					
Inflows					
Customer Loans Repaid/Loans Drawn Down		84,835	51,931	84,835	52,287
Outflows					
Customer Loans Granted/Loans Redeemed		(1,255)	(1,130)	(1,255)	(2,413)
Net cash from Financing Activities		83,580	50,801	83,580	49,874
Net increase/(decrease) in cash held		57,688	51,112	39,031	55,531
Cash at the beginning of the reporting period		130,651	79,539	89,543	34,012
Cash at the end of the reporting period	16(a)	188,339	130,651	128,574	89,543

The accompanying notes form part of these financial statements.

Notes to and forming part of the Financial Statements

Note 1. Statement of Accounting Policies

1.1 Introduction

The University's general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994*, Australian Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have also been prepared in accordance with revised guidelines issued by the Department of Education, Science and Training (DEST) (formerly known as the Department of Education, Training and Youth Affairs (DETYA)). Compliance with the revised DEST guidelines has resulted in a number of format changes for the Year 2001 financial statements compared to the format in which information was presented in prior years.

The Financial Statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values except for certain non-current assets which are recorded at independent valuation.

The accounting policies have been consistently applied and, except where stated, are consistent with those of the previous year.

The following is a summary of the material accounting policies adopted by The University of Melbourne in the preparation of the financial statements for the year ended 31 December 2001.

1.2 Principles of Consolidation

The Financial Statements consist of a consolidated Statement of Financial Performance, Statement of Financial Position and a Statement of Cash Flows. All reporting entities' balances and transactions resulting from inter-group transactions have been eliminated.

The Financial Statements show 'University' in addition to 'Consolidated' information. The term 'University' in this context covers all aspects of total operations with the exclusion of the controlled entities (see (5) opposite).

In order to provide further information, an additional Statement of Financial Performance, Statement of Financial Position and a Statement of Cash Flows (see Notes 28, 29 and 30) have been prepared in columnar form to show:

(1) University General Activities

A summary of the University's Teaching, Research and Administrative activities.

(2) University Trust Activities

A summary of University activities supported by funds derived from endowments and bequests and interest earned thereon.

(3) University Auxiliary Operations

A summary of the activities of the University's Auxiliary Operations Group. This group comprises the following organisations:

Students Loan Fund

Halls of Residence:

– Medley Hall

– Kendall Hall

– International House

Child Care Services

Sport and Physical Recreation Centre

Veterinary Clinic and Hospital

Strathfieldsaye Estate

Melbourne Theatre Company

Melbourne University Press

The Ian Potter Museum of Art

Notes to and forming part of the Financial Statements

Note 1. Statement of Accounting Policies – continued

(4) **Total University** [being the aggregation of (1), (2) and (3)]

(5) **Controlled Entities**

The controlled entities of the University are:

Australian International Health Institute Ltd ACN 084 268 655 and its controlled entity:

– Melbourne Health Information Pty Ltd ACN 092 217 859 (incorporated 28 March 2000)

Australian Music Examinations Board (Vic) Ltd ACN 050 464 364

Australian National Academy of Music Ltd ACN 067 405 190

Melbourne University Private Ltd ACN 081 182 685 and its controlled entities:

– MUP Services Pty Ltd ACN 82 978 578

– Melbourne Enterprises International Ltd ACN 073 950 062 and its controlled entities:

– Melbourne Enterprises International (Taiwan) Ltd (incorporated 27 June 2000)

– Melbourne Enterprises International (New Zealand) Ltd (incorporated 5 May 2000)

– Melbourne Information Management Pty Ltd ACN 087 644 595

– Hawthorn Edinburgh Ltd (incorporated in the UK 9 November 2000)

– Hawthorn English Language Centres (Canada) Ltd (incorporated 1 March 2001)

Land and Food Services Ltd ACN 006 818 739

Melbourne Business School Ltd ACN 007 268 233 and its controlled entities:

– The Melbourne Business School Foundation and

– The Melbourne Business School Foundation Ltd ACN 057 776 711

The School of Forestry, Creswick Ltd ACN 064 580 105

The Meanjin Company Ltd ACN 005 097 325

The Victorian College of the Arts

The Victorian College of the Arts is a body politic and corporate established under the *Victorian College of the Arts Act 1981*. By virtue of the *Victorian College of the Arts (Amendment) Act 1997* the University has a substantial management responsibility for the College.

The companies listed, with exception of the overseas subsidiaries in the Melbourne Enterprises International sub-group, are all incorporated in the State of Victoria. The University has more than 50% of the voting rights in each of these companies with the exception of Melbourne Business School Ltd. The University has an interest in the assets of Melbourne Business School Ltd such that it is a controlled entity for the purposes of this report.

In accordance with Australian Accounting Standards the financial statements of each of the above controlled entities have been included in the Consolidated Statements.

On 19 November 2001 Melbourne University Private Limited replaced the University of Melbourne as the sole member of Melbourne Enterprises International Limited.

During the financial year Melbourne Enterprises International Limited established an overseas subsidiary, Hawthorn English Language Centres (Canada) Limited, to acquire the business of Canada Language Centre.

On 12 November 2001 Melbourne Enterprises International Limited disposed of its 100% ownership in Hexima Limited. The shares in Hexima Limited were transferred to researchers (employed by the University) at nil cost.

Melbourne Health Information Pty Ltd, a controlled entity of Australian International Health Institute Ltd, has, as at the date of this report, not actively traded since its incorporation on 28 March 2000.

MUP Services Pty Ltd has been non-operational since it ceased trading on 1 July 2000.

Notes to and forming part of the Financial Statements

Note 1. Statement of Accounting Policies – continued

(6) Joint Ventures

The University through its controlled entity Melbourne University Private Limited (MUPL) has a 50% interest in a joint venture which Melbourne Enterprises International Limited (a subsidiary of MUPL) and the University of Queensland entered into on 13 September 2000. The joint venture was incorporated by the name of Uniseed Pty Limited and MEI is committed to providing \$10,000,000 in capital to Uniseed Pty Ltd of which \$2,834,446 has been provided. The balance of \$7,165,554 consisting of 7,165,554 partly paid shares has not been recognised as a liability in the consolidated financial statements as at 31 December 2001.

On 17 August Melbourne Enterprises International Limited entered into an unincorporated joint venture named Lignotek with Carter Holt Harvey Lignotek Holdings Pty Ltd. The principal activity of this joint venture is to commercialise intellectual property relating to fields of fast pyrolysis, phenols and furans.

1.3 Non-Current Assets

In accordance with Australian Accounting Standard AAS 10 the University is a not-for-profit entity and consequently its non-current assets are not subject to the recoverable amount test.

(i) Freehold Land and Buildings

The freehold land and buildings are recorded in the Statement of Financial Position at either:

Independent Valuation

An independent valuation of land and buildings belonging to the University and the Victorian College of the Arts was carried out as at 31 December 2000 by Craig Cunningham & Co (Real Estate) Pty Ltd. A valuation of land and buildings belonging to the Melbourne Business School Ltd was last conducted at 31 December 1999. All land and buildings were classified as being either properties that are essential to the function of the University (Core Assets) or properties that are non-essential or investment properties (Non-core Assets).

Core Assets

Are valued at replacement cost with an allowance for depreciation to reflect the present condition of the buildings.

Non-Core Assets

Are valued at market value net of estimated disposal cost.

Land is valued, in the case of small and medium sized sites, on the basis of market evidence. Large sites are valued on a fair value basis.

The current values of land and buildings are disclosed in Note 10. The amount of revaluation is disclosed in Note 15.

Cost

Where independent valuations are not used land and buildings are valued at cost. Capital expenditure on refurbishment of buildings which adds to their value rather than maintaining their value is recorded in the Statement of Financial Position at cost.

The cost of buildings includes all borrowing costs incurred on borrowings used to fund the construction of the buildings.

(ii) Library Collection

Independent Valuation

During 2001 an independent assessment of some of the rare book collection was carried out by Kenneth Hince Old and Fine Books Pty Ltd, and the collection's value determined on the basis of market value. The parts of the collection not revalued in 2001 will be revalued in 2002.

Cost

Since 1992 all purchases have been recorded at cost. That part of the library collection that was recorded at independent valuation at 31 December 1992 has now been deemed as valued at cost under the transitional provisions of AASB 1041 'Valuation of Non-Current Assets'.

Notes to and forming part of the Financial Statements

Note 1. Statement of Accounting Policies – continued

(iii) Works of Art

An independent valuation of the University's Art Collection was undertaken over the period of May to November 2000. The valuation encompassed only those items which are under the care and custodianship of the University's Ian Potter Museum of Art.

During 2001 an independent valuation of the Baillieu Library Print Collection and the Granger Museum was carried out by Leonard Joel Australia.

The University Archives and the University's Classics and Archaeology Collection have not yet been revalued. The amount of revaluation is disclosed in Note 15.

(iv) Motor Vehicles

Recorded in the Statement of Financial Position at cost less depreciation. Profits in respect of the sale or trade-in of motor vehicles are included in Notes 2.6 and 4 to the Statement of Financial Performance and in Note 10.

(v) Furniture and Equipment

Recorded in the Statement of Financial Position at cost less depreciation. The parts of equipment which were recorded at independent valuations at 30 September 1990 and at 31 December 1997 in the accounts of three controlled entities have now been deemed as valued at cost under the transitional provisions of AASB 1041 'Valuation of Non-Current Assets'. Profits and losses in respect of disposals are included in Notes 2.6 and 4 to the Statement of Financial Performance and in Note 10.

The University has a policy of only recording as fixed assets furniture and equipment costing \$5,000 or more. Items under \$5,000 are expensed. Some controlled entities have lower capitalisation thresholds.

(vi) Leasehold Improvement

Recorded in the Statement of Financial Position at cost less amortisation. Improvements costing \$5,000 or more are capitalised with expenditure less than \$5,000 being expensed.

(vii) Construction in Progress

Recorded in the Statement of Financial Position at cost. Borrowing costs incurred that relate to major construction projects in progress are capitalised and also recorded in the Statement of Financial Position at cost.

(viii) Depreciation

Depreciation is provided on a straight line basis on all tangible fixed assets other than Freehold Land, Construction in Progress, Works of Art and the Rare Book Collection (included in the Library Collection) none of which are depreciated.

Major Depreciation Rates are:

Buildings	3%
Motor Vehicles	20%
Furniture, Fixtures and Fittings	10%
Telephone Equipment (PABX System)	12½%
General Equipment	25%
Scientific and Computing Equipment	33⅓%
Leasehold Improvements (amortised over the term of the lease)	
Library Collection:	
– Monographs	2½%
– Periodicals	2%

Depreciation rates used by some controlled entities vary slightly from the major rates stated above.

Acquisitions are depreciated from the date of purchase, disposals are depreciated up to the date of sale.

Notes to and forming part of the Financial Statements

Note 1. Statement of Accounting Policies – continued

1.4 Goodwill

Goodwill, representing the excess of the cost of acquisition over the carrying value of the identifiable net assets acquired, is amortised by the straight line method over the period during which benefits are expected to be received. This period can be up to 20 years.

1.5 Inventories

Annual stocktakes of inventories are undertaken at all locations. Inventories comprising Finished Goods, Raw Materials, Work in Progress, Livestock, Fodder and Hay stocks are measured at the lower of cost and net realisable value, with adjustments made to take account of obsolescence.

1.6 Employee Entitlements

(i) Recreation Leave

The provision for recreation leave represents the University's liability as at 31 December 2001 and has been determined in accordance with Australian Accounting Standard AAS30. The current portion of the liability is the amount expected to be settled within 12 months of the reporting date.

(ii) Long Service Leave

The provision for employee entitlements to long service leave represents the University's liability as at 31 December 2001. The liability has been calculated using both the nominal method and the net present value method in accordance with Australian Accounting Standard AAS30. Where there is no material difference, the nominal method is used which recognises leave entitlements of employees with more than four years service. The current portion of the liability is the amount expected to be settled within 12 months of the reporting date.

