



THE UNIVERSITY OF
MELBOURNE

The University of Melbourne

Annual
Report



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Ms Fay S Marles AM, Chancellor

The Hon Lynne Kosky MP
Minister for Higher Education and Training
Level 1, 2 Treasury Place
East Melbourne Vic 3002

Dear Minister

In accordance with the requirements of regulations under the *Financial Management Act 1994*, we hereby submit for your information and presentation to Parliament the Annual Report of the University of Melbourne for the year ending 31 December 2002.

This report was approved by the University of Melbourne Council at its meeting on 7 April 2003.

Yours sincerely

Ms Fay S Marles
Chancellor

Our Mission

To make the University of Melbourne one of the finest universities in the world.

Our Guiding Values

In the pursuit of this mission the University of Melbourne is committed to:

Maintaining the highest international standards of ethics and quality in research, teaching and administration;

Advancing the intellectual, cultural, economic and social welfare of the Melbourne, Victorian and Australian communities it serves, and recognising the particular needs and aspirations of indigenous Australians;

Working with other international universities to extend educational opportunity and enrich intellectual discourse, educational quality and research activity around the world;

Advocating and upholding fundamental human and civil rights as the only just, sustainable basis for a humane civilisation, and challenging all staff and students to understand and accept their moral responsibilities as educated, informed, tolerant citizens of their own societies and of the wider international community;

Defending the academic freedom of all staff and students to engage in critical inquiry, intellectual discourse and public controversy without fear or favour;

Sustaining a diverse, harmonious, scholarly community committed to equity and merit as the fundamental principles, encouraging and assisting staff and students to realise their full potential; and

Maintaining a safe, attractive, environmentally responsible learning and working environment for the University community.

Annual Review

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Introduction and Overview



Professor Alan D. Gilbert, Vice-Chancellor

THE UNIVERSITY OF MELBOURNE continued in 2002 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 aim is progressively to build on the strengths of the University as an institution of international 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. If Melbourne is to be one of the world's leading cities in the 21st century, and Australia is to keep pace with the economic and cultural transformations of the knowledge age, both must be unfailing in the nurturing of world class higher education. Through the 'Melbourne Agenda', the University is committed to maximising its capacity to add intellectual, cultural and professional value to the City of Melbourne, and to 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 2002 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.

The reputation of the University is soundly based in a record of achievement that was maintained and in many respects enhanced in 2002.

Research Performance

Melbourne remained the leading research university in Australia based on key national indicators of research performance. According to data that became available in 2002, Melbourne's total expenditure on research for 2001 was an estimated \$310 million, resulting in Melbourne being the second largest research organisation in Australia (after the CSIRO). In 2001, research income from contestable sources (Australian competitive grants, public, international and industry sectors) was \$137.1 million, the highest of all Australian universities. Melbourne also had the strongest research publication record among Australian universities, as measured by the Commonwealth's weighted publications index, and the highest numbers of research degree load and completions. The Federal Government allocation to the University for research infrastructure and research training, made on the basis of performance, was \$96.9 million.

Other research highlights for the University in 2002 included the award of 18 new research centre grants related to Cooperative Research Centres, Australian Research Council Centres of Excellence and National Health and Medical Research Council Centres of Clinical Research Excellence; success in the Federation Fellowships Scheme, a new initiative from the Federal Government; and a strengthening of the Code of Conduct in Research through the inclusion of a policy related to the management

of Conflict of Interest. The successful establishment of both the Intellectual Property Research Institute of Australia and the *Bio21* Molecular Science and Biotechnology Institute has provided the University with an opportunity to enhance areas of strength and create new research advantages. In addition, Nobel Laureate Professors Peter Doherty and Bert Sakmann continued to provide leadership as researchers and research supervisors in 2002.

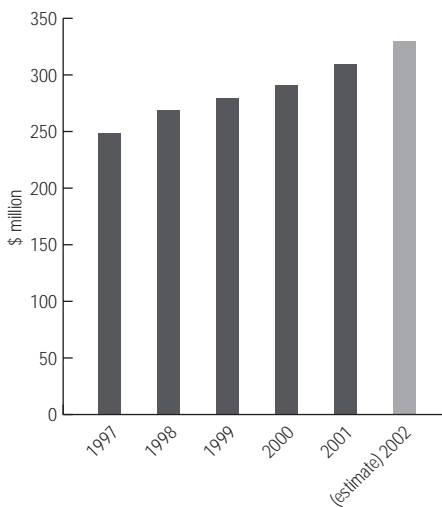
The new intellectual property policies together with increased expert assistance gave successful researchers greater incentives for seeking the pre-commercial development and commercialisation of research findings. In addition, UniSeed Pty Limited, a joint venture between the Universities of Melbourne and Queensland – designed to stimulate applied research and innovation and fund pre-commercial R&D – continued to provide an excellent funding opportunity for researchers. Since its establishment in 2001, UniSeed Pty Limited has supported five spin-off companies involving the University.

Quality Students

In 2002, 92% of the 24 top-ranked VCE students (including the top three international students) chose to enrol at the University of Melbourne. This proportion is consistent with the pattern of the previous 10 years when 92% of all VCE top 10 students elected to enrol at 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 2002, 33 students with ENTER scores of 99.85 or better, representing every

University Research Expenditure



Median ENTERs for the University of Melbourne	
1998	94.1
1999	94.7
2000	94.6
2001	94.6
2002	95.0

State in Australia, enrolled at Melbourne through the Melbourne Scholarships program. More broadly, Melbourne was the first choice for 72.4 per cent of the top one per cent of VCE students in 2002, 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 1,651 in 2002.

Melbourne's standards for admission have not been compromised by these 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 in their chosen 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. The transfer of scholarship holders to fee places actually frees up HECS places for appropriately qualified entrants and increases opportunities for other students to attend the University of 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 on-line technologies and pedagogies, sophisticated multimedia learning tools and

high quality teaching and learning infrastructure in lecture theatres, classrooms, workshops and laboratories.

In 2002 the University focused on the quality of the teaching and learning experience enjoyed by students. It has identified a set of attributes that it expects graduates to acquire during their courses at the University and is ensuring that the courses and teaching approaches lead to the development of these attributes.

The University continues to provide excellent student support services which are highly rated by students. These include comprehensive programs assisting new students with the transition to higher education, financial and accommodation support, health and counselling services and an opportunity to participate in the Student Ambassadors and Leadership program. Melbourne students have used the skills and knowledge they are acquiring in innovative ways to assist community groups both inside Australia and overseas through this program. Participation in the Leadership program is noted on students' records and the experience is highly valued by the students themselves as well as the community.

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 2002, 76 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 215 in 2002.

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

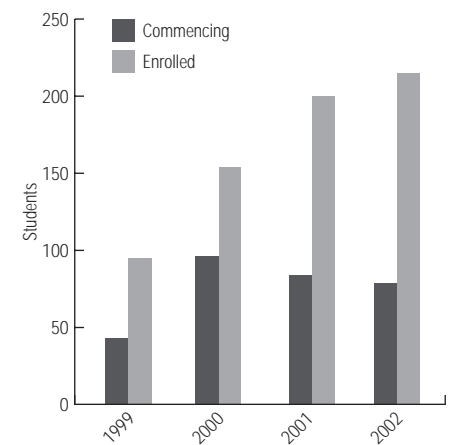
University continued to develop the Melbourne Access Program (MAP) as part of a wider commitment to increasing the pool of students graduating from the secondary system qualified for admission to Melbourne. Other programs that encourage students from disadvantaged backgrounds to consider the University as an option include Discovery Week, which gives students a chance to see the campus and experience university life, and Master Class which targets the best high achieving year 10 students, regardless of background.

Internationalisation

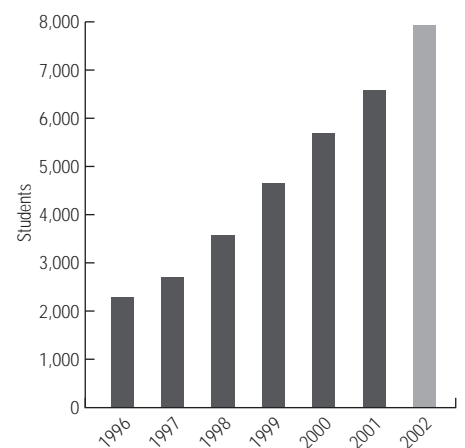
The University of Melbourne has a long history of engagement in international academic collaboration at all levels of scholarly activity. Melbourne's best staff are highly sought after for international appointments, and the University, in turn, continues to recruit outstanding staff from overseas institutions. In 2002 there were 7,941 international students studying at the University, and between 2001 and 2002 there was a 15% increase in the number of Australian students who 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 enrolled 290 AusAID students from developing countries and has put in place specialised support services for these international

Indigenous Students at Melbourne



International Student Enrolments



students. Government reviews of the outcomes for these students has been very positive with the students themselves expressing high levels of satisfaction with their Melbourne experience.

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, which 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 offshore 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 on-line education, also promises to support the member universities in other ways.

The successful establishment of *Universitas 21* Global, based in Singapore, as a new international on-line university, was the most important international development for Melbourne in 2002. Involvement in *Universitas 21* Global will provide the participating universities, including Melbourne, with opportunities to contribute to higher educational development in countries without well-established higher education systems. A joint venture between *Universitas 21* and The Thomson Corporation, one of the world's largest publishing, digital information and on-line solutions companies, the on-line university promises to make *Universitas 21* a highly valued international 'brand' in higher education, and to position the participating *Universitas 21* universities in the forefront of emerging learning technologies, environments and pedagogies. There is also the prospect over time for substantial royalty earnings.

Melbourne University Private Limited

Melbourne University Private continued to expand its operations in 2002, with revenues in its three key businesses of international project management, corporate professional development and English language training expanding ahead of budget projections. Gross revenues to the University of Melbourne resulting from the private university's activities ('shareholder benefit') totalled some \$12-14m, and a donation of \$500,000 was made in December 2002.

The private university's international operations expanded with new English language centres opening, by franchise, in Muscat, Oman and, by joint venture, in Ho Chi Minh City, Vietnam. There are now six Melbourne University Private English language centres worldwide and during 2002 the board approved a strategic plan which will take the number to 12 by the end of 2004.

New international projects initiated during the year included the provision of technical assistance to the World Bank in the strengthening of undergraduate education in Sri Lanka; support through AusAID for the strengthening of the Community Organisations Network in Thailand; and the management of a major three year initiative for AusAID in Vietnam focusing on improving transparency, accountability, and effectiveness of policy delivery in the Vietnamese public service.

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. Following this review the Minister determined that the private university should be judged not against the stipulations of the Ministerial Order by which it was established, but against the MCEETYA Protocols, developed by the Ministerial Council on Education, Employment, Training and Youth Affairs in 2000 in an attempt to provide a theoretical benchmark for new applicants for University status in Australia.

Specific interpretations of the protocols regarding Melbourne University Private's case for re-accreditation on expiry of its original licence to operate in July 2003 were also provided. An expert panel under the Chairmanship of former Vice-Chancellor of the Universities of New England and Western Australia, Professor Bob Smith, was appointed in November to consider the application, and the result of the application will be known on or before 15 June 2003.

Workplace Relations

In 2002, the University continued to implement the Enterprise Agreement it made the previous year. As a result of the University's commitment through that Agreement to linking salary increases to the overall financial performance of the University, salary increases of 4.14% were awarded to staff in 2002. This was higher than the projected outcome of 3.38%, as revenue targets were exceeded. In association with salary increases, the better than expected revenue results in 2002 also enabled the

University to invest in infrastructure improvements and increase staffing levels. Full-time equivalent staff numbers increased from 5,353 to 5,446 over the year to March 2002.

The University's application for additional funding under the Commonwealth Government's Workplace Reform Program was also successful in 2002. Through demonstrating that the University had met specified industrial relations and management outcomes in its 2001 Enterprise Agreement, the University was awarded an additional annual payment equivalent to 2% of the University's Commonwealth Operating Grant. In accordance with the University's commitment in the 2001 Enterprise Agreement, the additional funding was reflected by way of salary increases to staff.

University Square

The Law School relocated from the Old Quadrangle Building (the University's first building, opened in 1855) in January 2002 to new purpose designed premises in Pelham Street within the University Square Precinct. The new Law Building signifies expanded opportunities for the Law School by presenting world class teaching and research facilities in one location, overlooking the magnificent University Square public parkland.

The Information and Communications Technology (ICT) Building was internally fitted out for Information Systems and Computer Science and Software Engineering during the year. The ICT Building brings together the substantial information technology teaching and research capacities within both the Faculties of Science and Engineering to create a new

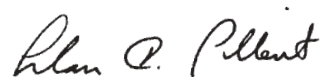
powerhouse of learning and innovation within the University. The Building provides large centrally allocated teaching space and extensive computer based laboratories, in addition to office accommodation for researchers.

Through the ICT Building and the adjoining restored terrace houses, the University has been able to fulfil the accommodation needs of significant Cooperative Research Centres. The ICT Building will house the Australian Mathematical Sciences Institute and a number of the Barry Street terraces will provide space for the Centre for Applied Educational Research and the related International Centre for Classroom Research.

Internal fit-out of the Melbourne University Private (MUP) Building commenced during 2002. Part of the Building is to be fitted out and occupied by Melbourne University Private under a rental agreement. The remainder will be used for public University research and administrative activities.

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 2002 continuing to make 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 from Australia and around the world.

Strategic Plan Perspective 2002

THE UNIVERSITY has continued to strengthen its position as a preferred workplace through a range of successful initiatives designed to attract and retain outstanding staff.

A highlight of 2002 was the return of Nobel Laureate, Professor Peter Doherty, to Australia to a new full-time research position in the Department of Microbiology and Immunology. Professor Doherty has pioneered our understanding of how killer T-cells of the immune system control virus infections. His research team aims to understand how the immune system remembers prior exposure to viruses and hence rapidly eliminates new infections. Current experiments are unravelling the molecular and functional changes that create 'memory' lymphocytes following virus infections. His research has implications for developing vaccines against HIV and other viruses. In addition, Nobel Laureate, Professor Bert Sakmann, maintained his links with the University through continuation of his fractional appointment in the Faculty of Medicine, Dentistry and Health Sciences. These appointments form part of the University's Eminent Scholars scheme, designed to attract the highest calibre researchers and scholars to the University to enhance the teaching and research environment for students and staff.

Significant salary increases were awarded to staff in accordance with the Enterprise Agreement and as a result of the success of faculties in attracting fee-paying students to their courses. Expansion of the salary-packaging scheme has proven to be successful and professional development and leadership programs have been well supported and effective.

Through demonstrated performance against objectives for enhanced employment practices, the University achieved second round Workplace Reform funding of \$3.67m in 2002 with a further \$4.557 million to be received in 2003.

The University's long-term commitment to a diverse workforce with fair and equitable staffing policies was recognised in 2002 by the Award of Employer of Choice status by the Equal Opportunity for Women Agency (EOWA).

The Performance Development Framework (PDF) was successfully introduced throughout the University, linking performance and staff development. Increased levels of understanding and a high degree of coverage in 2002 ensured a solid foundation for implementation of phase two of the PDF in 2003.

Staff Recognition and Awards

Order of Australia awards in 2002 included:

Professor Richard Larkins, AO, for service to medicine and health; Professor Miles Lewis, AM for service to architectural history, heritage protection and urban planning; Professor Geoffrey Opat, AO, for research in theoretical and experimental physics; Professor Judith Parker, AM, for nursing education and developing evidence-based nursing practice; and Professor Bob Richardson, AM, for service to the wool industry.

Professor Richard Larkins, Dean of the Faculty of Medicine, Dentistry and Health Sciences, was awarded the prestigious Sir William Upjohn Medal for distinguished services to medicine in Australia. The Medal, established in honour of

Sir William Upjohn, a former Chancellor of the University of Melbourne, is awarded by the University of Melbourne once every five years to a graduate from any Australian university.

Professor David Boger (Chemical and Biomolecular Engineering) was awarded the 2002 Victoria Prize for leadership in science, engineering or technology innovation.

Eminent neuroscientist and Alzheimer researcher, Professor Colin Masters, was awarded the 2002 Mayne Florey Medal for medical research.

Professor Rod Tucker, a leader in photonics and telecommunications research, was awarded a Federation Fellowship, giving Melbourne its fourth of the first 25 of these prestigious Commonwealth awards, the most richly funded award of their kind in Australia. Previous awards of Federation Fellowships, to University of Melbourne staff, were made to Professor Keith Nugent (Physics), Professor Lenore Manderson (Key Centre for Women's Health) and Dr Frank Caruso (Chemical Engineering).

The University was successful in receiving an Australian Award for University Teaching with Professor Marcia Langton being a joint winner of the inaugural Neville Bonner Award for Indigenous Teacher of the Year.

The University awarded the 2002 Woodward Medals to Dr David Heckel (Genetics) for discovering a gene associated with pesticide resistance in insect pests, and to Professor Richard Teese (Education Policy and Management) for research on VCE enrolments and outcomes.

In 2002 the University presented *Universitas 21* Fellowships to Associate Professor John Hajek (French and Italian Studies), Dr Gaell Hildebrand (Learning and Educational Development), and Dr Lea Waters (Management). Ms Fiona de Preu (Property and Buildings) was the recipient of the *Universitas 21* Scholarship for general staff.

Appointments

- Laureate Professors, distinguished professors within the University, appointed in 2002 to recognise their eminence as scholars included: Professor Stuart Macintyre (History), Professor Colin Masters (Pathology), Professor Marilyn Renfree (Zoology), and Professor Rod Tucker (Electrical Engineering).
- Professors recruited to the University through appointments in 2002 included: Professor Glenn Bowes (Paediatrics), Professor Simon Cottle (English – Media and Communications), Professor Carol Kulik (Management – Human Resources Management).
- Ms Louise Adler, formerly Deputy Director (Academic and Research) at the Victorian College of the Arts, was appointed Publisher and Chief Executive Officer of Melbourne University Publishing, the University's academic publishing house, a new corporate entity resulting from a review of Melbourne University Press.

Departures

- Senior Deputy Vice-Chancellor, Professor Sally Walker, whose tenure included two significant periods as Acting Vice-Chancellor, was appointed Vice-Chancellor of Deakin University.

- Three University of Melbourne staff have commenced Deanships at other universities. They are: Professors Daine Alcorn (Anatomy and Cell Biology), Tim Brown (Statistics), and Keith Houghton (Accounting).
- Three Deans of long standing retired: Professor Ross King (Architecture, Building and Planning), Professor Ross Williams (Economics and Commerce) and Professor David Wood (Engineering).
- Other professors who retired after long and eminent service to the University include: Professor Frances Christie (Language and Literacy Education), Professor David Connor (Plant Sciences), Professor Geoffrey Lindell (Law), Professor Peter Lloyd (Economics, and former Dean), Professor Harold Luntz (Law, and former Dean), Professor Stephen Nicholas (Management), Professor Jeremy Pickett-Heaps (Botany), Professor David Simmons (Rural Health), and Professor Virginia Studdert (Veterinary Clinical Sciences).

In 2002 the University mourned the passing of Professor Geoffrey Opat, Professor of Physics from 1973 to 2000, and Professorial Fellow until his sudden death; Ms Myra Roper, former Principal of University Women's College 1947-60; Lady Rosemary Derham, widow of Sir David Derham (Vice-Chancellor 1968-82); and Sister Deirdre Rofe, former Principal of St Mary's College from 1997 to 2002.

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 2002

THE UNIVERSITY has established a strong international reputation for quality research and research training. Research excellence has been recognised both nationally and internationally through major awards and funding support.

Melbourne continues to perform well as benchmarked against other leading Australian universities, being ranked first nationally in all the key research performance parameters used by the Department of Education, Science and Training (DEST) to allocate more than \$900 million of Federal Government funding. The University has consistently ranked first or second in all major research-related national indicators since 1996.

In 2001, the University of Melbourne attracted more than \$137 million of external research income. Expenditure on research and research training from all sources was an estimated \$310 million, representing more than 40% of total University expenditure. *Business Review Weekly* ranked the University of Melbourne as the second largest R&D provider in Australia after the CSIRO.

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 Commonwealth Government policy for research and research training, which places an increased emphasis on research outcomes and accountability.

In 2002 the University adopted a Research and Research Training Plan as a framework for advancing research and research training activities within a changing and highly competitive environment.

Melbourne was awarded the highest amount nationally of Research Block Funding (\$96.9 million) comprising the Institutional Grants Scheme (IGS) funding (\$29.8 million), Research Training Scheme (RTS) funding (\$52.7 million) and Research Infrastructure Block Grants Scheme (RIBGS) funding (\$14.4 million). Whilst the IGS was a modified version of an existing research infrastructure scheme and the RIBGS remained unchanged, the RTS was a new scheme developed by DEST for supporting Commonwealth-funded research higher degree students. Funding from the research infrastructure program was allocated on the basis of national research performance, as measured by a number of key indicators, particularly research income, research higher degree load and completions and refereed research publications. The University's allocations for both the IGS and RIBGS were the highest nationally.

Melbourne was also awarded the highest number of new Australian Postgraduate Awards (162). In addition, the University offered 210 Melbourne Research Scholarships and awarded 28 new International Postgraduate Research Scholarships.

In 2002, the number of students enrolling in research higher degree courses increased by 57 EFTSU to 2,785 EFTSU.

Melbourne's Performance Against Key National Research Indicators

	RESEARCH INCOME (\$m)	RESEARCH PUBLICATIONS (NUMBER)	RESEARCH HIGHER DEGREE LOAD (EFTSU)	RESEARCH HIGHER DEGREE COMPLETIONS (NUMBER)
1997	97.6 (1)	2,392 (1)	2,485 (1)	494 (1)
1998	99.4 (1)	2,595 (1)	2,513 (1)	479 (1)
1999	104.7 (1)	2,791 (1)	2,623 (1)	543 (1)
2000	118.9 (1)	2,331 (1)	2,703 (1)	583 (1)
2001	137.1 (1)	2,417 (1)	2,727 (1)	588 (1)

Numbers in brackets are Melbourne's national rank, based on a proportion of the national total, for each category.

Significant Research Highlights

New Research Centre Awards to the University in 2002 (for commencement in 2003) related to:

- 12 Cooperative Research Centres (CRCs) for a share of \$210.6 million. University of Melbourne researchers are core participants in nine and supporting participants in three of the 30 CRCs which received new or continuing Federal Government funding. This result led to the University being involved in a total of 25 CRCs (19 as a core participant) out of the more than 70 CRCs which serve six Federal Government targeted industry sectors.
- Four Australian Research Council (ARC) Centres of Excellence for a share of \$44.4 million.
- Two National Health and Medical Research Council (NHMRC) Centres of Clinical Research Excellence for a share of \$4 million.

During 2002 the University was a participant in more than 95 research centres. Other major centres include five ARC Special Research Centres and two Grains Research and Development Corporation Centres (one jointly with the ARC). In addition, the successful establishment of the Intellectual Property Research Institute of Australia and the *Bio21* Molecular Science and Biotechnology Institute, involving support from both Federal and State Governments, has provided the University with new research advantages and the opportunity to enhance existing areas of expertise. Strong partnerships have also been formed with Neurosciences Victoria and Neurosciences Australia, with more than 10 research programs contracted to the University.

Project and Program support for 2002 from the ARC and NHMRC included:

- Total funding for ARC Discovery-Project Grants of \$13.6 million (including \$6.8 million of new funding).
- 34 new ARC Linkage-Project Grants (\$2.5 million) resulting in a total of 122 Grants (\$6.3 million).
- 16 new ARC Fellowships.
- Involvement in 11 new ARC Linkage-Infrastructure Equipment and Facilities Program Grants for a share of \$5 million.
- More than \$6 million in new NHMRC Project Grants.
- Total NHMRC funding for 2002 for new and continuing Grants and Fellowships of \$28.9 million – an increase of 19%.

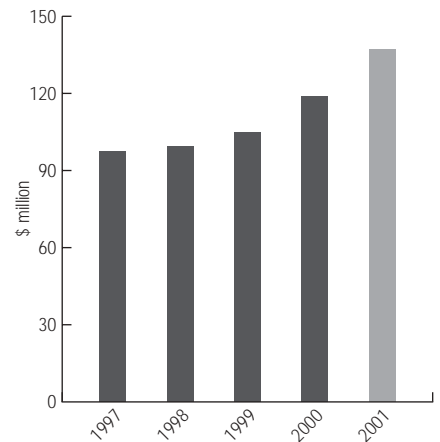
Quality Research

Additional Highlights Include:

- The development and implementation of a policy for the disclosure and management of conflict of interest in research.
- An updated Memorandum of Cooperation with the CSIRO for the establishment of a jointly funded Collaborative Research Support Scheme designed to foster early-to-mid career researchers in multidisciplinary research.
- The award of four Federation Fellowships – a new Federal Government initiative to encourage researchers to lead world-class research teams in work of strategic national benefit.
- The establishment of a University deferred payment loan facility to faculties as a means of supporting infrastructure resources required for major competitive bids of more than \$1 million.
- The development of a series of state-of-the-art nuclear microprobe (high energy ion beam microscope) systems – one of which was provided to the Free University of Amsterdam in 2002 for a value of \$0.5 million – resulting from an ARC funded project undertaken by the Microanalytical Research Centre in the School of Physics.
- Involvement in seven new Victorian Government Science, Technology and Innovation Infrastructure Grants totalling \$21 million.
- The award of five International Research Grants from the Federal Government Innovation Access Program which enables Australian researchers to undertake international collaborations.
- The hosting of a Research and Innovation Fair involving business and research agencies with the major themes being research funding and intellectual property management.

A major research training highlight in implementing best practice management of research higher degree candidature was the development of the PhD Calendar – a new tool designed to assist students and supervisors to chart a course for the timely completion of high-quality PhDs. The initiative from the School of Graduate Studies and the Centre for the Study of Higher Education enables students to plan and focus on key milestones in research higher degree candidature.

University Research Income from Contestable Sources



Quality Teaching and Learning

Goal

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

Strategic Plan Perspective 2002

THE UNIVERSITY places major strategic emphasis on the quality of the overall Melbourne Experience for students, recognising that the value of campus-based learning is under challenge worldwide from less costly on-line alternatives. Throughout 2002, the University concentrated on providing a supportive environment so that students could gain maximum benefit from their learning experience.

The University met all of the key Teaching and Learning targets in the 2002 Operational Plan. In particular:

- There was an increase of 10.8% of National Scholars from government schools;
- 24 Melbourne national scholarships were awarded to students with an ENTER score of 99.95;
- 76 students from disadvantaged backgrounds were enrolled into undergraduate courses having been awarded Melbourne Access Scholarships;
- The median ENTER score for Victorian students across all undergraduate courses rose from 94.6 to 95.0 between 2001 and 2002;
- Every faculty had in place a transition program to enhance the first-year experience of commencing undergraduate students;
- The University received 2,670 more applications and 587 more acceptances from international students in 2002 than in 2001; and
- There was an increase of 15% in the number of Melbourne students undertaking a semester's study at an overseas university.

Particular highlights of the year in terms of academic and administrative support relating to teaching and learning included excellent

outcomes of the admissions cycle, increased numbers of international students admitted and supported, improvements in student and staff satisfaction with academic support services as identified in the University's student and staff satisfaction surveys, and sustaining Indigenous student graduation and pass rates at high levels.

Melbourne continued to strengthen its position as the university of choice for high achieving students. More than a quarter of all 2002 Australian Student Prize winners (126 of the 497 identified winners) and over three quarters of Victorian winners (94 of 123) are enrolled at Melbourne. Of the 21 top all round VCE high achievers receiving Premier's VCE Awards in 2002, 16 are enrolled here.

Policy Developments

There were two key developments during 2002 that will assist the University in achieving its goal of continuous quality improvement in its academic programs and its teaching. These were the publication of the Nine Principles Guiding Teaching and Learning and the formulation and implementation of a Teaching and Learning Management Plan.

The Nine Guiding Principles provide a framework for a first-class teaching and learning environment at the University which gives priority to:

- An atmosphere of intellectual excitement;
- An intensive research culture permeating all teaching and learning activities;
- A vibrant and embracing social context;
- An internationally and culturally diverse curriculum and learning community;

Quality Teaching and Learning

- Explicit concern and support for intellectual development;
- Clear academic expectations and standards;
- Learning cycles of experimentation, feedback and assessment;
- Premium quality learning resources and technologies; and
- An adaptive curriculum.

