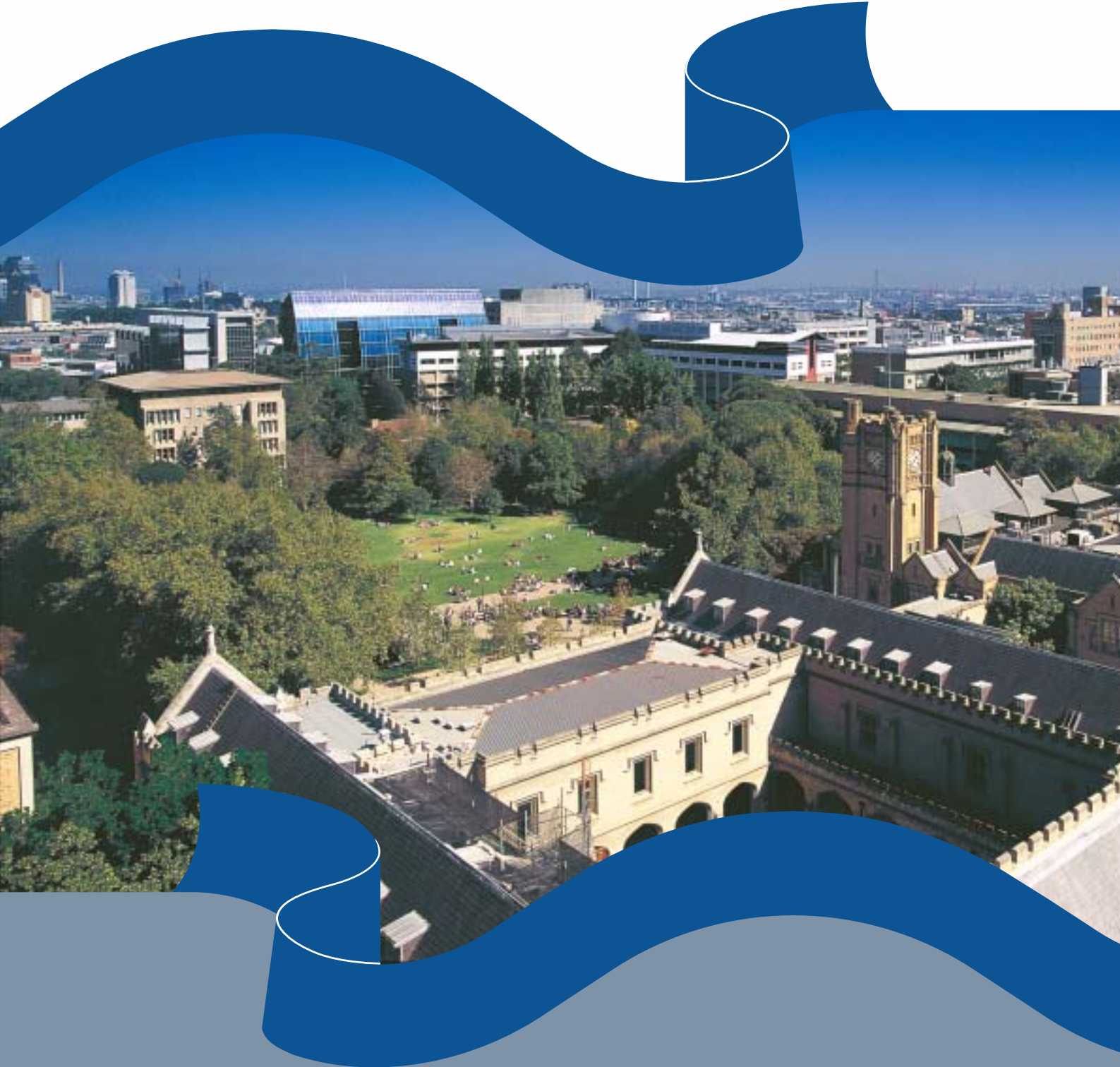




THE UNIVERSITY OF  
MELBOURNE

Annual Report  
2003



The University of  
**Melb****bourne**

# 150 Years of Achievement

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Ms Fay S Marles, Chancellor

## Letter to the Minister for Education and Training

The Hon Lynne Kosky MP  
Minister for 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 2003.

The report was approved by the University of Melbourne Council at its meeting on 5 April 2004.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Fay Marles'.

Ms Fay S Marles AM  
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



# Introduction and Overview



Professor Alan Gilbert, Vice-Chancellor

The University of Melbourne continued in 2003 to implement its 'Melbourne Agenda', a 15-20 year strategy designed to transform the University of Melbourne into one of the finest universities in the world.

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. Strategies informed by the 'Melbourne Agenda' have greatly expanded and diversified the University's resource base. There were encouraging signs in 2003 – the year the University celebrated its 150th anniversary – that it has strengthened its claims to be regarded among the great universities of the world.

This Annual Report not only records the continuing financial and organisational strength of the University, but also charts the operational and strategic progress Melbourne has made during 2003 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.

## 150th anniversary celebrations

The University celebrated the 150th anniversary of its establishment with a program of events held throughout the year both within Australia and overseas, under the themes of 'A sense of History' and 'Giving to Students and the Community'.

Over 6,000 people attended the celebratory community open weekend, featuring tours, debates, concerts, exhibitions and a colourful academic procession for a special conferring

of honorary degrees ceremony. In recognition of the importance of regional Victoria to the University, the Ewing Art Collection was exhibited at galleries across the State and a series of celebrations took place in the Goulburn Valley.

Other features of the 150th anniversary program centred around the University's commitment to human rights and community service. The University established scholarships for Indigenous students, a new scholarship initiative for East Timorese students and a doubling in size of the highly successful scholarship program for disadvantaged young women in rural Thailand. Both the official University conference for 2003, entitled *International Perspectives on Peace and Reconciliation* and *Mightier Than The Sword*, a major exhibition at the University's Ian Potter Museum of Art, were based on themes promoting tolerance and intercultural understanding.

## Research performance

Melbourne remained the leading research university in Australia based on all key national indicators of research performance. According to data that became available in 2003, Melbourne's total expenditure on research for 2002 exceeded \$363 million, making Melbourne the second largest research organisation in Australia (after the CSIRO). In 2002, research income from contestable sources (Australian competitive grants, public, international and industry sectors) was \$158.8 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 \$99.8 million.

Other research highlights in 2003 included the establishment of: (i) the Melbourne Water Research Centre as a focus for multi-disciplinary activities related to water research at the University; (ii) the Forest and Ecosystem Science Institute involving the Victorian Department of Sustainability and Environment; and (iii) the Centre for Cultural Materials Conservation, a unique facility for Australia and Asia. International collaborations were also strengthened in 2003 through new or renewed arrangements with leading universities or organisations and the award to University of Melbourne researchers of six international research grants.

The University's new intellectual property policies, combined with an increased provision of expert assistance, gave successful researchers greater incentives for seeking the pre-commercial development and commercialisation of research findings. In addition, a new technology commercialisation company, Melbourne Ventures Pty Ltd, was established to facilitate the commercialisation of research generated by University researchers.

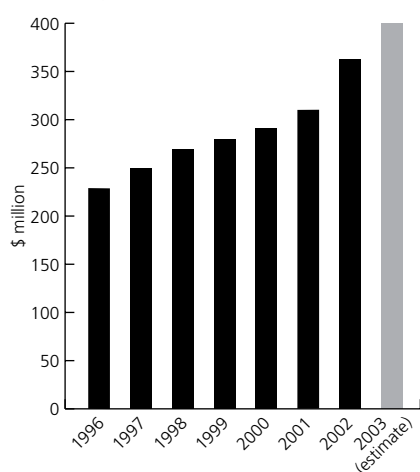
## Quality students

In 2003, 20 of the 25 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 during which 92 percent of all VCE top 10 students elected to enrol at the University.

In 2003, 33 students with ENTER scores of 99.85 or better representing every State in Australia, enrolled at Melbourne through the Melbourne Scholarships program. More broadly, Melbourne was the first choice for 72.4 percent of the top one percent of VCE students in 2003, and the University remained a national leader in the enrolment of Australian fee-paying students, with domestic fee-based undergraduate

# Introduction and Overview

University Research Expenditure



Median ENTERs for the University of Melbourne

1999	94.7
2000	94.6
2001	94.6
2002	95.0
2003	94.8

enrolments having risen from 357 in 1998 to 1,651 in 2003. Melbourne's standards for admission have not been compromised by such fee-based enrolments, as the University admits as fee-payers only those who on the basis of their results would at least have gained 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 online technologies and pedagogies, sophisticated multimedia learning tools and high-quality teaching and learning infrastructure in lecture theatres, classrooms, workshops and laboratories.

The University continues to provide excellent student support services which are highly rated by students. The year 2003 saw the opening of a new student support centre in the University Square precinct. Student support services 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 Ambassador 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 the dedicated Graduate Centre, continued to enhance the postgraduate experience. 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

Equity and access objectives were given increased prominence in 2003. In particular, the University committed to the goal of 'entrenching equity and merit as fundamental principles through which the University encourages and assists staff and students to reach their full potential'. The University 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, regardless of socioeconomic circumstances or other disadvantages.

The number of equity scholarships within the overall Melbourne Scholarships program has continued to expand since the program was introduced in 1998. In 2003, 78 Melbourne Scholarships were reserved for students from disadvantaged backgrounds, including students from low-income families and rural and regional schools.

Melbourne is particularly concerned with advancing Indigenous higher education participation rates. Despite a national trend towards fewer Aboriginal and Torres Strait

Islander enrolments in tertiary education, the number of Indigenous students enrolled at Melbourne increased from 95 in 1999 to 234 in 2003. It is anticipated that a major sesquicentennial gift in 2003 of new scholarships for Indigenous students will further boost participation.

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 and qualifying 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 high-achieving Year 10 students. The University offers a broad range of services and support to Indigenous students through the Centre for Indigenous Education.

## Internationalisation

The University of Melbourne has a long history of engagement in international academic collaboration at all levels of scholarly activity. Melbourne's staff are often highly sought after for international appointments and the University, in turn, continues to recruit outstanding staff from overseas institutions. In 2003 there were 8,832 international students studying at the University. Between 2002 and 2003 there was a 12.3 percent increase in the number of Australian students who went overseas on 'Melbourne Abroad' scholarships to undertake part of their studies at international partner universities.

In 2003 the University enrolled 269 AusAID students from developing countries and has put in place specialised support services for these international students. Government

reviews of the outcomes for these students has been very positive, reinforcing the high levels of satisfaction expressed by the students themselves with the 'Melbourne Experience'.

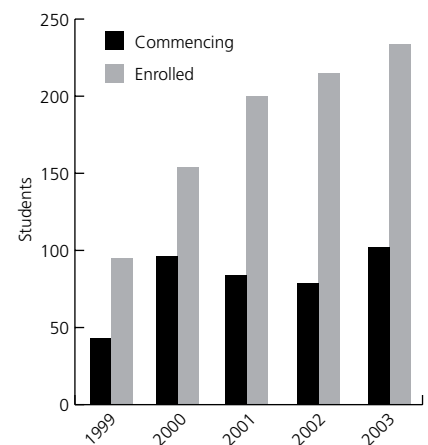
A key challenge for the future is to identify strategic opportunities in Asia. Internationalising the curriculum with a view to increasing knowledge of Asian languages and societies is a core component of the strategy for increased engagement with the Asian region. The University's Melbourne Institute of Asian Languages and Societies, restructured in 2003, will play a pivotal role in the mainstreaming of 'Asia literacy' across the University while also raising the profile of Melbourne throughout the region.

Melbourne's leadership role in the development of the *Universitas 21* network and its ongoing activities continues to enhance the University's reputation in many parts of the world. *Universitas 21* now receives regular, significant coverage in the higher education press of the US and Europe, with Melbourne's role in its development being widely recognised.

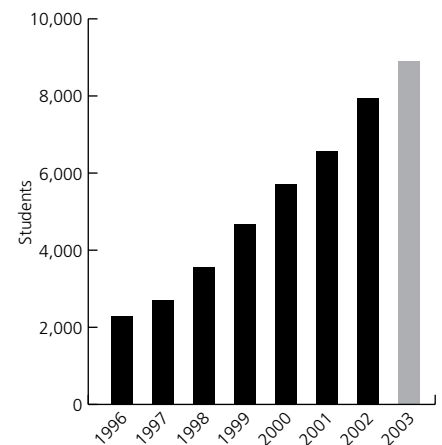
The major development in 2003 was the enrolment of the first students at the online university, *Universitas 21 Global*. A joint venture between *Universitas 21* and The Thomson Corporation, one of the world's largest publishing, digital and online solutions companies, *Universitas 21 Global* continued during 2003 to develop its headquarters and management in Singapore. The online university holds the Singapore Government Development Board's pioneer status as a government-registered education provider.

Following a rigorous accreditation process by *U21 pedagogica*, the online university's first program, an MBA with a distinctive international perspective, was approved early in 2003. Teaching commenced on 1 August with students from Singapore, India, Australia, China, Tanzania, the United Arab Emirates

## Indigenous Students at Melbourne



## International Student Enrolments



# Introduction and Overview

and the USA among those first enrolled. A Master of Management Information Systems is currently being developed as the next online program. The online university is expected to expand rapidly to service the estimated \$111 billion global higher education market.

The success of the online university will benefit Melbourne in many ways – it gives Melbourne the opportunity to contribute to higher education in regions where people would be unable to access more expensive campus-based education; it promises to make *Universitas 21* a highly valued international ‘brand’ in higher education; and through *U21 pedagogica*, it gives Melbourne access to emerging learning environments, technologies and pedagogies which will facilitate development not only of its own domestic campus-based programs, but also a capability to deliver online programs both nationally and internationally. There is also the prospect of an enduring revenue stream from royalty earnings.

## Melbourne University Private Ltd

There were encouraging signs in 2003 that Melbourne University Private was proving increasingly successful. In June the Victorian Minister for Education and Training, Lynne Kosky, accepted the recommendations of an expert review panel that Melbourne University Private be approved to operate as a university for a further five years – confirming it as Victoria’s 10th university. The review panel endorsed the quality of the private university’s academic output and recognised the significance of the university as an innovator in the sector.

Award course enrolments in postgraduate programs increased in 2003 to just under 200. Enrolments in four of the private university’s new masters programs, the Master of Enterprise, the Master of International

Development, the Master of English (International), and the Master of Public Infrastructure, were particularly pleasing.

Melbourne University Private continued to enjoy success in its international education work and won the Governor of Victoria’s Education Export award for the second year in a row. Two new Hawthorn English language schools were opened – Muscat and Singapore – and an agreement was also reached for the establishment of two centres in Malaysia in 2004.

The School of Enterprise was successful in winning a major contract with Petronas Permata Sdn Bhd, the education arm of Petronas, Malaysia’s largest company. Under this contract, over 500 Petronas middle and senior management will undergo formal management education from January 2004 to be delivered in Malaysia in intensive programs. This contract was won through an internationally competitive tender, in partnership with the Faculty of Economics and Commerce at the University of Melbourne.

The School of Development Studies won new large-scale projects in Pakistan and the Pacific, whilst at the same time greatly increasing the research output of the School through a well-received series of working papers on development issues. The School’s first PhD program was approved in October by the private university’s senate.

Other programs include a suite of postgraduate degrees in English language, management and communication, international development, and women’s health, delivered in Japanese in Japan; and English language and undergraduate courseware, institutional development advice and ongoing quality assurance in Oman.

At the end of 2003 Melbourne University Private reached agreement with the University of Melbourne on the transfer of its Ventures Division and its interest in Uniseed Pty Ltd, a pre-seed commercialisation venture funded jointly with the University of Queensland. The transfer will assist the private university

to focus on functions central to its university status, concentrating in particular on the establishment of its three schools.

## Higher education reform

The Senate passed the Higher Education Support Bill at the end of 2003, a move which promises an historic improvement in the way Australian higher education sector is funded.

With his long-awaited response to the ‘Crossroads’ review of higher education, the Federal Minister for Education, Dr Brendan Nelson delivered a far-reaching package of reforms which took up many of the issues raised by the University in its submissions to the review.

Under the reforms, Government spending on higher education is to be increased and universities are to be given greater flexibility to raise fee-based revenue.

The University endorsed the broad thrust of the reforms in the belief that the proposed combination of user-pays and increased public spending offers the only realistic way for Australian universities to achieve the additional funding necessary to enable them to continue to strive for international competitiveness.

The reform package could potentially inject around \$10 billion into the funding of Australia’s universities over the next decade. Commonwealth funding per student would increase and universities would have access to additional non-government streams of revenue, giving them the realistic prospect for the first time in a decade of narrowing the resource gap with universities overseas.

## Industrial relations

In 2003 the University continued to implement the Enterprise Agreement it made in 2001. As a result of the University’s commitment through the Agreement to link salary increases to the overall financial performance of the University, salary



increases of 3.84 percent were awarded to staff in 2003. The contingency-based approach linking salary increases to revenue growth has delivered salary increases over a three-year period which has enabled Melbourne to continue to be a remuneration leader within Australian higher education.

Significant revenue growth has also allowed Melbourne to grow in terms of infrastructure and staffing. The University continues to increase staff numbers. Full and part-time staffing levels increased from 4,952 in August 2002 to 5,150 in August 2003, an increase of close to 200 equivalent full-time (EFT) staff over the past 12 months. The University's commitment to employment growth is a key component in its strategy to ensure workloads are manageable. The contingency-based approach to salary increases has delivered one of the highest outcomes in the country in terms of salary, infrastructure and staffing growth over the life of the last Enterprise Agreement.

Following formal expiration of the current Enterprise Agreement, the University has entered into negotiations with the National Tertiary Education Union (NTEU) for a new Agreement. The University is firmly committed to maintaining the contingency-based approach.

## Conclusion

The University of Melbourne remains strong, financially and academically. During the year its Standard and Poor's credit rating was upgraded to AA+, the highest rating available to an Australian university.

The University continues to strengthen its international reputation for research, scholarship and innovation. There is a long way to go to realise the ambitious goals of the 'Melbourne Agenda' but, as we celebrate our first 150 years, it is encouraging to know that this already distinguished institution is growing stronger.

*Postera Crescam Laude.*

## Celebrating 150 years – 1853

The Act founding the University was passed in January 1853. When teaching commenced in April 1855, there were only three professors and 16 male students. Not for 25 years would women be admitted. Only four of the first 16 students would finally graduate.

The senior public servants, business and professional men who pushed Lieutenant-Governor La Trobe towards founding the University were clear that it should combine cultivation of the mind with usefulness.

While stress was placed on science, modern literature and economics; Greek and Latin were compulsory; Arts was at first the only degree offered. This was also to be a secular institution; no theology could be taught and no professor was to be a minister or to lecture on religion.

The founding of the University, and its generous allocation of land, owed much to the determination of the Supreme Court judge Redmond Barry, who presided over the University's early development until 1880.

## Amendment to the Melbourne University Act

During 2003 the Parliament of Victoria made legislation to amend the Acts of Victorian universities. A significant amendment for the purposes of this report was that made to the Melbourne University Act prescribing Objects of the University, in the following terms.

The objects of the University include:

- (a) to provide and maintain a teaching and learning environment of excellent quality offering higher education at an international standard;
- (b) to undertake scholarship, research and research training of international standing and to apply that scholarship and research to the advancement of knowledge and to the benefit of the well-being of the Victorian, Australian and international communities;
- (c) to equip graduates of the University to excel in their chosen careers and to contribute to the life of the community;
- (d) to serve the Victorian, Australian and international communities and the public interest by:
  - (i) enriching cultural and community life;
  - (ii) elevating public awareness of educational, scientific and artistic developments;
  - (iii) promoting critical enquiry, informed intellectual discourse and public debate within the University and in the wider society; and
- (e) to confer degrees and grant diplomas, certificates and other awards.

# Quality People

## Goal

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

*Strategic Plan Perspective 2003*

During 2003 the University of Melbourne consolidated its position as a preferred workplace through a range of successful initiatives designed to attract and retain outstanding staff. It continued to be the University of choice for high achieving students.

### Student highlights

27 percent of all 2003 Australian Student Prize winners (133 of the 495 identified winners) are at Melbourne, and 72 percent of Victorian winners (91 of 127) are students at Melbourne.

Of the 22 top all round VCE high achievers receiving Premier's VCE Awards in 2003, 17 are studying at Melbourne.

The median ENTER score of all students enrolled through the VTAC system at Melbourne is 94.80 in 2003, compared with 95.00 in 2002 and 94.60 in 2001. This is over six ENTER points ahead of the next ranked institution.

Two Melbourne students, Jacqueline Mowbrey (Law) and Lara Olsen (Finance) were among the eight to receive inaugural General Sir John Monash Awards. Each received a \$150,000 scholarship to enable overseas postgraduate study.

Six Melbourne undergraduates won Rural Finance Corporation of Victoria Scholarships worth \$6,000 a year for the duration of their courses. This year Melbourne 'scooped the pool' winning all six available awards.

### Staff recognition

Order of Australia awards in 2003 included:

- Emeritus Professor Jaques Miller, AC (Medical Biology);
- Professor Robert Baxt, AO (Law);
- Professor Andrea Hull, AO (Victoria College of the Arts);

- Emeritus Professor Ian McKenzie, AM (Medicine ARMC); and
- Professor Ian Williamson, AM (Geomatic Engineering).

### Awards

Melbourne received a further three Federation Fellowships, bringing to a total of seven of the 49 awarded nationally since the inception of the Scheme. Awards were made to:

- Professor Andrew Holmes (Cambridge) who joins the School of Chemistry and Bio21 Molecular Science and Biotechnology Institute;
- Dr William Ducker (Virginia Polytechnic) who joins the Departments of Chemistry and Chemical and Biomolecular Engineering; and
- Professor Marilyn Renfree (Ian Potter Professor of Zoology, Melbourne).

Melbourne's inaugural annual Awards for Excellence in Teaching in 2003 were to:

- Dawn Gleeson (Genetics)
- Ian Malkin (Law)
- Nilss Olekalns (Economics)

The 2003 *Universitas 21* Fellowships were awarded to:

- Peter Ashford (Architecture, Building and Planning);
- Nilss Olekalns (Economics); and
- Doreen Thomas (Electrical and Electronic Engineering).

The 2003 *Universitas 21* Scholarship was awarded to:

- Teresa Tija (School of Graduate Studies).

The 2003 Woodward Medals were awarded to:

- Professor Geoff McFadden (Botany); and
- Professor Paul Carter (Australian Centre).

Dawn Gleeson (Genetics) was one of eight national winners of 2003 Australian Awards for University Teaching, for her leadership of First Year Studies in Biology and creating a Biology Learning Centre and a self-help facility for students.

Professor Michael Clyne was awarded the Officers' Cross of the Order of Merit of the Federal Republic of Germany (Director, Research Unit for Multilingualism and Cross Cultural Communication).

### Appointments

Professor Peter McPhee was appointed Deputy Vice-Chancellor (Academic).

Deans appointed from 2003 were Professor Ruth Fincher (Architecture, Building and Planning), Professor Jannie Van Deventer (Engineering) and Professor James Angus (Medicine, Dentistry and Health Sciences).