(iii) Superannuation

Employee contributory superannuation funds exist to provide benefits for the University's employees and their dependants on retirement, disability or death. The contributions made to these funds by the University are recorded in the Statement of Financial Performance. Further details are provided in Note 21.

(iv) Unfunded Superannuation Liabilities

In accordance with the directions issued by the Minister for Finance in January 1999 and the revised 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 the University and its controlled entity, the Victorian College of the Arts, were recorded in the Statement of Financial Performance and the Statement of Financial Position for the first time in 1998. The prior years' practice had been to disclose the liabilities by way of a note to the financial statements.

The unfunded liabilities recorded in the Statement of Financial Position under Provisions have been determined by the actuary of the Victorian Government Superannuation Office and relate to employees who transferred to the University from the former Melbourne College of Advanced Education (merged with the University 1 January 1989) together with those employees of Hawthorn Institute of Education Ltd (merged with the University 1 January 1997), the Victorian College of Agriculture and Horticulture Ltd (merged with the University 1 July 1997) and the controlled entity Victorian College of the Arts who are members of the State Superannuation Scheme.

An arrangement exists between the Commonwealth Government and the State Government to meet the unfunded liability for the University's beneficiaries of the State Superannuation Schemes on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987*, the *Higher Education Funding Act 1988* and subsequent amending legislation. Accordingly the unfunded liabilities have been recognised in the Statement of Financial Position 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 the University and its controlled entities.

Notes to and forming part of the Financial Statements

Note 1. Statement of Accounting Policies – continued

1.7 Revenue Recognition

(i) Commonwealth Government Financial Assistance

In accordance with Australian Accounting Standard AAS15, the first bimonthly Commonwealth Government Operating Financial Assistance for January 2002, received in advance, has been treated as Income in Advance and recognised as a liability in the Statement of Financial Position.

The University regards the receipt of Commonwealth Government Operating Financial Assistance as a reciprocal transfer as the University has to teach a HECS-funded student load and provide the necessary facilities and services in return for the financial assistance.

Where the Minister is satisfied that a higher education institution has failed to meet a condition applicable to the financial assistance, the financial assistance or part thereof is required to be returned to the Commonwealth.

Under these conditions the revenue received in advance may not be recognised until the higher education institution meets its obligations in the relevant year.

Where Commonwealth Government Financial Assistance represents a non-reciprocal transfer, it has been recognised as revenue.

(ii) General

Operating revenues are taken up in the Statement of Financial Performance in the year to which they apply.

Revenue from rendering a service is recognised upon the delivery of the service.

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Income in the form of endowments and bequests is brought to account as revenue when actually received by the University.

1.8 Investments

Investments in other entities are carried at the lower of cost and recoverable amount. Dividends are only taken into income when received. Refer also Note 31.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

1.9 Foreign Currencies

Transactions in foreign currencies which are carried out by the library for book purchases are converted to Australian currency at the rate of exchange on the date on which the currency is purchased. The University hedges its foreign currency exposure in respect of major purchases of equipment from overseas countries. The assets and liabilities of overseas controlled entities are translated at year-end rates and operating results are translated at the rates ruling at the date of transactions.

The University has entered into a foreign currency contract on behalf of one of its controlled entities for the purpose of managing the foreign currency exposure during the term of a contract with the Ministry of Health, Central Java Province, Indonesia for the provision of postgraduate courses to Indonesian health professionals.

1.10 Leases

The University leases certain land and buildings. All leases are operating leases and payments are brought to account in the Statement of Financial Performance.

Notes to and forming part of the Financial Statements

Note 1. Statement of Accounting Policies – continued

1.11 Taxation

The University of Melbourne and its controlled entities, with the exception of the wholly owned subsidiaries of Melbourne Enterprises International Limited, are exempt from income tax pursuant to Part 50.1 of the *Income Tax Assessment Act 1997*. The overseas controlled entities of Melbourne Enterprises International Ltd are subject to income tax in the relevant tax jurisdictions.

The wholly owned subsidiaries of Melbourne Enterprises International Limited adopt the liability method of tax-effect accounting.

1.12 Cash

For the purpose of the Statements of Cash Flows, the University considers cash to include cash on hand and at bank, at-call deposits and commercial/bank bills with a maturity of 90 days or less.

1.13 Comparatives

The University has adopted the presentation and disclosure requirements of Accounting Standards AASB 1018 'Statement of Financial Performance', AASB 1034 'Financial Report Presentation and Disclosure' and AASB 1040 'Statement of Financial Position' for the first time in the preparation of its consolidated financial report. In accordance with the requirements of these Standards, comparative amounts have been reclassified in order to comply with the new presentation format. The reclassification of comparative amounts has not resulted in a change to the aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities or equity, or the consolidated operating result as reported in the prior year financial report.

1.14 Rounding

All amounts shown in the financial statements are expressed by reference to the nearest thousand dollars unless otherwise specified.

1.15 Change in Accounting Policy

Until 31 December 2000, Plant and Equipment and the Library (Non-heritage) assets were revalued periodically.

On application of Australian Accounting Standard AASB 1041 'Revaluation of Non-Current Assets', with effect from 1 January 2001, the University elected to revert to the cost basis for measuring all Plant & Equipment and Library (Non-heritage) assets. This option has been adopted in order to comply with the policy requirements of the Department of Treasury and Finance as detailed in its Accounting and Financial Reporting Bulletin Issue 38 – Valuation of Non-Current Assets – applicable to the Financial Year ending 31 December 2001.

In reverting from a revaluation to a cost basis, the carrying amount of Plant and Equipment and Library (Non-Heritage) assets as at 1 January 2001, was deemed as the cost of those assets. The change in accounting policy has had no impact on either the current year's Statement of Financial Performance or the opening accumulated surplus.

Notes to and forming part of the Financial Statements

	Note	CONSOLIDATED		UNIVERSITY	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Note 2. Revenues and Expenses from Ordinary Activities					
2.1 Commonwealth Government Financial Assistance					
Financial Assistance pursuant to the Higher Education Funding Act 1988, excluding HECS					
Operating purposes excluding HECS	32.1	214,096	208,879	214,096	208,879
Teaching Hospitals	32.1	931	911	931	911
Special Research Assistance:					
– Large Research	32.2	12,435	12,599	12,435	12,599
– SPIRT (including APA (Industry))	32.2	5,463	4,891	5,463	4,891
– Research Fellowships	32.2	2,414	2,051	2,414	2,051
– International Research Fellowships	32.2	195	324	195	324
– Special Research Centres	32.2	1,368	2,133	1,368	2,133
– Research Infrastructure Equipment and Facilities	32.2	3,041	814	3,041	814
– Indigenous Researchers Development	32.2	–	17	–	17
– Small Research	32.3	3,369	3,326	3,369	3,326
– Infrastructure	32.3	10,738	10,433	10,738	10,433
– Australian Postgraduate Awards	32.3	8,435	8,181	8,435	8,181
– International Postgraduate Research Scholarships	32.3	970	963	970	963
		263,455	255,522	263,455	255,522
Commonwealth Research Financial Assistance and Other Commonwealth Funding					
Department of Primary Industry		4,106	4,537	4,106	4,537
Cooperative Research Centre		4,655	4,123	4,655	4,123
National Health and Medical Research Council		29,219	26,056	29,219	26,056
Other Commonwealth Research		8,632	6,286	8,632	6,286
Biotechnology Development Financial Assistance		–	9,500	–	9,500
Commonwealth Government Federation Fund		5,044	2,500	–	–
Other Funding		8,771	9,603	6,883	6,630
		60,427	62,605	53,495	57,132
		323,882	318,127	316,950	312,654

Notes to and forming part of the Financial Statements

2.2 Higher Education Contribution Scheme

- (a) Amounts received from DEST pursuant to the *Higher Education Funding Act 1988* from HECS Trust Fund and amounts expended

Amount received in previous period:

- Advance payment received in previous period

Amount received in the reporting period

Amount attributable to future period:

- Advance payment received for next period

Amount expended in the reporting period

- (b) HECS contributions actually received from students

- (c) Total HECS revenue for the reporting period

	CONSOLIDATED		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
	5,339	5,206	5,339	5,206
	68,833	64,966	68,833	64,966
	74,172	70,172	74,172	70,172
	(5,565)	(5,339)	(5,565)	(5,339)
	68,607	64,833	68,607	64,833
	15,446	15,037	15,151	14,631
	84,053	79,870	83,758	79,464
	8,471	7,654	7,947	7,254
	6,254	4,001	6,254	4,001
	2,064	1,828	2,064	1,828
	1,309	817	1,289	802
	6,624	6,415	6,624	6,377
	24,722	20,715	24,178	20,262

2.3 Victorian Government Financial Assistance

State Government Financial Assistance was received during the period for the following purposes:

Recurrent Funding

Research Funding

Microbiological Diagnostic Unit

Support to the Arts (Arts Victoria)

Miscellaneous Purposes

Notes to and forming part of the Financial Statements

	Note	CONSOLIDATED		UNIVERSITY	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
2.4 Fees and Charges					
Fees and charges were collected from the following sources during the reporting period:					
Continuing Education		2,140	1,909	2,140	1,909
Full Fee-Paying Overseas Students		103,234	79,529	86,905	71,585
Fee-Paying Non-Overseas Postgraduate Students		18,665	8,758	18,427	8,758
Fee-Paying Non-Overseas Undergraduate Students		9,199	10,984	9,199	10,984
Other Course Charges		21,581	21,204	9,000	8,161
Library Fees		623	614	205	292
Rent/Use of Facilities		4,771	2,986	4,682	2,664
Charges for Student Accommodation		7,759	7,671	5,444	7,491
Parking Fees		1,339	1,047	1,268	945
Sundry Fees		2,804	1,820	2,749	1,820
TAFE Tuition		549	641	441	641
Hire of Apparatus/Laboratory Fees		97	64	60	30
Excursions		178	324	178	324
Seminar, Conference and Course Fees		3,305	2,949	2,906	2,754
Examination Fees		2,116	1,711	254	–
Charges for Services Provided		68,379	58,265	29,561	26,582
		246,739	200,476	173,419	144,940
2.5 Investment Income					
Investment Income comprises:					
Interest Received and Receivable		20,818	22,011	16,879	17,113
Dividends		23,656	14,963	21,633	13,956
Gain on Sale of Investments		13,165	7,278	7,506	5,998
Other		2,571	1,510	1,470	756
		60,210	45,762	47,488	37,823
2.6 Other Revenue					
Other Revenue comprises:					
Donations and Bequests		17,112	11,867	16,898	11,611
Publishing and Book Sales		8,742	9,430	8,737	9,430
Box Office Receipts		6,014	5,331	5,957	5,248
Computer Sales		3,083	3,658	3,083	3,658
Sale of Produce and Livestock		3,199	2,737	3,199	2,737
Profit on Sale of Non-current Assets	4	122	5,873	63	5,821
Non-government Grants		30,274	23,259	30,141	23,259
Scholarships and Prizes		141	113	141	–
Copyright and Royalty Income		2,898	2,183	2,898	2,183
Miscellaneous Income		20,550	10,726	17,781	11,274
		92,135	75,177	88,898	75,221