For each principle the implications for teaching practice are outlined and a summary is provided of the current resources and programs available to promote its attainment.

The Teaching and Learning Management Plan is a practical plan that will guide faculties, divisions and other organisational units with responsibility for promoting quality in teaching and learning to ensure that the University achieves its key long term strategic goal in teaching and learning.

Based on the Nine Guiding Principles, the Plan describes the operating environment for teaching and learning in the University and the way the allocation of resources assists in driving improvements in the teaching and learning environment based on student feedback about their learning experiences.

Other major initiatives of the Academic Board in 2002 included a review of its policies and procedures on selection within the University which resulted in a more consistent approach to the admissions process between faculties. Other policy initiatives included a review of processes for the award of special consideration and supplementary assessment, development of a set of guidelines for the approval and introduction

of courses with other external providers, and the endorsement of a set of Guidelines on the Provision of Materials in Alternative Format for students with visual impairment.

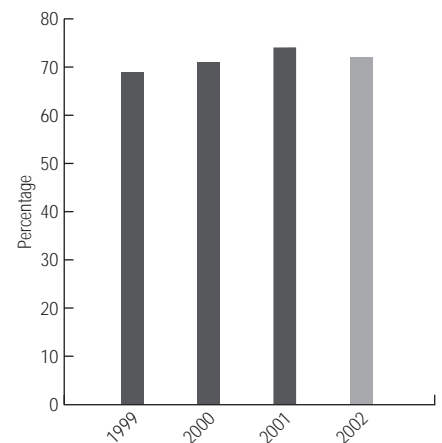
Student Support

The University strengthened its links to prospective local students and schools through the Melbourne Access Program, which attracted 140 students, Master Class (1,100 high achieving year 10 students participated) and Discovery Week initiatives.

The number of overseas students opting to spend up to two semesters at the University in the Study Abroad program increased significantly in 2002 and the relationship with schools involved in the Schools Partnership Program International was strengthened with several schools participating in offshore recruitment events. Outcomes of the University's 2001 survey of the 290 AusAID students, received in 2002, demonstrated even greater levels of satisfaction than the 2000 survey. The University also received an excellent report from AusAID staff during their annual review visit. In 2002 the University's International Careers Consultant undertook a valuable program of visits to Bangkok, Jakarta, Kuala Lumpur, Hong Kong, and Singapore with the aim of enhancing employment outcomes for University of Melbourne graduates.

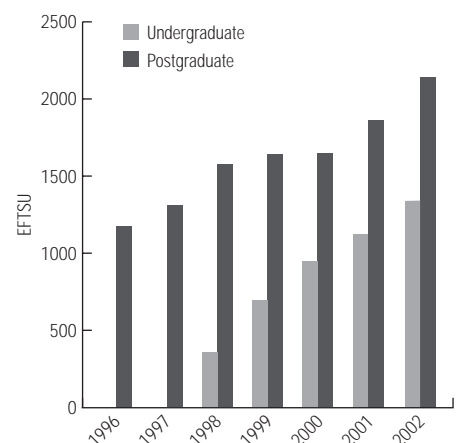
A key focus in 2002 for Equity and Diversity Programs was to improve communication of equity and diversity issues to faculties, departments and externally. Increased levels of support were provided for international and local students, particularly in the area of English

Top one percent students* enrolling at Melbourne



*VTAC applicants with an ENTER score of 99.0 or above.

Domestic Fee-based Enrolments



language skills and study skills in response to demand from students. Continued priority was given to the provision of financial assistance and advice to students in need. A particular feature was the Housing Bursary Program which provided rental assistance of \$30 per week to 251 needy students.

Rural students were a key focus of the Transition Program for 2002, and the 'New to Melbourne' project supplied transition kits to over 200 rural and interstate schools and over 800 rural and interstate first year students. A conference organised by the Transition Unit entitled 'Mind the Gap', which discussed issues facing new students at university, was attended by more than 200 participants from universities and schools across Victoria and interstate. 2002 was also a good year for the Centre for Indigenous Education with a record number of Indigenous students graduating and successful recruitment visits to Queensland and South Australia to attract Indigenous students to the University.

Once again in 2002, two very popular Kickstart Your Career programs were conducted for students in the Faculty of Arts and the Faculty of Science. This program is a series of lunchtime seminars involving both alumni and employers, and is tailored to meet the needs of students from each faculty as they make the transition to the highly competitive and demanding employment market. In conjunction with the Faculty of Economics and Commerce, the Postgraduate Commerce Careers Program was initiated. Due to strong demand the program ran in both semesters.

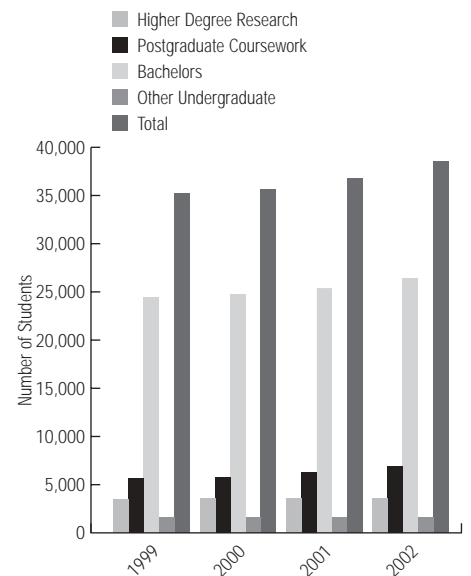
The Student Ambassadors and Leadership Program (SALP) continued its on-campus program in 2002. It developed an off-campus training program through which students from regional campuses participated by attending an intensive week of training at the Parkville campus.

Melbourne students set a new benchmark in the 2002 round of Cambridge Australian Trust PhD Scholarships, gaining seven of 19 awarded nationally – believed to be a record for any institution in the 20 years of the awards.

The University successfully implemented the Commonwealth Government's Postgraduate Education Loans Scheme (PELS) in 2002. Over 1,000 students took advantage of the scheme to defer costs associated with fee-paying postgraduate coursework programs, in a way similar to the Higher Education Contribution Scheme for undergraduate study. Of these, 72% were new students.

During 2002 considerable effort was given to the evaluation of options for the possible replacement of the University's student management system. A set of recommendations on the preferred approach to strengthening administrative support for teaching and learning is anticipated early in 2003.

University of Melbourne Enrolments by Course Level



International Positioning

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 2002



INTERNATIONALISATION is critical for the University of Melbourne and drives 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.

In 2002 over 7,900 international students, drawn from across the world, enrolled at the University, thereby enhancing the rich diversity of the University community. Close to 800 of these are students undertaking top tier university degree programs overseas, enrolled for one or two semesters at the University of Melbourne via the Study Abroad and Exchange programs. These students enrolled in nearly 1,000 different subjects involving all 10 faculties.

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 members of *Universitas 21*, enables students to undertake part of their degree in another country. The Melbourne Abroad Scholarships Program provides financial assistance for exchange and study abroad students. During 2002 some 247 students chose to incorporate a period of studying overseas into their undergraduate experience, with 81 of these undertaking their studies at one of the *Universitas 21* partners. In reciprocation, some 257 students from the University's partner universities spent a period of study in Melbourne.

The range of opportunities to enable students to study abroad during their time at the University is increasing. Some subjects, such as the China Field Class offered by the School of Anthropology,

Geography and Environmental Studies, incorporate an overseas field trip. In this case the students spend three weeks in China. Several other subjects offered by the Faculty of Arts, particularly in the Departments of History and Fine Arts, Classics and Archaeology, provide opportunities for students to undertake field trips in, for example, Germany, Greece, Italy, Turkey and the United States of America. Similar opportunities are available in other faculties.

Universitas 21 provided a major focus for international collaboration across the University during 2002. Extensive academic links and joint activities, fostered through continued meetings of interest groups including deans of faculties, student exchange managers, librarians and research managers, were further strengthened through inaugural meetings of Vice-Presidents (Academic and Research) and Heads of Administration. Other collaborative activities included institutional visits by *Universitas 21* Fellows, student exchange programs, the establishment of a U21 Summer School for honours level students and the further development of initiatives such as the Professional Portability program, enabling international recognition of qualifications, and the Learning Resources Catalogue which will facilitate sharing of academic 'learning objects' between *Universitas 21* institutions.

The development of *Universitas 21* Global, the on-line joint venture between *Universitas 21* and Thomson Learning, was consolidated in 2002. Headquarters for the company were established in Singapore and Dr Mukesh Aghi, former senior Vice-President for Global

<i>Universitas 21 members</i>
Albert-Ludwigs-Universität Freiburg
Fudan University
Lund University
McGill University
National University of Singapore
Peking University
University of Auckland
University of Birmingham
University of British Columbia
University of Edinburgh
University of Glasgow
University of Hong Kong
University of Melbourne
University of New South Wales
University of Nottingham
University of Queensland
University of Virginia

Operations at Ariba was appointed as its Chief Executive Officer. The Universitas 21 Global Experience Conference was held in Singapore in the second part of the year, bringing together some 100 delegates from the network and Thomson Learning, including 10 representatives of the University of Melbourne.

Staff made important contributions in the international arena during 2002. By way of example, Professor Tim McCormack, a Melbourne University Law School expert on international and humanitarian law was appointed as one of three special advisers to the judges prosecuting former Yugoslav President Slobodan Milosevic for war crimes at the UN Security Council's Tribunal in The Hague. Professor McCormack is Australian Red Cross Professor of International Humanitarian Law, Associate Dean (Research) and Director of the Melbourne Law School's newly-established Asia-Pacific Centre for Military Law – a joint venture between the University and the Australian Defence Force's Defence Legal Service.

The Sidney Myer Asia Centre, fronting Swanston Street, was completed. The Australian Foreign Minister, the Hon Alexander Downer, officially launched the Centre – a major national and international centre for the study of regional societies and cultures. The purpose-built facility is home to two of the University's high profile Asia-related operations – the Melbourne Institute of Asian Languages and Societies and the Asialink Centre, which promotes public understanding of Asian countries and Australia's role in the region.

VIP International Visitors to the University during 2002 included:

Government Bodies

- The Right Honourable Estelle Morris, MP, Secretary of State for Education and Skills, United Kingdom.
- His Excellency, Mr Maqbool Ali Sultan, Minister of Commerce, Sultanate of Oman.
- Dr Chirmsak Pinthong, Chair of the Senate Committee on Public Participation, Parliament of Thailand, Kingdom of Thailand.
- His Excellency, Mr Thomas Opperman, Minister for Science and Cultural Affairs of the State of Lower Saxony, Germany.
- Mr Chiang Chie Foo, Permanent Secretary (Education), Singapore.
- Professor Dr Mohamed Suleiman, Chairman of the National Accreditation Board, Ministry of Education, Malaysia.
- Professor Vadiraj Raghavendracharya Panchmukhi, Chair, Indian Council for Social Science Research, India.
- Mr Mohammed Sammak, Secretary-General of the Christian-Muslim Committee for Dialogue, and Adviser to the Prime Minister of Lebanon.

Educational Institutions

- Professor Ir Dr Datuk Mohd Zulkifli bin Tan Sri Mohd Ghazali, Vice-Chancellor, Universiti Teknologi Malaysia.
- Dr Chang Chun-Yen, President, National Chiao Tung University, Republic of China.
- Professor Dato Mohd Zohadie Bardaie, Vice-Chancellor, Universiti Putra Malaysia.
- Professor Chi Huisheng, Executive Vice-President, Peking University.

International Positioning

- Professor Art Cosgrove, President, University College Dublin.
- Professor Menachem Magidor, President, Hebrew University of Jerusalem.
- Mr Khoo Soo Peng, President, Taylor's College, Malaysia.

Diplomatic Visitors

- His Excellency, Mr Leonid Moiseev, Ambassador of the Russian Federation.
- His Excellency, Mr Mohammed Yousef Al-Zarafi, Ambassador of Oman to Japan and non-resident Ambassador for Australia.
- His Excellency, Mr MH Arshad, High Commissioner for Malaysia.
- His Excellency, Dr Klaus-Peter Klaiber, Ambassador for the Federal Republic of Germany.
- Her Excellency, Dr Anna Turenicova, Ambassador of the Slovak Republic.
- His Excellency, Mr Luk MJ Darras, Ambassador of Belgium.
- His Excellency, Mr Stephen Loyatum, High Commissioner for the Republic of Kenya.
- Her Excellency, Mrs Kate Lackey, High Commissioner for New Zealand.
- His Excellency, Dr Malcolm Leader, Australian Ambassador to Denmark.
- His Excellency, Mr James Wise, Australian High Commissioner to Malaysia.
- His Excellency, Mr Richard Rowe, Australian Ambassador to Sweden.

Major International Visits undertaken by the University's Senior Executive

- In April the Chancellor, Ms Fay Marles, visited Hong Kong, Bangkok, Singapore and Ipoh to host alumni events. These visits involved performances by the Young Piano Trio from the Faculty of Music. In June the Chancellor hosted receptions for alumni in San Francisco, New York and London.
- In May the Vice-Chancellor, Professor Alan Gilbert, and the Senior Vice-Principal, Mr Ian Marshman, attended the Annual General Meeting of *Universitas 21* at Lund University. The Vice-Chancellor and the Senior Vice-Principal then went on to London to present a briefing on the 'Melbourne Agenda' to alumni.
- In May the Deputy Vice-Chancellor (Research), Professor Frank Larkins, attended the Higher Education Forum of University Presidents in Tokyo.
- In August the Vice-Chancellor and the Vice-Principal (University Development), Mr Roger Peacock, visited China to meet with the President of Fudan University.
- In November Mr Peacock visited China to host functions for partner universities and to visit Nanjing University, and Fudan University.

Agreements for Academic Cooperation and Exchange

In 2002 the University of Melbourne established a new university level agreement with Seoul National University, Korea.

At the faculty level, agreements were established with Washington University in St Louis (Economics and Commerce) and Duke University (Law), both in the United States of America.

Enriching our Communities

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 wider society.

Strategic Plan Perspective 2002

THE UNIVERSITY OF MELBOURNE has been a defining institution in the social, cultural and scientific life of its home city and state, and nationally, throughout its 150-year history. Many high profile institutions, from the CSIRO to Museum Victoria, trace their origins to people and initiatives associated with the University of Melbourne.

In 2002 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. The lectures raise public awareness, and promote debate within the community on a range of issues of social and academic significance. In 2002 the University presented more than 150 free public lectures. These included:

- The Honourable Gough Whitlam and the Honourable Kevin Rudd, who co-presented a lecture entitled *China-Australia Relations 1972-2002 and Beyond*.
- Dr Sulak Sivaraksa from the Santi Pracha Dhamma Institute in Thailand, who presented a lecture entitled *Non-Violent Solutions to Global Conflict: A Buddhist Perspective*.
- Pulitzer Prize Winner Anthony Lew, who emphasised the issues of sovereignty and human rights in the *Sovereignty in the 21st Century Lecture Series*.

A public forum *After Bali: Understanding Islam and Indonesia* brought together regional

experts in a panel discussion to clarify some of the misunderstandings that have developed in public perception of Indonesians and Islam in the wake of the terrorist attack in Bali.

Mary Robinson, former United Nations High Commissioner for Human Rights, presented the inaugural Chancellor's Human Rights Lecture. The introduction of the Chancellor's Human Rights Lecture is an important development reflecting the Chancellor's long standing commitment to Human Rights.

Former Australian foreign minister Gareth Evans was conferred with the honorary degree of Doctor of Laws and gave the address at the inaugural graduation ceremony for the Melbourne JD. Other outstanding Australians honoured by the University in 2002 with the honorary Doctorate of Laws were former Victorian Premier Lindsay Thompson, former Federal politician and quiz champion, Barry Jones. A posthumous honorary Doctor of Commerce was awarded to David Finch, a former member of the International Monetary Fund.

The Alumni Relations Program continued to involve more alumni from both Australia and overseas through on-line communications and activities. Alumni from more than 23 countries registered to take part in the *2002 Virtual Alumni Summit*, and 3,500 alumni now subscribe to the regular *Gradnet@Melbourne* electronic newsletter.

More than 45,000 people visited the Parkville campus in August to take part in the University's annual Discovery Day.

The University continued its contribution to Melbourne's vibrant theatre life through the Melbourne Theatre Company (MTC), a University

Enriching our Communities

department, with many outstanding presentations throughout the year including: Joanna Murray-Smith's *Bombshells*, Tennessee Williams' *Sweet Bird of Youth*, David Auburn's *Proof*, David Williamson's *Soulmates* and Simon Phillips' adaptation of the Charles Dickens classic *Great Expectations*. Ticket sales were substantially higher than in the previous year. More people see MTC plays at the Victorian Arts Centre than ballet, opera or symphony concerts.

Playwrights, Jane Harrison and Dallas Winmar were jointly awarded the prestigious Kate Challis RAKA Award for 2002 – an annual award for Indigenous creative artists administered by the Australian Centre at the University of Melbourne. The \$10,000 prize recognises the work of an Indigenous playwright for a play performed by a professional theatre company during the past five years. The winning entries, selected from a strong field of 16 works, were Jane Harrison's *Stolen* and Dallas Winmar's *Aliwa*.

The University of Melbourne and Brotherhood of St Laurence (BSL) became partners in a global search for a 'pioneering thinker' to lead research and change in social policy and welfare delivery in Australia. The five-year appointment of a Professorial Fellow of Social Policy will combine teaching and research with policy development and research in one of Australia's leading welfare organisations.

Following a review of Melbourne University Press, the University Council accepted a recommendation that the organisation's publishing and retail operations be divided into two separate operations, Melbourne University

Bookshop and Melbourne University Publishing. Melbourne University Publishing is now well placed to publish research and scholarship and maintain its commitment to the publication of traditional academic monographs by taking advantage of new forms of publishing through digital media. The name 'Melbourne University Press' will continue as an imprint of Melbourne University Publishing.

Award-winning books in 2002, published by Melbourne University Publishing, included *The Boyds: A Family Biography*, by Brenda Niall; *Sand in Our Souls: The Beach in Australian History*, by Leone Huntsman; *Paper Nation: The Story of the Picturesque Atlas of Australasia 1886-1888*, by Tony Hughes-d'Aeth; *Visits Home: Migration Experiences between Italy and Australia*, by Loretta Baldassar; and *Blood, Bones and Spirit: Aboriginal Christianity in an East Kimberley Town*, by Heather McDonald.

The Ian Potter Museum of Art staged a range of exhibitions including a series on mid-career artists, a senior artist's retrospective survey and a touring exhibition to the Art Gallery of New South Wales. Two major exhibitions were drawn from the University of Melbourne Art Collection, one touring throughout regional Victoria. The Grainger Museum and the Baillieu Library continued their public exhibition programs in 2002. The exhibitions at the Grainger included: *The Accidental Wunderkammer: Decorative Arts and Curiosities from the Grainger Collection*, and *Instruments of Desire: Leather Alchemy*. The Baillieu Library presented the exhibitions: *Inscribing the Daily*, an exhibition of and about diaries, and *Fashion: the Cultural Imagery of*

Clothing, and *Judging by Their Covers: Fine Bindings from the 16th Century to the Present*.

The year also saw a solid increase in commitment to the University's development in the Goulburn Valley. The University purchased a building to be developed as an administrative and learning centre in the centre of Shepparton. The School of Rural Health welcomed its first rural clinical students. The Postgraduate School of Nursing, in partnership with Goulburn Valley Health, commenced the accelerated Degree in Nursing Science with their first intake of undergraduate students – the first in the region since 1992. The Faculty of Education offered the Bachelor of Early Childhood Studies to Koori students and continued working with schools in the region to provide student teacher placements in rural areas. The Institute of Land and Food Resources commenced a restructured program of courses in agriculture in response to changing industry needs and agricultural education.

Quality Management

Goal

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

Strategic Plan Perspective 2002

THE UNIVERSITY OF MELBOURNE is a complex, decentralised organisation strongly focused on the achievement of the 'Melbourne Agenda' through a clear accountability structure, detailed planning and structured assessments of performance against plan.

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. A major update of accountability activities resulted in the publication of *Ensuring Accountability*, a document which sets out the University's integrated approach to meeting its internal and external accountability obligations.

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

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

The University's planning and accountability structure is underpinned by a budget which links the allocation of resources to the basis on which funding is earned, rewards entrepreneurial activity and encourages quality improvement. The budget 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.

Improving the University's annual budget cycle and the quality of budget data continued to be a priority in 2002 with the publication of the Budget 2003 document, aimed at providing greater access by University staff to the annual budget process. This document sets out the University budget prepared at the annual Planning and Budget Conference and subsequently approved by Council. The PBC Budget Reference Group continued to meet in 2002 as part of the process of improving budget development accountability and transparency.

Quality assurance and the need to demonstrate continuous improvement across all University activities was also a key focus in 2002. Management and administrative structures were subject to regular reviews and analysis to ensure resources are directed to areas of greatest strategic priority.

As part of the University's ongoing, systematic quality assurance process, rolling schedules of Academic Department Audits and Administrative Department Reviews were approved for implementation in 2003. The major aim of a Department Audit is to assist academic departments to monitor their current performance and contribution to the strategic plans of the University, to identify opportunities for strengthening performance and to take stock of current processes and practices and their efficacy in supporting high-quality outcomes. Academic Department Audits focus on the quality and standing of the department's research, teaching and learning, programs and the quality of its leadership and management in supporting these activities.

Quality Management

In introducing the Administrative Department Review program a pilot review of the Information Division was undertaken, examining the demonstrable quality of programs, the Division's development activities and its performance in meeting objectives outlined in operational plans at departmental, divisional and university levels.

As part of the University Systems Project, the Department of Financial Operations completed the preparatory work leading to the implementation of a new finance system (Oracle Financials). Implemented on 2 January 2003, the new system provides improved financial reporting procedures and controls.

A University-wide strategic risk management framework was introduced in 2002 with the adoption of a common approach to risk identification and evaluation across the University. Each faculty and administrative division undertook a systematic strategic risk assessment in association with its annual planning and budgeting activities.

Following a significant broadening of insurance exclusions facing the University, insurance for the University was successfully renegotiated in 2002. A review of medical malpractice and related insurance issues was also undertaken and action was undertaken to consolidate the administration of University contracts.

The University Subsidiaries Committee further refined and developed its role of monitoring business activities undertaken through subsidiary corporate structures. In 2002 the Committee undertook the important initiative of establishing an annual cycle through which the University

reviews the operational plans and budgets of its subsidiaries and subsequently monitors their performance against plan.

The Victorian Auditor-General's office finalised a performance audit assessing the impact of international students on Victorian universities. Due to their significant numbers of international students, the University of Melbourne, Monash University and RMIT University were chosen for the review, which commenced in 2001. A large number of University staff undertook significant work in liaising with staff from the Auditor-General's office to provide information and clarify the complex issues of higher education funding, admission, assessment and student support.

The Auditor-General's report, tabled in the Victorian Parliament on 18 April 2002, provided an overall strong endorsement of the University's management of international student programs. The University has reviewed the report's recommendations and, on matters identified by the Auditor-General as warranting further attention, has assigned responsibility for implementation of actions or the monitoring of issues.

In 2002 the State Government reviewed governance procedures for Victorian universities. The Vice-Chancellor was a member of the review panel and the University was an active participant in the review process. The major recommendation of the review was that university councils should retain responsibility and accountability for university governance. A number of reforms were subsequently announced by the Minister focusing on a range of issues, including the statement of objectives in

university legislation, the appointment of Council members, conflict of interest, confidentiality, risk management and the role of the university visitor.

The University recognises the contribution good management makes to the commitment and productivity of staff. In 2002 the role and responsibilities of heads of academic departments were reviewed and a new remuneration structure, recognising the increased responsibilities assigned to heads, was introduced.

The year also saw the development and implementation of a number of staffing policies which regulate the interaction of staff with the broader community. These included policies for paid outside work and travel, and the establishment of protocols for engagement with Melbourne University Private.

Environmental health and safety programs form a key part of the University's management processes. Building on a range of internal environmental programs, the University demonstrated further commitment to its support for environmental sustainability through the Vice-Chancellor becoming a signatory to the Talloires Declaration, a 10 point action plan for incorporating sustainability and environmental literacy at universities through teaching, research, operations and outreach, that has been signed by over 290 university presidents and chancellors in more than 40 countries.

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 2002

THE UNIVERSITY'S infrastructure policies are underpinned by the need for teaching and research facilities to meet international 'best practice' standards, and for matching, in each arena, infrastructure development programs to the strategic priorities of the University and the specific requirements of individual research groups, departments and faculties involved.

To this end, following the completion of the University Square Development in December 2001, transfer of staff to the Law School building was completed in time for the Faculty of Law to conduct its full range of activities in its new premises from the beginning of first semester, 2002. Fit-out of the Information and Communications Technology Building for Information Systems and Computer Science and Software Engineering reached practical completion in October 2002. Staff from the Departments of Information Systems and Computer Science and Software Engineering relocated to the new building at the end of 2002. In addition, a contract was awarded for the fit-out of part of the ground floor in the Information and Communications Technology Building for the Australian Mathematical Sciences Institute.

A contract was awarded for the fit-out of the first three floors of the Melbourne University Private building and design progressed for fit-out of levels four and five. When completed, this building will provide accommodation, research and teaching facilities for Neurosciences Victoria, Melbourne University Private Ltd, the Australian and New Zealand School of Government, the Melbourne Research and

Innovation Office, the Office of the Deputy Vice-Chancellor (Research), the Legal Services and Compliance Office and postgraduate coursework programs offered by the Faculty of Economics and Commerce.

A number of terrace houses owned by the University in Barry Street, Carlton were fitted out for the Centre for Applied Educational Research and the International Centre for Classroom Research.

Construction commenced on the University's *Bio21* Molecular Science and Biotechnology Institute Building at the Western Precinct with a project budget of \$94.7 million. The building will consist of 23,000 square metres of space, comprising world-class laboratories, office spaces and a specialised scientific instrument room to house the nuclear magnetic spectrometer.

The Botany Northwest extension was completed, providing 1,200 square metres of specialised research space and additional office accommodation for the School of Botany at a cost of \$5.6 million.

Work continued on the extension of the Chemical Engineering Building to provide an additional 2,890 square metres of teaching, laboratory and office accommodation for the Department of Chemical and Biomolecular Engineering. Work was scheduled for completion in February 2003 at a cost of \$6.41 million.

New practice rooms were constructed for the Faculty of Music at 214 Berkeley Street, Carlton within the University Square Precinct at a cost of \$390,000.

Quality Infrastructure

The program to refurbish existing teaching spaces continued, including refurbishment of the Veterinary Research Institute Lecture Theatre at the Western Precinct, Babel Building Upper and Lower Lecture Theatres, Old Arts Lecture Theatre B and the Cussonia Court Lecture Theatres at a cost of \$1.98 million. These centrally allocated teaching spaces support the development and expansion of academic and postgraduate programs across all faculties.

Demolition of the Scarborough Wing commenced in late 2002 in order to open up the north facade of the Old Quadrangle Building and present a new courtyard to the University on the south side of the Union Building.

Planning for refurbishment of the Beaurepaire Centre, including the Pool Hall, was completed. This involved the successful application to Heritage Victoria for a permit to undertake refurbishment works in accordance with statutory controls imposed as a result of the Beaurepaire Centre being recorded on the Victorian Heritage Register. Works will commence in early 2003 with a forecast completion date of late 2003.

Planning commenced on a new accommodation facility for students at International House that will comprise single units, tutors' rooms and library space. Subject to obtaining necessary statutory planning permits, works will commence on this project in mid-2003.

A Landscape Conservation Analysis was conducted of the University's Burnley Campus. The analysis revealed that the Burnley Gardens are of historic, social, scientific, aesthetic and cultural significance to Victoria and hold a unique place in the history of Australia, as horticulture

has continuously been taught at the site since 1891. The Conservation Analysis will provide the basis for the development of a landscape conservation management policy and strategy.