In addition, Professor Arie Frieberg (Arts) and Professor Peter Dawkins (Economics and Commerce) were appointed Deans of their faculties for 2003. Professor Ian Ramsay concluded a one year appointment as Dean of Law, with the return of Professor Michael Crommelin mid-year.

Mr Chris Penman was appointed Vice-Principal and General Counsel, and Ms Liz Baré, formerly Deputy Principal Human Resources, was appointed Vice-Principal, Human Resources.

Professors recruited to the University through appointments in 2003 included:

- Professor Doreen Rosenthal (Director, Key Centre for Women's Health in Society);
- Professor Dawn de Witt (Rural Health);
- Professor William Adams (Rural Clinical School);
- Professor Trevor Kilpatrick (Medicine – Northern Health);

- Professor Jeremy Anderson (Epidemiology and Biostatistics); and
- Professor John Lyon (Melbourne Business School).

Other Chair appointments include Professor Abdullah Saeed, appointed Foundation Chair of Arab and Islamic Studies, endowed by the Sultanate of Oman, Professor Siaw-Teng Liaw (Rural Health), Professor Jenny Morgan (Law), Professor Linda Johnston (Nursing) and Professor Judith Savige (Medicine, Northern Health).

In addition, 15 staff were promoted to Professor: Ian Bishop (Geomatics), Janet McCalman (History and Philosophy of Science and Medicine), Kevin O'Connor (Architecture), Verity Burgmann (Political Science), Peter Stuckey (Chemical Engineering), Min Seon Chong (Mechanical and Manufacturing Engineering), Ego Seeman (Medicine, ARMC and Northern Hospital), Joseph Proietto (Sir Edward Dunlop Chair of Medicine), Lex Doyle (Obstetrics and Gynaecology), Richard Gilbert (Medicine, St. Vincent's Hospital), Ian Simmonds (Earth Sciences), Rachel Webster (Physics), Raymond Volkas (Physics) and Glenn Browning (Veterinary Science).

## Departures

Dean of Medicine, Dentistry and Health Sciences, Professor Richard Larkins was appointed Vice-Chancellor of Monash University during 2003.

Professor of Criminology and Dean of Arts in 2003, Professor Arie Frieberg resigned to become Dean of Law at Monash University from the start of 2004.

Ms Helen Hayes, Vice-Principal Information and formerly University Librarian, left during 2003 to take up the role as Vice-Principal for Knowledge Management at the University of Edinburgh.

Professors of long standing who retired

in 2003 include: Professor Adrian Egan (Agriculture – Animal Science), Professor Ian Ferguson (Forest Science), Professor Roderick Home (History and Philosophy of Science), Professor Leon Mann (Melbourne Business School) and Professor Robert White (Agriculture – Soil Science).

Departing Professors also include: Professor Edward Byrne (Medicine), Professor Robert Capon (Chemistry), Professor Peter Hill (Education), Professor Richard Smallwood (Medicine ARMC), Professor Michael Tilbury (Law).

## Deaths

The University mourns the passing of:

Professor Edwin Joseph Anthony Armarego, who joined the University in 1958, was appointed Reader in Mechanical Engineering in 1972 and Professorial Research Fellow in 2000.

Mr Clem Christesen, who founded the seminal literacy quarterly *Meanjin* and edited it for 34 years. His recognitions include OBE (1964), Hon. LLD Monash (1975), and AO (2000).

Mr Frank Strahan, University Archivist 1960-95, a well known and loved personality who made durable contributions to the history of the University and the wider community.

## Celebrating 150 years – 1903

The jubilee year of the University began under a cloud but ended auspiciously. A royal commission was established to investigate the University's financial systems and governance. Chaired by Theodore Fink, a law graduate and expert in educational policy, the commission was to mark a sea-change in the University's administration and funding.

Universities were still a State responsibility, and it was a mixture of extra funding from the Government of Thomas Bent and private fundraising which provided financial security. But this was still a tiny (615 students), provincial institution which had a derivative relationship towards learning and scholarship and saw itself as essentially a vehicle for training in a narrow range of professions.

There was little encouragement for staff to undertake original research. The first woman to graduate in law from an Australian university did so from Melbourne in 1903; women were far more likely to be training as teachers.

# Quality Research

## Goal

To advance the reputation and performance of Melbourne as a major international research university, and as a destination of preference for outstanding research postgraduate students nationally and internationally.

*Strategic Plan Perspective 2003*

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 \$980 million of Federal Government funding.

The University has consistently ranked first or second in all major research-related national indicators since 1996. In 2002, the University of Melbourne attracted more than \$158 million of external research income. Expenditure on research and research training from all sources was \$363 million, representing 41% of total University expenditure. The University of Melbourne is 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 addition, the annual Research and Research Training Plan of the University provides a framework for advancing research and research training activities within a changing and highly competitive environment through the pursuit of identified strategies and targets.

Melbourne was awarded the highest amount nationally of performance-based Research Block Funding (\$99.8 million) comprising the Institutional Grants Scheme (IGS) funding

### Melbourne's Performance Against Key National Research Indicators

	Research Income (\$M)	Research Publications (Number)	Research Higher Load (EFTSU)	Research Higher Degree Completions (Number)	RQS/IGS (\$M)	RTS (\$M)	RIBGS (\$M)
1998	99.4 (1)	2,595 (1)	2,513 (2)	479 (1)	26.3 (1)	-	13.0 (1)
2000	118.9 (1)	2,331 (1)	2,703 (1)	583 (1)	26.0 (1)	-	10.4 (1)
2002	158.8 (1)	2,855 (1)	2,785 (1)	663 (1)	29.8 (1)	52.7 (2)	14.4 (1)
2003	-	-	-	-	29.8 (1)	52.4 (2)	17.6 (1)

*Numbers in brackets are Melbourne's national rank, based on a proportion of the national total, for each category. For 1998 and 2000: (i) the Research Quantum Scheme (RQS) was the predecessor to the Institutional Grants Scheme (IGS) and (ii) the Research Training Scheme (RTS) did not exist.*

(\$29.8 million), Research Training Scheme (RTS) funding (\$52.4 million) and Research Infrastructure Block Grants Scheme (RIBGS) funding (\$17.6 million). This funding was allocated on the basis of key sector-wide research 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 numbers of new Australian Postgraduate Awards (168) and International Postgraduate Research Scholarships (35). In addition, 210 Research Scholarships were available from the Melbourne Scholarships program.

In 2003, the number of students enrolling in research higher degree (RHD) courses increased by 140 EFTSU to 2,925 EFTSU.

### Significant research highlights

In 2003, the University was involved in over 100 centres providing a focus for research and research training including:

- Twenty-two Cooperative Research Centres (CRCs), 18 as core and four as supporting participant from a total of more than 70 CRCs which serve six Federal Government targeted industry sectors;

- Six Australian Research Council (ARC) Centres of Excellence (two awarded in 2003), four ARC Special Research Centres, two National Health and Medical Research Council (NHMRC) Centres of Clinical Research Excellence and two Grains Research and Development Corporation Centres (one jointly with the ARC); and
- A number of National and State institutes and centres in the mathematical, chemical, oral health and plant sciences which were established with support from Round Two Victorian Government Science, Technology and Innovation Infrastructure Grants.

In particular, the University developed the foundations for establishing a major presence in multi-disciplinary activities related to water research – a major component of one of the four National Research Priorities – through (i) the formation of the Melbourne Water Research Centre; (ii) the forging of a stronger research collaboration with the public utility Melbourne Water by the signing of a Memorandum of Understanding; and (iii) the establishment of a Centre for Water and Landscape Management headquartered at the Dookie Campus as part of the Goulburn Valley initiative.

Other research-related initiatives undertaken by the University in 2003 were:

- The establishment of the Forest and Ecosystem Science Institute (for commencement in 2004), an unincorporated collaborative venture involving the Victorian Department of Sustainability and Environment. The Institute will undertake a leading role in the development of sustainable forest management practices, ecosystem science and related disciplines through research, undergraduate and post-graduate education, TAFE level training programs and fee for service consultancy activity; and
- The formation of the Centre for Cultural Materials Conservation – a unique interdisciplinary facility for Australia and Asia for the exploration of new areas in instrumentation, analysis, policy and programs related to the preservation of cultural materials – involving the Ian Potter Museum of Art and the University Faculties of Arts and Science.

In addition, in late 2003, the University established a new technology commercialisation company, Melbourne Ventures Pty Ltd, which succeeded the Ventures Division of Melbourne University Private Ltd. Melbourne Ventures is to focus on facilitating the commercialisation of research generated by University researchers.

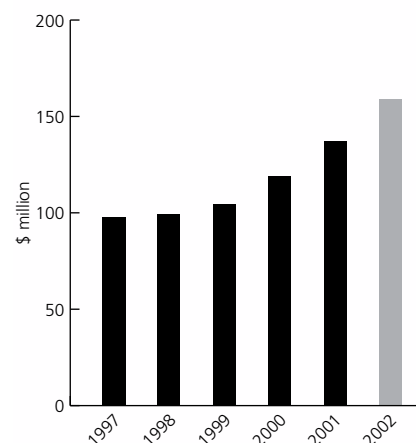
The Intellectual Property Research Institute of Australia and the Bio21 Molecular Science and Biotechnology Institute, supported by both Federal and State Governments, have progressed successfully to the next phases of their establishment and continue to provide the University with new research advantages and the opportunity to enhance existing areas of expertise. Strong partnerships with Neurosciences Victoria and Neurosciences Australia have resulted in the development of further research-related facilities and increased alliances with industry and opportunities for commercialisation.

A major research training initiative in 2003 was the collaboration of the School of Graduate Studies (SGS), Information Division and Learning Skills Unit to develop online courseware for commencing doctoral students. *Postgrad Essentials Online* will provide PhD candidates with the skills and tools for effective research. In addition, the University of Melbourne was a finalist for a prestigious Australian award for university teaching related to support programs for RHD students. The SGS submission highlighted the University's commitment to supporting and assisting postgraduate teaching and learning with a particular focus on RHD students and their supervisors, developing leadership and professional skills of postgraduates, and fostering a broad range of graduate attributes, especially among doctoral students.

Project and program support for 2003 from the ARC and NHMRC included:

- Total funding for 264 ARC Discovery Project Grants of \$21.2 million (including \$12.2 million of new funding);
- 48 new ARC Linkage Project Grants (\$2.2 million) resulting in a total of 140 grants (\$6.4 million);
- 13 new ARC Fellowships;
- Involvement in 16 new ARC Linkage Infrastructure Equipment and Facilities Program Grants for a share of \$7.2 million;
- More than \$6.4 million in new NHMRC Project Grants; and
- Total NHMRC funding for new and continuing Grants and Fellowships of \$36.9 million – an increase of 15%.

### University Research Income from Contestable Sources



### Additional highlights

The clarification of intellectual property rights in relation to student participation in research activities governed by pre-existing agreements to which the University is a party.

The continued success of the University of Melbourne/CSIRO Collaborative Research Support Scheme. As a result of the increased commitment in 2003 from both parties, a total of \$400,000 was provided to foster early-to-mid career researchers in multi-disciplinary research.

The strengthening of strategic alliances with foremost international researchers. New collaborative arrangements were developed with the Humboldt University of Berlin and the University of Virginia. Renewed commitments included the Chinese Academy of Sciences, Peking University and the University of Freiburg.

The award of six International Research Grants with a value of more than \$800,000 from the Federal Government Innovation Access Program which enables Australian researchers to undertake international collaboration.

# 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 2003*

The University places major strategic emphasis on the quality of the overall 'Melbourne Experience' for students, recognising that in order to remain competitive, campus-based learning must also provide the best that online alternatives can offer. The value placed on campus-based learning is under challenge worldwide from less costly online alternatives. The University concentrates on providing high quality programs within a supportive environment so that students gain maximum benefit from their learning experience.

During 2003, the University made significant progress in enhancing the quality of and access to its teaching and learning programs. In particular:

- 76 students from disadvantaged backgrounds were enrolled in undergraduate courses through the award of Melbourne Access Scholarships;
- 762 Tertiary Access Program applicants were offered a HECS place at the University in 2003 compared with 720 in 2002. 593 of these enrolled, a slight decrease on the 620 who enrolled in 2002;
- 25 Indigenous students were enrolled in 2003 through the Aboriginal Entry Scheme, an increase of eight on the number enrolled in 2002;
- A budget incentive was introduced that provided a one percent funding bonus for the achievement of excellent Course Experience Questionnaire and Quality of Teaching Survey outcomes. Nine faculties benefited from this incentive; and
- Average scores on the quality of teaching survey increased from 17.4 percent to 20.4 percent between 2002 and 2003 for the percentage of undergraduate subjects with a mean score of 4.5 or higher on the 'well taught' question in the survey.

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

admissions processes resulting in the University meeting all targets for student numbers and income earned in relation to international student recruitment; successful careers and employment programs; improved Orientation Week and Discovery Day attendances and outcomes; and advancement of the equity agenda, including good Indigenous student recruitment trends and excellent study outcomes (enrolments of Indigenous students have increased from 157 in 2000 to 234 in 2003 and course completions have increased from 36 in 2000 to 65 in 2002).

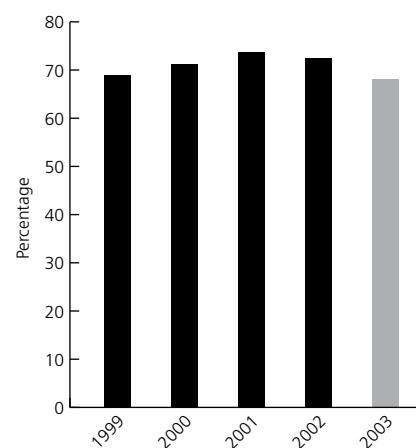
Melbourne continued to strengthen its position as the university of choice for high achieving students. More than a quarter of all 2003 Australian Student Prize winners (127 of the 495 identified winners) and 72 percent of Victorian winners (91 of 127) are enrolled at Melbourne.

A particular highlight of 2003 was the Australian Universities Teaching Committee national award won by Dawn Gleeson of the Department of Genetics. With Associate Professor Nilss Olekalns (Economics) and Mr Ian Malkin (Law), Ms Gleeson was one of the recipients of the first round of University awards for our outstanding teachers.

### Policy developments

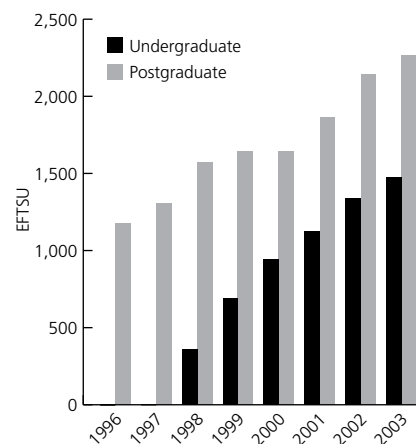
In 2003 the Academic Board approved two important policies to ensure that students receive fair and equitable treatment in relation to their academic programs and their educational experience at the University. These policy statements were a comprehensive statement of students' expectations and responsibilities and a set of grievance procedures for dealing with academic and administrative complaints. Both policies will contribute to the quality of the learning and teaching environment by defining clearly the relationship between students and the University.

**Top one percent students\* enrolling at Melbourne**



\* VTAC applicants with an ENTER of 99.0 or above

**Domestic Fee-based Enrolments**



The Teaching and Learning Management Plan, developed in 2002, was updated to reflect changes in the internal and external environment and in particular to take into account the challenges faced by the University in addressing the likely Commonwealth higher education reforms identified in Minister Brendan Nelson's policy white paper, *Our Universities: Backing Australia's Future*, which was released for discussion in May. The 2003 Plan also included a progress report against targets set in the previous year's version.

Another major initiative was the refocusing of the quality assurance visits by the Teaching and Learning Quality Assurance Committee (TALQAC) on selected course reviews rather than across all the programs offered by each faculty. This has led to a clearer focus on quality assurance and, in turn, has encouraged faculties to articulate the coherence and rationale underpinning individual award programs.

Other important initiatives of the Academic Board in 2003 included:

- A thorough review of its quality assurance procedures;
- A review of the provision of English language support for international and local students which led to consolidation of the major providers into a new Language and Learning Skills Unit in the central administration from 1 July 2003;
- A review of procedures for the award of credit;
- A review of the quality of teaching questionnaire; and
- The development of a set of guidelines for the quality assurance of courses offered by Melbourne University Private Ltd.

## Student support

The University strengthened its links with prospective local students and schools through the Melbourne Access Program, Master Class, and Discovery Week initiatives.

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 2002 survey of the 264 AusAID students demonstrated even greater levels of satisfaction than the 2001 survey, with students consistently rating the levels of support and academic services at highest levels available.

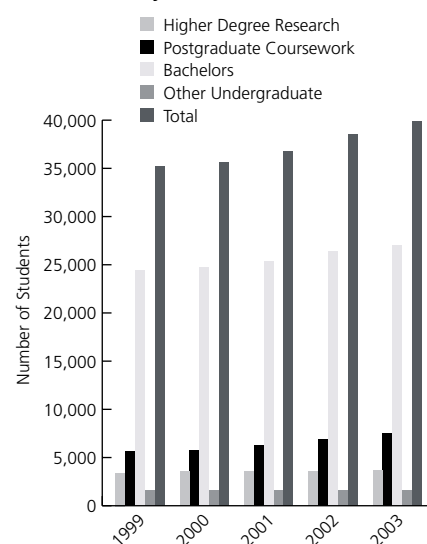
In 2003 the University's International Careers Consultant undertook a program of visits to Bangkok, Jakarta, Kuala Lumpur, Hong Kong, and Singapore with the aim of enhancing employment outcomes for Melbourne graduates.

Increased levels of support were provided for international and local students, particularly in the area of English language skills and study skills. Continued priority was given to the provision of financial assistance and advice to students in need.

The Transition Program, in collaboration with the Centre for the Study of Higher Education, published a 'Faculty 101' resource kit to assist faculties in implementing and evaluating first-year transition initiatives.

As 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 comprises a series of lunchtime seminars involving both alumni and employers, and is tailored to meet the needs of students from both faculties as they make the transition to the competitive and demanding employment market.

University of Melbourne  
Enrolments by Course Level



The Student Ambassadors and Leadership Program (SALP) continued its on-campus program in 2003 and expanded its intake from 120 students to 160. The Program was reviewed to take account of feedback from participants in the program over the last three years and is to be updated in 2004. The University was again successful in the Students in Free Enterprise (SIFE) initiative, with the Melbourne team winning the national competition in 2003 and participating in the international finals in Germany.

### **Celebrating 150 years – 1953**

The immediate post-war years were a time of unprecedented vitality in student life, and vigorous political debate. By 1953, student numbers had stabilised at about 7,000; women were still very much a minority among them.

A new Vice-Chancellor, George Paton, a former professor of Law, had succeeded his friend John Medley. The tragic destruction of Wilson Hall by fire in January 1952 and its replacement – after strident debate – by a ‘functional modernist’ building symbolised a significant shift towards the University as a place where increasing numbers of secondary school students completed their education.

A decade of modernist building in the 1950s – the Beaurepaire Centre, International House, the Baillieu Library, Architecture and Biochemistry – symbolised a new understanding of the place of tertiary education in Australian society, and in the perceived potential for research.

*150 Years of Achievement*





# International Positioning

## Goal

To promote international engagement 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 2003*

Internationalisation continued to be a driving force for the University's development of world class research collaboration, enrichment of learning opportunities for its students, professional advancement of its staff, and the extension of its cultural and community service outreach.

Particular attention was given to articulating the University's position as an essentially Anglophone university located in the Asian hemisphere and, within the objective of making Melbourne one of the finest universities in the world, to strategies that would develop the University's Asia-literacy and position it as a leading university in Asia.

Educational and research collaboration links with major institutions in Asia were consolidated, new alliances formed with the media in Asia, and the University was involved in public policy development in various countries in Asia across a number of areas including education, health, international law, and environmental issues. Community service projects in Thailand and East Timor were extended.

A major external review of the cross-disciplinary Melbourne Institute of Asian Languages and Societies provided a focus for renewed commitment by the University to building its standing as an internationally significant centre for the study of Asian languages, societies, economies and business, and to use these resources and the outreach programs of its Asialink Centre to be a major player in promoting deeper and constructive interaction between a diverse range of communities within Australia and Asia.

Related developments included:

- The endowment of the Sultan of Oman Chair in Arab and Islamic Studies to which Professor Abdullah Saeed was appointed in October;

- The launch of the *Melbourne Asia Policy Papers* series which, following expert colloquiums, included the publication of landmark papers on *Australia's Alliance with America*, *Regional Enforcement of International Criminal Law Post 9/11*, *Australia's Economic Diplomacy in Asia* and *North Korea's Nuclear Program*;
- The Sidney Myer Asia Centre free public lecture series, most notably the 'Soul of Islam' series and *Asialink Lectures* by Admiral Walter F Doran, Commander of the US Pacific Fleet and His Excellency General (Rtd) Susilo Bambang Yudhoyono, Indonesia's Coordinating Minister for Political and Security Affairs;
- A partnership between the Asialink Centre, the University's Centre for International Mental Health, the Harvard University Department of Social Medicine and the Institute of Mental Health at Peking University with Peking University to mount 'The Successful Ageing Project' in conjunction with the Second International Mental Health Development Conference in Beijing in October; and
- The honouring of the leaders of three of the University's key partner institutions in the Asia-Pacific region when the honorary degree of Doctor of Laws was conferred on the President of the Chinese Academy of Sciences, Professor Lu Yongxiang, the President of Peking University, Professor Xu Zhihong and the President of the University of British Columbia, Dr Martha Piper.

### An international university community

The 'Melbourne Experience' continued to develop an international character with the recruitment and retention of staff and students of the highest quality from outside Australia, the active expression of and responses to this cultural diversity by new

cultural and community activities on-campus, and the active encouragement for staff and students at the University to pursue offshore education and research opportunities, via *Universitas 21* and other international partnership arrangements.

Of the 40,000 students enrolled at the University of Melbourne over 8,000 are international students. In turn, the University has made a commitment to providing opportunities and support for its students to undertake part of their studies abroad through a range of mechanisms including field trips as part of formal award courses, research, research training as part of postgraduate studies and student exchange at one of more than 100 international partner institutions. In 2003 the University received 244 students under the latter program, 266 students from Melbourne studied at one of the University's partner universities. The most popular destinations were Canada and the United States, followed by the United Kingdom and Sweden.

The University played a leading role in the consortium of Australian and European universities awarded funding by the Australian Government and the European Commission to develop a joint masters program in *International Relations: A European-Australian Asia-Pacific Nexus*. The consortium comprises Melbourne, Griffith University, the University of Queensland, the University of Birmingham, the Institut d'Etudes Politiques de Paris – Sciences Po and the University of Trento.

2003 was an important year in the development of *Universitas 21*, the international network of 17 research-intensive universities, in which Melbourne plays a major role, and the associated online education provider, *Universitas 21 Global*. The network formulated a new framework for activities around the broad program themes of global learning;

cross-national research; technologies and delivery mechanisms; and public policy and community engagement. Melbourne is leading the coordinated implementation of an enhanced student exchange program and the creation of other mobility programs for both undergraduate and postgraduate students; faculty and staff exchanges; and development of common curriculum and jointly developed courses.