Notes to and forming part of the Financial Statements

	CONSOLIDATED		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
2.7 Employee Benefits				
Salaries:				
– Academic	179,645	173,678	173,013	166,586
– Non-Academic	163,388	141,632	135,345	122,297
Contributions to Superannuation and Pension Schemes:				
– Deferred Employee Benefits for Superannuation	1,252	3,901	953	3,501
– Emerging Costs	7,933	7,796	7,132	6,894
– Funded	41,627	40,225	38,839	37,201
Payroll Tax	21,006	19,992	19,387	18,534
Workers' Compensation	1,988	1,839	1,719	1,667
Long Service Leave Expense	1,739	1,764	1,649	1,261
Annual Leave	1,836	1,199	1,560	991
Other	1,873	445	1,362	392
	422,287	392,471	380,959	359,324
Number of Equivalent Full-time Employees at 31 December 2001	5,277	5,202	4,777	4,774
2.8 Depreciation and Amortisation				
Depreciation/Amortisation Expense by Class of Assets:				
Tangible Assets				
Buildings	28,972	27,108	27,435	25,617
Leasehold Improvements	158	74	32	22
Laboratory/Computing Equipment	9,864	6,472	9,535	6,241
General Equipment	6,293	5,043	4,941	3,971
Furniture	160	767	41	622
Motor Vehicles	1,602	2,168	1,525	2,034
Library Collection	8,376	7,697	8,166	7,495
Total Tangible Assets	55,425	49,329	51,675	46,002
Intangible Assets				
Goodwill	368	15	–	–
Total Intangible Assets	368	15	–	–
Total Depreciation and Amortisation	55,793	49,344	51,675	46,002
2.9 Borrowing Costs				
Interest Expense				
– Paid to Non-Related Persons/Corporations	8	15	8	2

Notes to and forming part of the Financial Statements

	Note	CONSOLIDATED		UNIVERSITY	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
2.10 Buildings and Grounds					
Maintenance Materials/Services:					
– Buildings		26,202	33,402	25,738	32,434
– Plant and Equipment		5,958	4,346	4,478	3,903
		32,160	37,748	30,216	36,337
2.11 Bad and Doubtful Debts					
Bad Debts Written Off		195	96	82	89
Increase/(Decrease) in Provision for Doubtful Debts		339	(29)	27	(22)
		534	67	109	67
2.12 Accounting and Auditing Services					
Auditing Accounts:					
– Auditor-General		228	202	132	120
– Other Auditors		64	41	1	–
Accounting Services		150	31	–	–
		442	274	133	120
2.13 Other Expenses					
Scholarships and Prizes		31,212	30,294	29,593	28,599
Equipment Purchases (Items not Capitalised)		18,219	24,631	17,763	22,929
Consumable Materials/Inventory Used		23,035	20,169	22,038	18,789
Travel, Staff Development and Training		24,522	21,756	20,688	19,351
Library Materials		4,064	3,651	3,651	3,313
Non-Government Grants		16,539	13,918	15,985	12,876
Utilities and Services		31,134	23,673	28,388	20,052
Insurance		1,955	1,609	1,801	1,609
Financial Assistance Provided to Controlled Entities		–	–	15,569	16,281
Loss on Sale of Non-Current Assets	4	115	–	106	–
Rent		5,496	5,045	4,040	4,706
Printing and Publications		13,125	11,187	11,606	11,187
Leasing		2,625	2,836	2,595	2,560
Program and Course Development, Preparation and Delivery Services		29,304	24,483	–	–
Other Operating Costs		50,881	32,649	37,290	26,696
		252,226	215,901	211,113	188,948
Note 3. Donation from Controlled Entity					
(Abnormal Item in Year 2000)					
Donation from Controlled Entity – Melbourne Enterprises International Ltd					
		–	–	–	50,000
		–	–	–	50,000

Notes to and forming part of the Financial Statements

Note 4. Profit on Sale of Property, Plant and Equipment

Proceeds from Sale	2,089	24,320	1,815	24,126
Book Value/Written Down Value	(2,082)	(18,447)	(1,857)	(18,305)
Net Profit/(Loss)	7	5,873	(42)	5,821

Note 5. Income Tax Expense

The prima facie tax on operating profit is reconciled to the income tax provided in the Financial Statements as follows:

Prima facie tax payable on operating profit/(loss)
of tax paying controlled entities before income tax

Income tax effect of:

Non-Deductible Expenditure

Other

Income Tax Expense

Future Income tax benefits not brought to account as assets:*

Tax Losses – Revenue

CONSOLIDATED		UNIVERSITY	
2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
2,089	24,320	1,815	24,126
(2,082)	(18,447)	(1,857)	(18,305)
7	5,873	(42)	5,821
4	(88)	–	–
17	35	–	–
66	73	–	–
87	20	–	–
66	73	–	–

*Losses recorded in Melbourne Enterprises International Limited (MEI). During the year MEI became part of the Melbourne University Private Group. Melbourne University Private Limited (the Parent) is income tax exempt and as such no future income tax benefit will be realised.

Note 6. Receivables

Current

Sundry Debtors
Provision for Doubtful Debts

Student Loans
Provision for Doubtful Debts

Government Contributions for Superannuation

Other Loans, Advances and Recoverables

Non-Current

Student Loans
Government Contributions for Superannuation
Other Loans, Advances and Recoverables

CONSOLIDATED		UNIVERSITY	
2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
32,036	37,821	25,432	31,449
(1,418)	(1,074)	(1,035)	(1,009)
30,618	36,747	24,397	30,440
1,375	1,390	1,322	1,313
(25)	(25)	(25)	(25)
1,350	1,365	1,297	1,288
7,589	6,375	6,645	5,675
3,708	4,311	2,215	3,864
43,265	48,798	34,554	41,267
1,069	1,044	1,038	1,032
86,863	86,825	74,998	75,015
2,382	2,661	2,383	3,920
90,314	90,530	78,419	79,967

Notes to and forming part of the Financial Statements

Note 6. Receivables – continued

Government Contributions for Superannuation

Since 1987, the University has been aware of amounts owing from the Commonwealth and State Governments in respect of unfunded superannuation on the basis of established practice and past events. These events include correspondence that provides for the Commonwealth Government, together with the State Government of Victoria, to meet the unfunded liability accruing to beneficiaries of the State Superannuation Schemes on an emerging costs basis. At present the costs are shared 72% by the Commonwealth Government and 28% by the State Government of Victoria. These events include the *State Grants (General Revenue) Amendment Act 1987*, the *Higher Education Funding Act 1988* and subsequent amending legislation which authorises annual expenditure and estimates the expenditure in the Commonwealth's three-year forward program. While there is no formal agreement and therefore no guarantee regarding the specific amounts shared between the State Government, the Commonwealth Government and the University, the University has no evidence that the Commonwealth and State Governments will not continue to progressively meet the emerging costs in accordance with current practice. The total consolidated amount owing in respect of these schemes at 30 June 2001 is recorded at \$94.452 million (2000 \$93.200 million). Refer Notes 1.6(iv), 11 and 22.

Note 7. Investments

Current

	CONSOLIDATED		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Bank and Term Deposits	59,047	55,656	50,578	10,886
Commercial Paper	95,050	60,386	62,519	60,386
Floating Rate Notes	5,210	7,502	5,210	7,502
Debentures	13,359	20,760	7,359	20,760
Shares in a Private Company	10	–	10	–
Corporate Securities	52,227	–	52,227	–
Bank Managed Trust	–	3,000	–	–
Total Current Investments	224,903	147,304	177,903	99,534
Maturities of Current Investments				
Investments – Maturing <90 days	170,413	114,907	124,997	87,595
Investments – Maturing >90 days	54,490	32,397	52,906	11,939
	224,903	147,304	177,903	99,534
Non-Current				
Floating Rate Notes	5,533	14,734	5,533	14,734
Corporate Securities	51,184	76,755	51,184	76,755
Shares	260,751	247,631	240,481	234,379
Listed Income Securities/Unit Trusts	64,743	60,035	54,774	54,774
Shares in Subsidiary Companies	–	–	10,350	10,350
Debentures	–	14,978	–	14,978
Other	1,866	5,284	1,866	890
Total Non-Current Investments	384,077	419,417	364,188	406,860
Total Investments	608,980	566,721	542,091	506,394

Note 31.3 provides further details regarding the composition of the investments under Financial Assets for both Book Value and Market Value.

Notes to and forming part of the Financial Statements

Note 8. Inventories

Finished Goods
Raw Materials
Work in Progress
Livestock and Other

CONSOLIDATED		UNIVERSITY	
2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
4,383	4,129	4,338	4,068
907	936	907	936
30	52	30	52
2,760	2,018	2,760	2,018
8,080	7,135	8,035	7,074

Note 9. Other (Current) Assets

Prepaid Expense
Accrued Income

6,704	6,209	6,476	5,959
10,946	11,794	3,894	3,728
17,650	18,003	10,370	9,687

Note 10. Property, Plant and Equipment

Freehold Land

At Cost
At Independent Valuation:
– 31 December 2000
– 31 December 1999

714	815	–	–
401,236	405,846	361,236	365,846
15,100	15,100	–	–
417,050	421,761	361,236	365,846

Buildings

At Cost
Provision for Depreciation

27,147	97	25,962	97
(397)	–	(396)	–
26,750	97	25,566	97

At Independent Valuation:
– 31 December 2000
Provision for Depreciation

926,666	921,959	907,046	902,340
(27,690)	–	(27,080)	–
898,976	921,959	879,966	902,340

At Independent Valuation:
– 31 December 1999
Provision for Depreciation

27,840	27,840	–	–
(2,162)	(1,236)	–	–
25,678	26,604	–	–

Freehold Land and Buildings after Depreciation

1,368,454	1,370,421	1,266,768	1,268,283
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Notes to and forming part of the Financial Statements

	CONSOLIDATED		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Note 10. Property, Plant and Equipment – continued				
Library Collection				
At Cost – Library General	302,554	72,591	299,874	71,663
Provision for Depreciation	(66,206)	(6,634)	(64,460)	(6,280)
	236,348	65,957	235,414	65,383
At Independent Valuation				
– 31 December 1992	–	220,880	–	219,225
Provision for Depreciation	–	(51,195)	–	(50,013)
	–	169,685	–	169,212
At Independent Valuation – Rare Book Collection:				
– 31 December 2001	31,266	–	31,266	–
– 31 December 1992	17,746	31,367	17,746	31,367
	49,012	31,367	49,012	31,367
Library Collection after Depreciation	285,360	267,009	284,426	265,962
Works of Art				
At Cost	–	–	–	–
At Independent Valuation:				
– 31 October 2001	1,241	–	–	–
– 31 December 2001	10,399	–	10,399	–
– 30 November 2000	32,005	32,005	32,005	32,005
– 30 September 1995	1,214	1,538	1,214	1,214
Works of Art after Depreciation	44,859	33,543	43,618	33,219
Motor Vehicles				
At Cost	8,996	11,064	8,570	10,218
Provision for Depreciation	(3,049)	(4,454)	(2,921)	(4,256)
Motor Vehicles after Depreciation	5,947	6,610	5,649	5,962
Furniture				
At Cost	1,287	9,981	459	9,120
Provision for Depreciation	(645)	(7,924)	(255)	(7,534)
Furniture after Depreciation	642	2,057	204	1,586
Scientific/Computing Equipment				
At Cost	96,209	93,073	88,659	86,412
Provision for Depreciation	(79,410)	(77,714)	(73,472)	(72,452)
	16,799	15,359	15,187	13,960
At Independent Valuation:				
– 31 December 1997	–	3,252	–	–
Provision for Depreciation	–	(1,120)	–	–
	–	2,132	–	–
Scientific/Computing Equipment after Depreciation	16,799	17,491	15,187	13,960