The Property and Buildings Department continued to support strategic developments within the School of Rural Health based in Shepparton, in particular strategic property planning for the Rural Clinical School established by the University in 2001. Construction commenced on a project at Graham Street, Shepparton to provide residential accommodation for 66 students from the Rural Clinical School and the Department of Rural Health at a cost of \$4.29 million. The University purchased a former nursing home in Worland Road, Wangaratta which will be developed during 2003 as the residential accommodation facility for students from the Rural Clinical School during practical placements at the Wangaratta Base Hospital. In 2002 planning also occurred to develop teaching and research spaces within the Wangaratta Base Hospital and teaching and research space and student accommodation at Ballarat Health.

Making the University Self Reliant

Goal

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

Strategic Plan Perspective 2002

DIVERSIFICATION and expansion of the University's funding base is a key element of the 'Melbourne Agenda', underpinning many of the University's achievements in 2002 and critical to its development as a leading international University.

The higher education system in Australia continues to be shaped by a decline in public funding as a proportion of University expenditure, both in absolute and relative terms. In response to reductions in public funding, the University has implemented a range of strategies to diversify its funding base and establish the groundwork for a secure resource base to enable long-term international competitiveness.

These strategies have been implemented without resorting to downsizing, an option exercised by many other universities, and have also enabled the University to remain a national leader in terms of staff remuneration.

A key medium-term strategy for the achievement of revenue growth is growth in fee-paying student revenue. The University continues to achieve encouraging revenue increases in both student fees and other discretionary income. Since 1996, revenue from student fee income has increased by around \$110 million, from \$30 million in 1996 to in excess of \$142 million in 2002.

In 2002 the University was again successful in attaining the achievement of fee-paying student targets. In terms of equivalent full-time students (EFTSU), the University enrolled 6,701 international students, including 5,209 undergraduates, and 3,484 fee-paying Australian students. In 2002, 1,651 high performing Australian students

(1,339 EFTSU) chose to enrol in a fee-based undergraduate place in preference to a HECS-based place elsewhere. Many of these were outstanding students, and include students from financially or socially disadvantaged backgrounds, who were awarded a Melbourne Scholarship linked to a fee-based place. In 2002, 44% of students enrolling in a domestic undergraduate fee-based place at a Victorian university chose to study at Melbourne.

Success with the University's international and domestic fee-based programs has led to significant reshaping of the University's student profile. In 2002 some 32% of the University's students are enrolled in fee-based courses, up from 12% in 1996.

The additional revenue from increasing numbers of fee-based enrolments provides essential recurrent discretionary income used to enhance the quality and range of research, the teaching and learning infrastructure and to support staff salary increases. Through the implementation of an Enterprise Agreement that links staff salary increases to the University's capacity to pay, salary increases awarded in 2002 totalled 4.14%, significantly above the 3.38% increase forecast in the Enterprise Bargain.

Expansion of the University's postgraduate coursework programs is a priority for the University. In 2002 significant work was undertaken in evaluating current programs as well as planning and promoting a new suite of masters programs in information and communication technology. The new suite of programs is being implemented in 2002 with substantial increases in enrolments forecast up

Making the University Self Reliant

until 2006. The expansion of fee-paying postgraduate courses coincides with the introduction in 2002 of the Commonwealth Government's Postgraduate Education Loans Scheme (PELS) – a scheme that provides an alternative funding option utilised by more than 1,000 students in 2002.

During 2002 the University's international student marketing and recruitment programs were relocated from the University Development Division to Academic Services. This change followed a review in 2001 and, by bringing together all central international student activities within one functional area, aims to facilitate improved coordination of services and better integration of marketing and promotion undertaken by faculty and central staff.

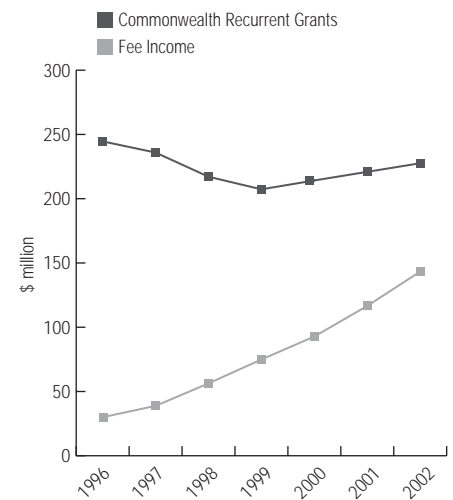
While the current focus of revenue generation is necessarily based on increasing fee income, in the medium term it is expected that educational service contracts, research consultancies and royalty streams from the commercialisation of research are likely to play more significant roles in the diversification of the University's funding base. Revenue from a global e-education initiative currently being launched by Universitas 21 Global offers the prospect of a substantial alternative revenue stream in the longer term.

A number of support services assist researchers in the generation of research income, including the provision of advice and referral to the Professional Services Network – a register of companies and consultants that can provide advice and practical assistance to University staff with respect to patenting, technology transfer, technology investment, commercialisation,

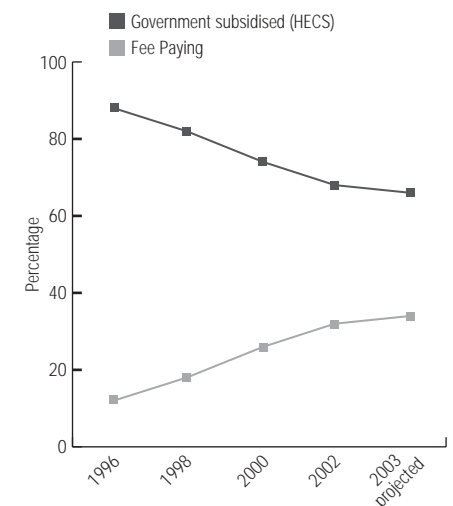
business planning and tender preparation. A successful Research and Innovation Fair was conducted in September 2002 to assist staff to make effective use of the Professional Services Network and increase awareness and skills in the areas of IP management and technology transfer. In 2002, the Melbourne Research and Innovation office negotiated 317 contracts and other research related agreements, an increase of 40% over 2001.

Following the 2001 merger of Melbourne University Private Limited with Melbourne Enterprises International, significant work has been undertaken in 2002 to facilitate and provide appropriate structures for interaction between the public University and Melbourne University Private. 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. For 2002, the total contribution of 'shareholder benefit' generated for the University of Melbourne through the operations of Melbourne University Private is estimated to be around \$13 million.

Commonwealth Recurrent Grants and Fee Income



Government Subsidised and Fee-based Students at Melbourne



University Governance

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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 Education and Training.

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 31) 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.

The University offers bachelor degree courses in: Agriculture, Agricultural Science, Animal Science, Animal Science and Management, Applied Science, 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, Food Science, Forestry, Forest Science, Geographic Information Technology,

Geomatic Engineering, Horticulture, Information Systems, Landscape Architecture, Law, Medical Science, Medicine, Music, Music Education, Music Performance, Optometry, Nursing Science, Physiotherapy, Planning and Design, Public Policy and Management, Resource Management, Science, Social Work, 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 and Training.

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.

There are also courses leading to masters degrees in: Accounting, Actuarial Science, Agribusiness, Agricultural Studies, Animal Welfare, Applied Commerce, Applied Finance, Arts Management, Audiology, Banking and Financial Services, Biostatistics, Building Science, Business Administration, Business Analysis and Systems, Business and Information Technology, Choreography, Common Law, Computer Assisted Language Learning, Computer Science, Construction, Corporate Law, Creative Writing, Criminology, Dance, Development, Development Studies, Development Technologies, Education, Educational Management, Educational Psychology, Electronic Commerce, Energy Studies, e-Law, Engineering Science, Engineering Project Management, English Language, Enterprise Analysis and Systems,

Environment, Environmental Engineering, Environmental Studies, Epidemiology, Financial Management, Forest Industries, General Practice Psychology, Gynaecology and Obstetrics, Health Ethics, Health Promotion, Health Sciences, Horticultural Science, Human Resource Management, Information Technology, Information Technology in Education, International Business, International Mental Health, Juris Doctor, Knowledge Management, Management, Management (Technology), Manufacturing Studies, Marketing, Medical Anthropology, Medicine, Military Law, Modern Languages Education, Music Studies, Natural Resource Management, Nursing, Primary Health Care, Psychiatry, Psychology, Public Health, Public Policy, Social Health, Sports Medicine, Taxation, Urban Planning, Utilities Management, Veterinary Studies, Water Resources Management, Women's Health and 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.

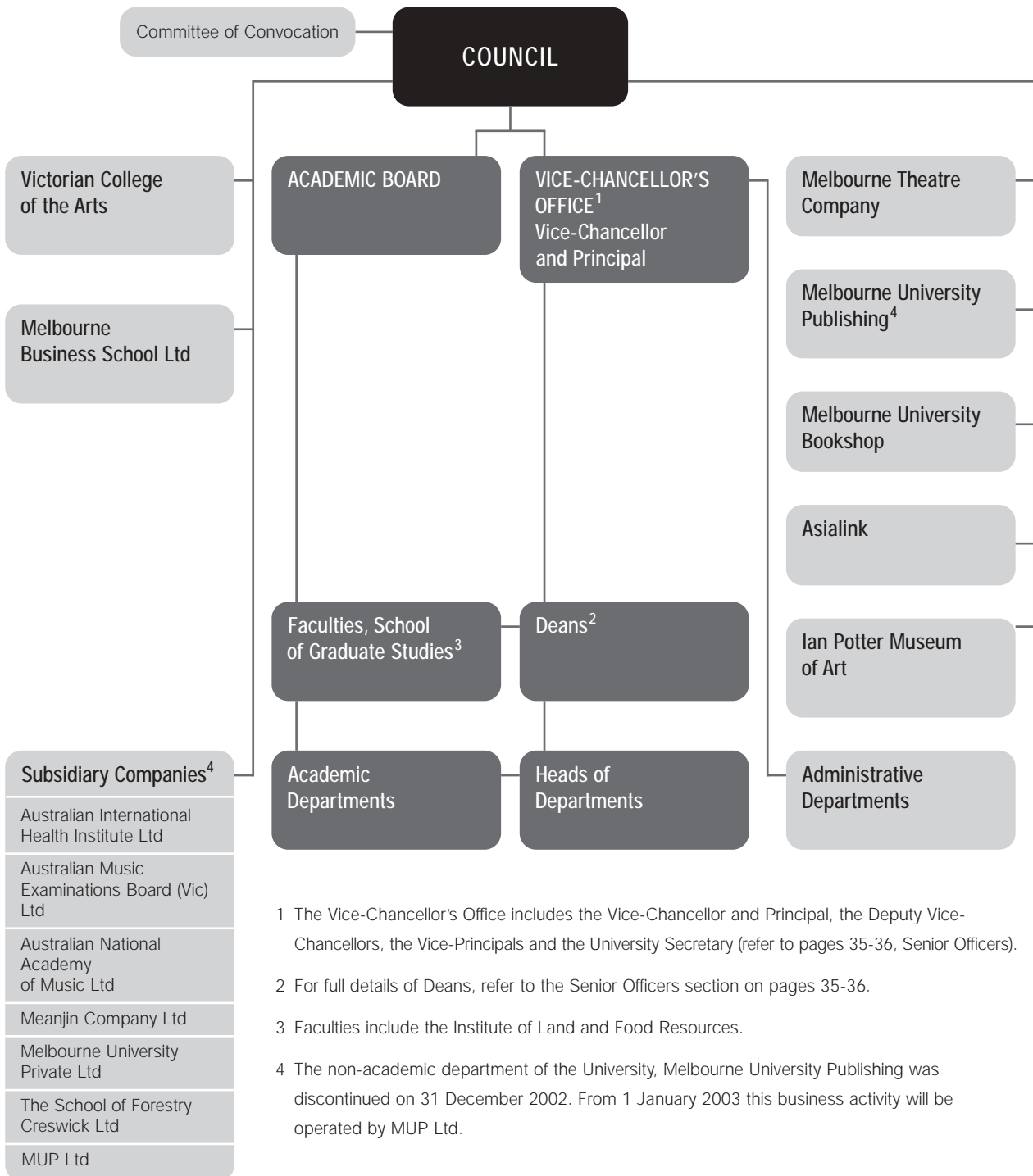
In the last decade of the 20th century the structure of the University underwent profound change. An amalgamation between the University and the adjacent Melbourne College of Advanced Education came into effect in 1989 leading to a merger between the College and the University's Faculty of Education.

The Hawthorn Institute of Education affiliated with the University in 1991 and is now fully amalgamated and integrated with the Faculty of Education. 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. During 2001 the first stage of a merger between Melbourne University Private Limited and Melbourne Enterprises International Limited, the University's commercial arm, was undertaken, with Melbourne Enterprises International Limited becoming a subsidiary of Melbourne University Private Limited. The merger process was completed on 1 July 2002 when the assets and liabilities of Melbourne Enterprises International Limited were transferred to Melbourne University Private Limited. Initially, award courses offered by Melbourne University Private were subject to validation by the University of Melbourne Academic Board. In November 2002 Melbourne University Private became a self-accrediting institution. Quality assurance of its academic programs is undertaken by the Academic Board of the University of Melbourne.

Corporate Structure



1 The Vice-Chancellor's Office includes the Vice-Chancellor and Principal, the Deputy Vice-Chancellors, the Vice-Principals and the University Secretary (refer to pages 35-36, Senior Officers).

2 For full details of Deans, refer to the Senior Officers section on pages 35-36.

3 Faculties include the Institute of Land and Food Resources.

4 The non-academic department of the University, Melbourne University Publishing was discontinued on 31 December 2002. From 1 January 2003 this business activity will be operated by MUP Ltd.

Council Membership 2002

EX-OFFICIO MEMBERS

Chancellor

MS FAY MARLES,
AM MA DipSocStud *Melb*
First elected to Council 1 January 1984
Elected Chancellor 3 February 2001
Re-elected 1 January 2002

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 PETER McPHEE,
MA PhD Dip Ed *Melb* FAHA
Appointed 1 January 2002

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
Re-appointed 1 January 2002

JUDGE IRENE LAWSON,
LLB *Melb*
Appointed 23 October 2001
Re-appointed 1 January 2002

MRS CATHERINE WALTER,
LLB (Hons) LLM MBA *Melb* FAICD
First co-opted 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 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*
First elected 1 January 1992
Re-appointed 1 January 2002

MS ROSA STORELLI,
BEd *Adel* CAE Grad Dip Student Welfare
Hawthorn MEd Studies *Monash* FACEA
AFAIM
Appointed 1 January 2001
Re-appointed 1 January 2002

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

MR IAN RENARD,
BA LLM *Melb*
First elected 1 January 1994
Re-appointed 1 January 2001

THREE PERSONS ELECTED BY AND FROM THE STAFF OF THE UNIVERSITY

Representing the Professors
PROFESSOR FIELD RICKARDS,
BSc MEd *Manc* PhD *Melb*
Elected 1 January 2002

Representing the Academic Staff,
other than Professors:
MR ROBERT EVANS,
LLM *Lond* Barrister and Solicitor Victoria
Elected 1 January 2002

Representing General Staff Members
MR TIMOTHY ANNING,
BSc *Melb*
Elected 1 March 1995
Re-appointed 1 January 2001

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

MR DANIEL PERKINS
Elected 1 January 2002
MS JULIE CONNOLLY
Elected 1 January 2002
Resigned 3 October 2002

Principal Council Committees and 2002 Committee Membership



Dr N G Curry, Deputy Chancellor (Chairperson)

Mr T Anning, Member of Council

Prof C Bull, Faculty of Architecture, Building & Planning

Dr D Daines, Vice-Principal (Property and Buildings)

The Hon. Mr B Forwood, Member of Council

Mr B Houghton, Student Union representative

Dr B Lochtenberg, Member of Council

Prof P B McPhee, President of Academic Board

Mr A Mussen, Faculty of Architecture, Building & Planning

Dr R Di Nicolantonio, Faculty of Medicine, Dentistry and Health Sciences

Mr J F Nicholas, Committee of Convocation representative

Mr A Spicer, Postgraduate Association representative

Dr J Schapper, Faculty of Architecture, Building & Planning

Prof S Walker, Senior Deputy Vice-Chancellor

The Hon D White, Member of Council

Mr D Crawford, Member of Council (Chairperson)

Mr B Commerer, Postgraduate Association representative

Mr R Cook, Committee of Convocation representative

Dr N G Curry, Deputy Chancellor

Mr D Evans, external member

Prof A D Gilbert, Vice-Chancellor

Mr R Johanson, external member

Prof P B McPhee, President of Academic Board

Mr I Renard, Deputy Chancellor

Ms C Walter, Member of Council

Vacant, Student Union representative

Ms M Doig, Member of Council (Chairperson)

Ms E Baré, Deputy Principal (Human Resources)

Dr N G Curry, Deputy Chancellor

Mr S Freeman, external member

Prof A D Gilbert, Vice-Chancellor

Mr A Handberg, Committee of Convocation representative

Mr M Jankleson, external member

Assoc Prof K Landman, Faculty of Science

Assoc Prof J Langan-Fox, Faculty of Medicine, Dentistry and Health Sciences

Judge I Lawson, Member of Council

Prof K C Lee Dow, Deputy Vice-Chancellor (Students and Staff)

Ms F Marles, Chancellor

Prof P B McPhee, President of Academic Board

Mr I Renard, Deputy Chancellor (Chairperson)

Dr N G Curry, Deputy Chancellor

Mr P Allen, Member of Council

Mr D Dodd, Committee of Convocation representative

Ms M Doig, Member of Council

Dr B Lochtenberg, Member of Council

Ms F Marles, Chancellor

Ms R Storelli, Member of Council

The Hon D White, Member of Council

The Hon Justice A Chernov, Member of Council (Chairperson)

Mr M J Anderson, Committee of Convocation representative

Mr T Anning, Member of Council

Mr L Currie, University Secretary

Mr G F Dawson, external member

Mr R M Garratt QC, external member

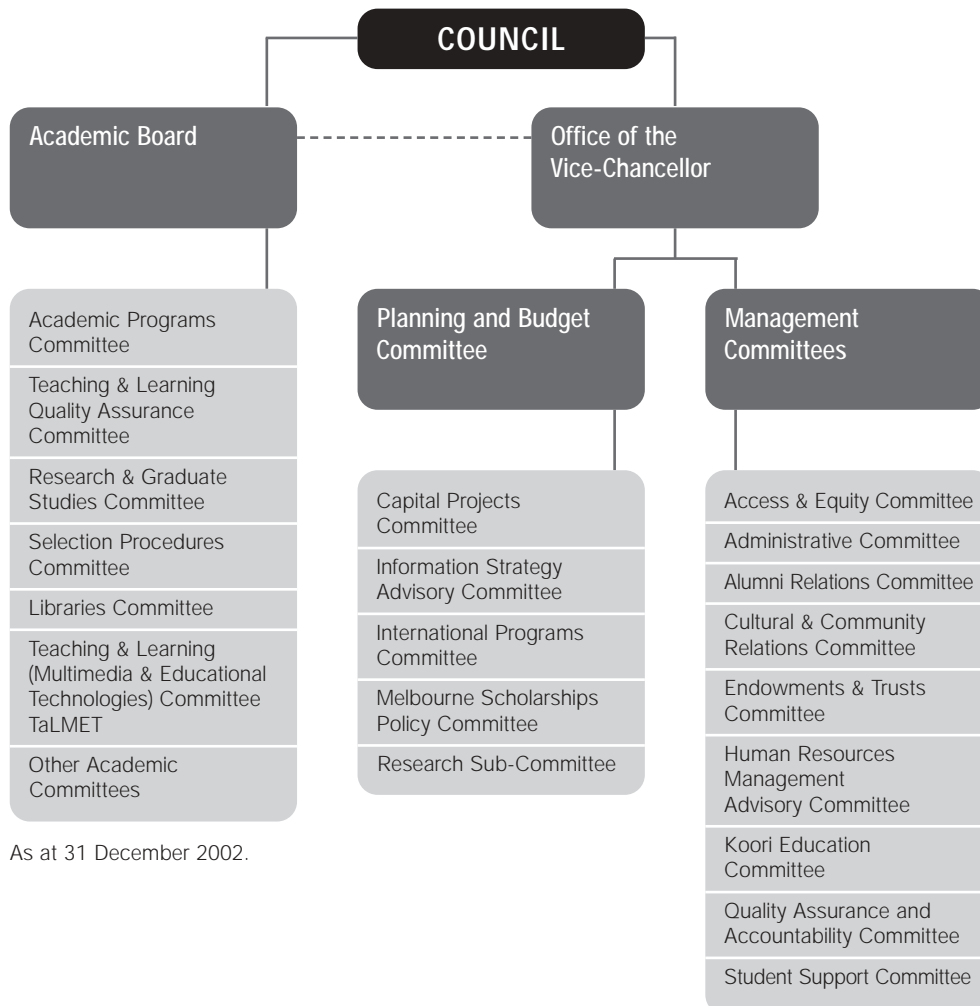
Mr R W Hamer, external member

Prof P B McPhee, President of Academic Board

Mr D Perkins, Student Union representative

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

Academic and University Committees



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 & 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 & Business Information Systems
- 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 & Biomolecular 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
- 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, Mercy & ARMC)
- Ophthalmology
- Otolaryngology
- Paediatrics
- Psychiatry
- Radiology
- Surgery (RMH & Western)
- Surgery (St Vincent's)
- Surgery (Austin & Repatriation Medical Centre)
- School of Dental Science
- School of Physiotherapy
- School of Behavioural Science
- Psychology
- School of Postgraduate Nursing
- School of Population Health
- Public Health
- School of Rural Health

Academic units listed within faculties are departments unless otherwise indicated.

Faculty and departmental titles are as at 31 December 2002.

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

Bio21 Molecular Science and Biotechnology Institute

School of the Victorian College of the Arts

Melbourne Business School

Audit Committee

The Audit Committee is a sub-committee of the Finance Committee of Council, but has the right to report directly to Council at need.

Audit Committee membership at 31 December 2002 comprised:

MR DAVID CRAWFORD (Chairperson)
BCom LLB *Melb* FCA FCPA

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

MR STEPHEN COUGLE
BComm *Melb* ACA ASIA (Aff)

MS MARGARET CROSSLEY
FCA CPA

MR PAUL BARKER
BBus *RMIT* Dip Accounting *Swinburne* FCA ACIS

A vacancy existed at 31 December 2002 which has been filled with effect from 1 January 2003.

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

PROFESSOR FIELD RICKARDS,
BSc MEd *Manc* PhD *Melb*
Appointed 1 January 2002

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

To 31 July 2002

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.

From 1 August 2002

PROFESSOR IAN RAMSAY
BA LLB *Macq* LLM *Harv*
Solicitor of the Supreme Court of New South
Wales and the High Court of Australia
Member of the New York Bar

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

President of Convocation

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

Deputy President

MR ALLAN HANDBERG, BCom *Melb*

Representatives of the Graduates in Architecture, Building and Planning

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*

MS MARUERITA 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*

MS EILEEN PARKER, BA *Kerala* BSW *Melb*

MR JOSHUA PULS, BA (Hons) *Melb*

LLB (Hons) *Melb* DipEd *ACU*

DR CECILY CLOSE, MA *Melb* PhD *Monash*
ARMIT

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

MR MALCOLM ANDERSON, BCom *Melb*
FASA ACIS RCA

MR BARRY DANCE, BCom *Melb*

MR DAVID DODD, BCom *Melb*

MR ALAN DOUGLAS, BCom *Melb*
GradDipTaxLaws *Monash* CPA

MR ALLAN HANDBERG, BCom *Melb*

MR JOHN MEEHAN, BCom *Melb* FCIT AFAM

Representatives of the Graduates in Education and Music

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

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

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

At 31 December 2002 one vacancy was
to be filled.

Representatives of the Graduates in Engineering

MR ROY HARDCASTLE, BCE *Melb* FRMIT
FIEAust FAustIMM

MR FRANK LEES, AM MBE BMechE *Melb* FRSA

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

DR JENNY STILLMAN, BVSc *Melb* MVSc *Melb*
MACVS

MS CATHERINE WILLIS, BCom *Melb* MAgriBus
Melb GradDip Marketing *Monash*

Representatives of the Graduates in Law

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

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

MR RICHARD COOK, LLB *ANU* LLM *Melb*

MR GEOFFREY DAWSON, LLB *Melb*

Representatives of the Graduates in Medicine, Dentistry and Health Sciences

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

DR PETER LOWE, MB BS *Melb* FANZCA

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

MR DAVID BROWNBILL, AM MB BS *Melb*
FRACS FACTM MACLM

DR JOHN HARCOURT, OAM DDSc *Melb*
FRACDS FDSRCSEd (Hons)

DR BEVERLEY-ANNE RODAN, BSc *Melb*
BA (Hons) *Melb*

Representatives of the Graduates in Science

DR SOPHIE DUCKER, AM DSc, *Melb* HonLLD

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

MISS ANN RUSDEN, BSc *Melb* TSTC MACE

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

DR IAN PRICE, BSc *Melb* PhD *Melb*

MS MALORY WESTON, BSc (Hons) *Melb*
MSc *Melb*

Statutory Reporting

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Freedom of Information

In the year from 1 July 2001 to 30 June 2002 11 new requests for documents were received. These comprised six requests for personal documents and five requests for non-personal documents. Access in full was given to three requests and access in part was given to eight requests.

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:

Ms Bernadine McNamara
Assistant 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 Series:

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 also been developed. Within this overall structure, a vast

range of individual computer reports is 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 Melbourne University Bookshop 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.

Freedom of Information

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

Library are:

- The University of Melbourne Strategic Plan
- The University of Melbourne Operational Plan
- The University of Melbourne Annual Budget
- Ensuring Accountability
- Research and Research Training Plan
- Teaching and Learning Management Plan
- The University of Melbourne Annual Report
- The University of Melbourne Annual Review
- The University of Melbourne Research Report
- The University of Melbourne Research Performance
- The University of Melbourne Statistics

Whistleblowers Protection Act 2001: University Procedures

Statement of support to whistleblowers

The University is committed to the aims and objectives of the *Whistleblowers Protection Act 2001* (the Act). It neither tolerates improper conduct by University staff and Council members, nor the taking of reprisals against those who come forward to disclose such conduct.

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

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

Purpose of these procedures

These procedures establish a system for reporting disclosures of improper conduct or detrimental action by the University, its staff or members of Council. The system enables such disclosures to be made to the protected disclosure coordinator or to one of the nominated protected disclosure officers. Disclosures may be made by students, staff members or by members of the public.

These procedures are designed to complement normal communication channels between supervisors and staff members. Staff members are encouraged to continue to raise appropriate matters at any time with their supervisors. As an alternative, staff members may make a disclosure of improper conduct or detrimental action under the Act in accordance with these procedures.

Objects of the Act

The *Whistleblowers Protection Act 2001* commenced operation on 1 January 2002. The purpose of the Act is to encourage and

facilitate the making of disclosures of improper conduct by public officers and public bodies. The Act provides protection to whistleblowers who make disclosures in accordance with the Act, and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

Definitions of key terms

Three key concepts in the reporting system are improper conduct, corrupt conduct and detrimental action. Definitions of these terms are set out below.

Improper conduct

A disclosure may be made about improper conduct by the University and University staff and Council members. Improper conduct means conduct that is corrupt, a substantial mismanagement of public resources, or conduct involving substantial risk to public health or safety or to the environment. The conduct must be serious enough to constitute, if proved, a criminal offence or reasonable grounds for dismissal.

Examples

To avoid closure of a town's only industry, an environmental health officer ignores or conceals evidence of illegal dumping of waste.

An agricultural officer delays or declines imposing quarantine to allow a financially distressed farmer to sell diseased stock.

A building inspector tolerates poor practices and structural defects in the work of a leading local builder.

Corrupt conduct

Corrupt conduct means:

- Conduct of any staff or Council members (whether or not a public official) that adversely affects the honest performance of a staff or Council member or the University's functions;
- The performance of a staff or Council member's functions dishonestly or with inappropriate partiality;

- Conduct of a staff or Council member, former staff or Council member or the University that amounts to a breach of public trust;
- Conduct by a staff or Council member or the University that amounts to the misuse of information or material acquired in the course of the performance of their official functions; or
- A conspiracy or attempt to engage in the above conduct.

Examples

A staff or Council member takes a bribe or receives a payment other than his or her wages or salary in exchange for the discharge of a public duty.