Based in Singapore, Universitas 21 Global began teaching its first students in July. It is anticipated that Global's initial course offering, Master of Business Administration, will be followed by Master of Information Systems Management.

### VIP international visitors to the University included:

- His Excellency Dr Yahya Mahfoodh al Manthri, Minister for Higher Education for Oman;
- Professor Lu Yongxiang, Vice-Chairman of the Standing Committee of the National People's Congress, and President of the Chinese Academy of Sciences;
- His Excellency Mr Akira Machida, Chief Justice of the Supreme Court of Japan;
- His Excellency Dato Seri DiRaja Mohamad Tajol Rosli bin Tan Sri Mohd Ghazali, Chief Minister of Perak, Malaysia;
- The Honourable Brian Donnelly, MP, Chairperson of the Select Committee on Education and Science, New Zealand Parliament;
- Mr Kittisakdi Hattasongkroh, Chairman, House of Representatives Standing Committee on Science and Technology, Thailand;
- Mr Shashi Tharoor, Under-Secretary-General for Communications and Public Information, United Nations, New York;
- Mr Zhou Qifeng, Director General, Office of the Academic Degrees Committee of the State Council, People's Republic of China;

- Professor Chen Yiyu, Vice-President, Chinese Academy of Sciences;
- Dr Abdollah Karimi, Vice-Minister for Health Education, Islamic Republic of Iran; and
- Dr Hung-Pin Huang, Director-General, Department of Higher Education, Taiwan.

### Visitors from partner institutions:

- Professor Xu Zhihong, President, Peking University;
- Dr Martha Piper, President, University of British Columbia;
- Professor Arthur Lucas, Principal, King's College London;
- Professor Akihiro Kinda, Vice-President, Kyoto University;
- Professor Toshiro Tanaka, Vice-President, Keio University;
- Professor He Jiankun, Vice-President, Tsinghua University;
- Professor Kyongsoo Lho, Dean of International Affairs, Seoul National University;
- Professor Liew Ah Choy, Director of International Relations, National University of Singapore; and
- Associate Professor Ramon Wyss, Vice-President, International Affairs, Royal Institute of Technology, Stockholm.

### Diplomatic visitors:

- His Excellency, Mr Brendan Doran, Australian Ambassador to the Federated States of Micronesia;
- His Excellency, Dr Alan Thomas, Australian Ambassador (Designate) to the People's Republic of China;
- His Excellency, Mr Declan Kelly, Ambassador of Ireland;
- His Excellency, Mr Paul Foley, Australian Ambassador to East Timor;

- His Excellency, Mr Anthony Hely, Australian High Commissioner to Canada;
- Her Excellency, Miss Suchitra Hiranprueck, Ambassador of Thailand;
- His Excellency, Mr John Tilemann, Australian Ambassador to Jordan;
- His Excellency, Mr Nasser Al Muzayyan, Ambassador of the State of Kuwait; and
- His Excellency, Mr Mohamed Yousif Al Zarafy, Ambassador of the Sultanate of Oman to Japan (non-resident Ambassador to Australia).

### Major international visits by the University's Senior Executive

The Vice-Chancellor, Professor Alan Gilbert, and the Senior Vice-Principal, Mr Ian Marshman, attended the Annual General Meeting of *Universitas 21* at the University of Virginia in May and the meeting of Presidents and Managers of *Universitas 21* held at the University of British Columbia in November. Mr Marshman also visited members of *Universitas 21* in September to discuss the development of an enhanced student mobility program.

The Vice-Chancellor hosted a function for alumni in London on 8 September to celebrate the University's 150th anniversary. Mr Roger Peacock, Vice-Principal, University Development, accompanied the Vice-Chancellor.

The Deputy Vice-Chancellor (Research), Professor Frank Larkins, represented the University at the Second International Mental Health Development Conference in Beijing in October.

The Vice-Principal, University Development, Mr Roger Peacock, visited Beijing in March to discuss with Peking University its possible involvement in *Universitas 21 Global*. Meetings were also held with the Academic Degrees Committee of the State Council.

The Vice-Principal, Property and Buildings, Dr Douglas Daines, visited England, Scotland, Denmark and Germany as a member of a delegation to investigate Biomedical Research incubator space. The delegation was led by Professor David Penington, AC, from Bio21 Australia Limited, and included the Dean of Medicine, Dentistry and Health Sciences, Professor James Angus, and the Director of the Bio 21 Molecular Science and Biotechnology Institute, Professor Dick Wettenhall.

### **Agreements for academic cooperation and exchange**

In 2003 the University established new university level agreements with:

- Humboldt University of Berlin; and
- University of Virginia.

### **Celebrating 150 years – 2003**

It was only after 150 years of existence that the University could define itself, confidently and with justification, as an international institution. This was not just because of its pre-eminent place in research among Australian universities or the presence of two Nobel Laureates among its staff. It was also because, with about one in five of its 40,000 students coming from overseas, it was far more diverse culturally than it had ever been.

The University had also established itself as the university of choice for Victoria's highest achieving students. Under Alan Gilbert's leadership, it had embarked on its most ambitious building program, south of Grattan Street in University Square, the new Sidney Myer Asia Centre, the Ian Potter Museum of Art and the Bio21 building. The University was also about to confront a new challenge: a radical change in government policy towards the funding of higher education.

*150 Years of Achievement*

# 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 the wider society.

*Strategic Plan Perspective 2003*

### The Sesquicentenary of the University of Melbourne

To honour the many students, staff and alumni whose achievements helped the University become a defining institution in the social, cultural and scientific life of Melbourne, the State of Victoria, Australia and internationally, the University celebrated the 150th Anniversary of its establishment under the themes:

*A Sense of History and Giving to Students and the Community.*

The University announced the creation of new scholarships for Indigenous Australians and for disadvantaged women students in East Timor to enable them to complete schooling.

Building on the success of University events hosted abroad by the Chancellor in 2001 and 2002 to create awareness among international alumni of the upcoming anniversary, the 150th Anniversary program for 2003 focused on celebrating at home and bringing alumni back to campus.

Alumni and friends of the University turned out in force for exhibitions from the University's Ewing Art Collection at regional galleries in Mornington, Hamilton and Sale during the first half of the year. The Chancellor and the Director of the University's Ian Potter Museum of Art, Dr Chris McAuliffe, hosted receptions in these centres to mark the anniversary.

A highlight of the celebrations in May was the return to campus of overseas alumni, from Hong Kong, Singapore, Switzerland, Taiwan, the USA and the UK. Melbourne graduate, His Excellency the Chief Minister of Perak, Dato Seri Tajol Rosli, led a delegation of 38 VIP guests from Malaysia and joined some 500 local alumni, friends and diplomatic representatives at a gala Anniversary Town and Gown Dinner. A Community Weekend on campus offered concerts, campus tours, debates and exhibitions which were attended by more than 6,000 visitors as well as a special conferring of degree ceremony to award honorary doctorates to eight outstanding members of the wider University community. Honorary doctorates were awarded to Ms Helen Garner, Dr Germaine Greer, Professor Emeritus Nancy Millis, Dato' Seri DiRaja Mohamad Tajol Rosli bin Tan Sri Mohd. Ghazali, Professor A Richard Newton, Professor Lowitja O'Donoghue, Professor Robin Sharwood and Professor Bert Sakmann.

### Anniversary celebrations

Melbourne University Publishing produced five books commemorating the history and cultural and human treasures of the University. Over 600 alumni and friends joined the Vice-Chancellor for an Anniversary reception and piano trio performance in the Great Hall in Parliament House, Canberra.

A series of performance tours by Faculty of Music students which had started in 2000 continued in 2003 with a tour of the University of Melbourne Chamber Orchestra. Under the leadership of the Faculty's Head of Strings, William Hennesy, the ensemble of 20 fine young musicians and recorder virtuoso and Melbourne graduate, Genevieve Lacey, delighted capacity audiences in Melbourne, Sydney and Brisbane with works by Handel, Bach, Vivaldi and Walton.

Anniversary celebrations culminated in October in the Goulburn Valley in October, with a public performance by the Chamber Orchestra, the University Council in Shepparton and visiting the School of Rural Health and the Dookie Campus of the Institute of Land and Food Resources, the official opening of the University's new administration centre in Shepparton and the University hosting an inaugural Regional Town and Gown Dinner held in association with the City of Greater Shepparton Council.

Within and around the special activities that marked the 150th Anniversary of its establishment the University continued to provide public access to theatre, music and visual arts, which enriched and added to the diversity of Australian culture, and to lectures and seminars that raised public awareness and promoted community debate on a wide range of social, economic and political issues.

In 2003 the University presented more than 250 free public lectures. Highlights included:

- HE. Xanana Gusmao, President of the Democratic Republic of East Timor, who presented the *Chancellor's Human Rights Lecture*;
- Mr Georg Kell, Executive Head of the United Nations Global Compact Office, who spoke about promoting good corporate citizenship practices within companies and institutions. The University signed the Global Compact in 2001;
- The *AN Smith Lecture in Journalism* was given by ABC presenter Jon Faine; and
- Professor Peter Doherty AC, delivered the Sir John Eccles Centenary lecture.

The University's flagship conference for 2003 'International Perspectives of Peace and Reconciliation' was addressed by international and Australian human rights experts and advocates, including Sir Ninian Stephen and Professor Marcia Langton.

The University honoured outstanding Australians in the theatre and music through the award of honorary degrees to internationally acclaimed artists Barry Humphries and Zoe Caldwell, and to world-renowned conductor Sir Charles Mackerras.

The Melbourne Theatre Company (MTC), a Department of the University, celebrated its 50th Anniversary with return performances of two of the Company's stars of 1953, Zoe Caldwell and Alex Scott. The MTC's subscription season was attended by over

280,000 people and included productions in Sydney and Melbourne of the much-applauded *Inheritance* by Hannie Rayson. Supporting the growth of theatre in Australia, the MTC introduced a novel program for Affiliate Writers and Directors, the outreach education program. It included a tour of Regional Victoria, and brought the award-winning Broadway creative team associated with *Metamorphoses* to Australia to work with young Melbourne actors.

More than 40,000 prospective students and members of the general community visited the Parkville campus in August for the University's annual Discovery Day. A further 1,500 visited the regional campuses of the Institute of Land and Food Resources.

The prestigious Kate Challis RAKA Award for Indigenous creative artists, administered by the University's Australian Centre, was awarded to Tasmanian photographer Ricky Maynard.

Melbourne University Publishing had a productive year following a major restructure and the appointment of a new team that brings extensive experience from both within the academy and the publishing industry. Attracting both critical and popular success were *The History Wars* by historian Professor Stuart Macintyre and doctoral student Anna Clark, *Beyond the Ladies Lounge: Australia's Female Publicans* by historian Clare Wright, and *A New City: Photographs of Melbourne's Land Boom* edited by Ian Morrison, Baillieu Library.

The Ian Potter Museum of Art staged a broad program of activities exhibiting the work of 20th and 21st century Australian artists, a display of unparalleled education programs about Arabic script drawn from the British Museum *Mightier than the Sword*, an exhibition of the paintings of 10 Indigenous artists and the 'treasures' of 150 years of collecting across the University. Public

programs included lectures, discussions and floor talks on exhibitions.

The Grainger Museum and the Baillieu Library continued their public exhibition programs in 2003. 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 *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 University's role in Goulburn Valley expanded with the building and purchase of additional residential accommodation for students at the School of Rural Health and the engagement of staff to develop further education programs for Indigenous youth through the proposed Academy of Sport, Health and Education, in partnership with the Rumbalara Football and Netball Club.

The refurbished Goulburn Valley Administration Centre provides facilities to deliver education programs, undertake research projects and provide student services and for the development of community activities which, in 2003, included a regional live broadcast by Radio National of 'Science and Citizenship', a program of public meetings, debates, and workshops.

# Quality Management

## Goal

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

*Strategic Plan Perspective 2003*

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.

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.

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 and improved performance through financial incentives.

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

Following a major update of accountability and quality assurance activities in 2002, the first annual cycle of Academic Department Audits and Administrative Department Reviews was implemented 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.

Eleven academic departments were involved in the first round of the audit process, with outcomes considered as part of annual faculty operational performance reviews. All departments are scheduled for review over a rolling four-year cycle. In preparation for the 2004 program the self-assessment process has been streamlined to provide greater linkages to departmental and faculty operational plans.

The 2003 audit program included an external review of the Melbourne Institute of Asian Languages and Societies. The resultant audit report and recommendations were subsequently approved by Council.

Following a pilot review of the Information Division in 2002, the 2003 Administrative Department Review program included an extensive review of the role and responsibilities of the Melbourne Research and Innovation Office and preparation for a review of the University Development Division, to be undertaken early in 2004. These reviews examine 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.

A significant addition to the University's accountability cycle for 2003 involved the integration of strategic risk assessments and associated management reporting with the operational planning process at University, faculty and administrative division levels. Consolidated reports on the level and types of risks and the controls in place to manage significant risk are to be reported to Council through the Audit Committee. The further development of this program in the 2003-04 planning cycle has involved the review and updating of

divisional risk assessments to include detailed risk ratings, key controls and, where appropriate, risk management plans linked to Divisional Operational Plans.

Through the University Systems Project, the Department of Financial Operations successfully undertook the implementation of a new finance system (Oracle Financials) in January 2003. The new system provides improved financial reporting procedures and controls and coincides with a move from cash to accrual based accounting for internal budgeting and reporting purposes.

Throughout 2003 significant work continued to be undertaken to assist departments in making optimal use of the new financial structures and enhanced reporting functionality. The financial system is to be further developed during 2004 along with the planned introduction of an Oracle-based Human Resource system and further consideration of replacement systems to manage research and student administration. During 2003 work continued on the evaluation of options for the possible replacement of the University's student management system with a rigorous due diligence process being overseen by a sub-committee of Council to ensure that the selection of a system and any associated business relationships with suppliers were appropriate. In September a recommendation was made for a new student system and negotiations with a supplier continued until the end of the year.

The year also saw the development and implementation of a number of staffing policies aimed at improving practices relating to staff development and their interaction with the broader community. These included redeveloped policies for academic staff involved in paid outside work, the engagement of independent contractors and expansion of the University's Performance Development Framework,

which is designed to align staff performance and personal goals with the University's strategic direction.

Improved internal communication was also a priority for the University during 2003. As part of the University's 150th Anniversary, a range of internal and external communication activities and publications was implemented or significantly upgraded. The 2003 Quality of University Management and Administration survey of Deans and Academic Board Officers demonstrated improvement in the levels of satisfaction with channels of communication, especially in relation to communication between Deans and the Vice-Chancellor's Office, and between administrative divisions and faculties/departments. Levels of satisfaction with the communication of the University's strategic directions to staff improved from 43 percent in 2002 to 60 percent in 2003.



# 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 2003*

Investment in the aesthetic value, amenity and functional utility of the University's buildings and estates requires the development and maintenance of an up-to-date capital management plan that truly reflects the University's teaching and research priorities for capital development. It is within this context that Melbourne's *Capital Management Plan* aims to incorporate all aspects of repair, modernisation and utilisation of capital assets.

Through individual campus Master Plans the particular aesthetic amenity and functional values of each site are determined and opportunities for enhancement and modernisation articulated. The campus Master Plans and the annually updated *Capital Management Plan* describe the opportunities and constraints for the University in its management, adaptation and use of facilities and determine priorities for their development.

Space audits of building usage provide important data on the actual occupancy levels of University facilities, thereby facilitating the University's capacity to make efficient use of expensive physical infrastructure. The audits investigate the use of teaching, research and administrative facilities to determine timetable booking accuracy, appropriateness of specific space allocations and whether facilities are fit for the designated use.

During 2003, the University reviewed its *Capital Management Plan*. This exercise highlighted the complex infrastructure demands across all areas of the University's capital assets which arise from the strong growth that has been experienced in teaching and research programs. It allowed a coordinated consideration to take place of all the facilities and infrastructure issues flowing from the University's Strategic Plan, faculty teaching and research plans, campus master plans and the results of space audits.

## Highlights

The Information Communications Technology building in University Square was formally opened in April by the Minister for Education and Training, the Hon. Lynne Kosky. The new building has allowed for the co-location of the Computer Science and Software Engineering Department in the Faculty of Engineering and the Information Systems Department within the Faculty of Science, thereby strengthening overall University capability in these nationally strategic discipline areas.

Two levels of the Alan Gilbert Building, also in University Square, were fitted out during 2003. Significant new teaching and research facilities have been allocated for the Faculty of Economics and Commerce. Two further levels of the Alan Gilbert Building fitted out are now occupied by Neurosciences Victoria, a key stakeholder in the University's Bio21 initiative. Space within the building has also been allocated to Melbourne University Private Ltd, the Australia and New Zealand School of Government, a collaborative partnership of which the University of Melbourne is a member, the Office of the Deputy Vice-Chancellor (Research), the Melbourne Research and Innovation Office and the University's Legal Services Group.

Construction commenced to fit out the remaining two floors of the Alan Gilbert Building for the Melbourne Institute of Applied Economics, with completion scheduled for May 2004.

The eastern entry and tunnel to the University Square car park was completed and opened to traffic in April 2003, enabling the University to make use of the entire 1,130 car parking spaces.

After closing the Beaurepaire Pool in September 1999 for safety and compliance reasons, the University completed refurbishment of the historic Beaurepaire

Centre in 2003 at a cost of \$5.3 million. The building is listed on the Victorian Heritage Register and the refurbishment works were in line with the conservation management plan for the building. The project repaired the six-lane, 25 metre Beaurepaire Pool and renovated the existing Trophy and Beaurepaire Halls as high-performance gymnasium space. The refurbishment has tripled the gymnasium space available to the sporting community.

A range of teaching and research facilities allocated to the Faculty of Education was upgraded in 2003. Existing spaces were reconfigured to facilitate state-of-the-art teaching and research programs within the faculty.

The University Bookshop was relocated to the ground floor of the north-east corner of the Baillieu Library building to strengthen the function of that area as an information resource precinct. The relocation of the Bookshop enabled the University to demolish the 1949 cream-brick building vacated by the Bookshop which sat in front of the historic facade of the 1853 Old Quadrangle Building. The demolition of the Scarborough Wing in 2002 and the former Bookshop in 2003 have opened a major new courtyard at the pedestrian core of the University's campus and affords views of the Old Quadrangle building north facade for the first time in over 50 years. The restoration of the Old Quadrangle stonework continued during 2003. Planning for the restoration of the north facade was commenced.

The program to refurbish existing teaching spaces continued during 2003. Projects completed include refurbishment of the historic Baldwin Spencer Lecture Theatre, the Engineering Seminar Room, the Old Geology Theatre 2 and the Babel Middle Theatre. Total University expenditure on the upgrade of teaching spaces for 2003 was \$3.25 million.



Construction continued on the University's Bio21 Molecular Science and Biotechnology Institute building in the Western Precinct. This project, with a project budget of \$94.7 million, is expected to be completed by mid 2004. The building will add 23,000 square metres of space to the University's property portfolio and comprise world class laboratories, office spaces, a specialist microscopy centre and an instrument room to house the nuclear magnetic spectrometer.

Construction commenced on a new student accommodation building at International House with a project budget of \$6 million. The project will provide an additional 44 beds and a new library and computer resource facility for the International House campus. The work is expected to be finalised by December 2004.

Detailed planning for the fit out of space within the Royal Dental Hospital to accommodate the School of Dental Sciences was undertaken in 2003. The School is expected to relocate to the new Dental Hospital in time for the 2005 teaching year.

In response to the overall increase in net usable space by 41 percent between the years 1996 to 2002 inclusive, the University commenced a major review of its infrastructure, with a particular emphasis on communication and utilities services. A project to define designated services corridors across the Parkville Campus was commenced in order to consolidate existing services as much as possible and to maintain sufficient service back-up. A coordinated Corporate Computing and Network Strategy has emerged from the infrastructure review.

A campus master plan was commenced for the University's Veterinary Science Campus at Werribee. Comprising 40 hectares of land within the Werribee Technology Precinct on the edge of the Werribee urban area,

the campus is a valuable resource for the University and will continue to be recognised for its highly specialised research and its contribution to animal health through the Veterinary Clinic and Hospital and a range of associated public programs.

The University's commitment in the Goulburn Valley region expanded during 2003. The Administration Centre at Nixon Street, Shepparton was refurbished (at a cost of \$350,000) to provide improved offices for staff, tutorial rooms for students and meeting rooms and workstations for visiting research staff.

In October 2003 the University Council approved a master plan for the Dookie Campus which sets out a comprehensive land-use strategy that acknowledges and conserves the significance of the property in terms of Aboriginal archaeology, European heritage and significant environmental assets such as the 270 hectare white box bushland reserve.

The University nominated the Burnley Campus to the Victorian Heritage Register because of its historic, social, scientific, aesthetic and cultural significance. The nomination was approved by the Victorian Heritage Council in December 2003.

# Making the University Self Reliant

## Goal

To create and sustain a resource base sufficient to make the University internationally competitive at the highest level by 2020.

*Strategic Plan Perspective 2003*

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. This diversification is a key element of the 'Melbourne Agenda', underpinning many of the University's achievements in 2003 and critical to its development as a leading international University.

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

Following approval by the Commonwealth Parliament late in 2003, the Commonwealth Government's reform package *Our Universities – Backing Australia's Future* will be implemented from 2004, bringing significant change to the funding, planning and oversight of Australian higher education. Throughout the extensive review process that preceded the Commonwealth reforms, the University was influential in leading national debate on the proposed changes and the future of higher education in Australia.

While the Commonwealth Government's reforms provide for some additional funding linked to specific programs or performance outcomes, the greatest potential benefits to the University of Melbourne stem from the proposed deregulation of undergraduate HECS levels and fee-based places from 2005, and the opportunities these changes provide for the University to expand and further diversify its resource base through differentiation and the exercise of greater autonomy over its student profile.

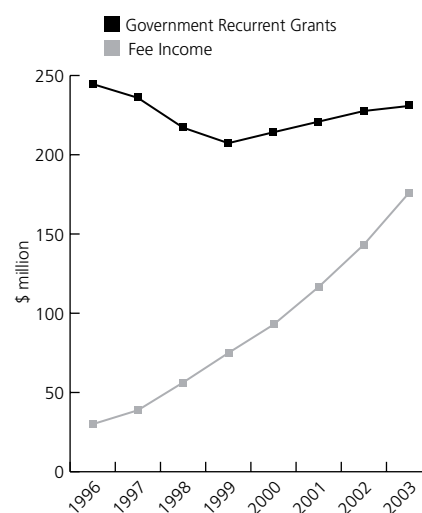
The University's key medium-term strategy for the achievement of revenue growth remains growth in fee-paying student revenue. The University continues to achieve encouraging revenue increases in both student fees and other discretionary income. Since 1996, revenue from student fee income has increased by more than \$145 million, from \$30 million in 1996 to in excess of \$176 million in 2003.