Notes to and forming part of the Financial Statements

	CONSOLIDATED		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Note 10. Property, Plant and Equipment – continued				
General Equipment				
At Cost	66,753	40,776	59,492	38,429
Provision for Depreciation	(50,630)	(30,687)	(47,463)	(29,780)
	16,123	10,089	12,029	8,649
At Independent Valuation:				
– 30 September 1990	–	1,498	–	1,468
Provision for Depreciation	–	(1,498)	–	(1,468)
	–	–	–	–
General Equipment after Depreciation	16,123	10,089	12,029	8,649
Leasehold Improvements				
At Cost	2,303	1,651	1,291	1,059
Provision for Amortisation	(753)	(912)	(456)	(740)
Leasehold Improvements after Amortisation	1,550	739	835	319
Construction in Progress				
At Cost	248,102	125,181	243,158	123,034
Total Property, Plant and Equipment				
At Cost	754,065	355,229	727,465	340,032
Provision for Depreciation/Amortisation	(201,091)	(128,325)	(189,423)	(121,042)
	552,974	226,904	538,042	218,990
At Independent Valuation:				
Provision for Depreciation	1,464,714	1,661,285	1,360,913	1,553,464
	(29,852)	(55,049)	(27,081)	(51,481)
	1,434,862	1,606,235	1,333,832	1,501,983
Total Written Down Value	1,987,836	1,833,140	1,871,874	1,720,973
Borrowing Costs Capitalised				
Borrowing Costs incurred for Building Construction (included in Construction in Progress)	14,426	4,363	14,426	4,363

Summary of Consolidated Non-Current Asset Transactions – Year ended 31 December 2001

Class of Asset	Depreciation Expense \$'000	Acquisitions at cost/valuation \$'000	Disposals at Cost \$'000
Buildings	28,972	27,146	–
Library Collection	8,376	9,083	–
Motor Vehicles	1,602	2,898	(2,213)
Furniture	160	254	(32)
Equipment	16,157	20,206	(8,981)
Leasehold Improvements	158	882	(316)
Construction in Progress	–	124,968	–
Total	55,425	185,437	(11,542)

Notes to and forming part of the Financial Statements

Note 10. Property, Plant and Equipment – continued

Summary of Consolidated Non-Current Asset Transactions – Year ended 31 December 2001 – continued

Class of Asset	Proceeds of Disposals \$'000	Book Value Disposals \$'000	Net Gain/(Loss) Disposals \$'000
Buildings	–	–	–
Library Collection	–	–	–
Motor Vehicles	1,612	1,328	284
Furniture	–	7	(7)
Equipment	477	747	(270)
Leasehold Improvements	–	–	–
Construction in Progress	–	–	–
Total	2,089	2,082	7

Note 11. Provisions

Current

Employee Entitlements:

	CONSOLIDATED		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
– Long Service Leave	7,086	6,797	6,741	6,498
– Recreation Leave	34,223	32,387	32,435	30,875
– Deferred Benefits for Superannuation	7,589	6,375	6,645	5,675
Taxation	–	48	–	–
Other	28	52	1	–
	48,926	45,659	45,822	43,048

Non-Current

Employee Entitlements:

– Long Service Leave	48,370	46,920	46,492	45,086
– Deferred Benefits for Superannuation	86,863	86,825	74,998	75,015
WorkCover Claims	3,338	3,338	3,338	3,338
Other	6	218	–	–
	138,577	137,301	124,828	123,439

Provision for Employee Entitlements – Deferred Benefits for Superannuation

A total consolidated net unfunded liability for retirement benefits of \$94.452 million (2000 – \$93.200 million) accruing to beneficiaries of the State Superannuation Schemes has been recorded in the Statements of Financial Position as a liability. This liability is funded on an emerging costs basis by the Commonwealth Government (72%) and the State Government (28%) and has been included in the Statements of Financial Position pursuant to a ministerial directive issued by the Victorian Minister for Finance under the *Financial Management Act 1994*. The University does not believe it has a liability in this matter and before 1998 disclosed the unfunded liability for superannuation by way of note to the financial statements titled 'Notional Share of Superannuation Liability'. See Notes 1.6(iv), 6 and 22.

Notes to and forming part of the Financial Statements

Note 12. Other Current Liabilities

Income in Advance

Commonwealth Government:

- Operating Financial Assistance
- HECS Trust Fund
- Research and Other Financial Assistance

Student Fees

Other

Deposits and Funds lodged

Note 13. Borrowings (Non-Current)

Secured Bank Borrowings

	CONSOLIDATED		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
	18,182	18,135	17,152	17,130
	6,770	5,339	6,770	5,339
	560	1,203	560	1,203
	17,527	16,489	10,498	10,441
	9,429	6,072	7,364	4,252
	52,468	47,238	42,344	38,365
	712	795	712	795
	53,180	48,033	43,056	39,160
	143,763	63,000	143,763	63,000

The Bank Borrowing is for the construction of a major educational facility comprising academic and retail building works and a car park. The loan is secured by registered first mortgage over certain freehold property and a registered equitable mortgage of securities over specified shareholdings held by the University. The total loan facility is for \$150,000,000 with repayments extending until 2029.

Note 14. Retained Surplus

Balance at the Beginning of Year

Operating Result from Ordinary Activities after Income Tax

2000 Year End Balance Adjustment

Transfers to/(from) Reserves

Balance at the End of Year

Note	CONSOLIDATED		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
	443,227	401,136	375,406	288,212
	76,232	53,552	68,207	98,429
	(11)	–	–	–
15(b)	(25,439)	(11,461)	(24,523)	(11,235)
	494,009	443,227	419,090	375,406
	183,919	159,396	183,919	159,396
	50,026	50,078	50,000	50,000
	1,584,499	1,555,537	1,500,216	1,472,172
	7,887	6,920	1,800	1,799
	30,130	30,130	–	–
Total Reserves	1,856,461	1,802,061	1,735,935	1,683,367

Note 15a. Equity – Reserves

Reserves at the End of Year comprise:

– Trust Fund Reserve

– General Reserve

– Asset Revaluation Reserve

– Special Purpose Reserve

– Members Capital Reserve

The Special Purpose Reserve comprises funds held in trust, funds held in perpetuity and funds held for specific purposes.

Notes to and forming part of the Financial Statements

	CONSOLIDATED		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Note 15b. Movements in Reserves				
Trust Fund Reserve				
Balance at the Beginning of Year	159,396	148,299	159,396	148,299
Transfer Operating Surplus/(Deficit)	24,523	11,097	24,523	11,097
Balance at the End of Year	183,919	159,396	183,919	159,396
General Reserve				
Balance at the Beginning of Year	50,078	50,078	50,000	50,000
Transfer Operating Surplus/(Deficit)	(51)	-	-	-
Balance at the End of Year	50,026	50,078	50,000	50,000
Asset Revaluation Reserve				
Balance at the Beginning of Year	1,555,538	1,313,886	1,472,172	1,232,144
Changes due to:				
Revaluation of Freehold Land and Buildings	-	233,616	-	231,992
Revaluation of Library Collection	17,645	-	17,645	-
Revaluation of Works of Art	11,316	8,036	10,399	8,036
	28,961	241,652	28,044	240,028
Balance at the End of Year	1,584,499	1,555,538	1,500,216	1,472,172
Special Purpose Reserve				
Balance at the Beginning of Year	6,920	6,556	1,800	1,661
Transfer from/(to) Retained Earnings	967	364	-	138
Balance at the End of Year	7,887	6,920	1,800	1,799
Members Capital Reserve				
Balance at the Beginning of Year	30,130	30,130	-	-
Balance at the End of Year	30,130	30,130	-	-
Summary of Transfers – (excluding Asset Revaluations and Members Capital Reserve)				
Trust Fund Reserve	24,523	(11,097)	24,523	(11,097)
General Reserve	(51)	-	-	-
Special Purpose Reserve	967	(364)	-	(138)
	25,439	(11,461)	24,523	(11,235)

Notes to and forming part of the Financial Statements

	CONSOLIDATED		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Note 16. Notes to the Statement of Cash Flows				
(a) Reconciliation of Cash				
Cash	17,845	15,705	3,496	1,930
Petty Cash Floats	81	39	81	18
Deposits at Call/Term Deposits	83,222	27,463	50,578	151
Bank Bills (Maturity < than 90 days)	87,191	87,444	74,419	87,444
	188,339	130,651	128,574	89,543
(b) Reconciliation of Net Cash provided by Operating Activities with Operating Result from Ordinary Activities after Income Tax				
Operating Result from ordinary activities after Income Tax	76,232	53,552	68,207	98,429
Depreciation	55,425	49,329	51,675	46,002
Amortisation of Goodwill	368	15	–	–
Increase/(Decrease) in Provision for Doubtful Debts	339	(29)	27	(22)
Decrease in Provision for Taxation	–	(37)	–	–
Increase/(Decrease) in Payables	6,900	(2,291)	(1,526)	(4,719)
Increase in Wages and Salaries Payable	4,186	3,050	4,062	2,817
Increase/(Decrease) in Receivables/Prepayments	3,398	(23,411)	3,823	(18,739)
Increase/(Decrease) in Income in Advance	4,211	947	3,010	(774)
Loss/(Gain) on Sale/Redemption of Investments	(13,165)	(7,278)	(7,506)	(5,998)
Loss/(Gain) on Sale of Non-Current Assets	4	(5,873)	42	(5,821)
Decrease/(Increase) in Inventories	(967)	(341)	(960)	(333)
Net Cash from Operating Activities	136,931	67,633	120,854	110,842
Note 17. Operating Lease Expenditure Commitments				
Not later than one year	3,379	2,938	2,659	2,517
Later than one year but not later than five years	10,596	9,252	8,455	8,556
Later than five years	5,475	7,396	4,068	6,163
	19,450	19,586	15,182	17,236
Current Year Operating Lease Expenditure	2,625	2,836	2,595	2,560

Notes to and forming part of the Financial Statements

Note 18. Capital Expenditure Commitments

At 31 December 2001 estimated Capital Expenditure contracted for but not provided for is as follows:

Payable not later than one year
Payable later than one year but not later than five years

CONSOLIDATED		UNIVERSITY	
2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
50,288	152,211	39,593	152,211
–	25,000	–	25,000

The University has entered into contracts for the construction of educational facilities. One of the major contracts, the University Square Project, comprises the construction of academic and retail buildings as well as a car park. The construction phase of the University Square Project is now complete and fit-out will be completed progressively from February to September 2002. Refer also Note 13.

Note 19. Contingent Liabilities

The University and its controlled entities have the following contingent liabilities as at 31 December 2001.

19.1 Indemnity

- (a) The University has issued a Letter of Indemnity to the National Australia Bank to cover the Bank's guarantee to the Victorian WorkCover Authority under the University's WorkCover Self Insurance Scheme. The amount of the guarantee is \$5,052,000 and the actuarial assessment of claims liability as at 31 December 2001 is \$3,697,000.
- (b) In addition, the University has provided two indemnities to cover National Australia Bank guarantees to the City of Melbourne in respect of two matters relating to the University Square Development:
- (i) a 50-year lease (signed in 2000) in respect of a site on which the University has constructed and will operate a car park (\$600,000); and
 - (ii) an undertaking by the University to consolidate all certificates of title to roads within the University Square Development and purchased by private treaty, with the titles relating to abutting properties (\$50,000).

19.2 Student Accommodation

(a) College Square

The University has agreed to provide a rental guarantee to the purchasers of student apartments in the College Square development at 550-590 Lygon Street Carlton. The rental guarantee is for years three and four as the developer is providing the rental guarantee for the first two years. The agreement has been structured so that in those years the University receives all rentals from tenants and pays the apartment owners a defined return. The North and South towers became available in first semester 1999, hence the University's maximum liability assuming zero occupancy is \$3,515,080 in 2002. Should a 91% occupancy be achieved, the liability is zero.

The University has extended the rental guarantee for the central building of 129 new apartments. Construction was completed in 2000 and hence the liability for this guarantee will emerge in 2003 and 2004.

In return for providing this rental guarantee, the University obtained priority access for its students to all available apartments.

(b) University City Apartments

Commencing in 1998, the University leased for a period of 10 years an apartment building containing 214 apartments at 408 Lonsdale Street, Melbourne known as University City Apartments. The University sublets these apartments to students. The rental of this building was \$1,882,090 in 2001 and will be \$1,934,227 in 2002. An occupancy level of 82.5% is required to cover the head lease payment. The actual occupancy level achieved for 2001 averaged 96.0%.