A staff or Council member favours unmeritorious applications for jobs by friends and relatives.

A staff or Council member sells confidential information.

Detrimental action

The Act makes it an offence for a person to take detrimental action against a person in reprisal for a protected disclosure. Detrimental action includes:

- Action causing injury, loss or damage;
- Intimidation or harassment; and
- Discrimination, disadvantage or adverse treatment in relation to a person's employment, career, profession, trade or business, including the taking of disciplinary action.

Examples

The University refuses a deserved promotion of a person who makes a disclosure.

The University demotes, transfers, isolates in the workplace or changes the duties of a whistleblower due to the making of a disclosure.

A person threatens, abuses or carries out other forms of harassment directly or indirectly against the whistleblower, his or her family or friends.

The University discriminates against the whistleblower or his or her family and associates in subsequent applications for jobs, permits or tenders.

Whistleblowers Protection Act 2001: University Procedures

The reporting system

Contact persons within the University

Disclosures of improper conduct or detrimental action by the University or its employees, may be made to the following:

Protected Disclosure Officers

Professor Kwong Lee Dow (03) 8344 4151
Deputy Vice-Chancellor (Students and Staff)

Professor Frank Larkins (03) 8344 4179
Deputy Vice-Chancellor (Research)

Professor Peter McPhee (03) 8344 3744
President, Academic Board

Professor Field Rickards (03) 8344 0964
Vice-President, Academic Board

Professor Loane Skene (03) 8344 4858
Deputy Vice-President, Academic Board

Ms Lin Martin (03) 8344 9667
Vice-Principal and Academic Registrar

Ms Elizabeth Baré (03) 8344 6151
Deputy Principal, Human Resources

The Protected Disclosure Coordinator

Mr Ian Marshman (03) 8344 6121
Senior Vice-Principal

All correspondence, phone calls and emails from internal or external whistleblowers will be referred to the protected disclosure coordinator.

Where a person is contemplating making a disclosure and is concerned about approaching the protected disclosure coordinator or a protected disclosure officer in the workplace, he or she can call the relevant officer and request a meeting in a discreet location away from the workplace.

Alternative contact persons

A disclosure about improper conduct or detrimental action by the University or its employees, may also be made directly to the Ombudsman:

Person who is the subject of the disclosure	Person/body to whom the disclosure must be made
Employee of a public body	That public body or the Ombudsman
Member of Parliament (Legislative Assembly)	Speaker of the Legislative Assembly
Member of Parliament (Legislative Council)	President of the Legislative Council
Councillor	The Ombudsman
Chief Commissioner of Police	The Ombudsman or Deputy Ombudsman
Member of the police force	The Ombudsman, Deputy Ombudsman or Chief Commissioner of Police

The Ombudsman Victoria
Level 22, 459 Collins Street
Melbourne Victoria 3000
(DX 210174)
Internet: www.ombudsman.vic.gov.au
Email: ombudvic@ombudsman.vic.gov.au
Tel: (03) 9613 6222
Toll Free: 1800 806 314
Ombudsman: Dr Barry Perry Tel: (03) 9613 6202

The table above sets out where disclosures about persons other than staff or Council members of the University should be made.

Roles and responsibilities

Staff members and students

Staff members and students are encouraged to report known or suspected incidences of improper conduct or detrimental action in accordance with these procedures.

All staff members and students of the University have an important role to play in supporting those who have made a legitimate disclosure. They must refrain from any activity that is, or could be perceived to be, victimisation or harassment of a person who makes a disclosure. Furthermore, they should protect and maintain the confidentiality of a person they know or suspect to have made a disclosure.

Protected disclosure officers

Protected disclosure officers will:

- Be a contact point for general advice about the operation of the Act for any person wishing to make a disclosure about improper conduct or detrimental action;
- Make arrangements for a disclosure to be made privately and discreetly and, if necessary, away from the workplace;
- Receive any disclosure made orally or in writing (from internal and external whistleblowers);
- Commit to writing any disclosure made orally;
- Impartially assess the allegation and determine whether it is a disclosure made in accordance with Part 2 of the Act (that is, 'a protected disclosure');
- Take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure are kept confidential; and
- Forward all disclosures and supporting evidence to the protected disclosure coordinator.

Protected disclosure coordinator

The protected disclosure coordinator has a central 'clearinghouse' role in the internal reporting system. He or she will:

- Receive all disclosures forwarded from the protected disclosure officers;

- Receive all phone calls, emails and letters from members of the public or staff members and students seeking to make a disclosure;
- Impartially assess each disclosure to determine whether it is a public interest disclosure;
- Refer all public interest disclosures to the Ombudsman;
- Be responsible for carrying out, or appointing an investigator to carry out, an investigation referred to the University by the Ombudsman;
- Be responsible for overseeing and coordinating an investigation where an investigator has been appointed;
- Appoint a welfare manager to support the whistleblower and to protect him or her from any reprisals;
- Advise the whistleblower of the progress of an investigation into the disclosed matter;
- Establish and manage a confidential filing system;
- Collate and publish statistics on disclosures made;
- Take all necessary steps to ensure the identity of the whistleblower and the identity of the person who is the subject of the disclosure are kept confidential; and
- Liaise with the Vice-Chancellor.

Investigator

The investigator will be responsible for carrying out an internal investigation into a disclosure where the Ombudsman has referred a matter to the University. An investigator may be a person from within an organisation or a consultant engaged for that purpose.

Welfare manager

The welfare manager is responsible for looking after the general welfare of the whistleblower.

The welfare manager will:

- Examine the immediate welfare and protection needs of a whistleblower who has made a disclosure and seek to foster a supportive work environment;
- Advise the whistleblower of the legislative and administrative protections available to him or her;

- Listen and respond to any concerns of harassment, intimidation or victimisation in reprisal for making disclosure; and
- Ensure the expectations of the whistleblower are realistic.

Confidentiality

The University will take all reasonable steps to protect the identity of the whistleblower. Maintaining confidentiality is crucial in ensuring reprisals are not made against a whistleblower.

The Act requires any person who receives information due to the handling or investigation of a protected disclosure, not to disclose that information except in certain limited circumstances. Disclosure of information in breach of section 22 constitutes an offence that is punishable by a maximum fine of 60 penalty units (currently \$6,000) or six months imprisonment or both.

The circumstances in which a person may disclose information obtained about a protected disclosure include:

- Where exercising the functions of the University under the Act;
- When making a report or recommendation under the Act;
- When publishing statistics in the annual report of the University; and
- In criminal proceedings for certain offences in the Act.

However, the Act prohibits the inclusion of particulars in any report or recommendation that is likely to lead to the identification of the whistleblower. The Act also prohibits the identification of the person who is the subject of the disclosure in any particulars included in an annual report.

The University will ensure all files, whether paper or electronic, are kept in a secure room and can only be accessed by the protected disclosure coordinator, protected disclosure officer, the investigator or welfare manager (in relation to welfare matters). All printed material

will be kept in files that are clearly marked as a Whistleblower Protection Act matter, and warn of the criminal penalties that apply to any unauthorised divulging of information concerning a protected disclosure. All electronic files will be produced and stored on a stand-alone computer and be given password protection. Backup files will be kept on floppy disc or other suitable removable medium. All materials relevant to an investigation, such as tapes from interviews, will also be stored securely with the whistleblower files.

The University will not email documents relevant to a whistleblower matter and will ensure all phone calls and meetings are conducted in private.

Collating and publishing statistics

The protected disclosure coordinator will establish a secure register to record the information required to be published in the annual report, and to generally keep account of the status of whistleblower disclosures. The register will be confidential and will not record any information that may identify the whistleblower.

The register will contain the following information:

- The number and types of disclosures made to the University during the year;
- The number of disclosures referred to the Ombudsman for determination as to whether they are public interest disclosures;
- The number and types of disclosed matters referred to the University by the Ombudsman for investigation;
- The number and types of disclosures referred by the University to the Ombudsman for investigation;
- The number and types of investigations taken over from the University by the Ombudsman;
- The number of requests made by a whistleblower to the Ombudsman to take over an investigation by the University;
- The number and types of disclosed matters that the University has declined to investigate;

Whistleblowers Protection Act 2001: University Procedures

- The number and types of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation; and
- Any recommendations made by the Ombudsman that relate to the University.

Receiving and assessing disclosures

Has the disclosure been made in accordance with Part 2 of the Act?

Where a disclosure has been received by the protected disclosure officer or by the protected disclosure coordinator, he or she will assess whether the disclosure has been made in accordance with Part 2 of the Act and is, therefore, a protected disclosure.

Has the disclosure been made to the appropriate person?

For the disclosure to be responded to by the University, it must concern a staff member or Council member of the University. If the disclosure concerns an employee of another public body, the person who has made the disclosure must be advised of the correct person or body to whom the disclosure should be directed (see table on page 42). If the disclosure has been made anonymously, it should be referred to the Ombudsman.

Does the disclosure contain the essential elements of a protected disclosure?

To be a protected disclosure, a disclosure must satisfy the following criteria:

- Did a natural person (that is, an individual person rather than a corporation) make the disclosure?
- Does the disclosure relate to conduct of the University or a staff or Council member acting in their official capacity?
- Is the alleged conduct either improper conduct or detrimental action taken against a person in reprisal for making a protected disclosure?
- Does the person making a disclosure have reasonable grounds for believing the alleged conduct has occurred?

Where a disclosure is assessed to be a protected disclosure, it is referred to the protected disclosure coordinator. The protected disclosure coordinator will determine whether the disclosure is a public interest disclosure.

Where a disclosure is assessed not to be a protected disclosure, the matter does not need to be dealt with under the Act. The protected disclosure officer will decide how the matter should be responded to in consultation with the protected disclosure coordinator.

Is the disclosure a public interest disclosure?

Where the protected disclosure officer or coordinator has received a disclosure that has been assessed to be a protected disclosure, the protected disclosure coordinator will determine whether the disclosure amounts to a public interest disclosure. This assessment will be made within 45 days of the receipt of the disclosure.

In reaching a conclusion as to whether a protected disclosure is a public interest disclosure, the protected disclosure coordinator will consider whether the disclosure shows, or tends to show, that the staff member or Council member to whom the disclosure relates:

- Has engaged, is engaging or proposes to engage in improper conduct in his or her capacity as a member of staff or Council; or
- Has taken, is taking or proposes to take detrimental action in reprisal for the making of the protected disclosure.

Where the protected disclosure coordinator concludes that the disclosure amounts to a public interest disclosure, he or she will:

1. Notify the person who made the disclosure of that conclusion; and
2. Refer the disclosure to the Ombudsman for formal determination as to whether it is indeed a public interest disclosure.

Where the protected disclosure coordinator concludes that the disclosure is not a public interest disclosure, he or she will:

1. Notify the person who made the disclosure of that conclusion; and

2. Advise that person that he or she may request the University to refer the disclosure to the Ombudsman for a formal determination as to whether the disclosure is a public interest disclosure, and that this request must be made within 28 days of the notification.

In either case, the protected disclosure coordinator will make the notification and the referral within 14 days of the conclusion being reached by the University. Notification to the whistleblower is not necessary where the disclosure has been made anonymously.

Investigations

Introduction

Where the Ombudsman refers a protected disclosure to the University for investigation, the protected disclosure coordinator will appoint an investigator to carry out the investigation.

The objectives of an investigation will be:

- To collate information relating to the allegation as quickly as possible. This may involve taking steps to protect or preserve documents, materials and equipment;
- To consider the information collected and to draw conclusions objectively and impartially;
- To maintain procedural fairness in the treatment of witnesses and the person who is the subject of the disclosure; and
- To make recommendations arising from the conclusions drawn concerning remedial or other appropriate action.

Terms of reference

Before commencing an investigation, the protected disclosure coordinator will draw up terms of reference and obtain authorisation for those terms by the chief executive officer. The terms of reference will set a date by which the investigation report is to be concluded, and will describe the resources available to the investigator to complete the investigation within the time set. The protected disclosure coordinator may approve, if reasonable, an

extension of time requested by the investigator. The terms of reference will require the investigator to make regular reports to the protected disclosure coordinator who, in turn, is to keep the Ombudsman informed of general progress.

Investigation plan

The investigator will prepare an investigation plan for approval by the protected disclosure coordinator. The plan will list the issues to be substantiated and describe the avenue of inquiry. It will address the following issues:

- What is being alleged?
- What are the possible findings or offences?
- What are the facts in issue?
- How is the inquiry to be conducted?
- What resources are required?

At the commencement of the investigation, the whistleblower should be:

- Notified by the investigator that he or she has been appointed to conduct the investigation;
- Asked to clarify any matters; and
- Provide any additional material he or she might have.

The investigator will be sensitive to the whistleblower's possible fear of reprisals and will be aware of the statutory protections provided to the whistleblower.

Natural justice

The principles of natural justice will be followed in any investigation of a public interest disclosure. The principles of natural justice concern procedural fairness and ensure a fair decision is reached by an objective decision maker. Maintaining procedural fairness protects the rights of individuals and enhances public confidence in the process.

The University will have regard to the following issues in ensuring procedural fairness:

- The person who is the subject of the disclosure is entitled to know the allegations made against him or her and must be given the right to respond. (This does not mean the person must be advised of the allegation

as soon as the disclosure is received or the investigation has commenced);

- If the investigator is contemplating making a report adverse to the interests of any person, that person should be given the opportunity to put forward further material that may influence the outcome of the report and that person's defence should be fairly set out in the report;
- All relevant parties to a matter should be heard and all submissions should be considered;
- A decision should not be made until all reasonable inquiries have been made;
- The investigator or any decision maker should not have a personal or direct interest in the matter being investigated;
- All proceedings must be carried out fairly and without bias. Care should be taken to exclude perceived bias from the process; and
- The investigator must be impartial in assessing the credibility of the whistleblowers and any witnesses. Where appropriate, conclusions as to credibility should be included in the investigation report.

Conduct of the investigation

The investigator will make contemporaneous notes of all discussions and phone calls, and all interviews with witnesses will be taped. All information gathered in an investigation will be stored securely. Interviews will be conducted in private and the investigator will take all reasonable steps to protect the identity of the whistleblower. Where disclosure of the identity of the whistleblower cannot be avoided, due to the nature of the allegations, the investigator will warn the whistleblower and his or her welfare manager of this probability.

It is in the discretion of the investigator to allow any witness to have legal or other representation or support during an interview. If a witness has a special need for legal representation or support, permission should be granted.

Referral of an investigation to the Ombudsman

The protected disclosure coordinator will make a decision regarding the referral of an investigation

to the Ombudsman where, on the advice of the investigator:

- The investigation is being obstructed by, for example, the non-cooperation of key witnesses; or
- The investigation has revealed conduct that may constitute a criminal offence.

Reporting requirements

The protected disclosure coordinator will ensure the whistleblower is kept regularly informed concerning the handling of a protected disclosure and an investigation. The protected disclosure coordinator will report to the Ombudsman about the progress of an investigation.

Where the Ombudsman or the whistleblower requests information about the progress of an investigation, that information will be provided within 28 days of the date of the request.

Action taken after an investigation

Investigator's final report

At the conclusion of the investigation, the investigator will submit a written report of his or her findings to the protected disclosure coordinator. The report will contain:

- The allegation/s;
- An account of all relevant information received and, if the investigator has rejected evidence as being unreliable, the reasons for this opinion being formed;
- The conclusions reached and the basis for them; and
- Any recommendations arising from the conclusions.

Where the investigator has found that the conduct disclosed by the whistleblower has occurred, recommendations made by the investigator will include:

- The steps that need to be taken by the University to prevent the conduct from continuing or occurring in the future; and
- Any action that should be taken by the University to remedy any harm or loss arising from the conduct. This action may include

Whistleblowers Protection Act 2001: University Procedures

bringing disciplinary proceedings against the person responsible for the conduct, and referring the matter to an appropriate authority for further consideration.

The report will be accompanied by:

- The transcript or other record of any oral evidence taken, including tape recordings; and
- All documents, statements or other exhibits received by the officer and accepted as evidence during the course of the investigation.

Where the investigator's report is to include an adverse comment against any person, that person will be given the opportunity to respond and his or her defence will be fairly included in the report.

The report will not disclose particulars likely to lead to the identification of the whistleblower.

Action to be taken

If the protected disclosure coordinator is satisfied that the investigation has found that the disclosed conduct has occurred, he or she will recommend to the chief executive officer the action that must be taken to prevent the conduct from continuing or occurring in the future. The protected disclosure coordinator may also recommend that action be taken to remedy any harm or loss arising from the conduct.

The protected disclosure coordinator will provide a written report to the Vice-Chancellor, the Ombudsman and the whistleblower setting out the findings of the investigation and any remedial steps taken.

Where the investigation concludes that the disclosed conduct did not occur, the protected disclosure coordinator will report these findings to the Ombudsman and to the whistleblower.

Managing the welfare of the whistleblower

Commitment to protecting whistleblowers

The University is committed to the protection of genuine whistleblowers against detrimental

action taken in reprisal for the making of protected disclosures. The protected disclosure coordinator is responsible for ensuring whistleblowers are protected from direct and indirect detrimental action, and that the culture of the workplace is supportive of protected disclosures being made.

The protected disclosure coordinator will appoint a welfare manager to all whistleblowers who have made a protected disclosure. The welfare manager will:

- Examine the immediate welfare and protection needs of a whistleblower who has made a disclosure and, where the whistleblower is an employee, seek to foster a supportive work environment;
- Advise the whistleblower of the legislative and administrative protections available to him or her;
- Listen and respond to any concerns of harassment, intimidation or victimisation in reprisal for making disclosure;
- Keep a contemporaneous record of all aspects of the case management of the whistleblower including all contact and follow-up action; and
- Ensure the expectations of the whistleblower are realistic.

All staff and Council members will be advised that it is an offence for a person to take detrimental action in reprisal for a protected disclosure. The maximum penalty is a fine of 240 penalty units (currently \$24,000) or two years imprisonment or both. The taking of detrimental action in breach of this provision can also be grounds for making a disclosure under the Act and can result in an investigation.

Detrimental action includes:

- Causing injury, loss or damage;
- Intimidation or harassment; and
- Discrimination, disadvantage or adverse treatment in relation to a person's employment, career, profession, trade or business (including the taking of disciplinary action).

Keeping the whistleblower informed

The protected disclosure coordinator will ensure the whistleblower is kept informed of action taken in relation to his or her disclosure, and the time frames that apply. The whistleblower will be informed of the objectives of an investigation, the findings of an investigation, and the steps taken by the University to address any improper conduct that has been found to have occurred. The whistleblower will be given reasons for decisions made by the University in relation to a protected disclosure. All communication with the whistleblower will be in plain English.

Occurrence of detrimental action

If a whistleblower reports an incident of harassment, discrimination or adverse treatment that would amount to detrimental action taken in reprisal for the making of the disclosure, the welfare manager will:

- Record details of the incident;
- Advise the whistleblower of his or her rights under the Act; and
- Advise the protected disclosure coordinator or chief executive officer of the detrimental action.

The taking of detrimental action in reprisal for the making of a disclosure can be an offence against the Act as well as grounds for making a further disclosure. Where such detrimental action is reported, the protected disclosure coordinator will assess the report as a new disclosure under the Act. Where the protected disclosure coordinator is satisfied that the disclosure is a public interest disclosure, he or she will refer it to the Ombudsman. If the Ombudsman subsequently determines the matter to be a public interest disclosure, the Ombudsman may investigate the matter or refer it to another body for investigation as outlined in the Act.

Whistleblowers implicated in improper conduct

Where a person who makes a disclosure is implicated in misconduct, the University will handle the disclosure and protect the whistleblower from reprisals in accordance

with the Act, the Ombudsman's guidelines and these procedures. The University acknowledges that the act of whistleblowing should not shield whistleblowers from the reasonable consequences flowing from any involvement in improper conduct. Section 17 of the Act specifically provides that a person's liability for his or her own conduct is not affected by the person's disclosure of that conduct under the Act. However, in some circumstances, an admission may be a mitigating factor when considering disciplinary or other action.

The Deputy Vice-Chancellor will make the final decision on the advice of the protected disclosure coordinator as to whether disciplinary or other action will be initiated against a whistleblower. Where disciplinary or other action relates to conduct that is the subject of the whistleblower's disclosure, the disciplinary or other action will only be taken after the disclosed matter has been appropriately dealt with.

In all cases where disciplinary or other action is being contemplated, the Deputy Vice-Chancellor must be satisfied that it has been clearly demonstrated that:

- The intention to proceed with disciplinary action is not causally connected to the making of the disclosure (as opposed to the content of the disclosure or other available information);
- There are good and sufficient grounds that would fully justify action against any non-whistleblower in the same circumstances; and
- There are good and sufficient grounds that justify exercising any discretion to institute disciplinary or other action.

The protected disclosure coordinator will thoroughly document the process including recording the reasons why the disciplinary or other action is being taken, and the reasons why the action is not in retribution for the making of the disclosure. The protected disclosure coordinator will clearly advise the whistleblower of the proposed action to be taken, and of any mitigating factors that have been taken into account.

Management of the person against whom a disclosure has been made

The University recognises that staff and Council members against whom disclosures are made must also be supported during the handling and investigation of disclosures. The University will take all reasonable steps to ensure the confidentiality of the person who is the subject of the disclosure during the assessment and investigation process. Where investigations do not substantiate disclosures, the fact that the investigation has been carried out, the results of the investigation, and the identity of the person who is the subject of the disclosure will remain confidential.

The protected disclosure coordinator will ensure the person who is the subject of any disclosure investigated by or on behalf of a public body is:

- Informed as to the substance of the allegations;
- Given the opportunity to answer the allegations before a final decision is made;
- Informed as to the substance of any adverse comment that may be included in any report arising from the investigation; and has
- His or her defence set out fairly in any report.

Where the allegations in a disclosure have been investigated, and the person who is the subject of the disclosure is aware of the allegations or the fact of the investigation, the protected disclosure coordinator will formally advise the person who is the subject of the disclosure of the outcome of the investigation.

The University will give its full support to a person who is the subject of a disclosure where the allegations contained in a disclosure are clearly wrong or unsubstantiated.

If the matter has been publicly disclosed, the Vice-Chancellor of the University will consider any request by that person to issue a statement of support setting out that the allegations were clearly wrong or unsubstantiated.

Criminal offences

The University will ensure officers appointed to handle protected disclosures and all other staff and Council members are aware of the following offences created by the Act:

1. It is an offence for a person to take detrimental action against a person in reprisal for a protected disclosure being made. The Act provides a maximum penalty of a fine of 240 penalty units (currently \$24,000) or two years imprisonment or both.
2. It is an offence for a person to divulge information obtained as a result of the handling or investigation of a protected disclosure without legislative authority. The Act provides a maximum penalty of 60 penalty units (currently \$6,000) or six months imprisonment or both.
3. It is an offence for a person to obstruct the Ombudsman in performing his responsibilities under the Act. The Act provides a maximum penalty of 240 penalty units (currently \$24,000) or two years imprisonment or both.
4. It is an offence for a person to knowingly provide false information under the Act with the intention that it be acted on as a disclosed matter. The Act provides a maximum penalty of 240 penalty units (\$24,000) or two years imprisonment or both.

Review

These procedures will be reviewed annually to ensure they meet the objectives of the Act and accord with the Ombudsman's guidelines.

Disclosures under the *Whistleblowers Protection Act 2001*

The University received one submission under the Whistleblowers Protection Act during 2002 and determined that the submission was not a protected disclosure within the meaning of the Act. That determination was subsequently ratified by the Ombudsman. There were no matters referred to the University by the Ombudsman. There are therefore no matters for report under subsections (b) to (i) of section 104 of the Act.

The Ombudsman conducted an investigation of a student selection matter at the University, which was disclosed directly to the Ombudsman, and in June 2002 reported on that matter to the Victorian parliament. The Ombudsman made four recommendations in relation to University selection procedures as a result of his investigation which are reportable under sub-section (j) of section 104 of the Act. Those recommendations appear below, with a brief summary of actions taken by the University in response.

1) That the University adopt a consistent policy on the treatment of special consideration applications and estimated ENTERs.

In July the University determined that, for the 2002/03 undergraduate selection period, estimated ENTERs would be accepted for student ranking purposes, except where determined otherwise by the President of the Academic Board on advice from the relevant faculty selection committee. The University understands that the Victorian Curriculum Assessment authority is likely to introduce revised arrangements from 2003, under which 'estimated ENTERs' as such will not be issued, as any special consideration that is considered justified will be built into a single ENTER score.

2) That this policy be clearly communicated to all staff and applied consistently.

The revised policy has been emphasised in briefings to all staff involved in the 2002/03 admissions round. Its application will be audited by the Academic Board.

3) That the University clarify internally the line of responsibility and authority relating to its decision making and reporting processes.

The University has made clear in its written procedures and staff briefings that deans and

faculty selection committees administer the selection policies of the Academic Board, and queries related to those policies are matters for the President of the Academic Board. The number of offers to be made in order to approach as closely as possible the approved student targets is a matter for which the Senior Vice-Principal has ultimate responsibility, and advice on that matter will be communicated to faculties through the office of the Academic Registrar.

4) That the University review its internal and external communication strategies.

The above matters have all been emphasised in briefings to staff involved in the admissions process. Staff have also been advised of the names of the University officers to whom questions on selection and student numbers should be referred. The briefings have also covered the forms of advice which should be given to applicants at various stages of the admissions cycle.

Complaints made to and investigated by the Ombudsman

The University is not aware of any complaints relating to the University made to and investigated by the Ombudsman, other than actions occurring in accordance with the provisions of the *Freedom of Information Act* and the *Whistleblowers Protection Act 2001*.

Human Resources Issues

Workplace Relations

As an outcome of the University of Melbourne's 2001 Enterprise Agreement, salary increases of 4.14% were awarded to staff in 2002. Salary increases are tied to increases in the University's new discretionary revenue. In 2002 increases were higher than originally projected because revenue targets were exceeded. Staff also benefited from the expansion of salary packaging options provided by the Agreement.

The Commonwealth Government's 2002 Workplace Reform Program linked additional funding to universities to submissions demonstrating the meeting of specified industrial relations and management outcomes in enterprise agreements. These outcomes were achieved, and funding was backdated to 15 March 2002.

No days were lost through industrial action in 2002. All areas of the University have now received initial occupational health and safety accreditation through the SafetyMap program.

Diversity

The University's long-term commitment to a diverse workforce with fair and equitable staffing policies was marked in 2002 by:

- The Award of Employer of Choice status by Equal Opportunity for Women Agency (EOWA);
- Recognition of the University's Equal Opportunity Coordinator, Dr Maree Gladwin, as a national finalist in the EOWA Diversity Manager of the Year Award;
- Nine academic staff completing the Women in Leadership Program, creating a cohort of 41 senior female academics who have undertaken the program; and
- The introduction of the Sexual Harassment and Discrimination Online training program – the University's first on-line staff development program.

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

The University has met its compliance obligations under the *Public Sector Management and Employment Act 1998*, Section 7 Public Employment Principles, and Section 8 Public Sector Conduct Principles.

Staff Development

Enhancing staff capacity is critical to University success in achieving its goals. In 2002 the University continued to offer a broad range of professional development programs. Priority was given throughout the year to developing supervisory and leadership skills. Participant satisfaction and relevance rating for all programs exceeded 95%.

Program completion rates included:

- 12 future Heads of Academic Departments completing the year-long Head Start Program;
- 14 new Heads of Academic Departments completing the Headway Program;
- 60 Heads of Academic Departments attending the Headspace Program;
- 19 academic staff attending a new program for Heads of Academic Centres;
- 222 general staff completing general staff leadership programs; and
- 2,260 staff completing training in the University's performance management process.

Sixty-one academics were promoted to senior lecturer, associate professor or professor during 2002.

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 2002 and 2001 are as follows.

Staff numbers at 31 March – Main University*		
Full time equivalent	2002	2001
Academic	2,598	2,575
General	2,848	2,778
Total	5,446	5,353

*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 84 of the Financial Statements staff numbers at 31 December are as follows.

Full-time equivalent	2002	2001
University	4,961	4,777
Consolidated*	5,414	5,277

Note: These figures exclude some casual staff.

*See page 73 'Principles of consolidation'.