In 2003 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 7,619 international students, including 5,794 undergraduates, and 3,736 fee-paying Australian students. In 2003, 1,630 high performing Australian students (1,473 EFTSU) chose to enrol in a fee-based undergraduate place in preference to a HECS-based place elsewhere. Many of these were outstanding students including students from financially or socially disadvantaged backgrounds who were awarded a Melbourne Scholarship linked to a fee-based place. In 2003, 38 percent of students enrolling in a domestic undergraduate fee-based place at a Victorian university chose to study at Melbourne.

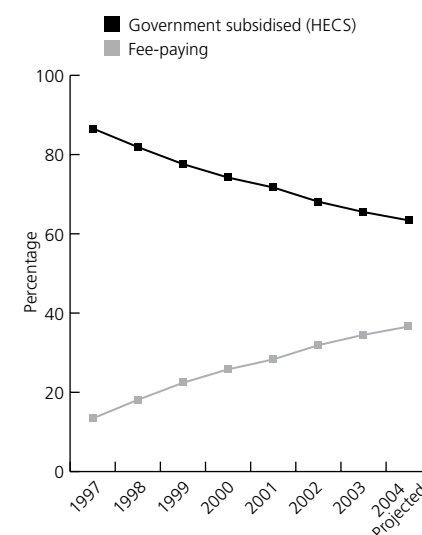
Success with the University's international and domestic fee-based programs has led to significant reshaping of the University's student profile. In 2003 some 34 percent of the University's students were enrolled in fee-based courses, up from 12 percent in 1996.

The additional revenue from increasing numbers of fee-based enrolments provides essential recurrent discretionary income used to enhance the quality and range of research and the teaching and learning infrastructure as well as supporting staff salary increases. Through the implementation of an Enterprise Agreement that links staff salary increases to the University's capacity

**Government Recurrent Grants and Fee Income**



**Government Subsidised and Fee-based Students at Melbourne**



to pay, salary increases awarded in 2003 totalled 3.84 percent. The University is currently in negotiations to finalise a new Enterprise Agreement. It remains committed to continuing this contingency-based approach.

Expansion of the University's postgraduate coursework programs was a priority for the University during 2003. Following significant work undertaken in 2002 in evaluating, developing and promoting a new suite of postgraduate information and communication technology programs, increased enrolments of 66 percent were achieved in this area during 2003. Continued increases are forecast up until 2006.

In approving a transitional financial plan for 2002-05 the University recognises that, while the current focus of revenue generation is necessarily based on resource intensive strategies such as 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 launched by Universitas 21 Global in mid-2003 offers the prospect of a substantial alternative revenue stream in the longer term. The University received its first income from this source during 2003.

The 2004 budget, approved by University Council, provides a series of financial incentives to encourage efficient use of resources and improved faculty and divisional performance in areas such as student fee income, teaching and learning, reduction of academic workloads, research performance and whole of year teaching arrangements.

# Performance Against University Targets 2003-2007

The University's Strategic Plan 'Perspective 2003' included a number of targets adopted to facilitate the monitoring of strategic University performance over the 2003-07 period. This report provides a summary of progress against these targets in 2003.

## 1. Quality People

### 1.1 To maintain or improve the median ENTER scores of 95.0 for Victorian Year 12 VCE students enrolling in the University.

The median ENTER remains at a high level although there was a small decline to just below 95.00 with the 2003 VCE Year 12 intake. This decline is, in part, due to increases in intakes in courses in the Institute of Land and Food Resources.

### 1.2 To establish the University as a clear leader in Australian higher education in the remuneration of academic and general staff.

For academic staff, Melbourne remains a salary leader placed third after UNSW and Sydney. For general staff, remuneration at Melbourne remains the highest amongst the Victorian universities.

### 1.3 To increase to four the number of Nobel Laureates employed by the University on either a full-time or a part-time basis, and to secure at least 25 of the Federation Fellowships available in Australian higher education.

The University continues to have one Nobel Laureate (Professor Doherty) as a full-time member of staff, and one (Professor Sakmann) as a part-time member of staff. Seven (14%) out of 50 Federation Fellowships awarded to date are held in the University of Melbourne.

## 2. Quality Research

### 2.1 To increase the University's total research expenditure by 50 percent.

The final outcome for 2002 total research expenditure was \$363.1 million.

The estimate for 2003 is \$400 million. Melbourne is on track to exceed its 2007 targets.

### 2.2 To maintain the University's top ranking nationally in relation to total research income, research publications and research higher degree completions.

On the basis of its 2002 performance, (the latest year for which comparative data is available) the University has maintained its rank on the four key research indicators i.e. research income, research publications (DEST weighted), research higher degree load (EFTSU) and the number of research higher degree completions.

## 3. Quality Learning

### 3.1 To maintain or improve student-staff ratios.

Total academic staff FTE has increased by 4.4 percent from 2002 to 2003 while the (preliminary) 2003 total student load has increased by 3.0 percent over the same period. On the Total Academic Staff ratio, the student-staff ratio declined from 11.9 in 2002 to 11.8 in 2003. Over the same period the teaching and research ratio increased from 18.0 to 18.3.

### 3.2 To secure regular annual improvements in: – Undergraduate student satisfaction with teaching and learning and support services;

Student satisfaction with faculty and University centrally provided services range from moderate to high on the basis of feedback received on the Quality of Administrative and Student Support Services Survey.

– Research higher degree student satisfaction with research supervision and facilities.

Despite minor fluctuations, the overall level of satisfaction with research supervision is high.

– Graduate satisfaction with their educational experience at Melbourne as measured in the annual Course Experience Questionnaire (CEQ) and the Postgraduate Research Experience Questionnaire (PREQ) surveys.

The CEQ outcomes for undergraduates show that there have been significant improvements in the good teaching and generic skills scales. Overall Melbourne is making steady improvement across most of the broad indicators of student satisfaction with teaching and learning and research supervision.

## 4. International Positioning

### 4.1 To increase the percentage of international students enrolled in the University of Melbourne from 21 percent to 28 percent.

The continuing increase in international student enrolments shows the University is on track to achieve the 28 percent in 2007.

### 4.2 To contribute to the continuing effectiveness of the Universitas 21 network, and to assist Universitas 21 Global to establish itself as a major international provider of online higher education.

The University has had a key role in leading and facilitating a number of Universitas 21 initiatives, including the student mobility and exchange programs. A University staff member was convenor of the U21 pedagogica committee established to consider and approve subject proposals for the Universitas 21 Global Master of Business Administration. Global's MBA program was launched at the end of July 2003 and classes have been taught in seven subjects.

## 5. Serving Wider Communities

**5.1** *In a Reputational Survey of Melbourne's standing in the community in 2005-06, to show significant increases in knowledge of and support for the 'Melbourne Agenda' in comparison with the findings of the 2002-03 Reputational Survey.*

Overall, it was a successful year for Melbourne from a reputational perspective, assisted by events surrounding the 150th Anniversary.

## 6. Quality Management

**6.1** *To achieve successive annual improvements between 2003-2007 in the evaluation of Central Administrative Services as measured in the Quality of University Management and Administration (QUMA) survey.*

The University Administration has achieved a gradual improvement in the level of satisfaction with its services over the period 1999-2003.

## 7. Quality Infrastructure

**7.1** *To increase net usable space for teaching, research and student services and activities at a rate in advance of enrolment and research growth.*

Additional space for teaching and research purposes has become available in 2003 through completion of the Chemical Engineering building and the fit out of the Melbourne University Private Ltd building in University Square. Student support services also now have a 'shopfront' in University Square.

**7.2** *To secure demonstrable annual improvement in access by students to online courseware, learning environments and support services.*

There has been gradual but consistent improvement in student access to

computer-based learning environment. The overall satisfaction with computer-based learning environment is sound.

## 8. Resourcing Quality

**8.1** *To increase by 20 percent the real level of unit-of-resource funding measured by an index relating dollars-per-EFTSU to the total annual income of the University.*

In recent years, the University has experienced substantial growth in fee revenue and research income combined with improved management of the student profile. There has been a 17.9 percent increase in the unit of resource index between 1996-2003. There was, however, a marginal decline in the index between 2002 and 2003, ie. from 18.4 to 17.9, due in part to a reduction in revenue reported by one of the University's controlled entities. Achievement of the overall target of 20 percent increase will be influenced by factors such as continuing high numbers of fee-based enrolments and the exchange rate for the Australian dollar.

**8.2** *To maintain an annual operating surplus of not less than 3.5 percent of total consolidated income.*

The University continues to be in a secure position with its safety margin at 6.16 in 2003.

**8.3** *To maintain the University's AA rating by Standard and Poor's.*

The University's rating by Standard and Poor's has been recently increased to AA+, the highest ranking available to a university.

**8.4** *To increase the annual value of Melbourne University Private Ltd to the University of Melbourne from \$13 million in 2002 to \$50 million by 2007.*

The Melbourne University Private Ltd value to the University of Melbourne in 2003 was approximately \$11.0 million. Concerns about global terrorism and

SARS had an adverse impact in 2003 on some of Melbourne University Private Ltd's core activities.

**8.5** *To establish 'UniMelbourne Online' as a provider of high quality online professional education and training by 2005.*

This initiative is still in an early stage of development.

## 9. Equity and Access

**9.1** *To increase by 50 percent the number of students from educationally, financially or socially disadvantaged backgrounds enrolling in undergraduate programs.*

With the enrolment of 593 TAP applicants and 106 Indigenous students for a total of 699, the University has fallen short of its targeted intake of 750 applicants for 2003.

**9.2** *To double the number of Indigenous Australian students graduating from the University.*

The increased number of Indigenous students completing their degrees from 36 in 2000 to 65 in 2002 is, in part, a reflection of the quality of support services available through the Centre for Indigenous Education. Enrolments have increased from 154 in 2000 to 234 in 2003.

**9.3** *To increase significantly the percentage of women at all levels of academic and general staff employment where women are currently under-represented.*

Data provided in the Faculty Employment Profile 2003 show that that women are under-represented at Level E (Professor) and that the proportion of women at Level E (Teaching and Research) has decreased from 15.7 percent in 2001 to 14.2 percent in 2003. The number of women as a percentage of HEW Level 10 general staff increased slightly over the same period.

# 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 33) has responsibility for the conduct of University affairs.

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

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

## Bachelor degree courses offered by the University

- Agriculture
- Agricultural Science
- Animal Science
- Animal Science and Management
- Applied Science
- Arts
- Arts and Sciences
- Biomedical Science
- Commerce
- Computer Science
- Creative Arts
- Dance
- Dental Science
- Dental Studies

- Dramatic Art
- Early Childhood Studies
- Education
- Education and Training
- Engineering
- Film and Television
- Fine Art
- Forestry
- Forest Science
- Geomatic Engineering
- Horticulture
- Information Systems
- Landscape Architecture
- Laws
- Medical Science
- Medicine
- Music
- Music Education
- Music Performance
- Nursing Science
- Optometry
- Physiotherapy
- Planning and Design
- Public Policy and Management
- Resource Management
- Rural Business
- Science
- Surgery
- Training and Development
- Veterinary Science
- Urban Planning and Development

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

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

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

## Other courses leading to masters degrees

- Accounting
- Actuarial Science
- Agribusiness
- Agricultural Studies
- Animal Welfare
- Applied Commerce
- Applied Finance
- Arts Management
- Audiology
- Banking and Financial Services
- Building Science
- Business Administration
- Choreography
- Common Law
- Computer Assisted Language Learning
- Computer Science
- Construction
- Corporate Law
- Criminology
- Dance, Development Studies
- Development
- Development Technologies
- Digital Media
- Educational Management
- Educational Psychology
- e-Law
- Energy Studies
- Engineering Science
- English Language
- Environmental Engineering
- Environmental Studies
- Epidemiology

- Forest Industries
- General Practice Psychiatry
- Gynaecology and Obstetrics
- Health Ethics
- Health Promotion
- Health Sciences
- Horticultural Science
- Information Technology in Education
- International Business
- Law and Development
- Management
- Management (Technology)
- Manufacturing Studies
- Medical Anthropology
- Medicine
- Modern Languages Education
- Military Law
- Music Studies
- Nursing
- Psychology
- Public Art
- Public Health
- Public Policy
- Puppetry
- Social Policy
- Taxation
- Urban Planning
- Utilities Management
- Veterinary Studies
- Water Resources Management
- Women's Health
- Wood Science

At its inception, and for many years afterward, 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 for teaching and research activities.

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. This resulted in a merger between the College and the University's Faculty of Education. The Hawthorn Institute of Education, affiliated with the University in 1991, is now fully amalgamated and integrated with the Faculty of Education.

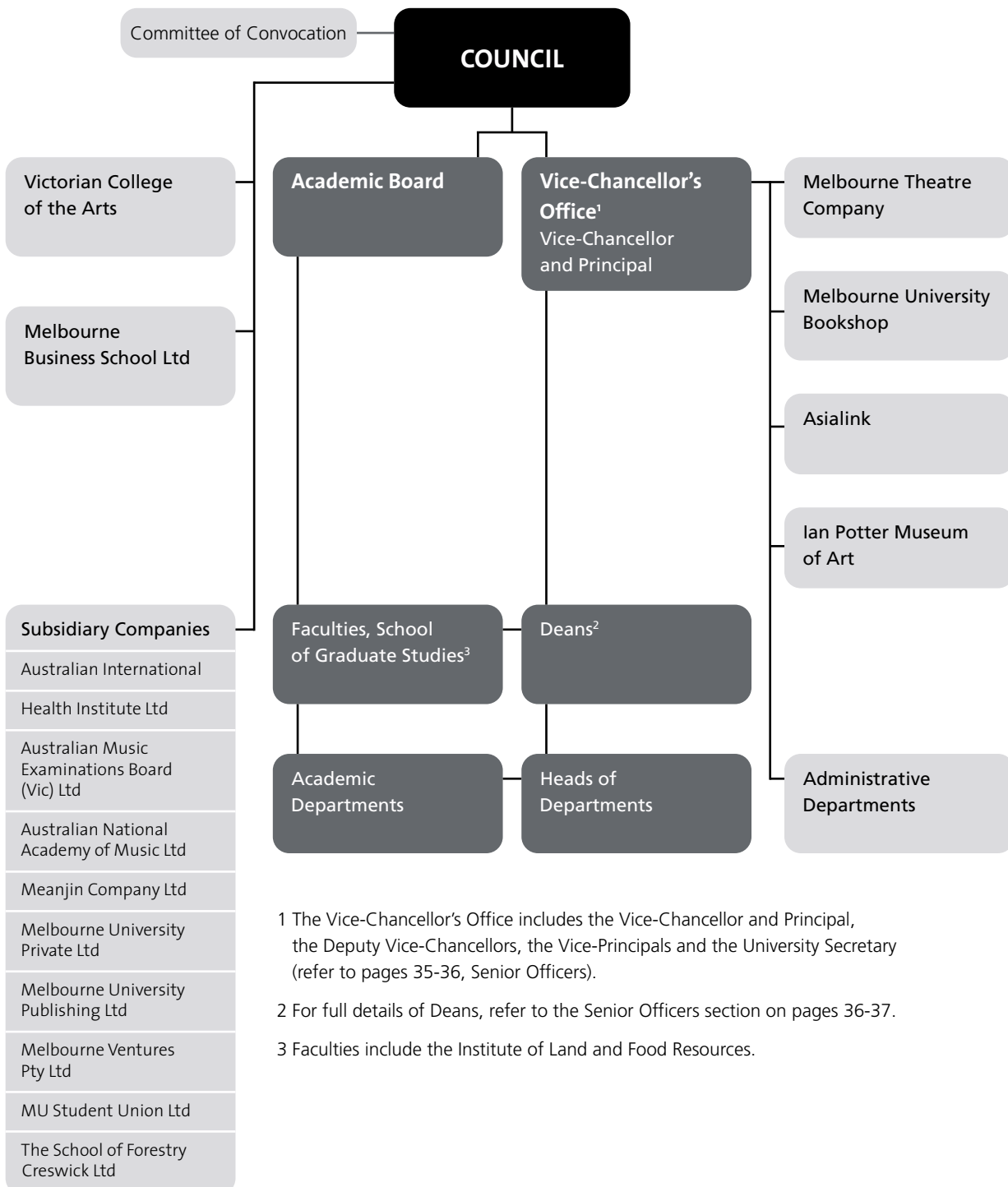
Also in 1991, the Victorian College of the Arts affiliated with the University and its higher education programs are now offered through the School of the Victorian College of the Arts. The College remains largely an autonomous institution with its own Act of Parliament, Council and Director (Chief Executive). Its students enrol in courses approved by the University's Academic Board and receive degrees of the University.

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 Ltd, which offered its first courses in 1999. During 2001 the first stage of a merger between Melbourne University Private Ltd and Melbourne Enterprises International Ltd, the University's commercial arm, was effected. Melbourne Enterprises International Limited became a subsidiary of Melbourne University Private Ltd. As from July 2003 Melbourne University Private Ltd became a self-accrediting institution but the University's Academic Board will review courses accredited by Melbourne University Private Ltd on a periodic basis to ensure that they are of quality comparable to award courses at the same level as the University of Melbourne.



# Corporate Structure



# Council Membership 2003

## 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  
Vacated position 1 October 2003  
PROFESSOR FIELD RICKARDS,  
BSc MEd *Manc* PhD *Melb*  
Appointed 1 October 2003

## 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 SUSAN CRENNAN,  
QC BA *Melb* LLB *Syd* PGDipArts *Melb*  
Appointed 13 May 2003  
DR JOHN HOOD,  
BEng *Auck* MPhil *Oxf* PhD *Auck*  
Appointed 13 May 2003

DR BEN LOCHTENBERG,  
BEng (Hons) *WA* DPhil *Oxf* FTSE  
Appointed 1 January 1996  
Re-appointed 1 January 2001

MS MEREDITH DOIG,  
BA MEdStud *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 1 January 2003

THE HON. DAVID WHITE,  
BCom BA MBA *Melb* FCPA  
Appointed 1 March 2000  
Re-appointed 1 January 2003

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

### Professors

PROFESSOR FIELD RICKARDS,  
BSc MEd *Manc* PhD *Melb*  
Vacated position 1 October 2003

### Academic Staff, other than Professors

MR ROBERT EVANS,  
LLM *Lond* Barrister and Solicitor Victoria  
Elected 1 January 2002

### General Staff Members

MR TIMOTHY ANNING,  
BSc *Melb*  
Elected 1 March 1995  
Re-elected 1 January 2003

## Two persons elected by and from the students enrolled at the University

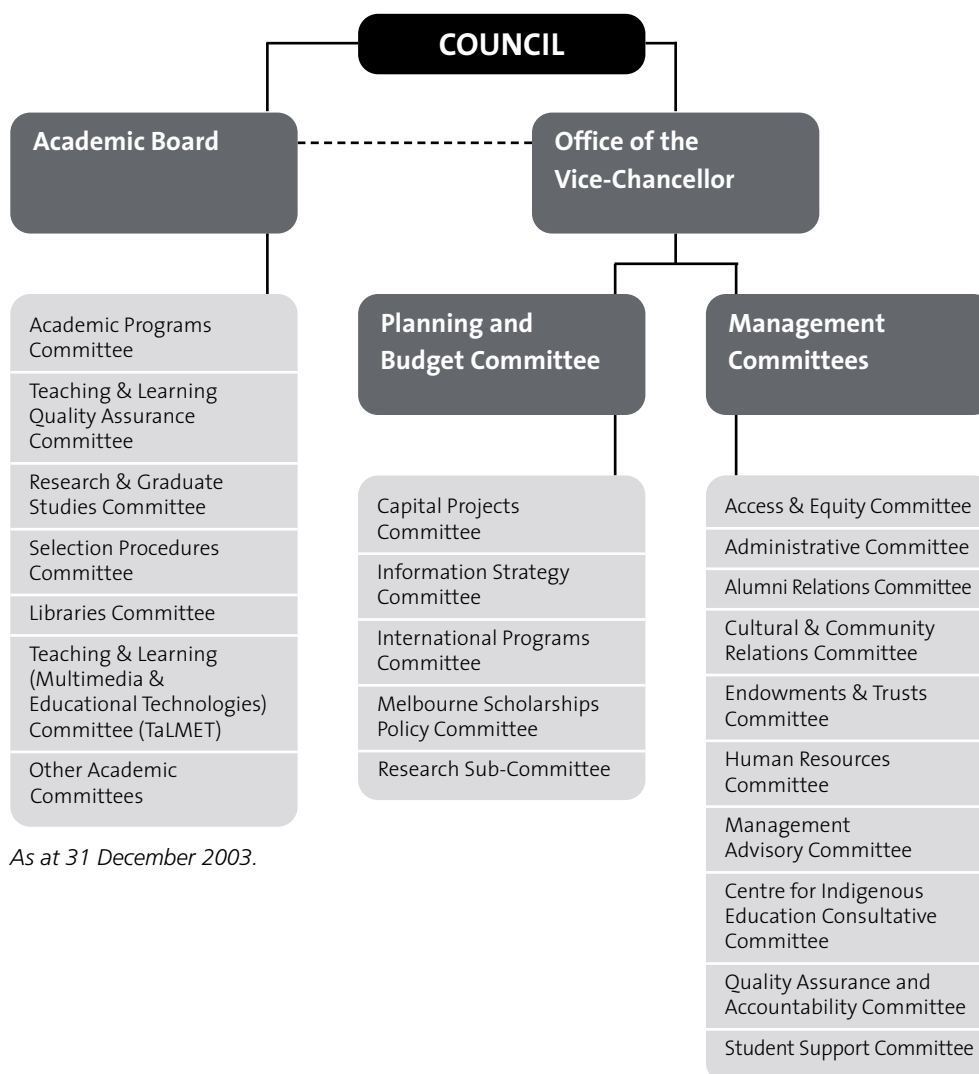
MR DANIEL PERKINS  
Elected 1 January 2002  
Re-elected 1 January 2003

MS NINA NURMILA  
MA *Murd*  
Elected 1 January 2003

# Principal Council Committees and 2003 Committee Membership



# Academic and University Committees



*As at 31 December 2003.*

# Faculties, Departments and Schools

## Faculty of Architecture, Building and Planning

### Faculty of Arts

- Criminology
- English
- Art History, Cinema, 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

## Bio21 Molecular Science and Biotechnology Institute

### 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/Northern Health)
- Obstetrics & Gynaecology (RWH, Mercy & ARMC)
- Ophthalmology
- Otolaryngology
- Paediatrics
- Psychiatry
- Radiology

### Faculty of Medicine, Dentistry and Health Science cont.

- Surgery (RMH & Western)
- Surgery (St Vincent's)
- Surgery (Austin & Repatriation Medical Centre/Northern Health)
- School of Dental Science
- School of Physiotherapy
- School of Behavioural Science
  - Psychology
- School of Nursing
- School of Population Health
  - Public Health
- School of Rural Health

### Melbourne Business School

### Melbourne Institute of Asian Languages & Societies

### Faculty of Music

### School of Graduate Studies

### School of the Victorian College of the Arts

### 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

*Academic units listed within faculties are departments unless otherwise indicated. Faculty and departmental titles are as at 31 December 2003.*

# 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 2003 comprised:

THE HON. DAVID WHITE (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

## 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

### 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 PETER MCPHEE,  
BA (Hons) DipEd MA PhD *Melb* FAHA  
Deputy Vice-Chancellor (Academic)  
Appointed 1 October 2003  
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 FIELD RICKARDS,  
BSc MEd *Manc* PhD *Melb*  
Appointed 1 January 2002

PROFESSOR PETER MCPHEE,  
BA (Hons) DipEd MA PhD *Melb* FAHA  
Appointed 4 September 2000  
Vacated position 1 October 2003

PROFESSOR LOANE SKENE,  
LLB *Melb* LLM *Monash*  
Appointed 1 October 2003

### Deans

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

#### Architecture, Building and Planning

PROFESSOR RUTH FINCHER,  
BA MA *McM* PhD *Clark*

#### Arts

PROFESSOR ARIE FREIBERG,  
LLB DipCrim *Melb* LLM *Monash* LLD *Melb*

#### Economics and Commerce

PROFESSOR PETER DAWKINS,  
BSc *Loughb* MSc *Lond* PhD *Lough* FASSA

#### Education

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

#### Engineering

PROFESSOR JAN VAN DEVENTER,  
BEng PhD DEng *Stell* BCom DCom *SAfr*

#### Land and Food Resources

PROFESSOR ROBERT RICHARDSON,  
BAgrEc *NE* MScAgrEc PhD *Purdue*

# Senior Officers

## Law

To 31 August 2003

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

From 1 September 2003

PROFESSOR MICHAEL CROMMELIN,

BA LLB *QLD* LLM PhD *Br Col*

Barrister-at-Law Queensland and High Court of Australia, Barrister and Solicitor Victoria and Papua New Guinea, Legal Practitioner Northern Territory.