Notes to and forming part of the Financial Statements

Note 20. Particulars in Relation to Each Consolidated Entity

	Operating Surplus/(Deficit) after Income Tax	
	2001 \$'000	2000 \$'000
University General		
– Operating Result from Ordinary Activities	58,444	90,161
Trust Funds	8,847	8,689
Auxiliary Operations:		
Students Loan Fund	260	125
Halls of Residence:		
– Medley Hall	(18)	19
– Kendall Hall	36	(88)
– International House	127	(60)
Child Care Services	216	63
Sport and Physical Recreation Centre	16	(73)
The Ian Potter Museum of Art	(40)	(179)
Veterinary Clinic and Hospital	221	196
Strathfieldsaye Estate	(12)	22
Melbourne Theatre Company	164	(295)
Melbourne University Press	(54)	(151)
Sub-total University	68,207	98,429
Controlled Entities		
Victorian College of the Arts	6,192	2,744
Melbourne Business School Limited	2,543	3,986
Melbourne University Private Limited	(3,779)	(2,229)
Melbourne Enterprises International Limited	3,815	(49,959)
Meanjin Company Limited	8	10
Australian Music Examinations Board (Vic) Limited	–	36
Australian International Health Institute Limited	(13)	102
Land and Food Services Ltd (previously VCAH Services Ltd)	37	22
The School of Forestry, Creswick Limited	82	270
Australian National Academy of Music Limited	(860)	141
Sub-total Controlled Entities	8,025	(44,877)
Total	76,232	53,552

Notes to and forming part of the Financial Statements

Note 21. Superannuation Commitments

21.1 University employees are members of a range of superannuation schemes, which are divided into the following categories:

- (i) Those operative and open to membership:
 - UniSuper (comprising the merged SSAU – Superannuation Scheme for Australian Universities and TESS – Tertiary Education Superannuation Scheme)
- (ii) State Government Schemes closed to future membership by University employees:
 - State Employees Retirement Benefits Scheme
 - State Superannuation Scheme

Some University employees receive superannuation benefits through the Superannuation Guarantee Scheme.

21.2 From 1 May 1983 the University became a participating institution in the Superannuation Scheme for Australian Universities (SSAU) which was merged on 1 October 2000 with the Tertiary Education Superannuation Scheme (TESS) to form UniSuper under the trusteeship of UniSuper Limited. As at 31 December 2001, all eligible employees were members of one of two schemes which replaced the SSAU known as the Defined Benefit Plan and the Investment Choice Plan. UniSuper Management Pty Ltd administers these schemes and its operations are regulated by the *Superannuation Industry (Supervision) Act 1993*. The employer contribution rates throughout 2001 were at either 7% for those employees contributing 3.5% or at 14% for those employees contributing 7% of base salary.

21.3 During 1988 the University, in response to an industrial award, became a participating institution in the Tertiary Education Superannuation Scheme (TESS), a non-contributory scheme for University employees. As mentioned in Note 21.2 TESS was merged with the Superannuation Scheme for Australian Universities to form UniSuper. UniSuper Ltd replaced the previous administrator, TESS Superannuation Limited. The scheme was renamed the Award Plus Plan. UniSuper Management Pty Ltd administers the scheme and is regulated by the *Superannuation Industry (Supervision) Act 1993*. The employer contribution rate throughout 2001 was 3% of base salary in respect of those employees who were members of the Defined Benefit Plan or the Investment Choice Plan and 8% (representing the minimum level of superannuation support or Superannuation Guarantee Charge (SGC) as prescribed under the *Superannuation Guarantee Charge Act 1992*) in respect of the University's casual and non-permanent employees who were not members of the Defined Benefit Plan or the Investment Choice Plan.

21.4 The State Employees Retirement Benefits Scheme and the State Superannuation Scheme are administered by the Government Superannuation Office.

21.5 The total superannuation contributions by the University during the year were:

	2001 \$'000	2000 \$'000
UniSuper – Defined Benefit Plan and Investment Choice Plan	28,956	27,018
UniSuper – Award Plus Plan	10,886	9,595
State Government Schemes	295	218
Other Superannuation Funds	1,490	3,393
	41,627	40,224

Notes to and forming part of the Financial Statements

Note 22. Deferred Superannuation Liability

The cost of superannuation relating to employees who transferred to the University from the former Melbourne College of Advanced Education together with those employees of the former controlled entities Hawthorn Institute of Education Ltd and Victorian College of Agriculture and Horticulture Ltd and those employees of Victorian College of the Arts who are members of the State Superannuation Scheme has been determined by the Victorian Government Superannuation Office.

As at 30 June 2001 the unfunded superannuation liability amounted to:

	2001 \$'000	2000 \$'000
University of Melbourne	81,643	80,690
Victorian College of the Arts	12,809	12,510
	94,452	93,200

Funding to meet payments incurred will be provided to the University of Melbourne by the Commonwealth Government. The cost is shared between the State of Victoria and the Commonwealth in accordance with Section 14 of the *Commonwealth States Grants (General Purposes) Act 1994*.

As stated in the Financial Statements for the State of Victoria 2000-2001, based on a cost sharing arrangement with the Commonwealth, the State is only required to make contributions to the Commonwealth equivalent to approximately 25% of unfunded liability in relation to University employees. The remaining 75% is to be met by the Commonwealth. The State has reported its liability accordingly. Refer also notes 1.6(iv), 6 and 11.

Note 23. WorkCover – Self Insurance

As from 1 October 1990, the University became a Self Insurer for Workers' Compensation and WorkCover. The actuarial assessment carried out as at 31 December 2001 assessed liabilities at \$3,697,000 (\$3,308,000 at 31 December 2000) which are projected to increase to \$3,831,000 (\$3,368,000 at 31 December 2001) by 31 December 2002.

Note 24. Segment Information

The University operates predominantly in the field of higher education in Australia and provides teaching and research services. Two of the University's controlled entities deliver educational and examination services in overseas countries.

Geographical	Revenue		Operating Result before Income Tax		Assets	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Australia	830,922	749,379	76,300	53,614	2,771,818	2,580,043
Asia	22	13	(78)	(42)	234	240
Other	8,825	–	97	–	9,083	–
Total	839,769	749,392	76,319	53,572	2,781,135	2,580,283

Notes to and forming part of the Financial Statements

Note 25. Consultants

Details of consultants engaged by the University and their costs were as follows:

	2001 \$'000	2000 \$'000
Consultancies costing less than \$100,000		
Payments to Consultants	711	627
Number of Consultancies Engaged	54	36
Consultancies costing more than \$100,000		
KPMG Management Consulting Pty Ltd – Advisory services <i>Universitas 21</i>	–	262
Boston Consulting Group – Review of subsidiary companies	599	–
Stanton Consulting Partners – New administration system project	308	–
Acumen Alliance (Vic) Pty Ltd – New administration systems project	289	–
Debis IT Services (Australia) Pty Ltd – New administration system project	117	–
	969	850

At the year-end there were no commitments in respect of consultant engagements.

Note 26. Directors and Executives Remuneration

(a) Remuneration of Members of Council:

Total amounts received by Members of Council
– (including accumulated benefits due to Council Members who retired during the year)

The number of Members of Council whose remuneration fell within the following bands of remuneration was:

	2001 Number	2000 Number
Nil	18	12
\$10,001-\$20,000	1	3
\$30,001-\$40,000	1	–
\$50,001-\$60,000	1	1
\$90,001-\$100,000	1	1
\$140,001-\$150,000	1	2
\$161,001-\$170,000	1	–
\$380,001-\$390,000	–	1
\$450,001-\$460,000	1	–
	25	20

Notes to and forming part of the Financial Statements

Note 26. Directors and Executives Remuneration – continued

(b) Remuneration of Executives:

Total amounts received by Executives of the Group including Members of Council
– (including accumulated benefits due to Executives who retired during the year)

2001 \$'000	2000 \$'000
7,235	5,761

The number of Executives whose remuneration fell within the
following bands of remuneration was:

\$100,001-\$110,000
\$110,001-\$120,000
\$120,001-\$130,000
\$130,001-\$140,000
\$140,001-\$150,000
\$150,001-\$160,000
\$160,001-\$170,000
\$170,001-\$180,000
\$180,001-\$190,000
\$190,001-\$200,000
\$200,001-\$210,000
\$220,001-\$230,000
\$240,001-\$250,000
\$250,001-\$260,000
\$310,001-\$320,000
\$340,001-\$350,000
\$350,001-\$360,000
\$380,001-\$390,000
\$450,001-\$460,000

2001 Number	2000 Number
4	–
2	–
2	–
3	1
1	5
2	4
9	4
1	4
2	3
5	–
3	4
1	1
1	–
1	1
1	–
–	1
1	1
–	1
1	–
40	30

Notes to and forming part of the Financial Statements

Note 27. 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.

(a) Responsible Minister:

The Hon. Lynne Kosky MP

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

The Hon. Sir AE Woodward AC (<i>resigned 2/2/01</i>)	The Hon. B Forwood MLC
Mr P Allen	Prof. AD Gilbert
Prof. JA Angus	Ms IE Lawson (<i>appointed 23/10/01</i>)
Mr TL Anning	Dr B Lochtenberg
Mr S Booth	Mrs FS Marles
Sir AN Broers	Assoc. Prof. CA McCarty (<i>resigned 25/7/01</i>)
The Hon. Mr Justice A Chernov QC	Prof. PB McPhee
Mr P Coats	Ms EM Proust (<i>resigned 06/3/01</i>)
Mr DA Crawford	Mr IA Renard
Dr NG Curry	Mrs R Storelli (<i>appointed 1/1/01</i>)
Ms M Doig (<i>appointed 23/10/01</i>)	Ms CM Walter
Dr R Di Nicolantonio (<i>appointed 1/10/01</i>)	The Hon. DR White
Ms N Feely (<i>appointed 1/1/01, resigned 2/3/01</i>)	

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

Mr IA Renard, a member of the Council, is a consultant of Allens Arthur Robinson, solicitors, and was until 31 March 2001 a partner in its predecessor firm Arthur Robinson & Hedderwicks, which firms have provided legal services to the University and its controlled entities on normal commercial terms and conditions.

Ms CM Walter is a Director of National Australia Bank Ltd which provided financial services as the banker of the University and its controlled entities. All transactions are based on normal commercial conditions and terms.

Other related party transactions requiring disclosure under the directions of the Minister for Finance have been considered and there are no matters to report.