Statement on the University's Risk Management Strategy

The University explicitly addresses risk management as a core component of its Accountability Structure, *Ensuring Accountability*, which integrates annual cycles of strategic and operational planning, reporting and quality assurance. It also constantly seeks to alert staff to the importance of monitoring and addressing risk in all areas of University activity.

The University has in place a number of risk management structures. These include various committees such as the Planning and Budget Committee, Finance Committee and Audit Committee, which principally focus on financial risk, an environmental health and safety program, a Compliance Office and comprehensive software to monitor financial transactions. The University's Compliance Officer reports regularly to the University Council on any matters of relevance to University compliance with statutory obligations.

The University's Audit Committee, a sub-committee of the Finance Committee of

University Council, exercises key governance responsibility in reviewing the University's risk management practices and reporting to the Finance Committee and Council on their effectiveness. The Audit Committee's membership comprises external members of Council and other external appointees with expertise in audit and risk management.

The University's Subsidiaries Committee, a sub-committee of the Finance Committee, exercises an oversight role over University subsidiary companies. This includes a review of annual budgets and plans, including risk management plans, and regular monitoring of their performance against budget and plan.

In 2002 a University-wide review of operational risks was conducted and the results used in the construction of an integrated University-wide strategic risk assessment model. The model is to be used by academic and administrative departments in assessing risks in their own areas of operations on an annual basis.

This approach aims to ensure that, in addition to planning for current risks, any significant change in circumstances causing a shift in the risk profile of a department is identified and addressed appropriately.

Risk audits of Faculty and Administrative Divisions are scheduled to coincide with preparation of annual operational plans in order that the implications of managing identified risks are appropriately recognised at the time of decision making about future priorities.

The University has had a particular concern with management of its exposures through clinical teaching and clinically-related research procedures, and has conducted a thorough review of its insurance cover. After some initial setbacks the University has obtained a more satisfactory level of cover and will be monitoring risks in this area closely.

University commercial ventures – levels of financial and reputational risk

ASSOCIATE/COMMERCIAL VENTURE	PRINCIPAL OBJECTIVES	LEVEL OF FINANCIAL RISK (HIGH, MEDIUM OR LOW)	LEVEL OF REPUTATIONAL RISK (HIGH, MEDIUM OR LOW)
Australian International Health Institute Ltd	To undertake research, development, education, training, consultancy and other activities in regard to medicine, dentistry, health, health science and related areas. To provide facilities for study, research and education.	Low	Low
Australian Music Examinations Board (Vic) Ltd	To be appointed by the Victorian party to the Australian Music Examinations Board as the State Committee for the purposes of the conduct within the State of Victoria and elsewhere of music examinations. To aid, promote and assist music, music education and the appreciation of music.	Low	Low

University commercial ventures – levels of financial and reputational risk – continued

ASSOCIATE/COMMERCIAL VENTURE	PRINCIPAL OBJECTIVES	LEVEL OF FINANCIAL RISK (HIGH, MEDIUM OR LOW)	LEVEL OF REPUTATIONAL RISK (HIGH, MEDIUM OR LOW)
Australian National Academy of Music Ltd	<p>To operate as a national centre of excellence in practical music education and training.</p> <p>To provide practical music education and training for outstandingly talented musical students.</p>	Low	Low
Melbourne University Private Ltd	<p>To carry on and conduct a university to be known as Melbourne University Private Limited.</p> <p>To undertake research, development, consultancy, educational or other programs or services for commercial organisations, public bodies or individuals.</p>	Low	Medium
Melbourne Business School Ltd	<p>To undertake the education of University graduates, undergraduates and others in management studies.</p> <p>To conduct post-experience courses for practising managers.</p> <p>To conduct post-graduate research programs into management and related areas, and to promote, licence, develop and apply the results of research activities.</p>	Low	Low
The School of Forestry, Creswick Ltd	<p>To operate a centre of excellence in education, training and research for the forestry, resource conservation and forest industries which aims at international recognition.</p>	Low	Low
Land and Food Services Ltd	<p>Inactive and to be deregistered.</p>	Low	Low
Melbourne University Publishing Ltd	<p>To publish the best scholarly writing from Australia and overseas, both within and independent of the tertiary sector.</p> <p>To develop and disseminate text and image based intellectual property in a variety of formats and media.</p> <p>To retain and develop Melbourne University Press and the Miegunyah Press as imprints of the company.</p>	Medium	Low

Statement on the University's Risk Management Strategy

University commercial ventures – levels of financial and reputational risk – continued			
ASSOCIATE/COMMERCIAL VENTURE	PRINCIPAL OBJECTIVES	LEVEL OF FINANCIAL RISK (HIGH, MEDIUM OR LOW)	LEVEL OF REPUTATIONAL RISK (HIGH, MEDIUM OR LOW)
The Victorian College of the Arts	<p>To foster the development and improvement of, and to provide for education in, the creative, performing and other arts, and for general education for people undertaking courses in those arts.</p> <p>To advance learning, knowledge, appreciation and competence in activities primarily or substantially directed to the creation, design, composition, interpretation, display, publication, performance or management of works of an aesthetic nature and of their conservation and elucidation.</p> <p>To offer courses leading to the conferral of degrees and diplomas.</p>	Low	Medium
Melbourne University Bookshop	<p>To work closely with departments to supply students with teaching and text materials to meet course and research requirements at affordable prices.</p> <p>To maintain a high quality campus bookstore website and provide new services electronically as they evolve.</p> <p>To operate on a commercial basis and return a profit to the University.</p>	Low	Low
Melbourne Theatre Company	<p>To develop new Australian writing by the presentation of first rate productions of new work, as well as by a program of commissions, workshops and dramaturgy.</p> <p>To promote the development of an Australian repertoire.</p> <p>To present first class and original productions of classic works from the past.</p> <p>To operate on a commercial basis and return a profit to the University.</p>	Medium	Low
Veterinary Clinic and Hospital	<p>To provide teaching material for undergraduate and postgraduate students in veterinary science</p>	Low	Low
International House	<p>To be a place of residence, education and corporate life for students and for the purpose of encouraging international understanding and friendship among students.</p>	Low	Low

University commercial ventures – levels of financial and reputational risk – continued

ASSOCIATE/COMMERCIAL VENTURE	PRINCIPAL OBJECTIVES	LEVEL OF FINANCIAL RISK (HIGH, MEDIUM OR LOW)	LEVEL OF REPUTATIONAL RISK (HIGH, MEDIUM OR LOW)
Medley Hall	To be a place of residence, education and corporate life for students and for the purpose of encouraging understanding and friendship among students.	Low	Low
The W T Kendall Hall	To be a residence for students in the third and fourth years of Veterinary Science.	Low	Low
<i>Universitas 21</i> LBG	To provide a pre-eminent brand for educational services supported by a strong quality assurance framework. To allow member universities to pursue significant global initiatives that would be beyond their individual capabilities.	Low	Low
Universitas 21 Global (Joint venture between <i>Universitas 21</i> LBG and Thomson Learning)	To be an e-University that provides leading edge access to educational programs designed to meet the needs of the individuals and corporations in the information economy of the 21st century. To build academic programs that incorporate the traditions and strengths of its founders and add the value of the world wide web as a powerful educational medium.	Medium	Low
Universitas 21 Equity Limited	To hold part of the issued share capital of Universitas 21 Global.	Medium	Low
<i>Bio21</i> Australia Ltd	To develop and enhance the reputation of Victoria as a leading academic centre for the advancement of knowledge in fundamental areas of biology, medicine, science and technology. In cooperation with other universities, other educational and scientific institutions and other persons to conduct world class training, financially viable biotechnology research and to facilitate the development and commercialisation of the results of that research.	Low	Low

Statement on the University's Risk Management Strategy

University commercial ventures – levels of financial and reputational risk – continued			
ASSOCIATE/COMMERCIAL VENTURE	PRINCIPAL OBJECTIVES	LEVEL OF FINANCIAL RISK (HIGH, MEDIUM OR LOW)	LEVEL OF REPUTATIONAL RISK (HIGH, MEDIUM OR LOW)
NeuroSciences Victoria	<p>To organise and focus neuroscience research so that the social and economic potential offered by Australian neuroscience is realised.</p> <p>To promote and mediate large-scale collaborative research programs that will result in discoveries and technologies for the management of neurological and psychiatric disorders.</p>	Low	Medium

Statement on Occupational Health and Safety Matters

During the year the University maintained its commitment to maintaining a quality Environment Health and Safety (EHS) system. A key aspect of this commitment is retention of the Victorian WorkCover self-insurance licence. This was secured following submission of an audit report on the University's performance in relation to health and safety management.

The University's external audit program continued with Lloyd's Registry completing an audit of the University's EHS system in January and September 2002. This audit, which forms part of the University's report to WorkCover, confirmed accreditation to SafetyMAP initial level and Environmental Management System ISO 14001.

Lloyd's Registry noted:

"...that the EHS system has been observed to be well implemented and maintained. The design of the EHS system via centralised control of core elements and then disbursement of responsibilities and authorities to faculties is a positive feature suited to the organisation. Risks are being well managed and continuous improvement is being achieved."

The accreditation took place in the following areas: Faculties of Medicine, Dentistry and Health Sciences, Veterinary Science, Education, Law and Music, the Administration Division, Development Division, Academic Services and the Melbourne Theatre Company. A surveillance audit took place in the following areas: Faculties of Engineering and Science, Risk Management Office, and Property and Buildings.

The University has two committees responsible for overseeing EHS policy. During 2002, significant activities carried out by the University Occupational Health and Safety Committee included a good practice guide for areas with unsupervised and after hours access and the election of Health and Safety representatives on 30 June 2002 for a further term of four years. A number of activities undertaken in

2002 by the Environment Advisory Committee's sub-committees for Reuse and Recycling, Management of Substances Hazardous to the Environment, and Energy Working Group stand out as being particularly successful. These include: the establishment of the University of Melbourne's Green Office Program, the Green Laboratory Program and the Think Power Smart energy awareness campaign. The University's Environmental Policy was also reviewed and, in addition, through the Vice-Chancellor becoming a signatory to the Talloires Declaration, further demonstration was given of the University's commitment to the environment and sustainability.

Another significant event for the University's Environment agenda was the second National Conference of Sustainable Universities held in October 2002, a conference co-hosted by the University of Melbourne, Monash University and RMIT for the purpose of sharing resources, knowledge, networks and building partnerships.

The Conference brought together sustainability and environmental practitioners, managers and key technical and facility management personnel from universities and associated industries throughout Australia. The conference was successful and attracted a delegation of 70 environmentally focused staff from universities around Australia.

Monthly email circulars alert the University community to changes to the University's Environment Health and Safety Manual.

Number of significant incidents and status of their resolution

During 2002 the University reported two incidents to the Victorian WorkCover Authority under the requirements of the Incident Notification Regulations. These incidents have been thoroughly investigated to ensure that appropriate corrective and preventative actions have been put in place.

Incident Reporting

The University's Risk Management Office provides regular reports to Deans, Vice-Principals, Faculty General Managers and Environmental Health and Safety Coordinators analysing incident numbers and trends in incident rates, type, severity and cost. The overall trend in reported incidents during 2002 showed an increase over the previous year with the number of lost time incidents rising from 16 to 21 and the number of days lost from resulting injuries rising from 251 to 537.

Incident reports are designed to assist managers in identifying problem areas, resource requirements and training needs in their work area with the aim of providing a safer work environment.

Statement on Occupational Health and Safety Matters

Health and Safety Objectives and Outcomes for 2002

The following table sets out outcomes achieved against key Health and Safety objectives set for 2002.

Summary of Health and Safety Objectives and Outcomes for 2002	
OBJECTIVES	OUTCOMES
Reduce the incidence of electrical hazards.	Property & Buildings Department identified the Medical Building as a high priority. The installation of residual current devices is complete within the north wing. For 2003, the Property & Buildings Department is reviewing the introduction of a more comprehensive ongoing Electrical Safety Strategy. Strategic funding will be prioritised following progressive auditing of features including: the nature of existing and proposed occupancies, loads placed on the building's existing electrical supply, and the condition of wiring and switchboards in the building.
Through an active induction program, encourage the reporting of incidents to identify and control all hazards.	During 2002, 190 new staff members undertook the formal induction process run by Human Resources. The Risk Management Office provided an overview of the University's Environment Health and Safety systems including policies and procedures.
Maintain an audit program to meet the needs of the Victorian WorkCover Authority Self-Insurer Unit.	As a self-insurer, the University is required to show that it has in place a verifiable Health and Safety system. The University utilises external auditors, Lloyds, to provide this verification to the Victorian WorkCover Authority, with the Risk Management Office undertaking internal audits to provide broader monitoring. During 2002, no system non-conformances were identified by the Lloyds' external audits in the seven faculties and four divisions externally audited.
Implement an ionising radiation risk control plan as required by Health Services Victoria.	The storage and handling of radioactive nucleides are required to be under the control of a Radiation Management Plan in accordance with the University of Melbourne Environment, Health and Safety Manual Section 5.5 Radiation Management. During 2002 the Risk Management Office undertook an evaluation of the management of ionising radiation issues, which led to a restructure of the system of storage and handling. The plan has initially been implemented in the Faculties of Medicine, Dentistry and Health Sciences and Veterinary Sciences. The plan will be rolled out to other faculties across the University using radiation sources.

Environment Health and Safety Objectives 2003

The Occupational Health Safety Committee and Environment Advisory Committee develop strategic objectives for the University on an annual basis. Key objectives for 2003 are set out below.

Health and Safety Objectives	
OBJECTIVE	TARGET
Establish and implement a proactive approach to manual handling and ergonomics to reduce strain related incidents.	<ul style="list-style-type: none"> Identify particular manual handling and ergonomic issues in Faculties and Departments during 2003. All Departments trained in manual handling and ergonomics with particular focus on supervisors by end of 2003.
Establish an integrated plan for the management of Health and Safety, including roles and responsibilities of committees, administrative functions and staff and students.	<ul style="list-style-type: none"> Review structure of committees with responsibilities of Health and Safety and develop updated terms of reference by February 2003. Communicate health and safety responsibilities to all staff and students. Align University resources, including Risk Management Office, Compliance and Legal Office to ensure consistency of policy and procedures. Provide greater opportunity for health and safety representatives and other staff and students to have input into health and safety issues.

Environment Objectives	
OBJECTIVE	TARGET
Establish a student Environment Health and Safety induction program.	<ul style="list-style-type: none"> Review current status of student induction (postgraduate and undergraduate) within Departments and Faculties. Develop best practice induction material for students. Develop and implement a plan for inductions for the commencement of each semester.
Raise awareness and profile of Green Office program.	<ul style="list-style-type: none"> Educate staff and students through Orientation Day, Staff Development and Training and the implementation of the Environmental Management System in Faculties. Calculate input of paper/cardboard and commingle waste and increase the output recycled by 10% by end of 2003. Establish green purchasing criteria in conjunction with Property & Buildings. Establish a Green Purchasing Policy for the University of Melbourne by October 2003.
Best Practice Laboratory <ul style="list-style-type: none"> Reduce and manage contaminants in trade waste Monitor and manage stormwater discharges Establish air emissions Management of electronic scrap 	<ul style="list-style-type: none"> Implementation of best practice for further departments (e.g. Immunology). Further develop the Green Lab program under best practice. Establish a monitoring program for trade waste to measure pH. Achieve trade waste pH 6-10 for ≥99% of measurement time, and within pH 5-11 for major outfalls monitored during 2002.
Energy Awareness Campaign	<ul style="list-style-type: none"> Energy section reviewed and completed by February 2003. Develop best practice induction material for students. Develop and implement a plan for inductions for the commencement of each semester.

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 or amended during 2002.

Statute 1.1	Preliminary	Amended
Statute 4.1	The Academic Board	Amended
Statute 11.7	Semesters and Time Tables	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 on-line from websites of the Melbourne Research and Innovation Office, Financial Operations department and the University's Compliance Management Program. Advice on the law of trade practices and competitive neutrality is provided by each of these areas.

Compliance with the *Educational Services for Overseas Students Act 2000* (ESOS Act)

Extensive work was undertaken in 2002 to ensure the University's compliance with the *Educational Services for Overseas Students Act 2000* and the related National Code of Practice for Registration Authorities and Providers of Education and Training for Overseas Students.

Implementation of requirements under this Act has involved development of a detailed action plan, a program of communication and

information provision for international students and University staff and extensive liaison with representatives of the Department of Immigration, Multicultural and Indigenous Affairs and the State Department of Education, Employment and Training to clarify implementation and reporting requirements.

Conformity with the *Building Act 1993*

Major Projects (New and Existing Building Works)

The following mechanisms have been implemented to ensure that new buildings and works on 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 is 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 the projects comply with 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 59 projects, each with expenditure of more than \$50,000, were completed in 2002. 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, 30 projects were undertaken that, under the requirements of the *Building Act 1993*, were not subject to Certification of Plans or Building Surveyor involvement during construction.

These projects comprised:

- Engineering Infrastructure Upgrades (7)
- Site Works Infrastructure (18)
- Equipment Upgrades (5)

Statement Concerning Compulsory Non-Academic Fees

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 2002

Amendments to the Tertiary Education Act 1993, enacted in 2000, require the University to publish as part of its annual report details of compulsory non-academic fees collected and the purposes to which these have been applied. The amendments also require details of 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 2002 is shown in the Amenities and Services Fee Fund Statement shown on page 61. 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 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:

	2002 \$	2001 \$
1. Melbourne University Student Union Inc.		
Amenities and Services Fees received	6,675,007	6,011,774
Less Operating and Capital Expenditures		
Food and Beverages	648,094	730,258
Counselling	80,959	80,683
Legal Advice	77,713	67,758
Health Care	126,242	130,909
Visual and Performing Arts	560,968	640,039
Libraries and Reading Rooms	258,606	278,288
Academic Support	386,116	351,396
Orientation Information	25,895	32,649
Support for Overseas Students	139,369	132,530
Building Services	1,512,842	1,489,523
Administrative Services	3,007,798	2,615,241
	6,824,602	6,549,274
Deficit for year	149,595	537,500
Funding made available to other bodies		
Melbourne University Overseas Students Society	-	116,403
2. University of Melbourne Postgraduate Association Inc.		
Amenities and Services Fees received	1,172,917	1,059,246
Less Operating and Capital Expenditures –		
Representation and Education Activities	799,300	671,498
Administrative Services to Support	545,853	451,282
Total Expenditures	1,345,153	1,122,780
Deficit for year	172,236	63,534
Funding made available to other bodies	Nil	Nil

3. Institute of Land and Food Resources (ILFR) Student Associations (Consolidated)

	2002 \$	2001 \$
Amenities and Services Fees received	271,452	-
Less Operating and Capital Expenditures		
Food and Beverages	22,188	-
Sport and Physical Recreation	12,718	-
Health Care	1,674	-
Visual and Performing Arts	9,854	-
Libraries and Reading Rooms	7,493	-
Academic Support	22,502	-
Orientation Information	7,587	-
Building Services	12,100	-
Administrative Services	230,817	-
	326,933	-
Deficit for year	55,481	-
Funding made available to other bodies	Nil	-

Amenities and Services Fee Fund Statement for the year ended 31 December 2002

	2002 \$	2001 \$
FEE COLLECTIONS		
Fees Collected from Students (excluding ILFR Higher Education Students)	10,641,357	9,829,310
Fees Collected from ILFR Higher Education Students	185,950	221,597
OTHER INCOME		
Interest Earned	209,076	211,867
	11,036,382	10,262,774
less DISBURSEMENTS		
Student Organisations –		
Melbourne University Student Union Inc.	6,675,007	6,011,774
University of Melbourne Postgraduate Association Inc.	1,172,917	1,059,246
ILFR Student Associations	271,452	386,209
University Operations and Expenses –		
Sport and Physical Recreation Centre	2,554,157	2,304,875
Child Care Services	188,417	183,821
Administration of Fund	75,057	73,227
Publication of Annual Accounts	-	(4,000)
Student Personal Accident Insurance	132,328	45,266
	11,069,335	10,060,418
Surplus/(deficit) for year	(32,952)	202,356
Accumulated Funds at start of year	1,079,435	877,079
Accumulated Funds at end of year	1,046,483	1,079,435
These funds are represented by:		
Cash	847,658	1,074,345
Sundry Debtors – Fees	4,910	5,090
Prepaid Expenses	193,915	-
	1,046,483	1,079,435

Statement Concerning Compulsory Non-Academic Fees

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 ended 31 December 2002.



B L Rossi
Director of Financial Operations
The University of Melbourne



P J McGrath
Director, Internal Audit
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

Financial Reporting

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Financials (Consolidated Results)

AUDITOR-GENERAL'S QUALIFICATION

This year the Auditor-General has again qualified the University's financial report on the grounds that the first bimonthly payment of the Commonwealth Government grant for January 2003 received in advance on 19 December 2002 has been treated as Income in Advance and recognised as a liability in the Statement of Financial Position.

The University's treatment of this payment is 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*. It is a condition of receipt of grants from the Commonwealth that institutions comply with the above guidelines.

The University regards the receipt of Commonwealth Government Grants as a reciprocal transfer as the University is required 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 payment 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 payment in prior years.

The Auditor-General has taken a view that this payment should be treated as income in the actual year of receipt and for that reason has for the fourth year in succession qualified the University's financial report. The University does not agree with that interpretation of the nature of the income.

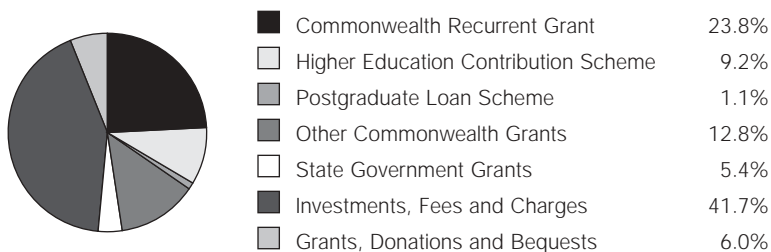
CONSOLIDATED RESULTS

The University of Melbourne and its controlled entities recorded an operating surplus after tax of \$66,474 million for the year ended 31 December 2002. 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.

SOURCES OF INCOME

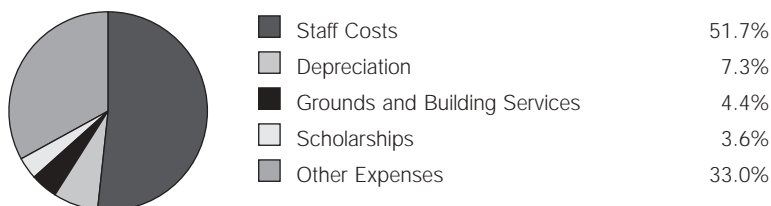
Combined operating revenues at \$954.452 million increased by \$99.567 million or 11.6% on 2001 with the most significant improvement being recorded in revenues from Fees and Course Related Charges (\$39.629 million), Commonwealth Government Financial Assistance (\$19.214 million) and Victorian Government Financial Assistance (\$26.967 million).

In 2002 the Commonwealth Recurrent Grant accounted for only 23.8% of total income, with the Higher Education Contribution Scheme accounting for an additional 9.2% (26.3% and 10.0% respectively in 2001).



EXPENDITURES

Operating expenditure of the combined University for 2002 totalled \$885.912 million, full details of which appear in the supporting notes to the Statement of Financial Performance and in Note 28. Of these expenditures 51.7% was spent on salaries and other staff costs (55.3% in 2001).



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 \$57.611 million.

The University of Melbourne General

The University General, comprising the teaching and research activities only, recorded a surplus of \$46.660 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 \$58.0 million on Land and Buildings, \$26.7 million on Equipment and Motor Vehicles and \$9.5 million on Library Purchases. The Land and Buildings expenditure includes \$25.6 million spent on the University Square development and \$12.3 million on the *Bio21* project. During the year the University recorded the \$15.0 million Crown Grant received from the Victorian Government for the *Bio21* project.

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 \$1.257 million in donations and bequests and \$17.036 million earned as dividends and interest.

Total assets of the Trust Funds amounted to \$183.369 million as at 31 December 2002.

Financials (Consolidated Results)

Auxiliary Operations

The following operations encompass activities related to the University and are managed as business operations. The Veterinary Clinic and Hospital is the clinical department of the Faculty of Veterinary Science.

The operating surplus for the year of \$1.321 million is represented by:

Auxiliary Operations	Surplus/(Deficit) \$'000
Student Loans	(90)
Halls of Residence:	
– Medley Hall	(6)
– Kendall Hall	27
– International House	508
Child Care Services	207
Sport and Physical Recreation Centre	138
Ian Potter Museum of Art	29
Veterinary Clinic and Hospital	3
Strathfieldsaye Estate	99
Melbourne Theatre Company	602
Melbourne University Press (Publishing and Bookshop)	(197)
	<u>1,321</u>

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. Additional information on the Financial Position and Financial Performance of Controlled Entities is contained in Notes 20, 34 and 35 to the accounts.

The operating surplus after tax for the year of \$8.862 million is represented by:

Controlled Entities	Surplus/(Deficit) \$'000
Victorian College of the Arts	9,434
Melbourne Business School Limited Group	992
Melbourne University Private Limited Group	(1,955)
Meanjin Company Limited	(13)
Australian Music Examinations Board (Victoria) Limited	25
Australian International Health Institute (University of Melbourne) Limited	407
Land and Food Services Ltd	8
Australian National Academy of Music Limited	(129)
The School of Forestry, Creswick Limited	94
	<u>8,862</u>

Five Year Financial Summary

The University of Melbourne and Controlled Entities

	2002	2001	2000	1999	1998
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue and Expense					
Income	954,452	854,885	749,392	683,745	648,219
Expenses	885,912	778,566	695,820	665,291	625,134
Surplus/(Deficit)	68,540	76,319	53,572	18,454	23,085
Abnormal/Extraordinary Items and Tax	(2,066)	(87)	(20)	78,358	5
Surplus/(Deficit) after Abnormal/Extraordinary Items and Tax	66,474	76,232	53,552	96,812	23,090
Financial Position Statement					
Reserves	2,029,976	1,856,461	1,802,061	1,548,949	1,538,373
Retained Surplus/(Deficit)	550,414	494,009	443,227	401,136	308,271
Total Equity	2,580,390	2,350,470	2,245,288	1,950,085	1,846,644
Current Liabilities	151,459	147,220	134,694	133,810	126,388
Non-current Liabilities	289,958	282,340	200,301	144,731	128,877
Equity and Liabilities	3,021,807	2,780,030	2,580,283	2,228,626	2,101,909
Current Assets	196,602	311,824	236,984	210,308	272,003
Non-current Assets	2,825,205	2,468,206	2,343,299	2,018,318	1,829,906
Total Assets	3,021,807	2,780,030	2,580,283	2,228,626	2,101,909
Cash Flows					
Operational Cash Flows including Government Funding					
– Receipts	934,780	864,682	716,476	689,224	643,298
– Payments	796,006	727,751	648,843	610,367	571,855
Net Cash provided by Operations	138,774	136,931	67,633	78,857	71,443

Note: The comparative figures for 2001 have been adjusted to reflect the 2002 reporting requirements and are therefore consistent with the financial statements.

Five Year Financial Summary

The University of Melbourne and Controlled Entities

	2002	2001	2000	1999	1998
	\$'000	\$'000	\$'000	\$'000	\$'000
Sources of Income					
Commonwealth Recurrent Grants	227,629	220,873	214,243	207,319	217,097
Other Commonwealth Grants	121,890	109,785	109,248	97,908	95,958
Higher Education Contribution Scheme:					
– From Higher Education Trust Fund	70,939	68,607	64,833	68,469	62,890
– Up-front Payments from Students	16,973	15,446	15,037	14,290	13,712
Postgraduate Loan Scheme	9,946	-	-	-	-
State Government Grants	51,689	24,722	20,715	19,087	22,501
Investments, Fees and Charges	397,973	368,066	290,190	252,412	216,353
Grants, Donations and Bequests	57,413	47,386	35,126	24,260	19,708
Total Income	954,452	854,885	749,392	683,745	648,219
Expenditures					
Staff Costs	457,498	422,287	388,570	361,279	351,281
Depreciation	64,741	55,793	49,344	48,764	48,771
Grounds and Building Services	39,135	32,160	37,748	32,206	26,116
Scholarships	31,895	31,212	30,294	26,691	24,379
Other Expenses	292,642	237,114	189,864	196,351	174,587
Total Expenditure	885,911	778,566	695,820	665,291	625,134
Key Ratios					
Commonwealth Recurrent Grants including Payments from the Higher Education Contribution Scheme Trust Fund and Up-front Payments from Students	315,541	304,926	294,113	290,078	293,699
Other University Income	638,911	549,959	455,279	393,667	354,520
Total University Income	954,452	854,885	749,392	683,745	648,219
Commonwealth Recurrent Grants and HECS as a Percentage of Total University Income	33	36	39	42	45
Students (Full-time Equivalents)	31,913	30,125	28,956	28,633	28,104
DEST Funded Student Load	21,689	21,562	21,463	22,204	23,015
Average Commonwealth Recurrent Grants* per DEST funded position (\$)	10,495	10,244	9,982	9,337	9,433

*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 2002 and in the explanatory notes thereto.