## Medicine, Dentistry and Health Sciences

To 23 July 2003

PROFESSOR RICHARD LARKINS,

BS PhD *Lond* MD FRACP FRCP

From 24 July 2003

PROFESSOR JAMES ANGUS

BSc PhD *Syd* FAA

## 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

To 7 August 2003

MS HELEN HAYES,

BA *Melb*, ALIA, FALIA

Appointed 1 January 1999

Acting from 11 August 2003

DR ANGELA BRIDGLAND

BA *Tas*, Grad Dip Lib *TCAE*, MEd *Tas*, PhD

*Melb*, AALIA, FALIA

### 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 *Ade/* 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 *Ade/*

Appointed 3 September 2001

### Vice-Principal (Human Resources)

MS ELIZABETH BARÉ

BA *Melb* DipLib *NSW* GDipBusAdm

*Swinburne*

Appointed 7 April 2003

### Vice-Principal and General Counsel

MR CHRISTOPHER PENMAN

LLB *Syd* LLM *Lond* GDipNatRes *Melb*

### 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

MR ROBERT McGAURAN, BArch (Hons)  
*Melb* BA PGradDip(PDM) *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 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 FAIM

## 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*

MS HELEN FITZPATRICK, BA DipEd *Melb*  
MEd *Melb*

## 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 ALAN ABBOTT, BE(Elect) *Melb* MBA  
*Melb* FIEAust FIICA

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

DR JENNY STILLMAN, BVSc *Melb* MVSc  
*Melb* MACVS *Melb* GradDip Marketing  
*Monash*

At 31 December 2003 one vacancy was  
to be filled.

## Representatives of the Graduates in Law

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

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

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, BDSc *Melb*  
BA (Hons) *Melb*

## Representatives of the Graduates in Science

DR SOPHIE DUCKER, AM DSc, *Melb* HonLLD

MISS ANN RUSDEN, BSc *Melb* TSTC MACE

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

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

At 31 December 2003 two vacancies  
were to be filled.



# Statutory Reporting

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# Freedom of Information

In the period from 1 July 2002 to 30 June 2003, 18 new requests for documents were received. These comprised 12 requests for personal documents and six requests for non-personal documents. Access in full was given to 11 requests, access in part was given to two requests, access was denied in one case. There were no records found for three requests and one request was withdrawn.

The Principal Officer of the University is the Vice-Chancellor. 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:

Senior Vice-Principal  
The University of Melbourne  
PARKVILLE VIC 3010

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

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

Mr Len Currie  
University Secretary  
The University of Melbourne  
PARKVILLE VIC 3010

Telephone: (03) 8344 4000

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

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

## A: Categories of documents

Major Information Series:

1. University Council Minutes 1853-
2. Academic Board (formerly Professorial Board) Minutes 1853-
3. Central Administration Correspondence
4. Staff Correspondence Files
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; and
- 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 internet at: <http://www.unimelb.edu.au/>

### 1. University Act, Statutes and Regulations

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

### 2. Standing Resolutions of Council

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

### 3. Manuals/Rules of Procedure

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

- Calendar;
- PhD Handbook: Guide to Rules and Regulations;
- Standing Resolutions of Council;
- Undergraduate Studies Handbook;
- Student Diary;
- Personnel Policy and Procedures;
- Finance Policy and Procedures;

- Environmental Health and Safety Manual;
- IT Policy and Procedures Guide;
- Records Management Policy and Procedures Manual;
- Project Management and Design Standards; and
- Compliance Manual.

### **C: Publicity service**

The University issues a large number and range of publications. A list of official publications is available on the internet 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; and
- The University of Melbourne Statistics.

# Whistleblowers Protection Act 2001

## University procedures

The University is committed to ensuring full compliance with the aims and objectives of the *Whistleblowers Protection Act 2001* (the Act). It tolerates neither 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 any person who is the subject of the disclosure.

Details of University's procedures for reporting disclosures of improper conduct or detrimental action by the University, its staff or members of Council may be viewed at: <http://www.hr.unimelb.edu.au/rights-responsibilities/whistleblowers-act.pdf>

The procedures enable 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.

## Disclosures

The University received no submissions under the Whistleblowers Protection Act during 2003 and no matters were referred to the University by the Ombudsman. There are therefore no matters for report under subsections (b) to (j) of section 104 of the Act.

## Complaints made to and investigated by the Ombudsman

During 2003 the Ombudsman investigated a total of two complaints made by the same person involving the University. On both occasions the Ombudsman did not take any further action.

# Human Resources Issues

## Workplace relations

The University of Melbourne Enterprise Agreement, 2001 expired on 30 June 2003.

In April and September 2003 two salary increases, totalling 3.83 percent for the year, were granted, greater than forecast. Salary increases are tied to increases in the University's new discretionary revenue. In 2003, increases were higher than predicted because revenue targets were exceeded.

Not being a member of an employer organisation, the University played a significant role of its own in national industrial cases relating to casual employment and award simplification.

On 16 October 2003, staff in the University participated in national industrial action opposing the Commonwealth Government's Higher Education Reform agenda and 820 working days were lost.

## Diversity

The University's long-standing commitment to a diverse workforce supported by fair and equitable staffing policies was progressed in 2003 by:

- A day-long seminar for Faculty Equal Opportunity for Women in the Workplace Forum in March;
- 12 senior academic women participated in a year-long Women in Leadership and Management Program;
- 20 senior academic women staff participated in a Mentor Scheme designed to support their applications for promotion to professor; and
- The establishment of an Equal Opportunity and Diversity Committee within the Information Division, one of the largest administrative divisions.

## Compliance with *Public Sector Management and Employment Act, 1998* Sections 7 and 8

The University has met its compliance obligations under these sections of the *Public Sector Management and Employment Act, 1998*.

## Staff development

Staff morale and commitment to the University is largely determined by events in the immediate workplace. Climate surveys were taken in 13 academic departments and in the Administrative Divisions. These indicated an overall good level of morale and commitment. They also highlighted some areas where more work needs to be done.

In 2003, the University continued to focus internal staff development resources on intensive management and leadership development programs. These included:

- 12 future Heads of Academic Departments attended the year-long Head Start Program;
- 14 new Heads of Academic Departments attended the Headway Program, designed to support staff in their first year of headship;
- 12 senior general staff participated in a year-long Growing Leaders Program; and
- 372 staff attended training in the University's performance development and management processes.

These programs were supplemented by an extensive array of practical skills programs and supervision and professional development programs. The participant rating for satisfaction and relevance of content for all leadership and staff development programs was over 95 percent.

## Staff numbers\* at 31 March – Main University\*

Full-time equivalent	2002	2003
- Academic	2,619	2,733
- General	2,865	2,982
Total	5,484	5,715

\*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. At this time, only estimates of the casual staff numbers for 2003 are available and the 2002 data have been updated to include actual casual staff numbers.

# Statement on the University's Risk Management Strategy

The management of risk is a core framework component of its Accountability Structure which integrates annual cycles of strategic and operational planning, reporting and quality assurance. The University seeks to alert staff to the ongoing importance of monitoring and addressing risk in all areas of University activity.

A number of structures and processes are in place for identifying and managing risk. Senior Officers are assigned accountability for designated areas of risk. The Risk Management Committee has responsibility for monitoring the performance of University Officers in managing risk and for ensuring risk is managed in a coordinated manner. Several Council Committees exercise a governance role on behalf of Council in ensuring that designated risk accountabilities are being properly exercised. These include:

- Finance Committee – oversight of University Companies and other major incorporated entities; and
- Investment Management Committee – oversight of the external placement of the University's investment portfolio.

A number of operational units have specific risk mitigation programs, such as the Risk Management Office which oversees the University's environment health and safety program. The University's Compliance Officer reports regularly to the University Council on matters relevant to compliance with the University's statutory obligations.

In addition, late in 2003 the role of the Audit Committee, a sub-committee of the University's Finance Committee was being reviewed to determine whether it should exercise governance responsibility for broad monitoring the handling of of University risk and reporting on its effectiveness to the Finance Committee and Council. The Audit Committee's membership comprises external members of Council and other external appointees with expertise in audit and risk management.

In carrying out its oversight role over University subsidiary companies the Subsidiaries Committee reviews annual budgets and plans, including risk management plans, and regularly monitors performance against budget and plan.

Building on the outcomes of the 2002 University-wide review of operational risks, and using the integrated University-wide strategic risk assessment model, academic and administrative departments again undertook a risk assessment of their own areas of operations as part of the Annual Planning Cycle. The University's Risk Management Committee will monitor the implementation of action plans developed to address risks with a high residual risk rating. Further enhancement of the risk assessment model will aim to ensure that, in addition to planning for current risks, any significant change in circumstances causing shifts in the risk profile at the budget division level are identified and addressed appropriately.

An important component of the Accountability Structure is the annual Operational Performance Review in which the Vice-Chancellor, assisted by senior University officers including Academic Board officers and Deans, carry out an in-depth appraisal of the performance of University faculties and the administration.

A core set of indicators of budget division performance, embracing research, teaching and learning, student profile and resource management, is used to supplement reports on performance against operational plans in the review of budget divisions, past performance and the identification of actions to be taken in the current planning round. Outcomes from the Operational Performance Review are used to inform the annual Planning and Budget Conference. They are also formally reported to the Academic Board and Council.

## University Controlled Entities – levels of financial and reputational risk

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

# Statement on the University's Risk Management Strategy

## University Controlled Entities – levels of financial and reputational risk

	PRINCIPAL OBJECTIVES	LEVEL OF FINANCIAL RISK (HIGH, MEDIUM OR LOW)	LEVEL OF REPUTATIONAL RISK (HIGH, MEDIUM OR LOW)
Melbourne Ventures Pty Ltd	To create a valuable portfolio of successfully commercialised University of Melbourne technologies by making available to University staff the requisite skills and resources to ensure that technologies developed by the University are given the best possible opportunity to succeed in the commercial marketplace.	Low	Low
MU Student Union Ltd	To advance the education of students of the University by providing amenities, services and facilities for the benefit of students, utilising the Amenities and Services Fee funding and such other revenue or reserves of the company as may be appropriate in the circumstances.	Low	Low
<b>Statutory Authority</b>			
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 of 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>	High	Medium



## University Business Operations – levels of financial and reputational risk

	PRINCIPAL OBJECTIVES	LEVEL OF FINANCIAL RISK (HIGH, MEDIUM OR LOW)	LEVEL OF REPUTATIONAL RISK (HIGH, MEDIUM OR LOW)
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 as a professional theatre company.</p>	Low	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
Medley Hall	<p>To be a place of residence, education and corporate life for students and for the purpose of encouraging understanding and friendship among students.</p>	Low	Low
The W T Kendall Hall	<p>To be a residence for students in the third and fourth years of Veterinary Science.</p>	Low	Low

# Statement on the University's Risk Management Strategy

## External Investments – levels of financial and reputational risk

	PRINCIPAL OBJECTIVES	LEVEL OF FINANCIAL RISK (HIGH, MEDIUM OR LOW)	LEVEL OF REPUTATIONAL RISK (HIGH, MEDIUM OR LOW)
Universitas 21 LBG	<p>To provide a pre-eminent brand for educational services supported by a strong quality assurance framework.</p> <p>To allow member universities to pursue significant global initiatives that would be beyond their individual capabilities.</p>	Low	Low
Universitas 21 Global (Joint venture between Universitas 21 LBG and Thomson Learning)	<p>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.</p> <p>To build academic programs that incorporate the traditions and strengths of its founders and add the value of the internet as a powerful educational medium.</p>	Medium	Medium
Universitas 21 Equity Limited	To hold part of the issued share capital of Universitas 21 Global.	Medium	Low
Bio21 Australia Ltd	<p>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.</p> <p>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.</p>	Low	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	Low

### Please note

The business activities outlined above are those which have management arrangements that are independent of the University's Faculty/Administrative Budget Division structures. In addition, within faculties there are other undertakings which may

be characterised as commercial ventures, that are subject to the standard University accountability framework for the management of financial and reputational risk. Examples include the Microbiological Diagnostic Unit (MDU) (a public health laboratory focusing on

microbiological diagnosis and surveillance including community health) housed within the Department of Microbiology and Immunology, and farms operated by the Institute of Land and Food Resources.

# Statement on Occupational Health and Safety Matters

During 2003 the University maintained its commitment to the provision of a quality Environment Health and Safety (EHS) System.

## EHS Committees

The Occupational Health and Safety Committee met four times in 2003. It dealt with a wide range of issues including: a good practice guide for areas with unsupervised and after-hours access; overseas travel and off-campus activities of staff and students; and contractor safety.

The Occupational Health and Safety Committee prepared three strategic objectives for 2003 focusing on the establishment of a proactive manual handling and ergonomics information and training program, preparation of a cohesive plan for the management of environment, health and safety and the establishment of a University-wide approach to student induction.

Employee Health and Safety Representatives are in place for 96 designated work groups across the University. Elections for the four-year term to June 2006 were held in June 2002. The Forum of elected Health and Safety Representatives, Management Health and Safety Representatives, Environmental Representatives and Environment, Health and Safety Coordinators met four times in 2003. Issues highlighted at those meetings included terms of reference for the Committee, crisis management, communication plans, and emergency response management.

The Faculty EHS Focus Group was convened in a restructured format. In 2003 the Group formulated an improved incident statistics feedback program; assisted with the inclusion of an updated pre-purchase checklist and the improvement of approved suppliers within the new Themis financial accounting system; and operated as a working group to establish the Student Induction Program.

## Occupational Health and Safety Performance Indicators

Performance Indicator	2001	2002	2003
Number of incidents reported	431	430	572
Number of WorkCover claims	113	155	152
Incident rate	8.4	8.4	9.6
Lost time incident rate	0.3	0.4	0.7
Lost time severity rate	26.1	116.1	241.6

## Occupational health and safety performance

Occupational health and safety performance reports are provided to managers twice yearly to assist managers, as part of an overall objective of providing a safer work environment, to identify problem areas, resource requirements and training needs in their workplace.

The table above highlights the performance indicators the University uses to monitor occupational health and safety performance.

All significant incidents are reviewed in detail and, where appropriate, action plans are put in place to minimise the likelihood of recurrence. During 2003 major improvements and initiatives were undertaken to improve the University's occupational health and safety performance.

## Number of significant incidents and status of their resolution

During 2003 the University reported one incident to the Victorian WorkCover Authority pursuant to the requirements of the Incident Notification Regulations. The incident has been investigated to ensure that corrective and preventative actions occurred. All relevant actions are in place.

## Student induction

A one-page student induction information sheet was completed and will be distributed via email, leaflets and noticeboards to students for the 2004 year. The induction covers key areas of environment, health and safety good practice as well as providing key references for information and training.

## Policies and procedures

The *Environment Health and Safety Manual* published a total of nine new or revised policies and procedures. These included Purchasing, Driving Safety, and Alcohol and Drugs in the Workplace.

## Audits

The Internal Audit Program audited 93 departments or sites in 17 faculties. Contracted external auditors conducted audits in eight faculties. A summary of common non-conformances and areas for improvement has been included in the report.

Lloyds Register Quality Assurance conducted six accreditation audits and three surveillance audits. The University received only one non-conformance. The transition to SafetyMAP Version 4 increases the number of criteria from 58 to 86. The University will require re-accreditation against the new criteria in September 2004 to maintain its Self Insurer Status provided through the Victorian WorkCover Authority.

# Statement on Occupational Health and Safety Matters

## Compliance review

New and revised legislation impacting on the University's operations during 2003 included new Working at Heights Regulations, revised Asbestos Regulations, and the major review of the Victorian Occupational Health and Safety Act. These legislative changes are being incorporated into the *Environment, Health and Safety Manual*.

Maintenance of existing licences allows the University to hold small amounts of nuclear material. The amount of nuclear material held by the University is measured in milligrams and presents no risk to the University or general community. No serious incidents were reported for 2003.

Compliance with building emergency procedures was managed by undertaking emergency evacuation drills at 77 out of 85 buildings across the University. This is an increase of 11 percent over the number of drills carried out in 2002.

## Training

Information and training programs for manual handling and ergonomics were provided to managers, supervisors and staff. Individual ergonomic workstation and manual handling assessments were conducted for 195 staff and students.

Training for environment, health and safety was conducted through the Staff Development Unit, which offered courses in risk management, first aid, chemical management, emergency procedures and purchasing.

## Environmental initiatives

The University of Melbourne Environmental Advisory Sub-Committees were involved in a range of projects during 2003. Sub-committees focused on reuse and recycling management, management of substances hazardous to the environment, and energy use.

Six academic faculties and academic departments gained Environmental Management System ISO 14001 accreditation. All academic departments and the administrative divisions have now attained certification.

The Reuse and Recycling Management Sub-Committee completed a Green Purchasing Policy. Overall, there was a significant increase in 2003 in paper and cardboard recycling (from 299 tonnes between November 2001 and October 2002 to 326 tonnes between November 2002 and October 2003).

Environmental communication and education initiatives proved to be highly successful in 2003. Activities included the World Environment Day breakfast, Discovery Day and Green Week. Regular weekly posters, reusable mugs and lunchboxes and departmental green office training sessions were successful in communicating environmental messages to staff and students.

The Management of Substances Hazardous to the Environment Sub-Committee (MOSHE) played a major role in assisting University laboratories to implement good laboratory practice. The University has been innovative in appointing a Green Laboratory program coordinator. An audit of environmental practices within the University's laboratories identified some gaps requiring attention.

As part of SafetyMAP and ISO 14001 monitoring activities, 10 areas of laboratory practice that directly affect the environment were studied. These included environment systems; purchasing; electricity, water and gas consumption; chemical management; laboratory consumables; recycling; hazardous waste; and housekeeping.

The Green Laboratory program worked directly with a wide range of laboratory staff – from honours year students to departmental managers – to provide an accurate picture of individual laboratories' current standards, and identify any gaps between existing operations and good practice.

The Energy Awareness Campaign has continued to promote energy awareness through a number of initiatives. These ranged from public events to communicate energy awareness to staff and students through to direct measures to install energy saving devices.

A number of technical solutions designed to reduce energy consumption has been implemented. These include: installation of a functioning photovoltaic installation on the Melbourne University Private Building in University Square to make use of solar energy; power-saving triphosphor lamps; occupancy sensors in meeting rooms; and the installation of separate water, gas and electricity remote metering systems for individual buildings on campus.

Total energy use during 2003 has risen. A large proportion of this has been an increase in physical facilities associated with the addition of the University Square precinct. An analysis of individual accounts shows a decrease in energy use in areas where previous energy saving initiatives had been undertaken.

# 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 internet at <http://www.unimelb.edu.au>

## Statutes Enacted, Repealed and Amended During 2003

Statute 3.1	Convocation and its Committee	Amended
Statute 5.3	The Deans and Other Officers	Amended
Statute 5.4	Courses and Subjects	Amended
Statute 9.12	Australian Institute of Judicial Administration	Repealed
Statute 9.17	The Murdoch Institute for Research into Birth Defects Limited	Amended
Statute 10.1	Fees and Charges	Amended
Statute 11.5	Unsatisfactory Progress	Amended
Statute 12.3	Conduct of Assessment	Amended
Statute 12.5	Examination of Theses for Higher Degrees	Amended
Statute 13.1	Student Discipline	Amended
Statute 14.1	Intellectual Property	Amended

# National Competition Policy and Competitive Neutrality Requirements

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

Detailed information and guidelines may be obtained online 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 (ESOS Act) 2000*

The University has established policies, procedures and student support services to ensure that it is compliant with the *Educational Services for Overseas Students Act 2000* and the National Code of Practice for Registration Authorities and Providers of Education and Training for Overseas Students. As a result of the University's first year of experience with the legislation, a revised set of student grievance procedures was developed. These can be viewed on the University's website at: <http://www.services.unimelb.edu.au/grievances/>

In 2003 the University received two formal complaints from overseas students pursuant to the *Educational Services for Overseas Students Act 2000*. The first was the result of a misunderstanding on the student's part about the nature of the compliance requirements for self-accrediting organisations like universities. A formal response was sent which the student accepted and the student did not pursue the matter further. In spite of a comprehensive reply to the student about the concerns raised, the second case was escalated by the student

to various external review agencies including the Department of Science, Education and Training, the State Office of Higher Education and the Ombudsman's Office. All of these external agencies dismissed the student's concerns and indicated that the University had no case to answer in relation to each of the allegations.

## Conformity with the *Building Act 1993*

The University places a high priority on the development of quality infrastructure and compliance with relevant building standards, including the provisions of the *Building Act 1993*.

The following mechanisms have been implemented to ensure that new buildings and works on existing buildings conform with both building standards and University requirements:

- The Property and Buildings Department closely examines the requirements of each major project prior to the selection of a project team. The selected design consultants for each project are University registered or Department of Infrastructure registered consultants.
- All design and management of project works are undertaken in accordance with the University's *Project Management and Design Standards Manual*. The manual has been developed to advise consultants of management procedures and design

standards required by the University and includes policy and 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.
- Where required by the Building Code of Australia, an external building surveyor 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 University project managers and appointed consultants, in order to ensure that the projects comply with current building regulations and statutory requirements. The *Project Management Procedures*

*Manual* is used by University project managers to ensure that University policy and procedures are followed in relation to works.

During 2003, 59 projects, each with expenditure of more than \$50,000, were completed. Each project 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, 11 projects were undertaken that, under the requirements of the *Building Act 1993*, were not subject to Certification of Plans or structural change requiring Building Surveyor inspections. These projects comprised:

- Engineering infrastructure upgrades (5);
- Site works infrastructure (4); and
- Equipment upgrades (2).