Notes to and forming part of the Financial Statements

Note 28. Statements of Financial Performance for the year ended 31 December 2001

	University General \$'000	Trust Funds \$'000	Auxiliary Operations \$'000	University Total \$'000	Controlled Entities \$'000	Consolidated \$'000
Revenue						
Commonwealth Government Financial Assistance:						
– General Operating	220,872	–	–	220,872	1,711	222,583
– Research	96,114	–	–	96,114	–	96,114
– Other	5,623	–	1,116	6,739	5,221	11,960
Operating Funds received from						
Melbourne University	–	–	575	–	15,569	–
Higher Education Contribution Scheme	83,758	–	–	83,758	295	84,053
Victorian Government Financial Assistance	22,859	–	1,320	24,178	544	24,722
Course Fees and Charges	124,158	11	3,929	128,098	67,345	195,443
Investment Income	32,175	14,881	833	47,488	12,706	60,210
Charges for Services	26,727	45	12,220	38,992	7,804	46,545
Donations and Bequests	14,231	1,498	1,109	16,838	214	17,187
Non-Government Grants	27,691	10	–	27,701	137	27,706
Profit Non-Current Asset Sales	–	–	63	63	59	122
Other	31,810	483	18,784	50,626	3,563	51,872
Deferred Income–Government Contributions for Superannuation	953	–	–	953	299	1,252
Total Revenue from Ordinary Activities	686,971	16,928	39,949	742,420	115,467	839,769
Less Expenses						
Salaries and On-costs	358,589	2,357	16,106	377,052	40,901	417,953
Scholarships and Prizes	27,865	1,558	170	29,593	1,619	31,212
Equipment Purchases	16,525	988	249	17,763	506	18,269
Library Materials	3,169	421	61	3,651	450	4,101
Consumable Materials	17,870	47	4,122	22,038	407	22,445
Travel, Staff Development and Training	19,897	179	612	20,688	3,821	24,508
Grounds and Building Services	25,121	43	574	25,738	1,020	26,758
Repairs and Maintenance	3,562	6	910	4,477	829	5,306
Rent	2,356	23	1,661	4,040	1,705	5,496
Utilities and Services	27,430	73	885	28,388	2,745	31,133
Printing and Publications	5,203	118	7,881	13,202	1,892	15,094
Audit and Accountancy Fees	116	1	209	133	345	442
Insurance	1,746	–	54	1,801	176	1,977
General Expense	32,620	695	3,106	36,164	45,377	79,261
Interest Expense	8	–	402	8	(16)	8
Grants	13,869	1,572	77	15,517	554	16,071
Bad and Doubtful Debts	–	–	108	109	436	545
Depreciation and Amortisation	49,874	–	1,801	51,675	4,118	55,793
Leasing Payments	2,554	–	42	2,595	34	2,629
Loss on Sale of Non-Current Asset	103	–	3	106	8	115
Provisions	2,953	–	–	2,953	129	3,082
Deferred Employee Benefits for Superannuation	953	–	–	953	299	1,252
Funding to Controlled Entities/Operations	16,144	–	–	15,569	–	–
Total Expense from Ordinary Activities	628,527	8,081	39,033	674,213	107,355	763,450

Notes to and forming part of the Financial Statements

Note 28. Statements of Financial Performance for the year ended 31 December 2001 – continued

	University General \$'000	Trust Funds \$'000	Auxiliary Operations \$'000	University Total \$'000	Controlled Entities \$'000	Consolidated \$'000
Operating Result from Ordinary Activities						
before Income Tax	58,444	8,847	916	68,207	8,112	76,319
Income Tax	-	-	-	-	(87)	(87)
Operating Result from Ordinary Activities						
after Income Tax	58,444	8,847	916	68,207	8,025	76,232
Accumulated Funds at Beginning of Year	366,906	-	8,501	375,406	62,101	443,227
2000 Year End Balance Adjustment	-	-	-	-	-	(11)
Transferred to Reserves	(15,675)	(8,847)	(2)	(24,524)	(914)	(25,439)
Accumulated Funds at End of Year	409,675	-	9,415	419,089	69,212	494,009

Note 29. Statements of Financial Position as at 31 December 2001

	University General \$'000	Trust Funds \$'000	Auxiliary Operations \$'000	University Total \$'000	Controlled Entities \$'000	Consolidated \$'000
Current Assets						
Cash	4,548	-	14,615	3,576	15,618	17,926
Receivables	36,842	185	3,050	34,554	8,783	43,265
Investments	141,714	35,878	310	177,903	47,063	224,903
Inventories	3,731	-	4,304	8,035	45	8,080
Other	8,286	-	2,084	10,370	7,217	17,650
Total Current Assets	195,121	36,063	24,363	234,438	78,726	311,824
Non-Current Assets						
Receivables	80,280	-	1,039	78,419	11,895	90,314
Investments	222,555	139,625	2,008	364,188	30,239	384,077
Property, Plant and Equipment	1,815,078	-	56,796	1,871,874	115,962	1,987,836
Intangibles – Goodwill	-	-	-	-	5,945	5,945
Other	-	-	-	-	34	34
Total Non-Current Assets	2,117,913	139,625	59,843	2,314,481	164,075	2,468,206
Total Assets	2,313,034	175,688	84,206	2,548,919	242,801	2,780,030
Current Liabilities						
Bank Overdraft	10,174	3,727	2,954	-	163	-
Accounts Payable	33,441	62	7,176	36,425	9,866	45,114
Other	37,093	-	5,963	43,056	10,124	53,180
Provisions	44,438	-	1,384	45,822	3,104	48,926
Total Current Liabilities	125,146	3,789	17,477	125,303	23,257	147,220
Non-Current Liabilities						
Creditors and Borrowings	143,763	-	2,899	143,763	-	143,763
Provisions	124,105	-	724	124,828	13,749	138,577
Total Non-Current Liabilities	267,868	-	3,623	268,591	13,749	282,340
Total Liabilities	393,014	3,789	21,100	393,894	37,006	429,560
Net Assets	1,920,020	171,899	63,106	2,155,025	205,795	2,350,470
Equity						
Capital	-	-	-	-	10,350	-
Reserves	1,510,346	171,899	53,691	1,735,935	126,233	1,856,461
Retained Surplus	409,674	-	9,415	419,090	69,212	494,009
Total Equity	1,920,020	171,899	63,106	2,155,025	205,795	2,350,470

Notes to and forming part of the Financial Statements

Note 30. Statements of Cash Flows for the Year Ended 31 December 2001

	University General \$'000	Trust Funds \$'000	Auxiliary Operations \$'000	University Total \$'000	Controlled Entities \$'000	Consolidated \$'000
Cash Flows from/(used in)						
Operating Activities						
Inflows						
Financial Assistance:						
– Commonwealth Government	321,988	–	1,116	323,105	6,268	329,373
– Victorian Government	22,859	–	1,402	24,260	360	24,620
Higher Education Contribution Scheme:						
– Student Payments	15,150	–	–	15,151	295	15,446
– Commonwealth Payments	70,037	–	–	70,038	–	70,038
Fee-For-Service Revenue	176,936	56	35,153	211,952	75,925	287,877
Operating Funds from Melbourne University	–	–	575	–	15,569	–
Other Income	63,028	1,708	2,134	66,163	5,056	68,657
Transfers	(802)	270	532	–	–	–
Interest/Dividends Received	24,650	14,881	890	40,020	6,009	46,045
GST Net Refund	22,614	–	31	22,645	(19)	22,626
Outflows						
Payment to Employees	(357,736)	(2,357)	(15,849)	(375,943)	(40,631)	(416,575)
Payment to Suppliers	(197,456)	(2,637)	(20,206)	(219,271)	(54,541)	(253,279)
Interest Paid	(8)	–	(402)	(8)	(5)	(29)
Other	(53,817)	(3,196)	(244)	(57,258)	(1,110)	(57,868)
Net Cash from Operating Activities	107,443	8,725	5,132	120,854	13,177	136,931
Cash Flows from/(used in)						
Investing Activities						
Inflows						
Investments Sold	71,729	–	–	71,729	37,580	109,307
Proceeds from Sale of Non-Current Assets	1,603	–	212	1,815	2,361	4,176
Transfers	10,265	(10,265)	–	–	–	–
Long Term Fund	–	–	–	–	–	–
Outflows						
Investments Purchased	(58,029)	(4,480)	–	(62,510)	(22,261)	(84,770)
Property, Plant and Equipment Purchased	(174,582)	–	(1,855)	(176,437)	(9,002)	(185,438)
Purchase of Goodwill	–	–	–	–	(6,098)	(6,098)
Net Cash used in Investing Activities	(149,014)	(14,745)	(1,643)	(165,403)	2,580	(162,823)
Cash Flows from/(used in)						
Financing Activities						
Inflows						
Customer Loans Repaid	1,609	–	–	1,609	–	1,609
Loans Drawn Down	82,000	–	1,276	83,226	–	83,226
Outflows						
Customer Loans Granted/Loans Redeemed	–	(9)	(1,297)	(1,255)	–	(1,255)
Net Cash used in Financing Activities	83,609	(9)	(21)	83,580	–	83,580
Net increase/(decrease) in cash held	42,038	(6,029)	3,468	39,031	15,757	57,688
Cash at the beginning of the						
Reporting Period	61,300	18,035	8,493	89,543	45,113	130,651
Transfer of Cash	(15,675)	15,675	–	–	–	–
Cash at End Period	87,663	27,681	11,961	128,574	60,870	188,339

Notes to and forming part of the Financial Statements

Note 31. Financial Instruments

31.1 The economic entity's accounting policies, including the terms and conditions of each class of financial asset and financial liability, both recognised and unrecognised at balance date, are as follows:

Recognised Financial Instruments	Balance Sheet Note	Accounting Policies	Terms and Conditions
(a) Financial Assets			
Receivables	6	Receivables are carried at nominal amounts due less any provision for doubtful debts.	Accounts Receivable credit terms are 30 days.
Loans Receivable	6	Loans Receivable are stated at the lower of cost or recoverable amount.	
Deposits At Call	1.8, 7	Deposits At Call are stated at cost.	Bank Call Deposits interest rate is determined by the official Money Market 11am call rate.
Term Deposits	1.8, 7	Term Deposits are stated at cost.	Term Deposits are for a period of up to one year. Interest rates are between 4.2% and 5.03%.
Bank Managed Trust	1.8, 7	Bank Managed Trust is stated at cost.	Interest rate is determined by the official Money Market 11am call rate.
Floating Rate Notes	1.8, 7	Floating Rate Notes are stated at purchase cost.	Term of the Notes is in the range of 1-27 months. Interest rate is 5.63%.
Listed Income Securities	1.8, 7	Listed Income Securities are carried at cost.	Listed Income Securities are traded securities perpetuity. Interest rates are a margin over the 90-day Bank Bill rate.

Notes to and forming part of the Financial Statements

Note 31. Financial Instruments – continued

Recognised Financial Instruments	Balance Sheet Note	Accounting Policies	Terms and Conditions
Commercial Paper Short Term	1.8, 7	Commercial Paper is carried at cost.	Term of the Paper is less than 30 days. Interest rates are in the range of 4.22% to 4.43%.
Corporate Securities	1.8, 7	Corporate Securities are stated at cost.	Term of the Securities is 15-45 months. Interest rates range between 6.40% and 6.46%.
Debentures	1.8, 7	Debentures are stated at cost.	Term of the Debentures is 10-28 months. Interest rate is 4.72%.
Mortgage Loans	1.8, 7	First Mortgage Loans are carried at cost. Interest is recognised when received.	Interest rates are in the range 7.50% to 8.0%.
Listed Shares	1.8, 7	Listed Shares are carried at the lower of cost or recoverable amount.	
Unlisted Shares	1.8, 7	Unlisted Shares are carried at the lower of cost or recoverable amount.	
Unit Trusts	1.8, 7	Unit Trusts are carried at the lower of cost or recoverable amount.	
Quoted Convertible Notes	1.8, 7	Quoted Convertible Notes are carried at the lower of cost or recoverable amount.	
(b) Financial Liabilities			
Bank Borrowing	13	Borrowings are carried at cost. Interest paid on the borrowing is capitalised into the cost of the construction project.	Term of the Borrowing is 30 years. Under a Bill Acceptance and Discount Facility the interest rate is capped at 7.32%.
Creditors and Accruals		Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced to the economic entity.	Creditors are normally settled on 30 day terms.