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Statements of Financial Performance

For the year ended 31 December 2002

	Note	CONSOLIDATED		UNIVERSITY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenues from Ordinary Activities	2				
Commonwealth Government Financial Assistance	2.1	341,929	322,715	338,275	315,783
Higher Education Contribution Scheme:	2.2				
– Commonwealth Payments		70,939	68,607	70,939	68,607
– Student Contributions		16,973	15,446	16,690	15,151
Postgraduate Loan Scheme		9,946	-	9,571	-
Victorian Government Financial Assistance	2.3	51,689	24,722	42,479	24,178
Superannuation:					
– Deferred Government Contributions		(535)	1,252	(957)	953
– Commonwealth Supplementation		7,589	7,943	7,589	7,943
Fees and Charges	2.4	286,368	246,739	210,969	173,419
Investment Income	2.5	45,756	47,045	40,223	39,982
Other Revenue	2.6	123,798	120,416	119,601	110,959
Total Revenue from Ordinary Activities		954,452	854,885	855,379	756,975
Expenses from Ordinary Activities	2				
Employee Benefits	2.7	457,498	422,287	415,519	380,959
Depreciation and Amortisation	2.8	64,741	55,793	60,616	51,675
Borrowing Costs/Expenses	2.9	11,319	8	11,369	8
Buildings and Grounds	2.10	39,135	32,160	37,065	30,216
Bad and Doubtful Debts	2.11	76	534	108	109
Accounting and Auditing Services	2.12	384	442	111	133
Other Expenses	2.13	312,759	267,342	272,980	225,668
Total Expenditure from Ordinary Activities		885,912	778,566	797,768	688,768
Share of Joint Venture Entity Net Losses	3	(2,007)	-	-	-
Operating Result From Ordinary Activities		66,533	76,319	57,611	68,207
Income Tax	5	(59)	(87)	-	-
Operating Result from Ordinary Activities – after Income Tax		66,474	76,232	57,611	68,207
Increase in Asset Revaluation Reserve	15(b)	161,783	28,961	136,031	28,044
Total Changes in Equity		228,257	105,193	193,642	96,251

The accompanying notes form part of these financial statements.

Statements of Financial Position

For the year ended 31 December 2002

	Note	CONSOLIDATED		UNIVERSITY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Current Assets					
Cash		62,229	17,926	49,675	3,576
Receivables	6	35,713	43,265	28,897	34,554
Investments	1.8, 7	79,030	224,903	50,048	177,903
Inventories	1.5, 8	5,909	8,080	5,835	8,035
Other	9	13,721	17,650	8,921	10,370
Total Current Assets		196,602	311,824	143,376	234,438
Non-current Assets					
Receivables	6	90,791	90,348	78,058	78,419
Investments	1.8, 7	666,278	384,077	616,138	364,188
Property, Plant and Equipment	1.3, 10	2,061,810	1,987,836	1,918,173	1,871,874
Intangibles	1.4	6,326	5,945	-	-
Total Non-current Assets		2,825,205	2,468,206	2,612,369	2,314,481
Total Assets		3,021,807	2,780,030	2,755,745	2,548,919
Current Liabilities					
Payables		43,631	45,114	38,034	36,425
Provisions	11	50,516	48,926	47,614	45,822
Other Current Liabilities	12	55,394	51,916	43,879	41,792
Borrowings	13	1,918	1,264	1,918	1,264
Total Current Liabilities		151,459	147,220	131,445	125,303
Non-current Liabilities					
Provisions	11	143,572	138,577	129,252	124,828
Borrowings	13	146,386	143,763	146,386	143,763
Total Non-current Liabilities		289,958	282,340	275,638	268,591
Total Liabilities		441,417	429,560	407,083	393,894
Net Assets		2,580,390	2,350,470	2,348,662	2,155,025
Equity					
Reserves	15(a)	2,029,976	1,856,461	1,881,866	1,735,935
Retained Surplus	14	550,414	494,009	466,796	419,090
Total Equity		2,580,390	2,350,470	2,348,662	2,155,025

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2002

	Note	CONSOLIDATED		UNIVERSITY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Cash Flows from/(used in) Operating Activities					
Inflows:					
Financial Assistance:					
– Commonwealth Government		362,757	329,373	358,017	323,105
– Victorian Government		36,538	24,620	27,479	24,260
Higher Education Contribution Scheme:					
– Student Payments		16,972	15,446	16,690	15,151
– Commonwealth Payments		70,733	70,038	70,733	70,038
Fee-For-Service Revenue		305,829	287,877	227,014	211,952
Other Income		100,147	68,657	99,795	66,163
Interest/Dividends Received		40,460	46,045	35,644	40,020
GST Net Refund		1,344	22,626	1,192	22,645
Outflows:					
Payment to Employees		(449,148)	(416,575)	(407,801)	(375,943)
Payment to Suppliers		(257,042)	(253,279)	(218,106)	(219,271)
GST Net Payment		(1,054)	-	(834)	-
Interest Paid		(11,328)	(29)	(11,378)	(8)
Other		(77,434)	(57,868)	(76,796)	(57,258)
Net cash provided by Operating Activities	16(b)	138,774	136,931	121,647	120,854
Cash Flows from/(used in) Investing Activities					
Inflows:					
Investments Sold		1,088,542	109,307	1,083,986	71,729
Proceeds from Sale of Non-current Assets		3,157	4,176	2,949	1,815
Transfers		-	-	(6)	-
Outflows:					
Investments Purchased		(1,180,393)	(84,770)	(1,160,950)	(62,510)
Property, Plant and Equipment Purchased		(109,724)	(185,438)	(93,386)	(176,437)
Purchase of Goodwill		(717)	(6,098)	-	-
Net cash used in Investing Activities		(199,135)	(162,823)	(167,407)	(165,403)
Cash Flows from/(used in) Financing Activities					
Inflows:					
Customer Loans Repaid		1,455	2,835	1,455	2,835
Borrowings Drawn Down		5,000	82,000	5,000	82,000
Outflows:					
Customer Loans Granted/Loans Redeemed		(1,167)	(1,255)	(1,167)	(1,255)
Borrowings Repaid		(1,695)	-	(1,695)	-
Net cash from Financing Activities		3,593	83,580	3,593	83,580
Net increase/(decrease) in cash held		(56,768)	57,688	(42,167)	39,031
Cash at the beginning of the reporting period		188,339	130,651	128,574	89,543
Effect of Foreign Exchange Rate on Opening Cash		(266)	-	-	-
Cash at the end of the reporting period	16(a)	131,305	188,339	86,407	128,574

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). Compliance with the revised DEST guidelines has resulted in a number of format changes for the Year 2002 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 2002.

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) overleaf).

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 (ceased trading 30 June 2002)

Melbourne University Publishing (commenced trading 1 July 2002)

Melbourne University Bookshop (commenced trading 1 July 2002)

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

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

– Melbourne Enterprises International (Taiwan) Ltd

– Melbourne University Private (New Zealand) Ltd (formerly Melbourne Enterprises International (New Zealand) Ltd)

– Melbourne Information Management Pty Ltd ACN 087 644 595

– Hawthorn Edinburgh Ltd

– Hawthorn English Language Centres (Canada) Ltd

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

– 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 reporting responsibility for the College.

The companies listed, with exception of the overseas subsidiaries in the Melbourne University Private Limited group (formerly 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 Melbourne Business School Ltd is a controlled entity for the purpose 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.

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.

Melbourne Enterprises International Limited has been non-operational since 1 July 2002. On 1 July 2002 the shares in the controlled entities of Melbourne Enterprises International Limited were transferred to Melbourne University Private Limited.

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

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 with the University of Queensland entered into on 13 September 2000. The joint venture was incorporated by the name of Uniseed Pty Limited and MUPL is committed to providing \$10,000,000 in capital to Uniseed Pty Ltd of which \$4,084,446 has been provided. The balance of \$5,915,554 consisting of the uncalled component of the partly paid shares has not been recognised as a liability in the consolidated financial statements as at 31 December 2002.

Melbourne University Private Limited is 50% involved in 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 conducted at 31 December 2002. All 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.

Notes to and forming part of the Financial Statements

NOTE 1. STATEMENT OF ACCOUNTING POLICIES – continued

(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 were revalued in 2002. The independent assessment was carried out by Edward Rustan Australia Pty Ltd.

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.

(iii) **Works of Art**

An independent valuation of the University's Art Collection was undertaken by several valuers over the period of May to November 2000.

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 were revalued during 2002, the amount of revaluation is disclosed in Note 15(b). The University's Classics and Archaeology Collection have not 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.

(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 has 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.

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) **Software**

Major computer software is recorded in the Statement of Financial Position at cost less amortisation. Only the cost of the software is capitalised, installation costs are expensed in the Statement of Financial Performance in the year they are incurred.

NOTE 1. STATEMENT OF ACCOUNTING POLICIES – continued

(ix) 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)	12 ¹ / ₂ %
General Equipment	25%
Scientific and Computing Equipment	33 ¹ / ₃ %
Leasehold Improvements (amortised over the term of the lease)	
Library Collection:	
– Monographs	2 ¹ / ₂ %
– Periodicals	2%
Software	(amortised over 3 years)

These rates have been consistently maintained and there has been no change from rates applied in prior years. Depreciation rates used by some controlled entities however 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.

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. Currently this period is 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 2002 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 2002. 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 dependents 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.

Notes to and forming part of the Financial Statements

NOTE 1. STATEMENT OF ACCOUNTING POLICIES – continued

(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*, *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.

1.7 Revenue Recognition

(i) **Commonwealth Government Financial Assistance**

In accordance with Australian Accounting Standard AAS15, Statement of Accounting Concepts (SAC4) and the reporting guidelines issued pursuant to the *Higher Education Funding Act 1988*, the first bimonthly Commonwealth Government Operating Financial Assistance for January 2003, 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 is required 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 payment 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.

NOTE 1. STATEMENT OF ACCOUNTING POLICIES – continued

(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 in the main carried at fair value. Where a fair value is not readily available, investments are carried at the lower of cost or recoverable amount. Refer Note 1.15(a) Change in Accounting Policy.

Dividends are only taken into income when received. Refer 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.

1.11 Taxation

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

The wholly owned subsidiaries of Melbourne University Private 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

In 2001 the University 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. The 2002 financial statements have been prepared consistent with the 2001 preparation. Comparative figures have been adjusted where there are changes in presentation for the current financial year. Refer Note 1.15(c).

Notes to and forming part of the Financial Statements

NOTE 1. STATEMENT OF ACCOUNTING POLICIES – continued

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

(a) Revaluation of Non-current Assets (Accounting Standard AAS38)

On 22 November 2002 the management of the University's investment portfolio was transferred to the Victorian Funds Management Corporation. As at this date the University adopted for the first time a fair value basis in respect of the valuation of current and non-current investments (Note 7). Prior to 22 November 2002 the current and non-current investments were valued on the cost basis. Due to this change, an amount of \$135,311,208 has been taken to the Asset Revaluation Reserve.

The consolidated controlled entity Melbourne Business School Limited adopted the fair value basis in respect of Other Financial Assets – non-current from 1 January 2002. The change in accounting policy resulted in \$12,379,553 being taken to Asset Revaluation Reserve. All other consolidated entities remain with the cost basis for valuation of current and non-current investments.

(b) Interests in Joint Ventures (Accounting Standard AAS19)

Prior to 2002 the consolidated entity's Uniseed Pty Ltd interest in joint venture entity has been accounted for under the cost method. In 2002 interests in joint venture entities were accounted for under the equity method. This change in accounting policy has resulted in accumulated losses prior to 2002 of (\$827,558) being recognised in the Statement of Financial Performance for the current financial year.

(c) Treatment of Gains and Losses on Sale of Assets Accounting Standard (AAS1)

In previous years the University has shown in the Statement of Financial Performance the net gain or loss on disposal of assets. For 2002 the University has changed the accounting policy to conform with accounting standard AAS1, showing as revenue the proceeds from sale of assets, and as expense the carrying amounts of assets sold.

The comparative figures for 2001 have been adjusted and the effect on revenue and expense is:

Consolidated Revenue and Expense increased by:	\$15,116,000
University Revenue and Expense increased by:	\$14,556,000

Full details are shown in Note 4.

	Note	CONSOLIDATED		UNIVERSITY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
NOTE 2. REVENUES AND EXPENSES FROM ORDINARY ACTIVITIES					
2.1 Commonwealth Government Financial Assistance					
(including Superannuation contributions from the Commonwealth, but excluding HECS and PELS)					
Financial Assistance pursuant to the <i>Higher Education Funding Act 1988</i> , excluding HECS and PELS:					
Teaching and Learning:					
– Operating purposes excluding HECS and PELS	32.1	137,409	163,357	137,409	163,357
– Teaching Hospitals	32.1	952	931	952	931
ARC:					
– Discovery Projects	32.2	6,697	-	6,697	-
– Large Grants	32.2	7,210	12,434	7,210	12,434
– Research Fellowships	32.2	1,963	2,414	1,963	2,414
– Federation Fellowships	32.2	1,159	-	1,159	-
– Discovery – Indigenous Researchers Project	32.2	10	-	10	-
– Linkage Projects	32.2	2,448	-	2,448	-
– SPIRT	32.2	3,369	5,463	3,369	5,463
– Linkage Infrastructure	32.2	348	3,041	348	3,041
– International Researcher Exchange	32.2	181	195	181	195
– Centres of Excellence	32.2	1,398	1,368	1,398	1,368
DEST:					
– Institutional Grants Scheme	32.2	29,838	-	29,838	-
– Research Training Scheme	32.3	52,794	49,573	52,794	49,573
– Systemic Infrastructure Initiative	32.3	100	-	100	-
– Small Research	32.3	(6)	3,369	(6)	3,369
– Research Infrastructure	32.2	14,378	10,738	14,378	10,738
– Australian Postgraduate Awards	32.3	8,940	8,435	8,940	8,435
– International Postgraduate Research Scholarships	32.3	1,364	970	1,364	970
		270,552	262,288	270,552	262,288
Commonwealth Research Financial Assistance and Other Commonwealth Funding					
Department of Primary Industry		4,591	4,106	4,591	4,106
Cooperative Research Centre		4,757	4,655	4,757	4,655
National Health and Medical Research Council		38,151	29,219	38,151	29,219
Other Commonwealth Research		9,442	8,632	9,442	8,632
Commonwealth Government Federation Fund		1,027	5,044	-	-
Other Funding		13,409	8,771	10,782	6,883
		71,377	60,427	67,723	53,495
		341,929	322,715	338,275	315,783

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	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
	5,565	5,339	5,565	5,339
	71,024	68,833	71,024	68,833
	76,589	74,172	76,589	74,172
	(5,650)	(5,565)	(5,650)	(5,565)
	70,939	68,607	70,939	68,607
	16,973	15,446	16,690	15,151
	87,912	84,053	87,629	83,758
	8,091	8,471	8,091	7,947
	6,189	6,254	6,189	6,254
	2,505	2,064	2,505	2,064
	1,567	1,309	1,208	1,289
	15,000	-	15,000	-
	8,700	-	-	-
	9,637	6,624	9,486	6,624
	51,689	24,722	42,479	24,178

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)

Crown Grant for *Bio21* Project

Funding for Drama and Library Projects at the Victorian College of the Arts

Miscellaneous Purposes

	Note	CONSOLIDATED		UNIVERSITY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
2.4 Fees and Charges					
Fees and charges were collected from the following sources during the reporting period:					
Continuing Education		2,328	2,140	2,328	2,140
Full Fee-paying Overseas Students		113,188	103,234	112,086	86,905
Fee-paying Non-overseas Postgraduate Students		16,023	18,665	15,804	18,427
Fee-paying Non-overseas Undergraduate Students		18,180	9,199	18,180	9,199
Fees from Non-overseas Students Undertaking Non-award Courses		53	-	53	-
Other Course Charges		41,463	21,581	6,983	9,000
Library Fees		1,097	623	552	205
Rent/Use of Facilities		4,784	4,771	4,680	4,682
Charges for Student Accommodation		7,620	7,759	7,524	5,444
Parking Fees		1,800	1,339	1,744	1,268
Sundry Fees		2,327	2,804	2,313	2,749
TAFE Tuition		542	549	440	441
Hire of Apparatus/Laboratory Fees		61	97	30	60
Excursions		360	178	360	178
Seminar, Conference and Course Fees		3,592	3,305	2,997	2,906
Examination Fees		2,262	2,116	322	254
Charges for Services Provided		70,688	68,379	34,573	29,561
		286,368	246,739	210,969	173,419
2.5 Investment Income					
Investment Income comprises:					
Interest Received and Receivable		18,681	20,818	16,055	16,879
Dividends		23,773	23,656	21,436	21,633
Other		3,302	2,571	2,732	1,470
		45,756	47,045	40,223	39,982
2.6 Other Revenue					
Other Revenue comprises:					
Donations and Bequests		19,347	17,112	19,280	16,898
Publishing and Book Sales		9,869	8,742	9,851	8,737
Box Office Receipts		8,017	6,014	7,826	5,957
Computer Sales		2,632	3,083	2,632	3,083
Sale of Produce and Livestock		3,505	3,199	3,505	3,199
Proceeds from Sale of Assets	4	21,107	28,403	15,377	22,125
Non-government Grants		38,066	30,274	38,035	30,141
Scholarships and Prizes		357	141	357	141
Copyright and Royalty Income		3,871	2,898	3,871	2,898
Miscellaneous Income		17,027	20,550	18,867	17,780
		123,798	120,416	119,601	110,959

Notes to and forming part of the Financial Statements

2.7 Employee Benefits

Academic Employee Benefits

	CONSOLIDATED		UNIVERSITY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Academic Salaries	198,674	181,455	191,943	174,894
Contributions to Superannuation and Pension Schemes:				
– Deferred Employee Benefits for Superannuation	293	1,132	-	953
– Emerging Costs	6,865	7,703	6,349	7,106
– Funded	23,916	22,471	23,013	21,613
Payroll Tax	11,809	11,607	11,473	11,170
Workers' Compensation	1,102	1,077	1,053	1,015
Long Service Leave Expense	4,572	2,480	4,559	2,540
Annual Leave	2,520	2,266	2,469	2,258
Other	16	-	16	-
	249,767	230,191	240,875	221,549

Non-academic Employee Benefits

Non-academic Salaries	171,171	157,922	141,973	129,808
Contributions to Superannuation and Pension Schemes:				
– Deferred Employee Benefits for Superannuation	(828)	120	(957)	-
– Emerging Costs	230	230	6	26
– Funded	20,740	19,155	18,799	17,226
Payroll Tax	9,544	9,400	8,477	8,217
Workers' Compensation	922	936	792	729
Long Service Leave Expense	2,451	1,278	2,491	1,128
Annual Leave	1,950	1,328	1,677	1,060
Other	1,551	1,727	1,386	1,216
	207,731	192,096	174,644	159,410

Total Employee Benefits

	457,498	422,287	415,519	380,959
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Number of Equivalent Full-time Employees at 31 December 2002

	5,414	5,277	4,961	4,777
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2.8 Depreciation and Amortisation

Depreciation/Amortisation Expense by Class of Assets:

Tangible Assets

	CONSOLIDATED		UNIVERSITY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Buildings	36,333	28,972	34,731	27,435
Leasehold Improvements	196	158	92	32
Laboratory/Computing Equipment	10,692	9,864	10,252	9,535
General Equipment	6,275	6,293	5,218	4,941
Furniture	237	160	43	41
Motor Vehicles	1,586	1,602	1,403	1,525
Library Collection	9,090	8,376	8,877	8,166
Total Tangible Assets	64,409	55,425	60,616	51,675

Intangible Assets

Goodwill	332	368	-	-
Total Intangible Assets	332	368	-	-
Total Depreciation and Amortisation	64,741	55,793	60,616	51,675

2.9 Borrowing Costs

Interest Expense

- Paid to Non-related Persons/Corporations	11,319	8	11,369	8
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2.10 Buildings and Grounds

Maintenance Materials/Services:

- Buildings	33,665	26,202	33,083	25,738
- Plant and Equipment	5,470	5,958	3,982	4,478
	39,135	32,160	37,065	30,216

2.11 Bad and Doubtful Debts

Bad Debts Written Off	186	195	120	82
Increase/(Decrease) in Provision for Doubtful Debts	(110)	339	(12)	27
	76	534	108	109

2.12 Accounting and Auditing Services

Auditing Accounts:

- Auditor-General	185	228	107	132
- Other Auditors	135	64	-	1
Accounting Services	64	150	4	-
	384	442	111	133

Notes to and forming part of the Financial Statements

	Note	CONSOLIDATED		UNIVERSITY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
2.13 Other Expenses					
Scholarships and Prizes		32,871	31,212	31,542	29,593
Equipment Purchases (Items not Capitalised)		23,989	18,219	23,567	17,763
Consumable Materials/Inventory Used		26,438	23,035	24,852	22,038
Travel, Staff Development and Training		30,071	24,522	25,384	20,688
Library Materials		4,290	4,064	3,933	3,651
Grants		23,548	16,539	22,982	15,985
Utilities and Services		38,697	31,134	35,756	28,388
Insurance		3,598	1,955	3,485	1,801
Financial Assistance Provided to Controlled Entities		-	-	15,666	15,569
Carrying Amount of Assets Sold	4	20,024	15,231	14,395	14,661
Rent		7,033	5,496	5,349	4,040
Printing and Publications		14,852	13,125	13,971	11,606
Leasing		1,179	2,625	1,150	2,595
Program and Course Development, Preparation and Delivery Services		25,287	29,304	-	-
Other Operating Costs		60,882	50,881	50,948	37,290
		312,759	267,342	272,980	225,668

NOTE 3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of Entity	Principal Activity	OWNERSHIP INTEREST		CONSOLIDATED CARRYING AMOUNT	
		2002 %	2001 %	2002 \$	2001 \$
Joint Venture Entities					
Uniseed Pty Ltd	Investment in early stage technologies	50	50	2,077,106	-
Movement in Investment in Joint Ventures					
Equity accounted amount of investment at beginning of the financial year		-	-		
Amount of investment accounted for at cost at the beginning of the financial year		2,834,445	-		
Share of Net Loss for the financial year		(1,179,781)	-		
Share of Accumulated Losses from prior years		(827,558)	-		
Acquisition of additional interests		1,250,000	-		
Equity accounted amount of investment at end of financial year		2,077,106	-		
Share of Assets and Liabilities of Joint Venture Entities					
Current Assets		449,161	1,162,136		
Non-current Assets		1,813,030	969,018		
Current Liabilities		(185,085)	(124,315)		
Net Assets		2,077,106	2,006,839		
Share of Net Loss of Joint Venture Entities for the Financial Year					
Revenue from Ordinary Activities		33,244	32,963		
Expenses from Ordinary Activities		(1,213,025)	(734,983)		
Loss from Ordinary Activities		(1,179,781)	(702,020)		
Income Tax Attributable to Ordinary Activities		-	-		
Net Loss		(1,179,781)	(702,020)		
Share of Reserves of Joint Venture Entities					
<i>Accumulated Losses</i>					
At the Beginning of the Financial Year		(827,558)	(125,538)		
At the End of the Financial Year		(2,007,339)	(827,558)		

Notes to and forming part of the Financial Statements

3.1 Joint Venture Entities

Name of Entity	Principal Activity	INTEREST	
		2002 %	2001 %
Lignotek	Commercialising intellectual property relating to the field of fast pyrolysis, phenols and furans	50	50

The consolidated entity's interest in the assets, liabilities, financial performance, capital commitments and contingent liabilities of the joint venture operations are detailed below (based on unaudited figures). These amounts are not included in the financial statements as the realisation of future economic benefits from the assets employed in the joint venture operation is uncertain.

	CONSOLIDATED	
	2002 \$	2001 \$
Current Assets	35,928	247,815
Non-current Assets	1,175,037	1,215,298
Current Liabilities	(146,122)	(86,413)
Net Assets	1,064,843	1,376,700
Revenue from Ordinary Activities	-	-
Expenses from Ordinary Activities	(311,858)	(123,300)
Loss from Ordinary Activities	(311,858)	(123,300)
Income Tax Attributable to Ordinary Activities	-	-
Net Loss	(311,858)	(123,300)

NOTE 4. SALE OF ASSETS

	CONSOLIDATED		UNIVERSITY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Proceeds from Sale				
Investments	17,950	26,314	12,428	20,310
Property, Plant and Equipment –				
Motor Vehicles	2,921	1,612	2,732	1,501
Furniture and Equipment	236	477	217	314
Total Proceeds from Sale	21,107	28,403	15,377	22,125
Carrying Amount of Assets Sold/Scrapped				
Investments	16,843	13,149	11,367	12,804
Property, Plant and Equipment –				
Motor Vehicles	2,593	1,328	2,440	1,242
Furniture and Equipment	361	754	361	615
Buildings (demolished)	227	-	227	-
Total Carrying Amount of Assets Sold	20,024	15,231	14,395	14,661
Net Profit on Sale of Assets	1,083	13,172	982	7,464

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

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

	CONSOLIDATED		UNIVERSITY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
	31	4	-	-
	7	17	-	-
	21	66	-	-
	59	87	-	-
	2	66	-	-
	25,567	32,036	21,214	25,432
	(1,301)	(1,418)	(1,024)	(1,035)
	24,266	30,618	20,190	24,397
	1,328	1,375	1,274	1,322
	(25)	(25)	(25)	(25)
	1,303	1,350	1,249	1,297
	6,215	7,589	5,600	6,645
	3,929	3,708	1,858	2,215
	35,713	43,265	28,897	34,554

Notes to and forming part of the Financial Statements

NOTE 6. RECEIVABLES – continued

Non-current

	CONSOLIDATED		UNIVERSITY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Student Loans	1,040	1,069	1,001	1,038
Government Contributions for Superannuation	87,702	86,863	75,086	74,998
Other Loans, Advances and Recoverables	2,049	2,416	1,971	2,383
	90,791	90,348	78,058	78,419

Government Contributions for Superannuation

The University recognises a receivable for the amount expected to be received from the Commonwealth Government in respect of unfunded superannuation schemes operated by the State Government. The total consolidated amount owing in respect of these schemes at 30 June 2002 is recorded at \$93.917 million (2001: \$94.452 million). Refer Notes 1.6(iv), 11 and 22.

NOTE 7. INVESTMENTS

Current

Bank and Term Deposits	28,883	59,047	21,591	50,578
Commercial Paper	41,535	95,050	20,822	62,519
Floating Rate Notes	-	5,210	-	5,210
Debentures	7,635	13,359	7,635	7,359
Shares in a Private Company	977	10	-	10
Corporate Securities	-	52,227	-	52,227
Bank Managed Trust	-	-	-	-
Total Current Investments	79,030	224,903	50,048	177,903

Maturities of Current Investments –

Investments – Maturing <90 days	66,011	170,413	38,690	124,997
Investments – Maturing >90 days	13,019	54,490	11,358	52,906
	79,030	224,903	50,048	177,903

Non-current

Floating Rate Notes	-	5,533	-	5,533
Corporate Securities	63,445	51,184	63,445	51,184
Shares	475,966	260,751	437,057	240,481
Listed Income Securities/Unit Trusts	117,950	64,743	104,446	54,774
Shares in Subsidiary Companies	2,077	-	10,350	10,350
Debentures	6,000	-	-	-
Other	840	1,866	840	1,866
Total Non-current Investments	666,278	384,077	616,138	364,188
Total Investments	745,308	608,980	666,186	542,091

Note 31.3 provides further details regarding the composition of the investments under Financial Assets for both Book Value and Market Value. The increase in the value of investments is due to a change in accounting policy (refer Note 1.15).