# 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 2003

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

## A. Fees collected by the University of Melbourne

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 2003 is shown in the following statement. This statement also shows the purposes for which the University distributed these fees and the amounts of money made available to University operations and student related organisations.

### The University of Melbourne Amenities and Services Fee Fund Statement

For the year ended 31 December 2003

	2003 \$	2002 \$
<b>Fee Collections</b>		
Fees Collected from Students (excluding ILFR Higher Education Students)	11,511,046	10,641,357
Fees Collected from ILFR Higher Education Students	179,938	185,950
<b>Other Income</b>		
Interest Earned	240,283	209,076
	<b>11,931,267</b>	<b>11,036,382</b>
<b>Less Disbursements</b>		
<b>Student Organisations</b>		
Melbourne University Student Union Inc. (MUSUI)	5,538,631	6,675,007
University of Melbourne Postgraduate Association Inc.	1,310,838	1,172,917
ILFR Student Associations	343,069	271,452
<b>University Operations and Expenses</b>		
Sport & Physical Recreation Centre	2,808,372	2,554,157
Child Care Services	195,011	188,417
Administration of Fund	77,684	75,057
Consultant Fee	9,500	-
Student Personal Accident Insurance	235,358	132,328
	<b>10,518,463</b>	<b>11,069,335</b>
Final Installment for Year 2003 owing to MUSUI	1,846,210	-
<b>Surplus/(Deficit) for Year</b>	<b>(433,406)</b>	<b>(32,952)</b>
<b>Accumulated Funds at start of year</b>	<b>1,046,483</b>	<b>1,079,435</b>
<b>Accumulated Funds at end of year</b>	<b>613,079</b>	<b>1,046,483</b>
<b>These funds are represented by:</b>		
Cash	2,203,487	847,658
Sundry Debtors – Fees and Interest owing	250,598	4,910
Prepaid Expenses	82,889	193,915
	<b>2,536,974</b>	<b>1,046,483</b>
<b>Less:</b>		
Amount owing to MUSUI	1,846,210	-
Administration Fee owing	77,684	-
	<b>1,923,894</b>	<b>-</b>
	<b>613,079</b>	<b>1,046,483</b>

# Statement Concerning Compulsory Non-Academic Fees

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:

## 1. Melbourne University Student Union Inc. (In Liquidation) (MUSUI)

	2003 \$	2002 \$
Amenities and Services Fees received	5,538,631	6,675,007
<b>Less Operating and Capital Expenditures</b>		
Food and Beverages		648,094
Counselling		80,959
Legal Advice		77,713
Health Care		126,242
Visual & Performing Arts		560,968
Libraries and reading rooms		258,606
Academic Support		386,116
Orientation information		25,895
Support for overseas students		139,369
Building services		1,512,842
Administrative services		3,007,798
		<b>6,824,602</b>
<b>Deficit for year</b>		<b>149,595</b>
<b>Funding made available to other bodies</b>		
No details provided for 2003		-

### MUSUI Compliance Confirmation

On 6 February 2004 the Supreme Court of Victorian appointed a Liquidator to wind up the Melbourne University Student Union Incorporated (MUSUI). At the date of publishing this report, no financial statement has been received from the Liquidator of MUSUI for 2003.

## 2. University of Melbourne Postgraduate Association Inc.

	2003 \$	2002 \$
Amenities and Services Fees received	1,310,838	1,172,917
<b>Less Operating and Capital Expenditures</b>		
Representation and Education Activities	767,872	799,300
Administrative Services to Support	652,911	545,853
Total Expenditures	1,420,783	1,345,153
<b>Deficit for year</b>	<b>109,945</b>	<b>172,236</b>
<b>Funding made available to other bodies</b>	Nil	Nil



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

	2003 \$	2002 \$
<b>Amenities and Services Fees received</b>	<b>343,069</b>	<b>271,452</b>
Less Operating and Capital Expenditures		
Food and Beverages		22,188
Sport and Physical Recreation		12,718
Health Care		1,674
Visual & 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
		<b>326,933</b>
<b>Deficit for year</b>		<b>55,481</b>
<b>Funding made available to other bodies</b>		
No details provided for 2003		Nil

The ILFR Student Associations are funded via MUSUI. With the appointment of a Liquidator to MUSUI (refer Item 1 above) no financial statements have been received as at the date of publication.

### B. Fees collected by the Victorian College of the Arts

The amount of compulsory non-academic fees – referred to as the Amenities and Services Fees – collected by the Victorian College of the Arts from students and prospective students during the year ended 31 December 2003 is shown in the following statement. This statement also shows the purposes for which the College distributed these fees and the amounts of money made available to College operations and the student organisation.

#### Victorian College of the Arts Amenities and Services Fee Fund Statement

For the year ended 31 December 2003

	2003 \$
<b>Fee Collections</b>	
Fees Collected from Students	396,973
<b>Less Disbursements</b>	
Student Organisation	
Victorian College of the Arts Student Union Inc. (incl. GST)	311,000
College Operations	
Career and Professional Development Services	42,987
Student Welfare Services (including Employment, Financial Aid and Housing)	42,986
	<b>396,973</b>

# Statement Concerning Compulsory Non-Academic Fees

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

Victorian College of the Arts Student Union Inc.	2003 \$
<b>Amenities and Services Fees received</b>	<b>311,000</b>
<b>Less Goods and Services Tax</b>	<b>28,273</b>
	<b>282,727</b>
<b>Less Operating and Capital Expenditures</b>	
Legal & Dental Services	7,500
Visual & Performing Arts	13,026
Personal Accident Insurance for Students	10,491
Orientation information	5,964
Depreciation Expense	8,075
Administrative Services	245,925
	<b>290,981</b>
<b>Deficit for year</b>	<b>8,254</b>
<b>Funding made available to other bodies</b>	
University of Melbourne Postgraduate Association Inc.	3,000
Melbourne University Student Union Inc.	7,500

## 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.

Enquiries regarding the above should be addressed to:

Mr Len Currie  
University Secretary  
University of Melbourne  
VICTORIA 3010

Telephone: 03 8344 4000

# Financial Reporting

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# Financials

## 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 2004 received in advance on 18 December 2003 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 fifth year in succession qualified the University's financial report. The University does not agree with that interpretation of the nature of the income.

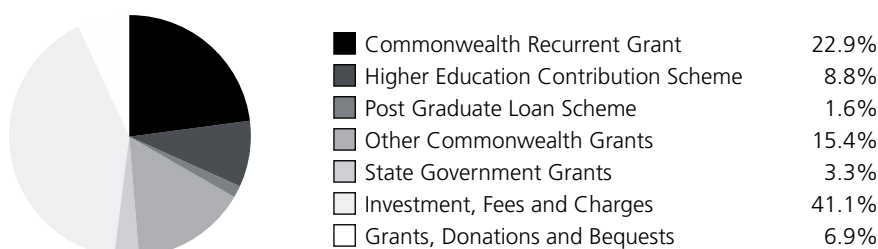
## CONSOLIDATED RESULTS

The University of Melbourne and its controlled entities recorded an operating surplus after tax of \$64.356 million for the year ended 31 December 2003. This consolidated result includes the operations of a group which apart from the University itself comprises ten 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 REVENUE

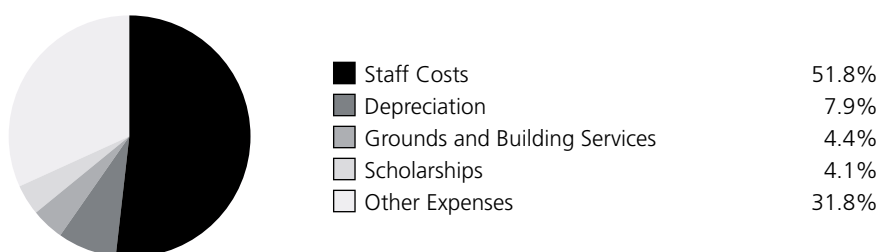
Combined operating revenues at \$1.006 billion increased by \$52.194 million or 5.5% on 2002 with the most significant improvements being recorded in revenues from Fees and Course Related Charges (\$33.308 million) and Commonwealth Government Financial Assistance (\$37.356 million) offset by a reduction in Victorian Government Financial Assistance (\$18.156 million).

In 2004 the Commonwealth Recurrent Grant accounted for only 22.9% of total revenue, with the Higher Education Contribution Scheme accounting for an additional 8.8% (23.8% and 9.2% respectively in 2002).



## EXPENDITURES

Operating expenditure of the combined University for 2003 totalled \$944.305 million, full details of which appear in the supporting notes to the Statement of Financial Performance and in Note 28. Of these expenditures 51.8% was spent on salaries and other staff costs (51.7% in 2002).



## FINANCIAL POSITION

During the year the University and some of its controlled entities revalued their holdings of real property and buildings and certain other non-current assets.

Apart from this revaluation, there were no significant changes in the financial position of the University and its controlled entities.

## 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 \$62.085 million.

### The University of Melbourne General

The University General, comprising the teaching and research activities only, recorded a surplus of \$51.143 million, which was used to partly fund items of capital expenditure with the balance of capital funding being provided from University reserves. During the year the University spent \$63.6 million on Land and Buildings, \$26.0 million on Equipment and Motor Vehicles and \$11.8 million on Library Purchases.

### 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 \$15.845 million earned from investments.

Total assets of the Trust Funds amounted to \$197.687 million as at 31 December 2003.

# Financials

## Auxiliary Operations

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

The operating deficit for the year of \$0.530 million is represented by:

Auxiliary Operations	Surplus/(Deficit) \$'000
Halls of Residence:	
– Medley Hall	10
– Kendall Hall	6
– International House	183
Child Care Services	123
Sport and Physical Recreation Centre	104
Ian Potter Museum of Art	(262)
Veterinary Clinic and Hospital	(245)
Strathfieldsaye Estate	(986)
Melbourne Theatre Company	33
Melbourne University Bookshop	504
	<u>(530)</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 \$5.271 million is represented by:

Controlled Entities	Surplus/(Deficit) \$'000
Victorian College of the Arts	2,734
Melbourne Business School Limited Group	3,314
Melbourne University Private Limited Group	140
Meanjin Company Limited	2
Melbourne University Publishing Limited	(647)
Australian Music Examinations Board (Victoria) Limited	(84)
Australian International Health Institute (University of Melbourne) Limited	225
Land and Food Services Ltd	11
Australian National Academy of Music Limited	204
The School of Forestry, Creswick Limited	(628)
	<u>5,271</u>

# Five Year Financial Summary

## The University of Melbourne and Controlled Entities

	2003 \$'000	2002 \$'000	2001 \$'000	2000 \$'000	1999 \$'000
<b>Sources of Income</b>					
Commonwealth Recurrent Grants	230,840	227,629	220,873	214,243	207,319
Other Commonwealth Grants	154,656	121,890	109,785	109,248	97,908
Higher Education Contribution Scheme:					
– From Higher Education Trust Fund	69,635	70,939	68,607	64,833	68,469
– Up-Front payments from students	19,011	16,973	15,446	15,037	14,290
Post Graduate Loan Scheme	16,129	9,946	-	-	-
State Government Grants	33,533	51,689	24,722	20,715	19,087
Investments, Fees, Charges	413,463	397,973	368,066	290,190	252,412
Grants, Donations and Bequests	69,379	57,413	47,386	35,126	24,260
<b>Total Income</b>	<b>1,006,646</b>	<b>954,452</b>	<b>854,885</b>	<b>749,392</b>	<b>683,745</b>
<b>Expenditures</b>					
Staff Costs	489,210	457,498	422,287	388,570	361,279
Depreciation	74,365	64,741	55,793	49,344	48,764
Grounds and Building Services	41,841	39,135	32,160	37,748	32,206
Scholarships	38,352	31,895	31,212	30,294	26,691
Other Expenses	300,537	292,642	237,114	189,864	196,351
<b>Total Expenditure</b>	<b>944,305</b>	<b>885,911</b>	<b>778,566</b>	<b>695,820</b>	<b>665,291</b>
<b>Key Ratios</b>					
Commonwealth Recurrent Grants including Payments from the Higher Education Contribution Scheme Trust Fund and Up-front payments from Students	319,486	315,541	304,926	294,113	290,078
Other University Income	687,160	638,911	549,959	455,279	393,667
<b>Total University Income</b>	<b>1,006,646</b>	<b>954,452</b>	<b>854,885</b>	<b>749,392</b>	<b>683,745</b>
Commonwealth Recurrent Grants and HECS as a percentage of Total University Income	32	33	36	39	42
Students (Full-time Equivalents)	32,870	31,913	30,125	28,956	28,633
DEST Funded Student Load	21,199	21,689	21,562	21,463	22,204
Average Commonwealth Recurrent Grants* per DEST funded position \$	10,889	10,495	10,244	9,982	9,337

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

# Five Year Financial Summary

The University of Melbourne and Controlled Entities

	2003 \$'000	2002 \$'000	2001 \$'000	2000 \$'000	1999 \$'000
<b>Revenue and Expense</b>					
Income	1,006,646	954,452	854,885	749,392	683,745
Expenses	944,305	885,912	778,566	695,820	665,291
Surplus/(Deficit)	62,341	68,540	76,319	53,572	18,454
Abnormal/Extraordinary Items and Tax	2,015	(2,066)	(87)	(20)	78,358
Surplus/(Deficit) after Abnormal/ Extraordinary Items and Tax	64,356	66,474	76,232	53,552	96,812
<b>Financial Position Statement</b>					
Reserves	2,237,905	2,029,976	1,856,461	1,802,061	1,548,949
Retained Surplus/(Deficit)	601,060	550,414	494,009	443,227	401,136
<b>Total Equity</b>	2,838,965	2,580,390	2,350,470	2,245,288	1,950,085
Current Liabilities	167,039	151,459	147,220	134,694	133,810
Non-Current Liabilities	284,189	289,958	282,340	200,301	144,731
<b>Equity and Liabilities</b>	3,290,193	3,021,807	2,780,030	2,580,283	2,228,626
Current Assets	190,426	196,602	311,824	236,984	210,308
Non-Current Assets	3,099,767	2,825,205	2,468,206	2,343,299	2,018,318
<b>Total Assets</b>	3,290,193	3,021,807	2,780,030	2,580,283	2,228,626
<b>Cash Flows</b>					
Operational Cash Flows including Government Funding					
– Receipts	987,848	934,780	864,682	716,476	689,224
– Payments	859,062	796,006	727,751	648,843	610,367
<b>Net Cash provided by Operations</b>	128,786	138,774	136,931	67,633	78,857

Full financial details are contained in the Financial Report for the year ended 31 December 2003 and in the explanatory notes thereto.



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# Statement of Financial Performance

For the year ended 31 December 2003

	Note	CONSOLIDATED		UNIVERSITY	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Revenues from Ordinary Activities</b>	2				
Commonwealth Government Financial Assistance	2.1	379,285	341,929	376,004	338,275
Higher Education Contribution Scheme:	2.2				
– Commonwealth Payments		69,635	70,939	69,635	70,939
– Student Contributions		19,011	16,973	18,694	16,690
Postgraduate Loan Scheme		16,129	9,946	11,310	9,571
Victorian Government Financial Assistance	2.3	33,533	51,689	32,119	42,479
Superannuation:					
– Deferred Government Contributions		(5,498)	(535)	(4,943)	(957)
– Commonwealth Supplementation		6,211	7,589	6,211	7,589
Fees and Charges	2.4	319,676	286,368	249,344	210,969
Investment Income	2.5	59,309	45,756	52,530	40,223
Other Revenue	2.6	109,354	123,798	106,738	119,601
<b>Total Revenue from Ordinary Activities</b>		<b>1,006,646</b>	<b>954,452</b>	<b>917,642</b>	<b>855,379</b>
<b>Expenses from Ordinary Activities</b>	2				
Employee Benefits	2.7	489,210	457,498	443,027	415,519
Depreciation and Amortisation	2.8	74,365	64,741	68,568	60,616
Borrowing Costs/Expenses	2.9	11,100	11,319	11,088	11,369
Buildings and Grounds	2.10	41,841	39,135	39,652	37,065
Bad and Doubtful Debts	2.11	2,630	76	2,454	108
Accounting and Auditing Services	2.12	659	384	183	111
Other Expenses	2.13	324,501	312,759	290,586	272,980
<b>Total Expenditure from Ordinary Activities</b>		<b>944,305</b>	<b>885,912</b>	<b>855,557</b>	<b>797,768</b>
<b>Share of Joint Venture Entity Net Losses</b>	3	<b>2,007</b>	<b>(2,007)</b>	<b>-</b>	<b>-</b>
<b>Operating Result From Ordinary Activities</b>		<b>64,348</b>	<b>66,533</b>	<b>62,085</b>	<b>57,611</b>
Income Tax	5	8	(59)	-	-
<b>Operating Result from Ordinary Activities – after Income Tax</b>		<b>64,356</b>	<b>66,474</b>	<b>62,085</b>	<b>57,611</b>
Increase in Asset Revaluation Reserve	15(b)	196,054	163,655	188,385	136,031
Adjustment to annual leave liability on application of revised Accounting Standard AASB 1028	1.15	(941)	-	(908)	-
Foreign Currency Translation Difference		(893)	(213)	-	-
<b>Total Changes in Equity</b>		<b>258,575</b>	<b>229,916</b>	<b>249,561</b>	<b>193,642</b>

The accompanying notes form part of these financial statements.

# Statement of Financial Position

For the year ended 31 December 2003

	Note	CONSOLIDATED		UNIVERSITY	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Current Assets</b>					
Cash		29,434	62,229	19,581	49,675
Receivables	6	62,727	35,713	53,906	28,897
Investments	1.8, 7	79,445	79,030	43,297	50,048
Inventories	1.5, 8	5,453	5,909	5,083	5,835
Other	9	13,368	13,721	8,731	8,921
<b>Total Current Assets</b>		<b>190,427</b>	<b>196,602</b>	<b>130,598</b>	<b>143,376</b>
<b>Non-Current Assets</b>					
Receivables	6	80,834	90,791	68,961	78,058
Investments	1.8, 7	758,303	666,278	704,637	616,138
Property, Plant and Equipment	1.3, 10	2,256,905	2,061,810	2,108,026	1,918,173
Intangibles	1.4	3,725	6,326	-	-
<b>Total Non-Current Assets</b>		<b>3,099,767</b>	<b>2,825,205</b>	<b>2,881,624</b>	<b>2,612,369</b>
<b>Total Assets</b>		<b>3,290,193</b>	<b>3,021,807</b>	<b>3,012,222</b>	<b>2,755,745</b>
<b>Current Liabilities</b>					
Payables		48,496	43,631	40,429	38,034
Provisions	11	56,362	50,516	52,371	47,614
Other Current Liabilities	12	60,149	55,394	48,416	43,879
Borrowings	13	2,032	1,918	2,032	1,918
<b>Total Current Liabilities</b>		<b>167,039</b>	<b>151,459</b>	<b>143,249</b>	<b>131,445</b>
<b>Non-Current Liabilities</b>					
Provisions	11	139,835	143,572	126,396	129,252
Borrowings	13	144,354	146,386	144,354	146,386
<b>Total Non-Current Liabilities</b>		<b>284,189</b>	<b>289,958</b>	<b>270,750</b>	<b>275,638</b>
<b>Total Liabilities</b>		<b>451,228</b>	<b>441,417</b>	<b>413,998</b>	<b>407,083</b>
<b>Net Assets</b>		<b>2,838,965</b>	<b>2,580,390</b>	<b>2,598,223</b>	<b>2,348,662</b>
<b>Equity</b>					
Reserves	15(a)	2,237,905	2,029,976	2,082,140	1,881,866
Retained Surplus	14	601,060	550,414	516,083	466,796
<b>Total Equity</b>		<b>2,838,965</b>	<b>2,580,390</b>	<b>2,598,223</b>	<b>2,348,662</b>

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

For the year ended 31 December 2003

	Note	CONSOLIDATED		UNIVERSITY	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Cash Flows from/(used in) Operating Activities</b>					
<b>Inflows:</b>					
Financial Assistance:					
– Commonwealth Government		389,984	362,757	385,597	358,017
– Victorian Government		33,533	36,538	32,119	27,479
Higher Education Contribution Scheme:					
– Student Payments		19,011	16,972	18,694	16,690
– Commonwealth Payments		69,409	70,733	69,409	70,733
Fee-For-Service Revenue		330,034	305,829	251,980	227,014
Other Income		92,556	100,147	95,180	99,795
Interest/Dividends Received		53,322	40,460	47,957	35,644
GST Net Refund		-	1,344	-	1,192
<b>Outflows:</b>					
Payment to Employees		(484,756)	(449,148)	(438,936)	(407,801)
Payment to Suppliers		(322,581)	(257,042)	(290,136)	(218,106)
GST Net Payment		(1,906)	(1,054)	(1,899)	(834)
Interest Paid		(10,210)	(11,328)	(10,459)	(11,378)
Other		(39,609)	(77,434)	(38,739)	(76,796)
<b>Net cash provided by Operating Activities</b>	16(b)	<b>128,786</b>	<b>138,774</b>	<b>120,768</b>	<b>121,647</b>
<b>Cash Flows from/(used in) Investing Activities</b>					
<b>Inflows:</b>					
Investments Sold		1,536,241	1,088,542	1,487,923	1,083,986
Proceeds from Sale of Non-Current Assets		5,354	3,157	4,390	2,949
Transfers		-	-	-	(6)
<b>Outflows:</b>					
Investments Purchased		(1,598,291)	(1,180,393)	(1,553,584)	(1,160,950)
Property, Plant and Equipment Purchased		(94,468)	(109,724)	(87,985)	(93,386)
Purchase of Goodwill		(3)	(717)	-	-
<b>Net cash used in Investing Activities</b>		<b>(151,167)</b>	<b>(199,135)</b>	<b>(149,255)</b>	<b>(167,407)</b>
<b>Cash Flows from/(used in) Financing Activities</b>					
<b>Inflows:</b>					
Customer Loans Repaid		1,658	1,455	1,658	1,455
Borrowings Drawn Down		-	5,000	-	5,000
<b>Outflows:</b>					
Customer Loans Granted/Loans Redeemed		(1,829)	(1,167)	(1,929)	(1,167)
Borrowings Repaid		(1,918)	(1,695)	(1,918)	(1,695)
<b>Net cash from/(used in) Financing Activities</b>		<b>(2,090)</b>	<b>3,593</b>	<b>(2,190)</b>	<b>3,593</b>
<b>Net decrease in cash held</b>		<b>(24,470)</b>	<b>(56,768)</b>	<b>(30,677)</b>	<b>(42,167)</b>
<b>Cash at the beginning of the reporting period</b>		<b>131,305</b>	<b>188,339</b>	<b>86,407</b>	<b>128,574</b>
Effect of Foreign Exchange Rate on Opening Cash		(85)	(266)	-	-
<b>Cash at the end of the reporting period</b>	16(a)	<b>106,749</b>	<b>131,305</b>	<b>55,730</b>	<b>86,407</b>

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).

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 2003.

### 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. A major part of trust monies is received for, and can only be applied to, restricted purposes. For this reason Trust Funds are separately identified.