Notes to and forming part of the Financial Statements

Note 31. Financial Instruments – continued

31.2 The following table details the economic entity's exposure to risks on Financial Instruments as at 31 December 2001:

Financial Instruments	Non-Interest Bearing	Interest earning maturing in			Consolidated carrying amount as per Statement of Financial Position \$'000	Weighted effective Interest Rate %
	\$'000	1 year or less \$'000	Over 1 year to 5 years \$'000	More than 5 years \$'000		
Financial Assets						
Price Risk – Interest Rate Risk						
Term Deposits	–	42,737	–	–	42,737	4.68
Floating Rate Notes	–	5,209	5,533	–	10,742	5.63
Listed Income Securities	–	–	–	54,774	54,774	6.49
Commercial Paper	–	75,290	–	–	75,290	4.39
Corporate Securities Short Term	–	42,233	35,178	–	77,411	6.40
Corporate Securities Long Term	–	9,995	16,976	–	26,971	6.46
Debentures	–	7,359	–	–	7,359	4.72
Quoted Convertible Notes	199	–	–	–	199	N/A
Market Risk						
Listed Shares	242,175	–	–	–	242,175	N/A
Unlisted Shares	18,394	–	–	–	18,394	N/A
Listed Securities	5,260	–	–	–	5,260	N/A
Unit Trusts	10,709	–	–	–	10,709	N/A
Mortgage Loans	–	–	889	–	889	8.00
Credit Risk						
Receivables	34,327	–	–	–	34,327	N/A
Loans Receivable	4,800	–	–	–	4,800	N/A
Cash Flow Risk						
Cash	–	34,944	–	–	34,944	4.23
Bank Call Deposits	–	36,070	–	–	36,070	4.28
Total Financial Assets	315,864	253,837	58,576	54,774	683,051	–
Financial Liabilities						
Credit Risk						
Bank Borrowing	–	1,264	10,741	133,021	145,026	7.32
Creditors and Accruals	45,114	–	–	–	45,114	N/A
Cash Flow Risk						
Bank Overdraft	–	17,018	–	–	17,018	7.55
Total Financial Liabilities	45,114	18,282	10,741	133,021	207,158	–

Notes to and forming part of the Financial Statements

Note 31. Financial Instruments – continued

31.2 The following table details the economic entity's exposure to risks on Financial Instruments as at 31 December 2000:

Financial Instruments	Non-Interest Bearing	Interest earning maturing in			Consolidated carrying amount as per Statement of Financial Position \$'000	Weighted effective Interest Rate %
	\$'000	1 year or less \$'000	Over 1 year to 5 years \$'000	More than 5 years \$'000		
Financial Assets						
Price Risk – Interest Rate Risk						
Bank Term Deposits	–	47,267	–	–	47,267	6.32
Floating Rate Notes	–	7,502	14,734	–	22,236	6.56
Listed Income Securities	–	–	60,035	–	60,035	7.63
Commercial Paper Short Term	–	60,386	–	–	60,386	6.36
Corporate Securities	–	–	76,755	–	76,755	6.61
Debentures	–	20,760	14,978	–	35,738	6.53
Quoted Convertible Notes	199	–	–	–	199	N/A
Market Risk						
Listed Shares	238,091	–	–	–	238,091	N/A
Unlisted Shares	9,540	–	–	–	9,540	N/A
Unit Trusts	4,195	–	–	–	4,195	N/A
Mortgage Loans	–	–	890	–	890	8.00
Credit Risk						
Receivables	46,044	–	–	–	46,044	N/A
Loans Receivables	2,754	–	–	–	2,754	N/A
Cash Flow Risk						
Cash	29,887	–	–	–	29,887	5.73
Deposits At Call	–	8,389	–	–	8,389	6.05
Bank Managed Trust	–	3,000	–	–	3,000	6.05
Total Financial Assets	330,710	147,304	167,392	–	645,406	–
Financial Liabilities						
Credit Risk						
Bank Borrowing	–	–	7,236	55,764	63,000	7.32
Creditors and Accruals	41,002	–	–	–	41,002	N/A
Cash Flow Risk						
Bank Overdraft	14,143	–	–	–	14,143	N/A
Total Financial Liabilities	55,145	–	7,236	55,764	118,145	–

Notes to and forming part of the Financial Statements

Note 31. Financial Instruments – continued

31.3 Net Fair Values

The aggregate net fair values of financial assets and financial liabilities are as follows:

	Total consolidated carrying amount as per Statement of Financial Position		Aggregate net fair value	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Financial Assets				
Cash	34,944	29,887	34,944	29,887
Receivables	34,327	46,044	34,327	46,044
Loans Receivable	4,800	2,754	4,800	2,754
Deposits At Call	36,070	8,389	36,070	8,389
Term Deposits	42,737	47,267	42,737	47,267
Bank Managed Trust*	–	3,000	–	3,405
Floating Rate Notes*	10,743	22,236	10,810	22,236
Listed Income Securities*	54,774	60,035	50,038	56,171
Commercial Paper*	75,290	60,386	75,290	60,386
Corporate Securities Short Term	77,411	–	80,825	–
Corporate Securities Long Term*	26,970	76,755	27,961	78,533
Debentures*	7,359	35,738	7,359	36,240
Mortgage Loans*	889	890	889	890
Listed Shares/Securities*	247,435	238,091	442,117	404,681
Unlisted Shares*	18,394	9,540	18,394	9,555
Unit Trusts*	10,709	4,195	11,624	5,334
Quoted Convertible Notes*	199	199	205	167
Total Financial Assets	683,051	645,406	878,391	811,939
Financial Liabilities				
Bank Borrowings	145,027	63,000	145,027	63,000
Creditors and Accruals	45,114	41,002	45,114	41,002
Bank Overdraft	17,018	14,143	17,018	14,143
Total Financial Liabilities	207,159	118,145	207,159	118,145

* Where aggregate net fair value exceeds the carrying cost in the Statement of Financial Position the following assumptions were made:

Listed Shares – Valued at the Australian Stock Exchange closing prices on the last trading day of the year.

Other Financial Instruments – Quoted market prices, where available, were used. Where quoted market prices do not exist, fair values presented are derived using net present value or other valuation techniques.

Notes to and forming part of the Financial Statements

Note 32. Acquittal of Commonwealth Government Financial Assistance

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

	UNIVERSITY		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
	Operating Financial Assistance excluding HECS		Teaching Hospitals	
32.1 Teaching and Learning				
Financial Assistance in advance (paid in the previous reporting period for the current reporting period)	16,676	16,251	74	73
Plus Financial Assistance received during reporting period	212,856	207,912	932	912
Less Financial Assistance in advance (received in the reporting period for the next reporting period)	(17,132)	(16,676)	(75)	(74)
Accrual Adjustments				
Over enrolment previous period accrued in previous period	–	(2,596)	–	–
Over enrolment previous period received in current period	1,696	2,821	–	–
Over enrolment current period accrued in current period	–	1,167	–	–
Revenue attributed to the reporting period	214,096	208,879	931	911
Surplus/(Deficit) Prior Year	231	249	–	–
Funds available for the reporting period	214,327	209,128	931	911
Less Expenses for current period	(213,867)	(208,897)	(931)	(911)
Surplus/(Deficit) for reporting period	460	231	–	–
	Large Research		SPIRT – including APA (Industry) and Collaborative	
32.2 Australian Research Council				
Financial Assistance in advance				
(paid in the previous reporting period for the current reporting period)	–	660	–	243
Plus Financial Assistance received during reporting period	12,492	11,894	5,696	4,621
Less Financial Assistance in advance (received in the reporting period for the next reporting period)	–	–	–	–
Accrual Adjustments				
Recovery previous period in current period	(38)	–	(233)	27
Transfer of previous year grant from another institution	(19)	45	–	–
Revenue attributed to the reporting period	12,435	12,599	5,463	4,891
Surplus/(Deficit) Prior Year	3,665	3,221	1,828	988
Funds available for the reporting period	16,100	15,820	7,291	5,879
Less Expenses for current period	(12,574)	(12,155)	(4,937)	(4,052)
Surplus/(Deficit) for reporting period	3,526	3,665	2,354	1,827

Notes to and forming part of the Financial Statements

Note 32. Acquittal of Commonwealth Government Financial Assistance – continued

	UNIVERSITY		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
			Research Fellowships	International Research Exchange
32.2 Australian Research Council				
Financial Assistance in advance (paid in the previous reporting period for the current reporting period)	–	140	–	26
<i>Plus</i> Financial Assistance received during reporting period	2,411	2,006	195	298
<i>Less</i> Financial Assistance in advance (received in the reporting period for the next reporting period)	–	–	–	–
Accrual Adjustments				
Recovery previous period in current period	–	(95)	–	–
Transfer of previous year grant from another institution	3	–	–	–
Revenue attributed to the reporting period	2,414	2,051	195	324
Surplus/(Deficit) Prior Year	414	409	109	4
Funds available for the reporting period	2,828	2,460	304	328
<i>Less</i> Expenses for current period	(2,174)	(2,047)	(266)	(220)
Surplus/(Deficit) for reporting period	654	413	38	108
			Special Research Centres	Research Infrastructure Equipment and Facilities
Financial Assistance in advance (paid in the previous reporting period for the current reporting period)	–	–	–	–
<i>Plus</i> Financial Assistance received during reporting period	1,368	2,133	3,041	814
<i>Less</i> Financial Assistance in advance (received in the reporting period for the next reporting period)	–	–	–	–
Revenue attributed to the reporting period	1,368	2,133	3,041	814
Surplus/(Deficit) Prior Year	848	32	882	882
Funds available for the reporting period	2,216	2,165	3,923	1,696
<i>Less</i> Expenses for current period	(1,768)	(1,316)	(1,737)	(1,549)
Surplus/(Deficit) for reporting period	448	849	2,186	147
			Indigenous Researchers' Development	
Financial Assistance in advance (paid in the previous reporting period for the current reporting period)	–	–		
<i>Plus</i> Financial Assistance received during reporting period	–	17		
<i>Less</i> Financial Assistance in advance (received in the reporting period for the next reporting period)	–	–		
Revenue attributed to the reporting period	–	17		
Surplus/(Deficit) Prior Year	–	–		
Funds available for the reporting period	–	17		
<i>Less</i> Expenses for current period	–	(17)		
Surplus/(Deficit) for reporting period	–	–		

Notes to and forming part of the Financial Statements

Note 32. Acquittal of Commonwealth Government Financial Assistance – continued

	UNIVERSITY		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
	Small Research		Infrastructure	
32.3 DEST Research Financial Assistance				
Financial Assistance in advance (paid in the previous reporting period for the current reporting period)	270	–	859	–
Plus Financial Assistance received during reporting period	3,104	3,596	11,028	11,292
Less Financial Assistance in advance (received in the reporting period for the next reporting period)	–	(270)	(1,149)	(859)
Accrual Adjustments				
Recovery previous period in current period	(5)	–	–	–
Revenue attributed to the reporting period	3,369	3,326	10,738	10,433
Surplus/(Deficit) Prior Year	726	638	–	–
Funds available for the reporting period	4,095	3,964	10,738	10,433
Less Expenses for current period	(3,363)	(3,238)	(10,738)	(10,433)
Surplus/(Deficit) for reporting period	732	726	–	–
	Australian Postgraduate Awards Scholarship		International Postgraduate Research	
Financial Assistance in advance (paid in the previous reporting period for the current reporting period)	–	–	–	–
Plus Financial Assistance received during reporting period	8,435	8,181	970	963
Less Financial Assistance in advance (received in the reporting period for the next reporting period)	–	–	–	–
Revenue attributed to the reporting period	8,435	8,181	970	963
Surplus/(Deficit) Prior Year	–	–	49	–
Funds available for the reporting period	8,435	8,181	1,019	963
Less Expenses for current period	(8,634)	(8,181)	(1,019)	(914)
Surplus/(Deficit) for reporting period	(199)	–	–	49

Notes to and forming part of the Financial Statements

Note 32. Acquittal of Commonwealth Government Financial Assistance – continued

32.4 Summary of Unspent Financial Assistance

The following Commonwealth Government Financial Assistance to the University was under-expended in the 2001 reporting period:

Category of Financial Assistance	Amount of unspent financial assistance as at 31 December 2001 \$'000	Amount of unspent financial assistance that it is more likely will be approved by the Commonwealth for carry forward \$'000	Amount of unspent financial assistance that it is more likely will be recovered by the Commonwealth \$'000
Operating Financial Assistance, excluding HECS	460	460	–
Large Research	3,526	3,488	38
Strategic Partnerships with Industry (SPIRT)	2,354	2,253	101
Research Fellowships	654	654	–
International Research Exchange	38	38	–
Special Research Centres	448	448	–
Research Infrastructure Equipment and Facilities	2,186	2,186	–
Small Research	732	727	5
International Postgraduate Research Scholarships	–	–	–
Total	10,398	10,254	144