NOTE 8. INVENTORIES

Finished Goods
Raw Materials
Work in Progress
Livestock and Other

	CONSOLIDATED		UNIVERSITY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Finished Goods	3,433	4,383	3,359	4,338
Raw Materials	811	907	811	907
Work in Progress	69	30	69	30
Livestock and Other	1,596	2,760	1,596	2,760
	5,909	8,080	5,835	8,035

NOTE 9. OTHER (CURRENT) ASSETS

Prepaid Expense
Accrued Income

Prepaid Expense	8,551	6,704	7,545	6,476
Accrued Income	5,170	10,946	1,376	3,894
	13,721	17,650	8,921	10,370

NOTE 10. PROPERTY, PLANT AND EQUIPMENT**Freehold Land**

At Cost
At Independent Valuation :
– 31 December 2002
– 31 December 2000
– 31 December 1999

At Cost	16,521	714	16,521	-
At Independent Valuation :				
– 31 December 2002	24,655	-	-	-
– 31 December 2000	401,236	401,236	361,236	361,236
– 31 December 1999	-	15,100	-	-
	442,412	417,050	377,757	361,236

Buildings

At Cost
Provision for Depreciation

At Cost	261,107	27,147	258,938	25,962
Provision for Depreciation	(8,938)	(397)	(8,857)	(396)
	252,169	26,750	250,081	25,566

At Independent Valuation:

– 31 December 2002
Provision for Depreciation

– 31 December 2002	33,248	-	46	-
Provision for Depreciation	-	-	-	-
	33,248	-	46	-

At Independent Valuation:

– 31 December 2000
Provision for Depreciation

– 31 December 2000	926,666	926,666	907,046	907,046
Provision for Depreciation	(54,520)	(27,690)	(53,343)	(27,080)
	872,146	898,976	853,703	879,966

At Independent Valuation:

– 31 December 1999
Provision for Depreciation

– 31 December 1999	-	27,840	-	-
Provision for Depreciation	-	(2,162)	-	-
	-	25,678	-	-

Freehold Land and Buildings after Depreciation

	1,599,975	1,368,454	1,481,587	1,266,768
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Notes to and forming part of the Financial Statements

NOTE 10. PROPERTY, PLANT AND EQUIPMENT – continued

Library Collection

At Cost – Library General Collection

Provision for Depreciation

At Independent Valuation – Rare Book Collection

– 31 December 2002

– 31 December 2001

– 31 December 1992

Library Collection after Depreciation

Works of Art

At Independent Valuation:

– 10 October 2002

– 31 December 2001

– 31 October 2001

– 30 November 2000

– 30 September 1995

Works of Art

Motor Vehicles

At Cost

Provision for Depreciation

Motor Vehicles after Depreciation

Furniture

At Cost

Provision for Depreciation

Furniture after Depreciation

Scientific/Computing Equipment

At Cost

Provision for Depreciation

Scientific/Computing Equipment after Depreciation

	CONSOLIDATED		UNIVERSITY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
At Cost – Library General Collection	312,168	302,554	309,396	299,874
Provision for Depreciation	(75,296)	(66,206)	(73,337)	(64,460)
	236,872	236,348	236,059	235,414
At Independent Valuation – Rare Book Collection				
– 31 December 2002	9,402	-	9,402	-
– 31 December 2001	31,266	31,266	31,266	31,266
– 31 December 1992	9,064	17,746	9,064	17,746
	49,732	49,012	49,732	49,012
Library Collection after Depreciation	286,604	285,360	285,791	284,426
At Independent Valuation:				
– 10 October 2002	10,415	-	10,399	-
– 31 December 2001	-	10,399	-	10,399
– 31 October 2001	1,241	1,241	-	-
– 30 November 2000	32,005	32,005	32,005	32,005
– 30 September 1995	1,214	1,214	1,214	1,214
Works of Art	44,875	44,859	43,618	43,618
At Cost	10,494	8,996	9,566	8,570
Provision for Depreciation	(4,532)	(3,049)	(4,163)	(2,921)
Motor Vehicles after Depreciation	5,962	5,947	5,403	5,649
At Cost	4,390	1,287	1,076	459
Provision for Depreciation	(2,195)	(645)	(302)	(255)
Furniture after Depreciation	2,195	642	774	204
At Cost	108,339	96,209	100,609	88,659
Provision for Depreciation	(89,746)	(79,410)	(83,680)	(73,472)
Scientific/Computing Equipment after Depreciation	18,593	16,799	16,928	15,187

NOTE 10. PROPERTY, PLANT AND EQUIPMENT – continued

Software

At Cost

Amortisation of Software

Software after Amortisation

General Equipment

At Cost

Provision for Depreciation

General Equipment after Depreciation

Leasehold Improvements

At Cost

Provision for Amortisation

Leasehold Improvements after Amortisation

Construction in Progress

At Cost

Total Property, Plant and Equipment

At Cost

Provisions for Depreciation/Amortisation

At Independent Valuation

Provisions for Depreciation

Total Written Down Value

Borrowing Costs Capitalised

Borrowing Costs incurred for Building Construction (included in Buildings at Cost)

Amortisation of Borrowing Costs

	CONSOLIDATED		UNIVERSITY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Software				
At Cost	4,715	-	4,715	-
Amortisation of Software	-	-	-	-
Software after Amortisation	4,715	-	4,715	-
General Equipment				
At Cost	55,669	66,753	50,122	59,492
Provision for Depreciation	(40,826)	(50,630)	(37,931)	(47,463)
General Equipment after Depreciation	14,843	16,123	12,191	12,029
Leasehold Improvements				
At Cost	3,018	2,303	1,310	1,291
Provision for Amortisation	(920)	(753)	(547)	(456)
Leasehold Improvements after Amortisation	2,098	1,550	763	835
Construction in Progress				
At Cost	81,951	248,102	66,403	243,158
Total Property, Plant and Equipment				
At Cost	858,370	739,639	818,656	727,465
Provisions for Depreciation/Amortisation	(222,451)	(201,091)	(208,817)	(189,423)
	635,919	538,548	609,839	538,042
At Independent Valuation	1,480,412	1,464,714	1,361,678	1,360,913
Provisions for Depreciation	(54,521)	(29,852)	(53,344)	(27,080)
	1,425,891	1,434,862	1,308,334	1,333,833
Total Written Down Value	2,061,810	1,987,836	1,918,173	1,871,874
Borrowing Costs Capitalised				
Borrowing Costs incurred for Building Construction (included in Buildings at Cost)	14,426	14,426	14,426	14,426
Amortisation of Borrowing Costs	(443)	-	(443)	-
	13,993	14,426	13,993	14,426

Borrowing costs capitalised relate to the University Square development.

Notes to and forming part of the Financial Statements

NOTE 10. PROPERTY, PLANT AND EQUIPMENT – continued

Movement in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and end of the reporting period.

(a) Consolidated

	Freehold Land \$'000	Buildings \$'000	Library Collection \$'000	Works of Art \$'000
Balance at Beginning of Year	417,050	951,404	285,360	44,859
Transfers Between Classes	-	-	-	-
Additions	16,521	14,932	9,614	-
Disposals	-	-	-	-
Revaluation Increments/(Decrements)	8,841	6,387	720	16
Depreciation Expense	-	(36,333)	(9,090)	-
Transfer from Construction in Progress	-	221,399	-	-
Write-offs	-	(227)	-	-
Carrying Amount at End of Reporting Period	442,412	1,157,563	286,604	44,875

	Motor Vehicles \$'000	Furniture \$'000	Equipment* \$'000
Balance at Beginning of Year	5,947	642	32,922
Transfers Between Classes	449	612	(1,065)
Additions	3,745	1,235	23,566
Disposals	(2,593)	(53)	(308)
Revaluation Increments/(Decrements)	-	-	-
Depreciation Expense	(1,586)	(241)	(16,964)
Transfer from Construction in Progress	-	-	-
Write-offs	-	-	-
Carrying Amount at End of Reporting Period	5,962	2,195	38,151

	Leasehold Improvements \$'000	Construction in Progress \$'000	Total \$'000
Balance at Beginning of Year	1,550	248,102	1,987,836
Transfers Between Classes	3	-	-
Additions	711	55,278	125,601
Disposals	-	-	(2,954)
Revaluation Increments/(Decrements)	-	-	15,964
Depreciation Expense	(196)	-	(64,409)
Transfer from Construction in Progress	30	(221,429)	-
Write-offs	-	-	(227)
Carrying Amount at End of Reporting Period	2,098	81,951	2,061,811

*Comprising Computer Equipment including Software, Scientific and General Equipment.

(b) Total University

	Freehold Land \$'000	Buildings \$'000	Library Collection \$'000	Works of Art \$'000
Balance at Beginning of Year	361,236	905,532	284,426	43,618
Additions	16,521	12,555	9,522	-
Disposals	-	-	-	-
Revaluation Increments/(Decrements)	-	-	720	-
Depreciation Expense	-	(34,731)	(8,877)	-
Transfer from Construction in Progress	-	220,701	-	-
Write-offs	-	(227)	-	-
Carrying Amount at End of Reporting Period	377,757	1,103,830	285,791	43,618

	Motor Vehicles \$'000	Furniture \$'000	Equipment* \$'000
Balance at Beginning of Year	5,649	204	27,216
Additions	3,598	670	22,391
Disposals	(2,440)	(53)	(307)
Revaluation Increments/(Decrements)	-	-	-
Depreciation Expense	(1,404)	(47)	(15,466)
Transfer from Construction in Progress	-	-	-
Write-offs	-	-	-
Carrying Amount at End of Reporting Period	5,403	774	33,834

	Leasehold Improvements \$'000	Construction in Progress \$'000	Total \$'000
Balance at Beginning of Year	835	243,158	1,871,874
Additions	20	43,946	109,223
Disposals	-	-	(2,800)
Revaluation Increments/(Decrements)	-	-	720
Depreciation Expense	(92)	-	(60,617)
Transfer from Construction in Progress	-	(220,701)	-
Write-offs	-	-	(227)
Carrying Amount at End of Reporting Period	763	66,403	1,918,173

*Comprising Computer Equipment including Software, Scientific and General Equipment.

The amount of \$16.521 million recorded for Additions under the heading Freehold Land includes a Crown Grant of \$15 million from the Victorian Government for the Bio21 Institute Building.

Notes to and forming part of the Financial Statements

NOTE 11. PROVISIONS

Current

Employee Entitlements:

– Long Service Leave

– Recreation Leave

– Deferred Benefits for Superannuation

Taxation

Other

Non-current

Employee Entitlements:

– Long Service Leave

– Deferred Benefits for Superannuation

WorkCover Claims

Other

	CONSOLIDATED		UNIVERSITY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
	8,144	7,086	7,363	6,741
	36,120	34,223	34,645	32,435
	6,215	7,589	5,600	6,645
	2	-	-	-
	35	28	6	1
	50,516	48,926	47,614	45,822
	51,969	48,370	50,335	46,492
	87,702	86,863	75,086	74,998
	3,831	3,338	3,831	3,338
	70	6	-	-
	143,572	138,577	129,252	124,828

Provision for Employee Entitlements – Deferred Benefits for Superannuation

A total consolidated unfunded liability for retirement benefits of \$93,917 million (2001: \$94.452 million) accruing to beneficiaries of the State Superannuation Scheme has been recorded in the Statements of Financial Position as a liability. See Notes 1.6(iv), 6 and 22.

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

	11,780	11,552	10,727	10,522
	5,650	6,770	5,650	6,770
	10,617	7,190	10,617	7,190
	18,838	17,527	10,303	10,498
	8,509	8,165	6,582	6,100
	55,394	51,204	43,879	41,080
	-	712	-	712
	55,394	51,916	43,879	41,792

NOTE 13. BORROWINGS

Current

Secured Bank Borrowings

Non-current

Secured Bank Borrowings

	1,918	1,264	1,918	1,264
	146,386	143,763	146,386	143,763

The Bank Borrowing is for the construction of a major educational facility comprising academic and retail building works which was substantially completed in 2001. The loan is secured by registered first mortgage over certain freehold property and a registered equitable mortgage of securities over shareholdings held by the University. The total loan facility was initially for \$150,000,000 with repayments extending until 2029.

Note	CONSOLIDATED		UNIVERSITY	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
NOTE 14. RETAINED SURPLUS				
	494,009	443,227	419,090	375,406
	66,474	76,232	57,611	68,207
	-	(11)	-	-
15(b)	(10,069)	(25,439)	(9,905)	(24,523)
	550,414	494,009	466,796	419,090
NOTE 15(a). EQUITY – RESERVES				
Reserves at end of year comprise:				
	193,445	183,919	193,445	183,919
	50,031	50,026	50,000	50,000
	1,746,281	1,584,499	1,636,247	1,500,216
	8,430	7,887	2,174	1,800
	30,130	30,130	-	-
	1,872	-	-	-
	(213)	-	-	-
	2,029,976	1,856,461	1,881,866	1,735,935
The Special Purpose Reserve comprises funds held in trust, funds held in perpetuity and funds held for specific purposes.				
NOTE 15(b). MOVEMENTS IN RESERVES				
Trust Fund Reserve				
	183,919	159,396	183,919	159,396
	9,526	24,523	9,526	24,523
	193,445	183,919	193,445	183,919
General Reserve				
	50,026	50,078	50,000	50,000
	5	(51)	-	-
	50,031	50,026	50,000	50,000
Asset Revaluation Reserve				
	1,584,499	1,555,538	1,500,216	1,472,172
Changes due to:				
	147,691	-	135,311	-
	15,228	-	-	-
	720	17,645	720	17,645
	16	11,316	-	10,399
	(1,872)	-	-	-
	1,746,281	1,584,499	1,636,247	1,500,216

Notes to and forming part of the Financial Statements

NOTE 15(b). MOVEMENTS IN RESERVES – continued

Special Purpose Reserve

	CONSOLIDATED		UNIVERSITY	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Balance at Beginning of Year	7,887	6,920	1,800	1,800
Transfer Operating Surplus/(Deficit)	543	967	373	-
Balance at End of Year	8,430	7,887	2,174	1,800

Members Capital Reserve

Balance at Beginning of Year	30,130	30,130	-	-
Balance at End of Year	30,130	30,130	-	-

Capital Profits Reserve

Balance at Beginning of Year	-	-	-	-
Transfer from Asset Revaluation Reserve	1,872	-	-	-
Balance at End of Year	1,872	-	-	-

Foreign Currency Translation Reserve

Balance at Beginning of Year	-	-	-	-
Translation of Foreign Operations	(213)	-	-	-
Balance at End of Year	(213)	-	-	-

Summary of Transfers –

(excluding Asset Revaluation, Capital Profits and Members Capital Reserve)

Trust Fund Reserve	9,526	24,523	9,526	24,523
General Reserve	5	(51)	-	-
Special Purpose Reserve	543	967	373	-
	10,074	25,439	9,899	24,523

NOTE 16. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of Cash

Cash	62,146	17,845	49,592	3,496
Petty Cash Floats	83	81	83	81
Deposits at Call/Term Deposits	48,950	83,222	18,591	50,578
Bank Bills (Maturity < than 90 days)	20,126	87,191	18,141	74,419
	131,305	188,339	86,407	128,574

	Note	CONSOLIDATED		UNIVERSITY	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
NOTE 16. NOTES TO THE STATEMENT OF CASH FLOWS – continued					
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		66,474	76,232	57,611	68,207
Share of Joint Venture Entity Net Loss	3	2,007	-	-	-
Crown Grant received for <i>Bio21</i> Project	2.3	(15,000)	-	(15,000)	-
Depreciation		64,409	55,425	60,616	51,675
Amortisation of Goodwill		332	368	-	-
Increase/(Decrease) in Provision for Doubtful Debts		(46)	339	(12)	27
Decrease in Provision for Taxation		249	-	220	-
Increase/(Decrease) in Payables		(4,400)	6,900	(2,160)	(1,526)
Increase in Wages and Salaries Payable		9,312	4,186	9,107	4,062
Increase/(Decrease) in Receivables/Prepayments		10,828	3,398	7,051	3,823
Increase/(Decrease) in Income in Advance		3,528	4,211	2,995	3,010
Loss/(Gain) on Sale/Redemption of Investments		(1,107)	(13,165)	(1,061)	(7,506)
Loss/(Gain) on Sale of Non-current Assets		24	4	80	42
Decrease/(Increase) in Inventories		2,164	(967)	2,200	(960)
Net cash from Operating Activities		138,774	136,931	121,647	120,854
NOTE 17. OPERATING LEASE EXPENDITURE COMMITMENTS					
Not later than one year		4,818	3,379	3,461	2,659
Later than one year but not later than five years		16,864	10,596	14,619	8,455
Later than five years		13,055	5,475	11,895	4,068
		34,737	19,450	29,975	15,182
Current Year Operating Lease Expenditure		4,289	2,625	3,461	2,595
NOTE 18. CAPITAL EXPENDITURE COMMITMENTS					
At 31 December 2002 estimated Capital Expenditure contracted for but not provided for is as follows:					
Payable not later than one year		78,950	50,288	76,647	39,593
Payable later than one year but not later than five years		18,700	-	18,700	-
Total Capital Commitments		97,650	50,288	95,347	39,593

Notes to and forming part of the Financial Statements

NOTE 19. CONTINGENT LIABILITIES

The University and its controlled entities have the following contingent liabilities as at 31 December, 2002.

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 2002 is \$3,997,000.
- (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 is operating as 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).
- (c) The University has provided an indemnity on behalf of its controlled entity, Australian International Health Institute Ltd, to cover a National Bank of Australia guarantee via the Mandiri Bank in Indonesia to the Central Java Provincial Health Office (Indonesia) in respect of the development of a Sister School Program for Nursing and Midwifery in Central Java Province. This guarantee is for US\$88,130.

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 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 rental guarantees for the South and North Towers expired in 2002. The occupancy rates achieved for these buildings in 2002 was 93% which exceeded the threshold of 91% at which there was zero liability under the guarantee. Rentals received exceeded the rental guarantees by \$319,534.

The rental guarantee for the central building of 129 new apartments, construction of which was completed in 2000, will emerge in 2003 and 2004. Assuming a zero occupancy, the University's maximum liability in 2003 is \$3,515,080. Should a 91% occupancy be achieved, the liability is zero.

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

NOTE 20. PARTICULARS IN RELATION TO EACH CONSOLIDATED ENTITY

	Operating Surplus/(Deficit) after Income Tax	
	2002 \$'000	2001 \$'000
University General		
– Operating Result from Ordinary Activities	46,660	58,444
Trust Funds	9,394	8,847
Auxiliary Operations:		
Students Loan Fund	(90)	260
Halls of Residence:		
– Medley Hall	(6)	(18)
– Kendall Hall	27	36
– International House	508	127
Child Care Services	207	216
Sport and Physical Recreation Centre	138	16
The Ian Potter Museum of Art	29	(40)
Veterinary Clinic and Hospital	3	221
Strathfieldsaye Estate	99	(12)
Melbourne Theatre Company	602	164
Melbourne University Press*	(197)	(54)
Elimination item between Students Loan Fund and University General	238	-
Sub-Total University	57,612	68,207
Controlled Entities		
Victorian College of the Arts	9,434	6,192
Melbourne Business School Limited	992	2,543
Melbourne University Private Limited	(1,955)	(3,779)
Melbourne Enterprises International Limited	-	3,815
Meanjin Company Limited	(13)	8
Australian Music Examinations Board (Vic) Limited	25	-
Australian International Health Institute Limited	407	(13)
Land and Food Services Ltd (previously VCAH Services Ltd)	8	37
The School of Forestry, Creswick Limited	94	82
Australian National Academy of Music Limited	(129)	(860)
Sub-Total Controlled Entities	8,862	8,025
Total	66,474	76,232

*Comprising the results for Melbourne University Press for the six months ended 30 June 2002 and results for the restructured operations of Melbourne University Publishing and Melbourne University Bookshop for the six months ended 31 December 2002.

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 2002, 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 2002 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 2002 was 3% of base salary in respect of those employees who were members of the *Defined Benefit Plan* or the *Investment Choice Plan* and 9% (from 1 July 2002, representing the minimum level of superannuation support or Superannuation Guarantee Charge (SGC) as prescribed under the *Superannuation Guarantee Charge Act 1992*, 8% from 1 January to 30 June 2002) 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:

	2002 \$'000	2001 \$'000
UniSuper – Defined Benefit Plan and Investment Choice Plan	31,436	28,956
UniSuper – Award Plus Plan	11,991	10,886
State Government Schemes	297	295
Other Superannuation Funds	932	1,490
	44,656	41,627

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 2002 the unfunded superannuation liability amounted to:

	2002 \$'000	2001 \$'000
University of Melbourne	80,686	81,643
Victorian College of the Arts	13,231	12,809
	93,917	94,452

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 State Grants (General Purposes) Act 1994*.

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 2002 assessed liabilities at \$3,997,000 (\$3,697,000 at 31 December 2001) which are projected to increase to \$4,499,000 by 31 December 2003.

NOTE 24. DISAGGREGATED 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.

	Revenue		Operating Result after Income Tax		Assets	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Geographical						
Australia	943,959	854,306	66,646	76,445	3,013,592	2,770,635
Asia	280	278	(147)	(50)	154	289
Other	10,213	301	(25)	(163)	8,061	9,106
Total	954,452	854,885	66,474	76,232	3,021,807	2,780,030

	Revenue		Operating Result after Income Tax		Assets	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Industry						
Higher Education	781,921	696,817	59,371	73,300	2,758,370	2,536,026
TAFE	8,207	8,279	(2,003)	(1,397)	-	-
Other	164,324	149,789	9,106	4,329	263,437	244,004
Total	954,452	854,885	66,474	76,232	3,021,807	2,780,030

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:

	2002 \$'000	2001 \$'000
Consultancies costing less than \$100,000		
Payments to Consultants	634	711
Number of Consultancies Engaged – 42 in 2002 (54 in 2001)		
Consultancies costing more than \$100,000		
Beaton Consulting Pty Ltd – Market research and business planning re postgraduate coursework programs	229	-
Eduworld – Online education	200	-
Boston Consulting Group – Review of subsidiary companies	-	599
Stanton Consulting Partners – New administration system project	-	308
Acumen Alliance (Vic) Pty Ltd – New administration system project	-	289
Debis IT Services (Australia) Pty Ltd – New administration system project	-	117

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

NOTE 26. DIRECTORS AND EXECUTIVES REMUNERATION

	2002 \$'000	2001 \$'000
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.	905	969
The number of Members of Council whose remuneration fell within the following bands of remuneration was:	<i>Number</i>	<i>Number</i>
Nil	13	18
\$1-\$10,000	2	-
\$10,001- \$20,000	1	1
\$30,001- \$40,000	-	1
\$50,001- \$60,000	-	1
\$90,001-\$100,000	1	1
\$140,001-\$150,000	1	1
\$150,001-\$160,000	1	-
\$160,001-\$170,000	1	1
\$450,001-\$460,000	-	1
\$500,001-\$510,000	1	-
	21	25

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.

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
 \$210,001-\$220,000
 \$220,001-\$230,000
 \$240,001-\$250,000
 \$250,001-\$260,000
 \$260,001-\$270,000
 \$310,001-\$320,000
 \$350,001-\$360,000
 \$450,001-\$460,000
 \$500,001-\$510,000
 \$620,001-\$630,000

	2002 \$'000	2001 \$'000
	8,509	7,235
	<i>Number</i>	<i>Number</i>
	3	4
	3	2
	3	2
	1	3
	3	1
	2	2
	6	9
	1	1
	5	2
	3	5
	5	3
	1	-
	1	1
	2	1
	1	1
	1	-
	1	1
	-	1
	-	1
	1	-
	1	-
	44	40

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:

Mr P Allen	Judge I E Lawson
Mr T L Anning	Dr B Lochtenberg
Sir Alec Broers	Mrs F S Marles
The Hon. Mr Justice A Chernov QC	Prof. P B McPhee
Ms J Connolly (resigned 03/10/02)	Mr D Perkins
Mr D A Crawford	Mr I A Renard
Dr N G Curry	Prof. F Rickards
Ms M Doig	Mrs R Storelli
Mr R Evans	Ms C M Walter
The Hon. B Forwood MLC	The Hon. D R White
Prof. A D Gilbert	

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

Mr I A Renard, a member of the Council, is a consultant to Allens Arthur Robinson, Solicitors. The firm has provided legal services to the University and its controlled entities on normal commercial terms and conditions.

Ms C M 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.