(3) **University Auxiliary Operations**

A summary of the activities of the University's Auxiliary Operations Group which encompasses the University's semi independent enterprises that operate on a commercial basis in support of core University activities. This group comprises the following organisations:

Halls of Residence:

- Medley Hall
- Kendall Hall
- International House

Child Care Services

Sport and Physical Recreation Centre

Veterinary Clinic and Hospital

Strathfieldsaye Estate (Trusteeship transferred 30 September 2003)

Melbourne Theatre Company

Melbourne University Bookshop

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

Land and Food Services Ltd ACN 006 818 739\*

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

– Melbourne Information Management Pty Ltd ACN 087 644 595\*

– Hawthorn Edinburgh Ltd

– Hawthorn English Language Centres (Canada) Ltd

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

– The Melbourne Business School Foundation and

– The Melbourne Business School Foundation Ltd ACN 057 776 711

Melbourne University Publishing Ltd ACN 103 214 713

Melbourne Ventures Pty Ltd ACN 106 845 783

MU Student Union Ltd

The School of Forestry, Creswick Ltd ACN 064 580 105

The Meanjin Company Ltd ACN 005 097 325

The Victorian College of the Arts

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

\*Not operational during the year.

The Victorian College of the Arts is a body politic and corporate established under the *Victorian College of the Arts Act 1981*.

The University has a reporting responsibility for the College under the *Higher Education Funding Act 1988*.

The companies listed, with exception of the overseas subsidiaries in the Melbourne University Private Ltd 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.

## NOTE 1. STATEMENT OF ACCOUNTING POLICIES – continued

### (5) Controlled Entities – continued

Melbourne Ventures Pty Ltd was incorporated on 29 October 2003 by Melbourne University Private Ltd. Melbourne Ventures Ltd provides services to the academic community of Melbourne University in the commercialisation and management of technology and intellectual property developed by researchers at the University of Melbourne and others. On 23 December 2003 Melbourne University Private Ltd transferred ownership of Melbourne Ventures Pty Ltd to the University of Melbourne. The operations of Melbourne Ventures Pty Ltd for the year ended 31 December 2003 were minimal and immaterial and as such these transactions will be reported as part of Melbourne Ventures Pty Ltd Financial Statements for the fourteen (14) months to 31 December 2004.

MU Student Union Ltd was incorporated 19 December 2003 but did not commence trading until 1 January 2004. It has been set up to provide management services to various commercial activities and to maintain infrastructure in the provision of student services. It does not have the responsibility for nor direction over other student activities. These are undertaken by the student union.

### (6) Joint Ventures

In 2002 Melbourne University Private Ltd had a 50 percent interest in the joint venture Uniseed Pty Ltd which was equity accounted for in the accounts of Melbourne University Private Ltd. On 23 December 2003 this interest was sold to the University of Melbourne. This interest has been accounted for as an Investment under Non-current Assets in the Statement of Financial Position in the 2003 Financial Statements of the University of Melbourne.

## 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 2003 by Craig Cunningham & Co (Real Estate) Pty Ltd. A valuation of land and buildings belonging to the Melbourne Business School Ltd was conducted as at 31 December 2002 by Craig Cunningham & Co (Real Estate) Pty Ltd. 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

#### Cost

Since 1992 all purchases to the general collection 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'.

#### Independent Valuation

The Rare Book Collection has been revalued in stages from 2001 to 2003. 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 and independently assessed by Edward Rushton Australia Pty Ltd. The parts of the collection not revalued in the previous two years were independently assessed by Kenneth Hince Old and Fine Books Pty Ltd in 2003.

The amount of revaluation is disclosed in Note 15(b).

### (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 Grainger 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.

### (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.



## NOTE 1. STATEMENT OF ACCOUNTING POLICIES – continued

### (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.

### (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)	12½%
General Equipment	25%
Scientific and Computing Equipment	33⅓%
Leasehold Improvements (amortised over the term of the lease)	
Library Collection:	
– Monographs	2½%
– Periodicals	2%
Software (amortised over three 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 rates stated above.

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

### 1.4 Goodwill

On an annual basis the carrying amount of goodwill is reassessed by the directors of those entities holding such intangible assets. Where the carrying amount of goodwill differs from this assessment the reduction is recorded in the Statement of Financial Performance.

### 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 Benefits

Provision is made for the University's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

# Notes to and forming part of the Financial Statements

## NOTE 1. STATEMENT OF ACCOUNTING POLICIES – continued

### Change in Accounting Policy

In the reporting periods prior to 31 December 2003 provisions for employee benefits (recreation leave) were measured using remuneration rates current at the reporting date as set out in Australian Accounting Standard AAS 30. For the period ended 31 December 2003, AAS 30 was superseded by AASB 1028 'Employee Benefits' to measure provisions for employee benefits at remuneration rates expected to apply when the obligation is settled, including future increases in remuneration rates.

The transitional arrangements of AASB 1028 on adoption at 1 January 2003 give rise to an adjustment to opening recreation leave liabilities and a corresponding change to retained surplus.

The impact of this change is:

Decrease Retained Surplus	\$908,294
Increase Recreation Leave Provision	\$908,294

#### (i) Recreation Leave

The provision for recreation leave represents the University's liability as at 31 December 2003 and has been determined in accordance with Australian Accounting Standard AASB1028. 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 2003. The liability has been calculated using both the nominal method and the net present value method in accordance with Australian Accounting Standard AASB 1028. Where there is no material difference, the nominal method is used which recognises leave entitlements of employees with more than four years service. The current portion of the liability is the amount expected to be settled within 12 months of the reporting date.

#### (iii) Superannuation

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

#### (iv) Unfunded Superannuation Liabilities

In accordance with the directions issued by the Minister for Finance in January 1999 and the revised 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as the Department of Education, Science and Training (DEST) the effects of the unfunded superannuation liabilities of the University and its controlled entity, the Victorian College of the Arts, were recorded in the Statement of Financial Performance and the Statement of Financial Position for the first time in 1998. The prior years' practice had been to disclose the liabilities by way of a note to the financial statements.

The unfunded liabilities recorded in the Statement of Financial Position under Provisions have been determined by the actuary of the Victorian Government Superannuation Office and relate to employees who transferred to the University from the former Melbourne College of Advanced Education (merged with the University 1 January 1989), 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 Scheme on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987*, *Higher Education Funding Act 1988* and subsequent amending legislation. Accordingly the unfunded liabilities have been recognised in the 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.

## **NOTE 1. STATEMENT OF ACCOUNTING POLICIES – continued**

### **1.7 Revenue Recognition**

#### **(i) Commonwealth Government Financial Assistance**

In accordance with Australian Accounting Standard AAS 15, 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 2004, 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.

#### **(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 1.16 Change in Accounting Policy.

Dividends are taken into income once they are ex dividend. Refer Note 31. In prior years dividends were recognised upon receipt. The difference due to this change is \$3.621 million in additional receivables.

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.

### **1.10 Leases**

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

# Notes to and forming part of the Financial Statements

## NOTE 1. STATEMENT OF ACCOUNTING POLICIES – continued

### 1.11 Taxation

The University of Melbourne and its controlled entities, with the exception of some of the wholly owned subsidiaries of Melbourne University Private Ltd, 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 Ltd are subject to income tax in the relevant tax jurisdictions.

The wholly owned subsidiaries of Melbourne University Private Ltd adopt the liability method of tax-effect accounting.

### 1.12 Cash

For the purpose of the Statement 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 Revaluation of Non-Current Assets

Accounting Standard AASB 1041 Revaluation of Non-Current Assets and the Victorian Government's Policy Revaluation of Non-Current Physical Assets requires reporting entities to measure assets within each class of non-current asset on either the cost basis or on a fair value basis. Subsequent to initial recognition, non-current physical assets, other than plant, equipment, vehicles and intangible assets, are measured at fair value. Plant, equipment and vehicles are measured at cost.

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

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

Revaluation increments and decrements are offset against one another within a class of non-current assets. The Victorian Government's policy specifies that land and buildings must be treated as separate classes.

### 1.14 Comparatives

The 2003 Financial Statements have been prepared consistent with the 2002 preparation. Comparative figures have been adjusted where there are changes in presentation for the current financial year. Refer Note 1.16.

### 1.15 Rounding

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

### 1.16 Change in Accounting Policy

#### Employee Benefits (Accounting Standard AASB 1028)

In consequence of a revision of Accounting Standard AASB 1028 the University and its controlled entities are required to measure provisions for employee benefits (annual leave) at remuneration rates expected to apply when the obligation is settled, including the expected future increase in remuneration rates. The change in accounting policy gives rise to an adjustment to opening retained surplus (refer Notes 1.6 and 14).

#### Investments Accounted for using the Equity Accounting Method

In the 2002 Annual Financial Statements Melbourne University Private Ltd's interest in the incorporated joint venture Uniseed Pty Ltd was accounted for using the equity accounting method. In consequence of the transfer of this interest to the University of Melbourne during 2003, this interest is now accounted for as a Non-Current Investment in the Statement of Financial Position (refer Note 1.2 (6)).

## 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)

	Note	CONSOLIDATED		UNIVERSITY	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Financial Assistance pursuant to the <i>Higher Education Funding Act 1988</i>, excluding HECS and PELS:</b>					
<b>Teaching &amp; Learning:</b>					
– Operating purposes excluding HECS and PELS	32.1	142,268	137,409	142,268	137,409
– Teaching Hospitals	32.1	974	952	974	952
<b>ARC:</b>					
– Discovery Projects	32.2	19,722	13,907	19,722	13,907
– Research Fellowships	32.2	1,372	1,963	1,372	1,963
– Federation Fellowships	32.2	2,079	1,159	2,079	1,159
– Discovery – Indigenous Researchers Project	32.2	5	10	5	10
– Linkage – Special Research Initiatives	32.2	260	-	260	-
– Linkage Projects	32.2	6,307	5,816	6,307	5,816
– Linkage Infrastructure	32.2	1,783	348	1,783	348
– International Researcher Exchange	32.2	278	181	278	181
– Centres of Excellence	32.2	4,273	1,398	4,273	1,398
<b>DEST:</b>					
– Institutional Grants Scheme	32.3	29,870	29,838	29,870	29,838
– Research Training Scheme	32.3	52,491	52,794	52,491	52,794
– Systemic Infrastructure Initiative	32.3	30	100	30	100
– Small Research	32.3	-	(6)	-	(6)
– Research Infrastructure	32.2	17,626	14,378	17,626	14,378
– Australian Postgraduate Awards	32.3	9,423	8,940	9,423	8,940
– International Postgraduate Research Scholarships	32.3	1,543	1,364	1,543	1,364
		<b>290,304</b>	<b>270,552</b>	<b>290,304</b>	<b>270,552</b>
<b>Commonwealth Research Financial Assistance and Other Commonwealth Funding</b>					
Department of Primary Industry		5,439	4,591	5,439	4,591
Cooperative Research Centre		5,861	4,757	5,861	4,757
National Health and Medical Research Council		43,950	38,151	43,950	38,151
Other Commonwealth Research		17,613	9,442	17,510	9,442
Commonwealth Government Federation Fund		-	1,027	-	-
Other Funding		16,118	13,409	12,940	10,782
		<b>88,981</b>	<b>71,377</b>	<b>85,700</b>	<b>67,723</b>
		<b>379,285</b>	<b>341,929</b>	<b>376,004</b>	<b>338,275</b>

# Notes to and forming part of the Financial Statements

## NOTE 2. REVENUES AND EXPENSES FROM ORDINARY ACTIVITIES – continued

	CONSOLIDATED		UNIVERSITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>2.2 Higher Education Contribution Scheme</b>				
(a) Amounts received from DEST pursuant to the <i>Higher Education Funding Act 1988</i> from HECS Trust Fund and amounts expended				
Amount received in previous period:				
– Advance payment received in previous period	5,650	5,565	5,650	5,565
Amount received in the reporting period	69,651	71,024	69,651	71,024
	<b>75,301</b>	<b>76,589</b>	<b>75,301</b>	<b>76,589</b>
Amount attributable to future period:				
– Advance payment received for next period	(5,666)	(5,650)	(5,666)	(5,650)
Amount expended in the reporting period	69,635	70,939	69,635	70,939
(b) HECS contributions actually received from students	19,011	16,973	18,694	16,690
(c) Total HECS revenue for the reporting period	<b>88,646</b>	<b>87,912</b>	<b>88,329</b>	<b>87,629</b>
<b>2.3 Victorian Government Financial Assistance</b>				
State Government Financial Assistance was received during the period for the following purposes:				
Recurrent Funding	9,076	8,091	9,076	8,091
Research Funding	9,648	6,189	9,648	6,189
Microbiological Diagnostic Unit	4,449	2,505	4,449	2,505
Support to the Arts (Arts Victoria)	342	1,567	307	1,208
Crown Grant for Bio21 Project	-	15,000	-	15,000
Funding for Drama and Library Projects at the Victorian College of the Arts	1,300	8,700	-	-
Miscellaneous Purposes	8,718	9,637	8,639	9,486
	<b>33,533</b>	<b>51,689</b>	<b>32,119</b>	<b>42,479</b>

## NOTE 2. REVENUES AND EXPENSES FROM ORDINARY ACTIVITIES – continued

	Note	CONSOLIDATED		UNIVERSITY	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>2.4 Fees and Charges</b>					
Fees and charges were collected from the following sources during the reporting period:					
Continuing Education		1,664	2,328	1,664	2,328
Full Fee-Paying Overseas Students		138,550	113,188	137,251	112,086
Fee-Paying Domestic Postgraduate Students (excluding PELS)		11,316	9,523	11,064	9,304
Fee-Paying Domestic Undergraduate Students		14,700	18,180	14,700	18,180
Fees from Domestic Students Undertaking Non-Award Courses		18	53	18	53
Other Course Charges		37,348	41,463	6,308	6,983
Library Fees		885	1,097	388	552
Rent/Use of Facilities		3,445	4,784	3,031	4,680
Charges for Student Accommodation		6,390	7,620	6,297	7,524
Parking Fees		2,528	1,800	2,446	1,744
Sundry Fees		4,109	2,327	4,101	2,313
TAFE Tuition		1,366	542	1,291	440
Hire of Apparatus/Laboratory Fees		48	61	-	30
Excursions		969	360	969	360
Seminar, Conference and Course Fees		3,498	3,592	3,210	2,997
Examination Fees		2,044	2,262	90	322
Charges for Services Provided		90,798	64,188	56,516	41,073
		<b>319,676</b>	<b>286,368</b>	<b>249,344</b>	<b>210,969</b>
<b>2.5 Investment Income</b>					
Investment Income comprises:					
Interest Received and Receivable		15,055	18,681	12,211	16,055
Dividends		41,172	23,773	38,031	21,436
Realised Gains		3,082	3,302	2,288	2,732
		<b>59,309</b>	<b>45,756</b>	<b>52,530</b>	<b>40,223</b>
<b>2.6 Other Revenue</b>					
Other Revenue comprises:					
Donations and Bequests		15,876	19,347	15,069	19,280
Publishing and Book Sales		12,678	9,869	11,188	9,851
Box Office Receipts		9,056	8,017	8,943	7,826
Computer Sales		2,382	2,632	2,382	2,632
Sale of Produce and Livestock		3,287	3,505	3,287	3,505
Proceeds from Sale of Assets	4	4,675	21,107	4,390	15,377
Non-Government Grants		53,503	38,066	53,068	38,035
Scholarships and Prizes		-	357	-	357
Copyright and Royalty Income		4,954	3,871	4,954	3,871
Miscellaneous Income		2,943	17,027	3,457	18,867
		<b>109,354</b>	<b>123,798</b>	<b>106,738</b>	<b>119,601</b>

The University receives donations, bequests, scholarships and prizes from various sources. It also receives grants from bodies other than the Commonwealth and State Governments. In cases where there are certain conditions attached, the University ensures that the monies are spent in accordance with the requirements and where necessary reports are furnished.

# Notes to and forming part of the Financial Statements

## NOTE 2. REVENUES AND EXPENSES FROM ORDINARY ACTIVITIES – continued

Note	CONSOLIDATED		UNIVERSITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>2.7 Employee Benefits</b>				
<b>Academic Employee Benefits</b>				
Academic Salaries	215,321	198,674	203,811	191,943
Contributions to Superannuation and Pension Schemes:				
– Deferred Employee Benefits for Superannuation	-	293	-	-
– Emerging Costs	7,699	6,865	7,412	6,349
– Funded	28,439	23,916	27,570	23,013
Payroll Tax	12,580	11,809	12,212	11,473
Workers' Compensation	1,199	1,102	1,152	1,053
Long Service Leave Expense	3,655	4,572	3,623	4,559
Annual Leave	1,876	2,520	1,793	2,469
Other	2,315	16	2,315	16
	<b>273,084</b>	<b>249,767</b>	<b>259,888</b>	<b>240,875</b>
<b>Non-Academic Employee Benefits</b>				
Non-Academic Salaries	178,620	171,171	150,151	141,973
Contributions to Superannuation and Pension Schemes:				
– Deferred Employee Benefits for Superannuation	(5,498)	(828)	(4,943)	(957)
– Emerging Costs	695	230	-	6
– Funded	23,389	20,740	21,082	18,799
Payroll Tax	10,516	9,544	9,140	8,477
Workers' Compensation	991	922	860	792
Long Service Leave Expense	2,160	2,451	2,011	2,491
Annual Leave	1,480	1,950	1,142	1,677
Other	3,772	1,551	3,695	1,386
	<b>216,125</b>	<b>207,731</b>	<b>183,139</b>	<b>174,644</b>
<b>Total Employee Benefits</b>	<b>489,210</b>	<b>457,498</b>	<b>443,027</b>	<b>415,519</b>
<b>2.8 Depreciation and Amortisation</b>				
Depreciation/Amortisation Expense by Class of Assets:				
<b>Tangible Assets</b>				
Buildings	40,095	36,333	37,857	34,731
Leasehold Improvements	922	196	75	92
Laboratory/Computing Equipment	15,634	10,692	15,124	10,252
General Equipment	6,268	6,275	5,060	5,218
Furniture	337	237	87	43
Motor Vehicles	1,726	1,586	1,542	1,403
Library Collection	9,048	9,090	8,823	8,877
<b>Total Tangible Assets</b>	<b>74,030</b>	<b>64,409</b>	<b>68,568</b>	<b>60,616</b>
<b>Intangible Assets</b>				
Goodwill	335	332	-	-
<b>Total Intangible Assets</b>	<b>335</b>	<b>332</b>	<b>-</b>	<b>-</b>
<b>Total Depreciation and Amortisation</b>	<b>74,365</b>	<b>64,741</b>	<b>68,568</b>	<b>60,616</b>



## NOTE 2. REVENUES AND EXPENSES FROM ORDINARY ACTIVITIES – continued

	Note	CONSOLIDATED		UNIVERSITY	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>2.9 Borrowing Costs</b>					
Interest Expense					
– Paid to Non-Related Persons/Corporations		11,100	11,319	11,088	11,369
<b>2.10 Buildings and Grounds</b>					
Maintenance Materials/Services:					
– Buildings		39,487	33,665	38,980	33,083
– Plant and Equipment		2,354	5,470	672	3,982
		<b>41,841</b>	<b>39,135</b>	<b>39,652</b>	<b>37,065</b>
<b>2.11 Bad and Doubtful Debts</b>					
Bad Debts Written Off		313	186	194	120
Increase/(Decrease) in Provision for Doubtful Debts		2,317	(110)	2,260	(12)
		<b>2,630</b>	<b>76</b>	<b>2,454</b>	<b>108</b>
<b>2.12 Accounting and Auditing Services</b>					
Auditing Accounts:					
– Auditor-General		231	185	162	107
– Other Auditors		192	135	-	-
Accounting Services		236	64	21	4
		<b>659</b>	<b>384</b>	<b>183</b>	<b>111</b>
<b>2.13 Other Expenses</b>					
Scholarships and Prizes		38,352	32,871	37,155	31,542
Equipment Purchases (Items not Capitalised)		19,279	23,989	18,908	23,567
Consumable Materials/Inventory Used		27,815	26,438	26,904	24,852
Travel, Staff Development and Training		29,702	30,071	25,998	25,384
Library Materials		3,159	4,290	2,552	3,933
Grants		39,154	23,548	39,154	22,982
Utilities and Services		42,618	38,697	39,502	35,756
Insurance		6,277	3,598	6,062	3,485
Financial Assistance Provided to Controlled Entities		-	-	16,159	15,666
Carrying Amount of Assets Sold	4	7,001	20,024	6,771	14,395
Rent		7,026	7,033	4,987	5,349
Printing and Publications		15,380	14,852	14,469	13,971
Leasing		915	1,179	858	1,150
Course Development, Preparation and Delivery		23,838	25,287	-	-
Other Operating Costs		63,984	60,882	51,107	50,948
		<b>324,501</b>	<b>312,759</b>	<b>290,586</b>	<b>272,980</b>

# Notes to and forming part of the Financial Statements

## NOTE 3. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

In the 2002 Annual Accounts, Melbourne University Private Ltd's interest in Uniseed Pty Ltd, a joint venture with the University of Queensland was reported using equity accounting. In 2003 this interest was transferred to the University of Melbourne and is reported in the University's financial accounts as a non-current investment. (Refer notes 1.2(6) and 1.16).

	CONSOLIDATED		UNIVERSITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
<b>NOTE 4. SALE OF ASSETS</b>				
<b>Proceeds from Sale</b>				
Investments	-	17,950	-	12,428
Property, Plant and Equipment	4,675	3,157	4,390	2,949
<b>Total Proceeds from Sale</b>	<b>4,675</b>	<b>21,107</b>	<b>4,390</b>	<b>15,377</b>
<b>Carrying Amount of Assets Sold/Scrapped</b>				
Investments	-	16,843	-	11,367
Property, Plant and Equipment	7,001	3,181	6,771	3,028
<b>Total Carrying Amount of Assets Sold</b>	<b>7,001</b>	<b>20,024</b>	<b>6,771</b>	<b>14,395</b>
<b>Net Profit/(Loss) on Sale of Assets</b>	<b>(2,326)</b>	<b>1,083</b>	<b>(2,380)</b>	<b>982</b>
<b>NOTE 5. INCOME TAX EXPENSE</b>				
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:	(586)	31	-	-
<b>Income tax effect of:</b>				
Non-Deductible Expenditure	839	7	-	-
Other	(261)	21	-	-
<b>Income Tax Expense/(Benefit)</b>	<b>(8)</b>	<b>59</b>	<b>-</b>	<b>-</b>
<b>Future income tax benefits not brought to account as assets:</b>				
Tax Losses – revenue	-	2	-	-

## NOTE 6. RECEIVABLES

### Current

Sundry Debtors

Provision for Doubtful Debts

Student Loans

Provision for Doubtful Debts

Government Contributions for Superannuation

Other Loans, Advances and Recoverables

### Non-Current

Student Loans

Government Contributions for Superannuation

Other Loans, Advances and Recoverables

Provision for Doubtful Debts

### 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 2003 is recorded at \$88.418 million (2002 \$93.917 million). Refer Notes 1.6(iv), 11 and 22.