Notes to and forming part of the Financial Statements

Note 33. Expenses Attributed to Functions

33.1 Academic Activities

	CONSOLIDATED		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Academic Staff Salaries	179,569	169,260	173,008	162,168
Academic Staff Salary-Related Costs	47,128	45,771	45,152	43,684
Non-Academic Staff Salaries	66,936	61,958	65,262	59,816
Non-Academic Staff Salary-Related Costs	13,224	11,880	12,750	11,380
Depreciation Expense:				
– Buildings	19,396	18,405	18,038	17,079
– Plant, Equipment and Motor Vehicles	12,521	10,603	11,547	9,635
– Sub-total Depreciation Expense	31,917	29,008	29,585	26,714
Other Expenses	88,646	90,601	85,032	86,083
	427,420	408,478	410,789	389,845

33.2 Libraries

Non-Academic Staff Salaries	9,333	10,248	9,119	9,998
Non-Academic Staff Salary-Related Costs	1,882	2,166	1,840	2,116
Depreciation Expense:				
– Buildings	1,895	1,889	1,846	1,843
– Library Collection	8,376	7,697	8,166	7,495
– Plant, Equipment and Motor Vehicles	188	130	186	128
– Sub-total Depreciation Expense	10,459	9,716	10,198	9,466
Other Expenses	2,403	2,829	2,095	2,488
	24,077	24,959	23,252	24,068

33.3 Other Academic Support Services

Non-Academic Staff Salaries	5,240	3,438	5,240	3,438
Non-Academic Staff Salary-Related Costs	1,150	421	1,150	421
Depreciation Expense:				
– Buildings	842	757	842	757
– Plant, Equipment and Motor Vehicles	255	156	255	156
– Sub-total Depreciation Expense	1,097	913	1,097	913
Other Expenses	660	1,797	660	1,797
	8,147	6,569	8,147	6,569

33.4 Student Services

Non-Academic Staff Salaries	379	1,945	319	1,903
Non-Academic Staff Salary-Related Costs	80	761	70	752
Scholarships and Prizes	30,843	30,294	29,423	28,599
Depreciation Expense:				
– Buildings	2,353	2,129	2,303	2,082
– Plant, Equipment and Motor Vehicles	39	22	39	22
– Sub-total Depreciation Expense	2,392	2,151	2,342	2,104
Amortisation of Leasehold Improvements	–	–	–	–
Other Expenses	4,064	3,458	3,688	4,769
	37,758	38,609	35,842	38,127

Notes to and forming part of the Financial Statements

	CONSOLIDATED		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Note 33. Expenses Attributed to Functions – continued				
33.5 Public Services				
Non-Academic Staff Salaries	730	642	730	642
Non-Academic Staff Salary-Related Costs	161	195	161	195
Depreciation Expense:				
– Buildings	214	668	214	668
– Plant, Equipment and Motor Vehicles	–	–	–	–
– Sub-total Depreciation Expense	214	668	214	668
Other Expenses	1,275	524	1,275	524
	2,380	2,029	2,380	2,029
33.6 Buildings and Grounds (including Plant and Equipment)				
Non-Academic Staff Salaries	4,564	3,446	4,163	2,993
Non-Academic Staff Salary-Related Costs	872	634	762	542
Depreciation Expense:				
– Buildings	922	447	914	439
– Plant, Equipment and Motor Vehicles	552	352	548	347
– Sub-total Depreciation Expense	1,474	799	1,462	786
Other Expenses	14,643	20,939	13,061	19,483
	21,553	25,818	19,448	23,804
33.7 Administration and Other General Institutional Services				
Non-Academic Staff Salaries	78,683	56,888	50,512	40,440
Non-Academic Staff Salary-Related Costs	12,354	22,818	10,719	18,836
Depreciation Expense:				
– Buildings	3,349	2,813	3,278	2,749
– Plant, Equipment and Motor Vehicles	4,840	3,187	3,467	2,580
– Sub-total Depreciation Expense	8,189	6,000	6,745	5,329
Amortisation of Leasehold Improvements	50	74	32	22
Amortisation of Goodwill	368	15	–	–
Other Expenses	142,472	103,563	106,347	81,731
	242,116	189,358	174,355	146,358
Included in the above expenditure categories are the following amounts for Deferred Employee Benefits for Superannuation:				
Academic Staff Salary-Related Expenses	780	2,167	557	2,030
Non-Academic Staff Salary-Related Expenses	472	1,734	396	1,471
	1,252	3,901	953	3,501

Notes to and forming part of the Financial Statements

Note 33. Expenses Attributed to Functions – continued

33.8 Summary of Expenses by Function

	CONSOLIDATED		UNIVERSITY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Academic Staff Salaries	179,569	169,260	173,008	162,168
Academic Staff Salary-Related Costs	47,128	45,771	45,152	43,684
Non-Academic Staff Salaries	165,865	138,565	135,345	119,230
Non-Academic Staff Salary-Related Costs	29,724	38,875	27,453	34,242
Depreciation Expense:				
– Buildings	28,971	27,108	27,435	25,617
– Plant, Equipment and Motor Vehicles	18,394	14,450	16,042	12,868
– Library Collection	8,376	7,697	8,166	7,495
–Sub-total Depreciation Expense	55,741	49,255	51,643	45,980
Amortisation of Leasehold Improvements	50	74	32	22
Amortisation of Goodwill	368	15	–	–
Scholarships and Prizes	30,843	30,294	29,423	28,599
Other Expenses	254,162	223,711	212,156	196,875
Total Expenses by Function	763,450	695,820	674,212	630,800

Note 34. Events Subsequent to Balance Date

There is no matter or circumstance that has arisen since the end of the financial year that has affected or may subsequently affect the financial position of the University or its controlled entities.

Statements

Statement by Principal Accounting Officer

In my opinion:

- (a) (i) the financial statements of the University of Melbourne present a true and fair view of the financial transactions of the University during the financial year ended 31 December 2001 and the financial position of its operations for the year ended on that date; and
 - (ii) Commonwealth financial assistance received during the financial year ended 31 December 2001 was expended for the purposes for which it was provided; and
- (b) the financial statements have been prepared in accordance with Australian Accounting Standards, the *Financial Management Act 1994* and Guidelines for the Preparation of Annual Financial Reports for the 2001 Reporting Period by Australian Higher Education Institutions as issued by the Department of Education, Science and Training.

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 the University of Melbourne will be able to pay its debts as and when they fall due.



B L Rossi

Deputy Principal and Director of Financial Operations

8 April 2002

Statement by the Vice-Chancellor and Chief Financial Officer

In our opinion:

- (a) (i) the financial statements of the University of Melbourne present a true and fair view of the financial transactions of the University during the financial year ended 31 December 2001 and the financial position of its operations for the year ended on that date; and
 - (ii) Commonwealth financial assistance received during the financial year ended 31 December 2001 was expended for the purposes for which it was provided; and
- (b) the financial statements have been prepared in accordance with Australian Accounting Standards, the *Financial Management Act 1994* and Guidelines for the Preparation of Annual Financial Reports for the 2001 Reporting Period by Australian Higher Education Institutions as issued by the Department of Education, Science and Training.

In addition, we are 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 the University of Melbourne will be able to pay its debts as and when they fall due.



Alan D. Gilbert

Vice-Chancellor

8 April 2002



David Percival

Chief Financial Officer

8 April 2002



AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

To the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Council of The University of Melbourne.

Audit Scope

The accompanying financial report of The University of Melbourne for the financial year ended 31 December 2001, comprising statements of financial performance, statements of financial position, statements of cash flows and notes to the financial statements, has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising The University of Melbourne and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 1.2(5) to the financial statements. The Members of the University's Council are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Council of The University of Melbourne as required by the *Audit Act 1994*.

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

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


Qualifications

As disclosed in note 1.6(iv) and 6 to the financial statements, the Commonwealth Government has undertaken to reimburse the University and the economic entity in respect of the cost of annual pension payments paid by the University and the economic entity into the State Superannuation Fund in relation to former higher education employees. The University's and the economic entity's future call on Commonwealth Government funding have been recognised as an asset in the statements of financial position as at 31 December 2001 and has been valued at \$81.6 million and \$94.4 million respectively (\$80.7 million and \$93.2 million respectively as at 31 December 2000), which equates with the University's and the economic entity's unfunded superannuation liability. The corresponding adjustments to the value of this asset of \$953 000 and \$1.2 million respectively were recorded as revenue in the statement of financial performance for the year ended 31 December 2001 (\$3.5 million and \$3.9 million respectively for the year ended 31 December 2001). As the University and the economic entity do not exercise control over the future Commonwealth Government funding associated with the unfunded superannuation liability of the University and the economic entity as at 31 December 2001, a right to these funds should not have been recognised as an asset in the University's and the economic entity's statements of financial position. Accordingly, the reported assets of the University and the economic entity have been overstated by \$81.6 million and \$94.4 million respectively (\$80.7 million and \$93.2 million respectively as at 31 December 2000) and the accumulated funds have been overstated by similar amounts.

As disclosed in note 12 to the financial statements, the University and the economic entity have reported as revenue received in advance of \$23.9 million and \$24.9 million respectively (\$22.5 million and \$23.5 million as at 31 December 2000) as a current liability. As the University and the economic entity effectively controlled these funds as at 31 December 2001, the amounts should have been recognised as revenue in accordance with the requirements of Australian Accounting Standard AAS 15 "Revenue". Accordingly, grant revenue, operating surplus and retained surplus are understated by \$23.9 million for the University and \$24.9 million for the economic entity (\$22.5 million and \$23.5 million for the 2000 financial year), and current liabilities are overstated by \$23.9 million for the University and \$24.9 million for the economic entity (\$22.5 million and \$23.5 million respectively overstated as at 31 December 2000). The \$22.5 million for the University and \$23.5 million for the economic entity that should have been brought to account in the 2000 financial year in accordance with the revenue and recognition requirements of AAS 15 have been included as part of grant revenue and the operating surplus for the year ended 31 December 2001.

Qualified Audit Opinion

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


J.W. CAMERON
Auditor-General

MELBOURNE

9 April 2002

Victorian Auditor-General's Office Level 34, 140 William Street, Melbourne Victoria 3000

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Minister for Finance

Level 5, 1 Macarthur Street
Melbourne Victoria 3002
Telephone: (03) 9651 1700
Facsimile: (03) 9651 1979

Dear Reader

The Victorian Auditor-General has decided to qualify the University's financial statements on the grounds that he is unable to confirm, as an asset, the receivable from the Commonwealth Government in settlement of the unfunded superannuation liability.

The position adopted by the Auditor-General fails to recognise the substance of long-standing arrangements between the parties can reasonably lead to a conclusion that a receivable should be recognised.

I am critical of the Commonwealth Government in its inability to satisfactorily resolve this matter. Two years ago both the Commonwealth Ministers for Finance and Higher Education were asked to resolve this matter. They have chosen not to act or provide any leadership on the issue.

It is of great concern to me that the Commonwealth has placed the University in the difficult position of having its financial statements qualified because of the unsatisfactory position it has maintained. Financial institutions and other readers of the report should view the qualification in this light and not as a reflection on the administration of the University.

I welcome the Report from the Public Accounts and Estimates Committee into this matter, which recommended the Department of Treasury and Finance continue to pursue avenues towards resolving this matter. To facilitate a conclusion to this matter, the Department of Treasury and Finance has written to the Urgent Issues Group of the Australian Accounting Standards Board asking it to consider this issue as a matter of urgency.

Yours faithfully

JOHN LENDERS MP
Minister for Finance



Compliance Index to Disclosure Requirements 2001

The Annual Report of the University of Melbourne is prepared in accordance with the *Financial Management Act 1994* and the directions of the Minister for Finance. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

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