NOTE 28. STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2002

	UNIVERSITY GENERAL \$'000	TRUST FUNDS \$'000	AUXILIARY OPERATIONS \$'000	UNIVERSITY TOTAL \$'000	CONTROLLED ENTITIES \$'000	CONSOLIDATED \$'000
Revenue						
Commonwealth Government Financial Assistance:						
– General Operating	229,175	-	-	229,175	2,497	231,672
– Research	106,298	-	-	106,298	-	106,298
– Other	9,417	-	975	10,392	1,157	11,549
Operating Funds received from Melbourne University	-	-	1,324	-	15,666	-
Higher Education Contribution Scheme	87,629	-	-	87,629	283	87,912
Post Education Loans Scheme	9,571	-	-	9,571	375	9,946
Victorian Government Financial Assistance	41,231	-	1,248	42,479	9,209	51,688
Scholarships and Prizes	357	-	-	357	-	357
Course Fees and Charges	145,812	-	4,144	149,956	67,594	217,550
Investment Income	22,242	17,036	1,103	40,223	5,585	45,756
Charges for Services	47,919	80	13,014	61,013	8,122	68,885
Donations and Bequests	17,139	1,257	884	19,280	567	19,847
Non-government Grants	38,035	21	-	38,056	74	38,130
Proceeds from Sale of Assets	13,248	1,883	246	15,377	5,731	21,108
Other	24,704	141	22,471	46,530	2,363	44,289
Transfers	2,295	(2,295)	-	-	-	-
Deferred Income – Government contributions for Superannuation	(957)	-	-	(957)	422	(535)
Total Revenue from Ordinary Activities	794,115	18,123	45,409	855,379	119,645	954,452
Less Expenses						
Salaries and Oncosts	389,763	2,372	17,768	409,902	41,540	451,442
Scholarships and Prizes	29,962	1,406	174	31,542	353	31,895
Course Fees Paid	20,875	-	-	20,875	-	20,875
Equipment Purchases	22,739	480	348	23,567	499	24,066
Library Materials	3,517	396	20	3,933	380	4,313
Consumable Materials	20,721	54	4,077	24,852	1,002	25,854
Travel, Staff Development and Training	24,472	191	722	25,384	4,473	29,857
Grounds and Building Services	32,297	61	725	33,083	1,307	34,390
Repairs and Maintenance	3,253	28	700	3,982	665	4,647
Rent	3,415	7	1,927	5,349	1,934	7,033
Utilities and Services	34,741	122	1,081	35,944	2,942	38,886
Printing and Publications	5,609	36	8,326	13,971	1,401	15,372
Audit and Accountancy Fees	94	-	226	111	280	384
Insurance	3,456	-	29	3,485	209	3,694
General Expense	22,527	2,689	5,244	29,883	40,819	66,105
Interest Expense	11,378	-	148	11,369	2	11,319
Grants	22,042	856	84	22,983	566	23,549
Bad and Doubtful Debts	-	-	108	108	(32)	76
Depreciation and Amortisation	58,683	-	1,934	60,617	4,125	64,742
Leasing Payments	1,077	32	42	1,150	34	1,184
Loss on Revaluation of Pool Units	-	-	237	-	-	-
Carrying Amount of Assets Sold	14,227	-	168	14,395	5,629	20,024
Provisions	6,574	-	-	6,574	166	6,740
Deferred Employee Benefits for Superannuation	(957)	-	-	(957)	422	(535)
Funding to Controlled Entities/Operations	16,990	-	-	15,666	-	-
Total Expense from Ordinary Activities	747,455	8,729	44,088	797,768	108,716	885,912

Notes to and forming part of the Financial Statements

NOTE 28. STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2002 – continued

	UNIVERSITY GENERAL \$'000	TRUST FUNDS \$'000	AUXILIARY OPERATIONS \$'000	UNIVERSITY TOTAL \$'000	CONTROLLED ENTITIES \$'000	CONSOLIDATED \$'000
Share of Joint Venture Entity Net Losses	-	-	-	-	(2,007)	(2,007)
Operating Result from Ordinary Activities before Income Tax	46,660	9,394	1,321	57,611	8,922	66,533
Income Tax	-	-	-	-	(59)	(59)
Operating Result from Ordinary Activities after Income Tax	46,660	9,394	1,321	57,611	8,862	66,474
Accumulated Funds at Beginning of Year	409,675	-	9,415	419,089	69,212	494,009
Transferred to Reserves	(144)	(9,394)	(366)	(9,904)	(164)	(10,069)
Accumulated Funds at End of Year	456,190	-	10,370	466,796	77,910	550,414

NOTE 29. STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2002

	UNIVERSITY GENERAL \$'000	TRUST FUNDS \$'000	AUXILIARY OPERATIONS \$'000	UNIVERSITY TOTAL \$'000	CONTROLLED ENTITIES \$'000	CONSOLIDATED \$'000
Current Assets						
Cash	-	41,051	13,264	49,675	13,548	62,229
Inventories	2,475	-	3,360	5,835	74	5,909
Receivables	28,349	135	3,327	28,897	7,652	35,713
Investments	49,898	-	150	50,048	28,982	79,030
Other	6,777	-	2,143	8,921	4,801	13,721
Total Current Assets	87,499	41,186	22,244	143,376	55,057	196,602
Non-current Assets						
Receivables	81,471	-	1,001	78,058	12,700	90,759
Investments	472,078	140,238	6,080	616,138	60,491	666,278
Property, Plant and Equipment	1,857,984	1,944	58,245	1,918,173	143,637	2,061,810
Intangibles – Goodwill	-	-	-	-	6,326	6,326
Other	-	-	-	-	32	32
Total Non-current Assets	2,411,533	142,182	65,326	2,612,369	223,186	2,825,205
Total Assets	2,499,032	183,368	87,570	2,755,745	278,243	3,021,807
Current Liabilities						
Bank Overdraft	2,685	-	1,685	-	45	-
Payables	35,613	-	6,573	38,034	7,383	43,631
Borrowings	1,918	-	-	1,918	-	1,918
Provisions	46,003	-	1,612	47,614	2,901	50,516
Other Current Liabilities	37,297	-	6,581	43,878	11,516	55,394
Total Current Liabilities	123,516	-	16,451	131,445	21,845	151,459
Non-current Liabilities						
Borrowings	146,386	-	4,413	146,386	-	146,386
Provisions	128,507	-	745	129,252	14,320	143,572
Total Non-current Liabilities	274,893	-	5,158	275,638	14,320	289,958
Total Liabilities	398,409	-	21,609	407,083	36,165	441,417
Net Assets	2,100,623	183,368	65,961	2,348,662	242,078	2,580,390
Equity						
Capital	-	-	-	-	10,350	-
Reserves	1,644,433	183,368	55,591	1,881,866	153,818	2,029,976
Accumulated Funds	456,190	-	10,370	466,796	77,910	550,414
Total Equity	2,100,623	183,368	65,961	2,348,662	242,078	2,580,390

NOTE 30. STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2002

	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	357,042	-	975	358,017	4,740	362,757
– Victorian Government	26,231	-	1,248	27,479	9,059	36,538
Higher Education Contribution Scheme:						
– Student Payments	16,690	-	-	16,690	282	16,972
– Commonwealth Payments	70,733	-	-	70,733	-	70,733
Operating Funds from Melbourne University	-	-	1,324	-	15,666	-
Fee-for-service Revenue	191,599	82	35,543	227,014	78,814	305,829
Other Income	94,969	1,620	5,321	99,794	5,206	100,147
Interest/Dividends Received	17,708	17,035	1,059	35,644	4,869	40,460
Transfers	2,452	(2,452)	-	-	-	-
GST Net Refund	220	-	138	358	(68)	290
Outflows:						
Payment to Employees	(387,921)	(2,371)	(17,509)	(407,801)	(41,347)	(449,148)
Payment to Suppliers	(190,344)	(6,420)	(23,452)	(218,106)	(59,111)	(257,042)
Interest Paid	(11,378)	-	(158)	(11,378)	(2)	(11,328)
Other	(76,527)	-	(270)	(76,797)	(1,138)	(77,434)
Net cash from Operating Activities	111,474	7,494	4,219	121,647	16,970	138,774
Cash Flows from/(used in) Investing Activities –						
Inflows:						
Investments Sold	1,080,134	3,842	10	1,083,986	4,556	1,088,542
Proceeds from Sale of Non-current Assets	2,703	-	246	2,949	209	3,158
Transfers	(22,604)	22,599	-	(6)	6	-
Pool Units Increase/(Decrease)	3,396	(614)	(2,782)	-	-	-
Outflows:						
Investments Purchased	(1,140,994)	(19,956)	-	(1,160,950)	(19,443)	(1,180,393)
Purchase of Goodwill	-	-	-	-	(717)	(717)
Property, Plant and Equipment Purchased	(89,836)	-	(3,551)	(93,386)	(16,338)	(109,725)
Net cash from/(used in) Investing Activities	(167,201)	5,871	(6,077)	(167,407)	(31,727)	(199,135)
Cash Flows from/(used in) Financing Activities –						
Inflows:						
Customer Loans Repaid	271	5	-	276	-	276
Loans Drawn down	5,000	-	2,829	6,179	-	6,179
Outflows:						
Customer Loans Granted/Loans Redeemed	(1,587)	-	(1,203)	(1,140)	-	(1,140)
Term Loan Repaid	(1,695)	-	-	(1,695)	-	(1,695)
Mortgage Loan Repaid	(27)	-	-	(27)	-	(27)
Net cash from Financing Activities	1,962	5	1,626	3,593	-	3,593
Net increase/(decrease) in cash held	(53,766)	13,370	(232)	(42,167)	(14,757)	(56,768)
Cash at the beginning of the reporting period	87,663	27,681	11,961	128,574	60,870	188,339
Effects of Exchange Rate on Opening Balance	-	-	-	-	(266)	(266)
Transfer of Cash	-	-	-	-	-	-
Cash at End Period	33,897	41,051	11,729	86,407	45,847	131,305

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 or fair value.	Bank Call Deposits interest rate is determined by the official money market 11am call rate.
Term Deposits	1.8, 7	Deposits at call are stated at cost or fair value.	Term Deposits are for a period of up to one year. Interest rates are between 4.5% and 5.75%.
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.
Listed Income Securities	1.8, 7	Listed Income Securities are carried at fair value.	Listed Income Securities are traded in perpetuity subject to the right of the issuer to redeem them in certain circumstances. Interest rates are a margin over the 90-day Bank Bill rate.

NOTE 31. FINANCIAL INSTRUMENTS – continued

Recognised Financial Instruments	Balance Sheet Note	Accounting Policies	Terms and Conditions
Commercial Paper	1.8, 7	Commercial Paper is carried at cost or fair value.	Term of the Paper is less than 30 days. Interest rates are in the range of 4.96% to 5.30%.
Corporate Securities	1.8, 7	Corporate Securities are stated at cost or fair value.	Term of the Securities is 15-45 months. Interest rates range between 5.32% and 8.00%.
Debentures	1.8, 7	Debentures are stated at cost or fair value.	Term of the Debentures is 10-28 months. Interest rate ranges between 5.21% and 6.00%.
Mortgage Loans	1.8, 7	First Mortgage Loans are carried at cost. Interest is recognised when received.	
Listed Shares	1.8, 7	Listed Shares are carried at fair value.	
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 fair value.	
(b) Financial Liabilities			
Bank Borrowing	13	Borrowings are carried at cost.	The term of the Borrowing extends until 2029. Under a Bill Acceptance and Discount Facility the interest rate is capped at 7.32%.
		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 2002:

Financial Instruments	Non-Interest Earning	Interest earning maturing in			Consolidated carrying amount as per Statement of Financial Position	Weighted effective interest rate
	\$'000	1 year or less	Over 1 year to 5 years	More than 5 years		
Financial Assets						
Price Risk – Interest Rate Risk						
Term Deposits	-	34,000	-	-	34,000	4.75
Floating Rate Notes	-	-	-	-	-	
Listed Income Securities	-	-	-	56,421	56,421	7.23
Commercial Paper	-	20,822	-	-	20,822	5.04
Corporate Securities Short Term	-	35,489	18,776	9,180	63,445	5.12
Corporate Securities Long Term	-	-	-	-	-	
Debentures	-	7,635	-	-	7,635	5.54
Quoted Convertible Notes	-	-	-	-	-	
Market Risk						
Listed Shares	476,684	-	-	-	476,684	N/A
Unlisted Shares	8,337	-	-	-	8,337	N/A
Listed Securities	-	-	-	-	-	
Unit Trusts	61,529	-	-	-	61,529	N/A
Mortgage Loans	840	-	-	-	840	N/A
Credit Risk						
Receivables	27,443	-	-	-	27,443	N/A
Loans Receivable	7,204	1,274	1,000	-	9,478	N/A
Cash Flow Risk						
Cash	-	59,918	-	-	59,918	3.81
Bank Call Deposits	-	17,906	-	-	17,906	4.62
Total Financial Assets	582,037	177,044	19,776	65,601	844,458	
Financial Liabilities						
Credit Risk						
Bank Borrowing	-	1,918	11,771	134,616	148,305	7.32
Creditors and Accruals	53,917	-	-	-	53,917	N/A
Cash Flow Risk						
Bank Overdraft	-	-	-	-	-	
Total Financial Liabilities	53,917	1,918	11,771	134,616	202,222	

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 Earning	Interest earning maturing in			Consolidated carrying amount as per Statement of Financial Position	Weighted effective interest rate
	\$'000	1 year or less	Over 1 year to 5 years	More than 5 years		
Financial Assets						
Price Risk – Interest Rate Risk						
Bank 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
Commercial Paper Short Term	-	42,233	35,178	-	77,411	6.40
Commercial Paper Long Term	-	9,995	16,976	-	26,971	6.46
Corporate Securities	-	7,359	-	-	7,359	4.72
Debentures						
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
Unit Trusts	5,260	-	-	-	5,260	N/A
Mortgage Loans	10,709	-	-	-	10,709	N/A
Credit Risk	-	-	889	-	889	8.00
Receivables						
Loans Receivables	34,327	-	-	-	34,327	N/A
Cash Flow Risk	4,800	-	-	-	4,800	N/A
Cash						
Deposits at Call	-	34,944	-	-	34,944	4.23
Bank Managed Trust	-	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

31.3 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	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Financial Assets				
Cash	59,919	34,944	59,919	34,944
Receivables	27,443	34,327	27,443	34,327
Loans Receivable	9,478	4,800	9,478	4,800
Deposits at Call	17,906	36,070	17,974	36,070
Term Deposits	34,000	42,737	34,000	42,737
Bank Managed Trust*	6,000	-	5,214	-
Floating Rate Notes*	-	10,743	-	10,810
Listed Income Securities*	56,421	54,774	57,496	50,038
Commercial Paper*	20,822	75,290	20,934	75,290
Corporate Securities Short Term	63,445	77,411	62,514	80,825
Corporate Securities Long Term*	-	26,970	-	27,961
Debentures*	7,635	7,359	7,861	7,359
Mortgage Loans*	839	889	839	889
Listed Shares/Securities*	470,684	247,435	471,913	442,117
Unlisted Shares*	8,337	18,394	8,337	18,394
Unit Trusts*	61,529	10,709	61,414	11,624
Quoted Convertible Notes*	-	199	-	206
Total Financial Assets	844,458	683,051	845,336	878,391
Financial Liabilities				
Bank Borrowings	148,305	145,027	148,305	145,027
Creditors and Accruals	53,917	45,114	53,917	45,114
Bank Overdraft	-	17,018	-	17,018
Total Financial Liabilities	202,222	207,159	202,222	207,159

*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.

UNIVERSITY		UNIVERSITY	
2002	2001	2002	2001
\$'000	\$'000	\$'000	\$'000

NOTE 32. ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE

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

	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)	10,522	12,373	76	74
Plus Financial Assistance received during reporting period	136,898	160,977	954	932
Less Financial Assistance in advance (received in the reporting period for the next reporting period)	(11,145)	(10,522)	(78)	(75)
Accrual Adjustments				
Over enrolment previous period accrued in previous period	-	(1,167)	-	-
Over enrolment previous period received in current period	1,134	1,696	-	-
Revenue attributed to the reporting period	137,409	163,357	952	931
Surplus/(Deficit) Prior Year	460	231	-	-
Funds available for the reporting period	137,869	163,588	952	931
Less Expenses for current period	(137,538)	(163,128)	(952)	(931)
Surplus/(Deficit) for reporting period	331	460	-	-
	HECS		PELS	
Financial Assistance in advance (paid in the previous reporting period for the current reporting period)	5,565	5,339	-	-
Plus Financial Assistance received during reporting period	71,024	68,833	8,942	-
Less Financial Assistance in advance (received in the reporting period for the next reporting period)	(5,650)	(5,565)	-	-
Accrual Adjustments				
Over enrolment current period accrued in current period	-	-	629	-
Revenue attributed to the reporting period	70,939	68,607	9,571	
Surplus/(Deficit) Prior Year	-	-	-	-
Funds available for the reporting period	70,939	68,607	9,571	-
Less Expenses for current period	(70,939)	(68,607)	(9,571)	-
Surplus/(Deficit) for reporting period	-	-	-	-

Notes to and forming part of the Financial Statements

UNIVERSITY		UNIVERSITY	
2002	2001	2002	2001
\$'000	\$'000	\$'000	\$'000

NOTE 32. ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE – continued

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

32.2 Australian Research Council

Financial Assistance received during reporting period
 Less Financial Assistance in advance (received in the reporting period for the next reporting period)

Accrual Adjustments

Recovery previous period in current period
 Transfer of previous year grant from/(to) another institution

Revenue attributed to the reporting period

Surplus/(Deficit) Prior Year

Funds available for the reporting period

Less Expenses for current period

Surplus/(Deficit) for reporting period

Large Grants		SPIRT	
7,314	12,492	3,931	5,696
(282)	-	(168)	-
-	-	(174)	(132)
178	(19)	-	-
7,210	12,473	3,589	5,564
3,526	3,665	2,354	1,828
10,736	16,138	5,942	7,392
(8,271)	(12,612)	(4,171)	(5,038)
2,465	3,526	1,772	2,354

Financial Assistance received during reporting period
 Less Financial Assistance in advance (received in the reporting period for the next reporting period)

Accrual Adjustments

Recovery previous period in current period
 Transfer of previous year grant from another institution

Revenue attributed to the reporting period

Surplus/(Deficit) Prior Year

Funds available for the reporting period

Less Expenses for current period

Surplus/(Deficit) for reporting period

Research Fellowships		Linkage – International Researcher Exchange	
2,206	2,411	193	195
(110)	-	(12)	-
(34)	-	-	-
-	3	-	-
2,062	2,414	181	195
654	414	38	109
2,716	2,828	219	304
(2,161)	(2,174)	(132)	(266)
555	654	87	38

Financial Assistance received during reporting period

Revenue attributed to the reporting period

Surplus/(Deficit) Prior Year

Funds available for the reporting period

Less Expenses for current period

Surplus/(Deficit) for reporting period

Centres of Excellence		Linkage – Infrastructure	
1,398	1,368	348	3,041
1,398	1,368	348	3,041
448	848	2,186	147
1,846	2,216	2,534	3,188
(1,803)	(1,768)	(2,425)	(1,002)
43	448	109	2,186

UNIVERSITY		UNIVERSITY	
2002	2001	2002	2001
\$'000	\$'000	\$'000	\$'000

NOTE 32. ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE – continued

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

32.2 Australian Research Council – continued

Financial Assistance received during reporting period
Less Financial Assistance in advance (received in the reporting period for the next reporting period)
Revenue attributed to the reporting period
 Surplus/(Deficit) Prior Year
Funds available for the reporting period
Less Expenses for current period
Surplus/(Deficit) for reporting period

Discovery – Indigenous Researchers' Development		Federation Fellowships	
11	-	1,254	-
(1)	-	(95)	-
10	-	1,159	-
-	-	-	-
10	-	1,159	-
(10)	-	(561)	-
-	-	598	-

Financial Assistance received during reporting period
Less Financial Assistance in advance (received in the reporting period for the next reporting period)
Revenue attributed to the reporting period
 Surplus/(Deficit) Prior Year
Funds available for the reporting period
Less Expenses for current period
Surplus/(Deficit) for reporting period

Discovery – Projects		Linkage Projects	
7,282	-	2,696	-
(585)	-	(176)	-
6,697	-	2,520	-
-	-	-	-
6,697	-	2,520	-
(5,039)	-	(1,295)	-
1,658	-	1,225	-

Notes to and forming part of the Financial Statements

UNIVERSITY		UNIVERSITY	
2002	2001	2002	2001
\$'000	\$'000	\$'000	\$'000

NOTE 32. ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE – continued

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

32.3 DEST Research Financial Assistance

Financial Assistance in advance (paid in the previous reporting period for the current reporting period)

Plus Financial Assistance received during reporting period

Less Financial Assistance in advance (received in the reporting period for the next reporting period)

Accrual Adjustments

Recovery previous period in current period

Revenue attributed to the reporting period

Surplus/(Deficit) Prior Year

Funds available for the reporting period

Less Expenses for current period

Surplus/(Deficit) for reporting period

Small Research

Infrastructure

-	270	1,149	859
-	3,104	14,637	11,028
-	-	(1,408)	(1,149)
(6)	-	-	-
(6)	3,374	14,378	10,738
732	726	-	-
726	4,100	14,378	10,738
(726)	(3,368)	(14,378)	(10,738)
-	732	-	-

Financial Assistance received during reporting period

Less Financial Assistance in advance (received in the reporting period for the next reporting period)

Revenue attributed to the reporting period

Surplus/(Deficit) Prior Year

Funds available for the reporting period

Less Expenses for current period

Surplus/(Deficit) for reporting period

Australian Postgraduate Awards

International Postgraduate Research Scholarship

8,940	8,435	1,364	970
-	-	-	-
8,940	8,435	1,364	970
(199)	-	-	49
8,741	8,435	1,364	1,019
(8,892)	(8,634)	(1,267)	(1,019)
(151)	(199)	97	-

Financial Assistance in advance (paid in the previous reporting period for the current reporting period)

Plus Financial Assistance received during reporting period

Less Financial Assistance in advance (received in the reporting period for the next reporting period)

Revenue attributed to the reporting period

Surplus/(Deficit) Prior Year

Funds available for the reporting period

Less Expenses for current period

Surplus/(Deficit) for reporting period

Institutional Grant Scheme

Research Training Scheme

2,384	-	4,218	4,303
29,838	2,384	52,767	49,488
(2,384)	(2,384)	(4,191)	(4,218)
29,838	-	52,794	49,573
-	-	-	-
29,838	-	52,794	49,573
(29,838)	-	(52,794)	(49,573)
-	-	-	-

UNIVERSITY	
2002	2001
\$'000	\$'000

NOTE 32. ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE – continued

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

32.3 DEST Research Financial Assistance – continued

Financial Assistance in advance (paid in the previous reporting period for the current reporting period)

Plus Financial Assistance received during reporting period

Less Financial Assistance in advance (received in the reporting period for the next reporting period)

Revenue attributed to the reporting period

Surplus/(Deficit) Prior Year

Funds available for the reporting period

Less Expenses for current period

Surplus/(Deficit) for reporting period

Systemic Infrastructure Initiative

8	-
94	8
(2)	(8)
100	-
-	-
100	-
(97)	-
3	-

32.4 Summary of Unspent Financial Assistance

The following Commonwealth Government Financial Assistance to the University were under-expended in the 2002 reporting period:

Category of Financial Assistance	Amount of unspent financial assistance as at 31 December 2002 \$'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
Teaching and Learning			
Operating Financial Assistance, excluding HECS	331	331	-
ARC:			
Discovery – Projects	1,658	1,658	-
Large Grants	2,465	2,465	-
Research Fellowships	554	455	99
Federation Fellowships	598	598	-
Linkage – Projects	1,225	1,153	72
Strategic Partnerships with Industry (SPIRT)	1,772	1,552	220
Linkage Infrastructure	89	89	-
International Researcher Exchange	87	87	-
Centres of Excellence	43	43	-
DEST:			
Systemic Infrastructure Initiative	3	3	-
International Postgraduate Research Scholarships	97	97	-
Total	8,922	8,531	391

Notes to and forming part of the Financial Statements

NOTE 33. 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.

NOTE 34. CONTROLLED ENTITIES – STATEMENT OF FINANCIAL PERFORMANCE ANALYSIS

With the exception of some subsidiaries in Melbourne University Private Limited all Controlled Entities of the University are domiciled in Australia.

Controlled Entity	Total Revenue 2002 \$	Total Revenue 2001 \$	Total Expenditure 2002 \$	Total Expenditure 2001 \$
Victorian College of the Arts	31,875,000	26,658,000	22,441,000	20,466,000
Melbourne Business School Limited Group	24,172,217	20,587,065	23,180,552	18,043,862
Melbourne University Private Limited Group	53,248,904	1,309,762	55,144,701	5,088,449
Melbourne Enterprises International Ltd Group	-	57,526,144	-	53,625,527
Meanjin Company Limited	203,874	169,857	217,274	161,428
Australian Music Examinations Board (Victoria) Limited	2,062,425	1,956,731	2,037,523	1,956,563
Australian International Health Institute (University of Melbourne) Limited	3,988,161	3,955,492	3,581,081	3,968,761
Land and Food Services Ltd	11,585	64,528	3,099	27,807
Australian National Academy of Music Limited	2,555,218	1,814,917	2,684,598	2,674,897
School of Forestry, Creswick Limited	1,527,339	1,424,116	1,433,186	1,341,979
Total – University Controlled Entities	119,644,723	115,466,612	110,723,014	107,355,273

Controlled Entity	Tax 2002 \$	Tax 2001 \$	Operating Result 2002 \$	Operating Result 2001 \$
Victorian College of the Arts	-	-	9,434,000	6,192,000
Melbourne Business School Limited Group	-	-	991,665	2,543,203
Melbourne University Private Limited Group	(59,372)	-	(1,955,169)	(3,778,687)
Melbourne Enterprises International Ltd Group	-	(86,400)	-	3,814,217
Meanjin Company Limited	-	-	(13,400)	8,429
Australian Music Examinations Board (Victoria) Limited	-	-	24,902	168
Australian International Health Institute (University of Melbourne) Limited	-	-	407,080	(13,269)
Land and Food Services Ltd	-	-	8,486	36,721
Australian National Academy of Music Limited	-	-	(129,380)	(859,980)
School of Forestry, Creswick Limited	-	-	94,153	82,137
Total – University Controlled Entities	(59,372)	(86,400)	8,862,337	8,024,939

NOTE 35. CONTROLLED ENTITIES – STATEMENT OF FINANCIAL POSITION ANALYSIS

No Controlled Entity has internal or external borrowings at 31 December 2002.

	Working Capital 2002 \$'000	Working Capital 2001 \$'000	Physical Assets 2002 \$'000	Physical Assets 2001 \$'000	Total Assets 2002 \$'000s	Total Assets 2001 \$'000s
Controlled Entity						
Victorian College of the Arts	10,609	11,712	93,606	82,048	104,215	93,760
Melbourne Business School Limited Group	9,848	21,625	113,628	71,247	123,476	92,871
Melbourne University Private Limited Group*	34,985	39,935	4,072	4,708	45,383	50,589
Meanjin Company Limited	38	56	-	-	38	56
Australian Music Examinations Board (Victoria) Limited	222	614	729	264	950	878
Australian International Health Institute (University of Melbourne) Limited	1,291	1,761	44	38	1,334	1,799
Land and Food Services Ltd	263	255	-	-	263	255
Australian National Academy of Music Limited	705	144	473	1,180	1,179	1,324
School of Forestry, Creswick Limited	113	876	1,291	393	1,403	1,269
Total – University Controlled Entities	58,075	76,978	213,842	159,878	278,244	242,801

	Total Liabilities 2002 \$'000	Total Liabilities 2001 \$'000	Equity 2002 \$'000s	Equity 2001 \$'000s
Controlled Entity				
Victorian College of the Arts	17,731	16,726	86,484	77,034
Melbourne Business School Limited Group	7,414	5,413	116,062	87,458
Melbourne University Private Limited Group*	9,591	12,629	35,792	37,960
Meanjin Company Limited	36	40	3	16
Australian Music Examinations Board (Victoria) Limited	364	316	587	562
Australian International Health Institute (University of Melbourne) Limited	759	1,636	578	163
Land and Food Services Ltd	3	3	260	252
Australian National Academy of Music Limited	100	116	1,079	1,208
School of Forestry, Creswick Limited	167	127	1,236	1,142
Total – University Controlled Entities	36,165	37,006	242,078	205,795

*Includes Assets, Liabilities and Equity of merged Melbourne Enterprises International Ltd Group.

Statements by University Officers

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 2002 and the financial position of its operations for the year ended on that date;
- ii) the amount of Commonwealth financial assistance received during the financial year ended 31 December 2002 was expended for the purposes for which it was provided; and
- iii) the Institution has complied in full with the requirements of various program guidelines that apply to the Commonwealth financial assistance identified in these financial statements; 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 2002 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.



BL Rossi

Deputy Principal and Director of Financial Operations


8 April 2003

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 2002 and the financial position of its operations for the year ended on that date;
- ii) Commonwealth financial assistance received during the financial year ended 31 December 2002 was expended for the purposes for which it was provided; and
- iii) the Institution has complied in full with the requirements of various program guidelines that apply to the Commonwealth financial assistance identified in these financial statements; 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 2002 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.



AD Gilbert

Vice-Chancellor

8 April 2003



DR Percival

Chief Financial Officer

8 April 2003



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

Matters relating to the electronic presentation of the Audited Financial Report

This audit report relates to the financial report of The University of Melbourne for the financial year ended 31 December 2002 included on the University's web site. The Vice-Chancellor of the University is responsible for the integrity of the University's web site. I have not been engaged to report on the integrity of the University's web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Audit Scope

The accompanying financial report of The University of Melbourne for the financial year ended 31 December 2002, comprising the statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements, has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising The 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 as required by the *Audit Act 1994*.

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

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

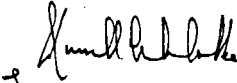
Qualification

Note 12 to the financial statements discloses revenue in advance relating to grants received from the Commonwealth Government. As the University and the economic entity effectively controlled grants disclosed as revenue in advance totalling \$26.4 million and \$27.5 million respectively as at 31 December 2002, (\$23.9 million and \$24.9 million as at 31 December 2001), these amounts should have been recognised as revenue in accordance with the requirements of Australian Accounting Standard AAS 15 "Revenue". Accordingly, for the year ended 31 December 2002, grant revenue, the operating surplus and retained surplus are understated by \$26.4 million for the University and \$27.5 million for the economic entity (understated by \$23.9 million and \$24.9 million respectively for the year ended 31 December 2001) and current liabilities are overstated by the same amounts. The \$23.9 million for the University and \$24.9 million for the economic entity that should have been brought to account in the year ended 31 December 2001 in accordance with the requirements of AAS 15 have been included as grant revenue in the operating surplus for the year ended 31 December 2002.

Qualified Audit Opinion

In my opinion, except for the effect on the financial report of the matter referred to above, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, the financial positions of The University of Melbourne and the economic entity as at 31 December 2002, and their financial performance and cash flows for the year then ended.

MELBOURNE
10 April 2003


J.W. CAMERON
Auditor-General

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

Auditing in the Public Interest

Compliance Index to Disclosure Requirements 2002

The annual report of the University of Melbourne is prepared in accordance with:

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

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

Clause	Disclosure	Page(s)
Report of Operations Directions		
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MFD 9.1.2 (ii)	Signature of Chancellor or nominee/Transmittal Letter	1
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Relevant general information		
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