## NOTE 7. INVESTMENTS

### Current

Bank and Term Deposits

Commercial Paper

Floating Rate Notes

Debentures

Shares in a Private Company

**Total Current Investments**

### Maturities of Current Investments

Investments – Maturing <90 days

Investments – Maturing >90 days

	CONSOLIDATED		UNIVERSITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Sundry Debtors	52,295	25,567	45,610	21,214
Provision for Doubtful Debts	(1,338)	(1,301)	(1,026)	(1,024)
	<b>50,957</b>	<b>24,266</b>	<b>44,584</b>	<b>20,190</b>
Student Loans	1,371	1,328	1,321	1,274
Provision for Doubtful Debts	(50)	(25)	(50)	(25)
	<b>1,321</b>	<b>1,303</b>	<b>1,271</b>	<b>1,249</b>
Government Contributions for Superannuation	8,670	6,215	7,840	5,600
Other Loans, Advances and Recoverables	1,779	3,929	211	1,858
	<b>10,449</b>	<b>10,144</b>	<b>8,051</b>	<b>7,458</b>
	<b>62,727</b>	<b>35,713</b>	<b>53,906</b>	<b>28,897</b>
Non-Current				
Student Loans	1,066	1,040	1,038	1,001
Government Contributions for Superannuation	79,748	87,702	67,903	75,086
	<b>80,814</b>	<b>88,742</b>	<b>68,941</b>	<b>76,087</b>
Other Loans, Advances and Recoverables	2,278	2,049	2,278	1,971
Provision for Doubtful Debts	(2,258)	-	(2,258)	-
	<b>20</b>	<b>2,049</b>	<b>20</b>	<b>1,971</b>
	<b>80,834</b>	<b>90,791</b>	<b>68,961</b>	<b>78,058</b>

Bank and Term Deposits	43,558	28,883	9,202	21,591
Commercial Paper	17,724	41,535	15,932	20,822
Floating Rate Notes	6,018	-	6,018	-
Debentures	12,145	7,635	12,145	7,635
Shares in a Private Company	-	977	-	-
<b>Total Current Investments</b>	<b>79,445</b>	<b>79,030</b>	<b>43,297</b>	<b>50,048</b>
Maturities of Current Investments				
Investments – Maturing <90 days	71,315	66,011	36,149	38,690
Investments – Maturing >90 days	8,130	13,019	7,148	11,358
	<b>79,445</b>	<b>79,030</b>	<b>43,297</b>	<b>50,048</b>

# Notes to and forming part of the Financial Statements

## NOTE 7. INVESTMENTS – continued

### Non-Current

Corporate Securities

Shares

Listed Income Securities/Unit Trusts

Shares in Subsidiary Companies

Debentures

Other

**Total Non-Current Investments**

**Total Investments**

	CONSOLIDATED		UNIVERSITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
	-	63,445	-	63,445
	609,658	475,966	564,840	437,057
	142,555	117,950	125,017	104,446
	-	2,077	16,440	10,350
	6,000	6,000	-	-
	90	840	(1,660)	840
	<b>758,303</b>	<b>666,278</b>	<b>704,637</b>	<b>616,138</b>
	<b>837,748</b>	<b>745,308</b>	<b>747,934</b>	<b>666,186</b>

Note 31.4 provides further details regarding the composition of the investments under Financial Assets for both Book Value and Market Value.

The University has moved a considerable segment of its investment portfolio from Current to Non Current Assets. The bulk of these assets are in Listed Investments with broad markets and are highly liquid.

## NOTE 8. INVENTORIES

Finished Goods

Raw Materials

Work in Progress

Livestock and Other

	3,454	3,433	3,097	3,359
	726	811	726	811
	13	69	-	69
	1,260	1,596	1,260	1,596
	<b>5,453</b>	<b>5,909</b>	<b>5,083</b>	<b>5,835</b>

## NOTE 9. OTHER (CURRENT) ASSETS

Prepaid Expense

Accrued Income

	6,127	8,551	5,807	7,545
	7,241	5,170	2,924	1,376
	<b>13,368</b>	<b>13,721</b>	<b>8,731</b>	<b>8,921</b>

## NOTE 10. PROPERTY, PLANT AND EQUIPMENT

### Freehold Land

At Cost

At Independent Valuation:

– 31 December 2003

– 31 December 2002

– 31 December 2000

### Buildings

At Cost

Provision for Depreciation

At Independent Valuation:

– 31 December 2003

At Independent Valuation:

– 31 December 2002

Provision for Depreciation

At Independent Valuation:

– 31 December 2000

Provision for Depreciation

Freehold Land and Buildings after Depreciation

	CONSOLIDATED		UNIVERSITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Freehold Land				
At Cost	423	16,521	423	16,521
At Independent Valuation:				
– 31 December 2003	488,484	-	446,484	-
– 31 December 2002	24,655	24,655	-	-
– 31 December 2000	-	401,236	-	361,236
	<b>513,562</b>	<b>442,412</b>	<b>446,907</b>	<b>377,757</b>
Buildings				
At Cost	14,894	261,107	14,702	258,938
Provision for Depreciation	(866)	(8,938)	(866)	(8,857)
	<b>14,028</b>	<b>252,169</b>	<b>13,836</b>	<b>250,081</b>
At Independent Valuation:				
– 31 December 2003	<b>1,233,328</b>	-	<b>1,193,943</b>	-
At Independent Valuation:				
– 31 December 2002	33,202	33,248	-	46
Provision for Depreciation	(1,111)	-	-	-
	<b>32,091</b>	<b>33,248</b>	<b>-</b>	<b>46</b>
At Independent Valuation:				
– 31 December 2000	-	926,666	-	907,046
Provision for Depreciation	-	(54,520)	-	(53,343)
	<b>-</b>	<b>872,146</b>	<b>-</b>	<b>853,703</b>
Freehold Land and Buildings after Depreciation	<b>1,793,009</b>	<b>1,599,975</b>	<b>1,654,686</b>	<b>1,481,587</b>

# 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 2003

– 31 December 2002

– 31 December 2001

– 31 December 1992

### Library Collection after Depreciation

### Works of Art

At Independent Valuation:

– 10 October 2002

– 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	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
	324,103	312,168	321,231	309,396
	(84,344)	(75,296)	(82,160)	(73,337)
	<b>239,759</b>	<b>236,872</b>	<b>239,071</b>	<b>236,059</b>
	11,168	-	11,168	-
	9,402	9,402	9,402	9,402
	31,266	31,266	31,266	31,266
	769	9,064	769	9,064
	<b>52,605</b>	<b>49,732</b>	<b>52,605</b>	<b>49,732</b>
	<b>292,364</b>	<b>286,604</b>	<b>291,676</b>	<b>285,791</b>
	10,415	10,415	10,399	10,399
	1,241	1,241	-	-
	32,005	32,005	32,005	32,005
	1,214	1,214	1,214	1,214
	<b>44,875</b>	<b>44,875</b>	<b>43,618</b>	<b>43,618</b>
	9,430	10,494	8,504	9,566
	(3,735)	(4,532)	(3,337)	(4,163)
	<b>5,695</b>	<b>5,962</b>	<b>5,167</b>	<b>5,403</b>
	4,922	4,390	1,154	1,076
	(2,433)	(2,195)	(300)	(302)
	<b>2,489</b>	<b>2,195</b>	<b>854</b>	<b>774</b>
	134,188	108,339	124,506	100,609
	(105,884)	(89,746)	(98,774)	(83,680)
	<b>28,304</b>	<b>18,593</b>	<b>25,732</b>	<b>16,928</b>

## 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

	CONSOLIDATED		UNIVERSITY	
	2003	2002	2003	2002
	\$'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	52,753	55,669	46,970	50,122
Provision for Depreciation	(39,162)	(40,826)	(35,683)	(37,931)
General Equipment after Depreciation	13,591	14,843	11,287	12,191
Leasehold Improvements				
At Cost	3,824	3,018	1,040	1,310
Provision for Amortisation	(1,556)	(920)	(345)	(547)
Leasehold Improvements after Amortisation	2,268	2,098	695	763
Construction in Progress				
At Cost	74,310	81,951	74,310	66,403
Total Property, Plant and Equipment				
At Cost	618,848	858,370	592,840	818,656
Provisions for Depreciation/Amortisation	(237,980)	(222,451)	(221,463)	(208,817)
	380,868	635,919	371,377	609,839
At Independent Valuation:	1,877,148	1,480,412	1,736,649	1,361,678
Provisions for Depreciation	(1,111)	(54,521)	-	(53,344)
	1,876,037	1,425,891	1,736,649	1,308,334
Total Written Down Value	2,256,905	2,061,810	2,108,026	1,918,173

# 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	442,412	1,157,563	286,604	44,875
Transfers between Classes	-	(20)	-	-
Additions	423	2,976	11,933	-
Disposals	(1,829)	(3,356)	-	-
Revaluation Increments/(Decrements)	72,555	91,490	2,874	-
Depreciation Expense	-	(40,082)	(9,047)	-
Transfer from Construction in Progress	-	72,536	-	-
Write-offs	-	(1,660)	-	-
Carrying Amount at End of Reporting Period	513,561	1,279,447	292,364	44,875

	Motor Vehicles \$'000	Furniture \$'000	Equipment* \$'000
Balance at Beginning of Year	5,962	2,195	38,151
Transfers between Classes	-	156	(160)
Additions	3,647	501	25,931
Disposals	(2,187)	(16)	(95)
Revaluation Increments/(Decrements)	-	-	-
Depreciation Expense	(1,726)	(347)	(21,906)
Transfer from Construction in Progress	-	-	-
Write-offs	(1)	-	(26)
Carrying Amount at End of Reporting Period	5,695	2,489	41,895

	Leasehold Improvements \$'000	Construction In Progress \$'000	Total 2003 \$'000	Total 2002 \$'000
Balance at Beginning of Year	2,098	81,951	2,061,811	1,987,836
Transfers between Classes	24	-	-	-
Additions	1,104	64,895	111,410	125,601
Disposals	(36)	-	(7,519)	(2,954)
Revaluation Increments/(Decrements)	-	-	166,919	15,964
Depreciation Expense	(922)	-	(74,030)	(64,409)
Transfer from Construction in Progress	-	(72,536)	-	-
Write-offs	-	-	(1,687)	(227)
Carrying Amount at End of Reporting Period	2,268	74,310	2,256,904	2,061,811

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



## NOTE 10. PROPERTY, PLANT AND EQUIPMENT – continued

### (b) (i) TOTAL UNIVERSITY \_ 2003

	Freehold Land \$'000	Buildings \$'000	Library Collection \$'000	Works of Art \$'000
Balance at Beginning of Year	377,757	1,103,830	285,791	43,618
Transfers between Classes	-	(20)	-	-
Additions	423	2,469	11,834	-
Disposals	(1,828)	(3,356)	-	-
Revaluation Increments/(Decrements)	70,555	89,082	2,874	-
Depreciation Expense	-	(37,843)	(8,823)	-
Transfer from Construction in Progress	-	55,277	-	-
Write-offs	-	(1,660)	-	-
Carrying Amount at End of Reporting Period	446,907	1,207,779	291,676	43,618

	Motor Vehicles \$'000	Furniture \$'000	Equipment* \$'000
Balance at Beginning of Year	5,403	774	33,834
Transfers between Classes	-	180	(160)
Additions	3,272	6	23,652
Disposals	(1,966)	(9)	(94)
Revaluation Increments/(Decrements)	-	-	-
Depreciation Expense	(1,542)	(97)	(20,187)
Transfer from Construction in Progress	-	-	-
Write-offs	-	-	(26)
Carrying Amount at End of Reporting Period	5,167	854	37,019

	Leasehold Improvements \$'000	Construction In Progress \$'000	Total 2003 \$'000	Total 2002 \$'000
Balance at Beginning of Year	763	66,403	1,918,173	1,871,874
Transfers between Classes	-	-	-	-
Additions	43	63,184	104,883	109,223
Disposals	(36)	-	(7,289)	(2,800)
Revaluation Increments/(Decrements)	-	-	162,511	720
Depreciation Expense	(75)	-	(68,567)	(60,617)
Transfer from Construction in Progress	-	(55,277)	-	-
Write-offs	-	-	(1,686)	(227)
Carrying Amount at End of Reporting Period	695	74,310	2,108,025	1,918,173

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

# 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	
2003	2002	2003	2002
\$'000	\$'000	\$'000	\$'000
8,197	8,144	7,777	7,363
39,326	36,120	36,748	34,645
8,670	6,215	7,840	5,600
15	2	-	-
152	35	6	6
<b>56,362</b>	<b>50,516</b>	<b>52,371</b>	<b>47,614</b>
55,380	51,969	53,790	50,335
79,748	87,702	67,903	75,086
4,703	3,831	4,703	3,831
4	70	-	-
<b>139,835</b>	<b>143,572</b>	<b>126,396</b>	<b>129,252</b>

### Provision for Employee Entitlements – Deferred Benefits for Superannuation

A total consolidated unfunded liability for retirement benefits of \$88.418 million (2002 – \$93.917 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

13,172	11,780	12,017	10,727
5,424	5,650	5,424	5,650
7,611	10,617	7,611	10,617
20,058	18,838	11,749	10,303
13,677	8,509	11,408	6,582
59,942	55,394	48,209	43,879
207	-	207	-
<b>60,149</b>	<b>55,394</b>	<b>48,416</b>	<b>43,879</b>

## NOTE 13. BORROWINGS

### Current

#### Secured Bank Borrowings

### Non-Current

#### Secured Bank Borrowings

2,032	1,918	2,032	1,918
<b>144,354</b>	<b>146,386</b>	<b>144,354</b>	<b>146,386</b>
<b>146,386</b>	<b>148,304</b>	<b>146,386</b>	<b>148,304</b>

The Bank Borrowing is for the construction of a major educational facility comprising academic buildings with a small retail component and 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 14. RETAINED SURPLUS

Balance at the Beginning of Year	550,414	494,009	466,796	419,090
Operating Result from Ordinary Activities after Income Tax	64,356	66,474	62,085	57,611
Annual Leave – AASB 1028 Adjustment	(941)	-	(908)	-
Transfers to/(from) Reserves	(12,769)	(10,069)	(11,890)	(9,905)
Balance at the End of Year	<b>601,060</b>	<b>550,414</b>	<b>516,083</b>	<b>466,796</b>

Note	CONSOLIDATED		UNIVERSITY	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
	550,414	494,009	466,796	419,090
	64,356	66,474	62,085	57,611
	(941)	-	(908)	-
15(b)	(12,769)	(10,069)	(11,890)	(9,905)
	<b>601,060</b>	<b>550,414</b>	<b>516,083</b>	<b>466,796</b>

## 15(a). EQUITY – RESERVES

Trust Fund Reserve	207,455	193,445	207,455	193,445
General Reserve	50,031	50,031	50,000	50,000
Asset Revaluation Reserve	1,934,175	1,746,281	1,824,632	1,636,247
Special Purpose Reserve	7,188	8,430	53	2,174
Members Capital Reserve	30,130	30,130	-	-
Capital Profits Reserve	10,032	1,872	-	-
Foreign Currency Reserve	(1,106)	(213)	-	-
<b>Total Reserves</b>	<b>2,237,905</b>	<b>2,029,976</b>	<b>2,082,140</b>	<b>1,881,866</b>

## 15(b). MOVEMENTS IN RESERVES

<b>Trust Fund Reserve</b>				
Balance Beginning of Year	193,445	183,919	193,445	183,919
Transfer Operating Surplus/(Deficit)	11,472	9,526	11,472	9,526
Transfers from Aux Ops/Other Reserves	1,609	-	1,609	-
Transfer from Retained Surplus	929	-	929	-
Balance End of Year	<b>207,455</b>	<b>193,445</b>	<b>207,455</b>	<b>193,445</b>
<b>General Reserve</b>				
Balance beginning of year	50,031	50,026	50,000	50,000
Transfer Operating Surplus/(Deficit)	-	5	-	-
Balance End of Year	<b>50,031</b>	<b>50,031</b>	<b>50,000</b>	<b>50,000</b>
<b>Asset Revaluation Reserve</b>				
Balance Beginning of Year	1,746,281	1,584,499	1,636,247	1,500,216
Changes due to:				
Revaluation Investments	29,139	147,691	25,879	135,311
Revaluation Freehold Land and Buildings	164,042	15,228	159,633	-
Revaluation Library Collection	2,873	720	2,873	720
Revaluation Works of Art	-	16	-	-
Transfers to Capital Profits Reserve	(8,160)	(1,872)	-	-
Balance End of Year	<b>1,934,175</b>	<b>1,746,281</b>	<b>1,824,632</b>	<b>1,636,247</b>

# Notes to and forming part of the Financial Statements

## 15(b). MOVEMENTS IN RESERVES – continued

### Special Purpose Reserve

	CONSOLIDATED		UNIVERSITY	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Balance Beginning of Year	8,430	7,887	2,174	1,800
Transfer Operating Surplus/(Deficit)	(1,242)	543	(2,121)	373
Balance End of Year	<b>7,188</b>	<b>8,430</b>	<b>53</b>	<b>2,174</b>

### Members Capital Reserve

Balance Beginning of Year	30,130	30,130	-	-
Balance End of Year	<b>30,130</b>	<b>30,130</b>	-	-

### Capital Profits Reserve

Balance Beginning of Year	1,872	-	-	-
Transfer from Asset Revaluation Reserve	8,160	1,872	-	-
Balance End of Year	<b>10,032</b>	<b>1,872</b>	-	-

### Foreign Currency Translation Reserve

Balance Beginning of Year	(213)	-	-	-
Translation of Foreign Operations	(893)	(213)	-	-
Balance End of Year	<b>(1,106)</b>	<b>(213)</b>	-	-

### Summary of Transfers –

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

Trust Fund Reserve	14,011	9,526	14,011	9,526
General Reserve	-	5	-	-
Special Purpose Reserve	(1,242)	543	(2,121)	373
	<b>12,769</b>	<b>10,074</b>	<b>11,890</b>	<b>9,899</b>

## NOTE 16. NOTES TO THE STATEMENT OF CASH FLOWS

### (a) Reconciliation of Cash

Cash	29,305	62,146	19,452	49,592
Petty Cash Floats	129	83	129	83
Deposits at Call/Term Deposits	48,574	48,950	9,200	18,591
Bank Bills (Maturity < than 90 days)	28,741	20,126	26,949	18,141
	<b>106,749</b>	<b>131,305</b>	<b>55,730</b>	<b>86,407</b>

	Note	CONSOLIDATED		UNIVERSITY	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>NOTE 16. NOTES TO THE STATEMENT OF CASH FLOWS – continued</b>					
<b>(b) Reconciliation of Net Cash provided by Operating Activities with Operating Result from Ordinary Activities after Income Tax</b>					
Operating Result from Ordinary Activities after Income Tax		64,356	66,474	62,085	57,611
Share of Joint Venture Entity Net Loss	3	(2,007)	2,007	-	-
Crown Grant received for Bio21 Project	2.3	-	(15,000)	-	(15,000)
Depreciation		73,989	64,409	68,568	60,616
Amortisation of Goodwill		377	332	-	-
Increase/(Decrease) in Provision for Doubtful Debts		2,320	(46)	2,285	(12)
Decrease in Provision for Taxation		(58)	249	-	220
Increase/(Decrease) in Payables		403	(4,400)	(483)	(2,160)
Increase in Wages and Salaries Payable		2,121	9,312	2,027	9,107
Increase/(Decrease) in Receivables/Prepayments		(20,181)	10,828	(20,281)	7,051
Increase/(Decrease) in Income in Advance		7,341	3,528	7,271	2,995
Write-off of Goodwill		1,498	-	-	-
Loss/(Gain) on Sale/Redemption of Investments		(2,974)	(1,107)	(2,180)	(1,061)
Loss/(Gain) on Sale of Non-Current Assets		2,326	24	2,380	80
Decrease/(Increase) in Inventories		457	2,164	242	2,200
Write back off Pool Units Revaluation		(237)	-	(237)	-
Adjustment to Annual Leave due to AASB1028		(941)	-	(908)	-
<b>Net cash from Operating Activities</b>		<b>128,786</b>	<b>138,774</b>	<b>120,768</b>	<b>121,647</b>
<b>NOTE 17. OPERATING LEASE EXPENDITURE COMMITMENTS</b>					
Not later than one year		5,175	4,818	4,104	3,461
Later than one year but not later than five years		19,948	16,864	18,194	14,619
Later than five years		28,847	13,055	27,687	11,895
		53,970	34,737	49,985	29,975
<b>Current Year Operating Lease Expenditure</b>		<b>5,475</b>	<b>4,289</b>	<b>4,104</b>	<b>3,461</b>
<b>NOTE 18. CAPITAL EXPENDITURE COMMITMENTS</b>					
At 31 December 2003 estimated Capital Expenditure contracted for but not provided for is as follows:					
Payable not later than one year		43,000	78,950	43,000	76,647
Payable later than one year but not later than five years		4,500	18,700	4,500	18,700
<b>Total Capital Commitments</b>		<b>47,500</b>	<b>97,650</b>	<b>47,500</b>	<b>95,347</b>

Included in the above is the University's commitment to contribute \$4.5 million to Uniseed with no specified payment plan. Refer to Note 1.2(6).

# Notes to and forming part of the Financial Statements

## NOTE 19. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The University and its controlled entities have the following contingent assets and contingent liabilities as at 31 December 2003.

### 19.1 Contingent Assets

#### 19.1.1 Creswick Land

The Victorian State Government has advised that it proposes to transfer to the University land (approximately 20 hectares) and buildings situated at Creswick. The University currently uses this land and buildings for teaching and research in forestry, the value of which has been assessed to be \$4 million at 31 December 2003.

### 19.2 Contingent Liabilities

#### 19.2.1 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 in place is \$5,385,000 and the actuarial assessment of claims liability as at 31 December 2003 is \$4,703,000.
- (b) In addition, the University has provided an indemnity to cover the National Australia Bank guarantee to the City of Melbourne in respect of a 50-year lease (signed in 2000) in respect of a site on which the University has constructed and is operating a car park (\$600,000);
- (c) The University has provided an indemnity on behalf of its controlled entity, Australian International Health Institute Ltd, to cover a National Australia Bank 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.

#### 19.2.2 Student Accommodation

##### (a) College Square

The University has agreed to provide a rental guarantee for two years 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 guarantee for the South and North Towers expired in 2002.

The rental guarantee for the Central Tower applies to 2003 and 2004. For 2003, the impact of this rental guarantee was a net payment of \$167,686. Assuming a zero occupancy, the University's maximum liability in 2004 is \$2,353,853. 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.

#### 19.2.3 Tax Exempt Status – Melbourne University Private Ltd

Pursuant to the transfer of the activities of Melbourne Enterprises International Ltd to Melbourne University Private Ltd in 2002, Melbourne Enterprise International Ltd lodged a tax ruling request with the Australian Tax Office with respect to confirming Melbourne Enterprise International Ltd's tax exempt status. On 18 December 2003 the Australian Taxation Office provided the determination that, based on Melbourne Enterprise International Ltd's making donations of \$51,000,000 to the University of Melbourne, Melbourne Enterprise International Ltd was not entitled to exemption from income tax from 1 July 1999. Melbourne Enterprise International Ltd has until 3 May 2004 to lodge a submission responding to the Australian Taxation Office's determination. The Directors of Melbourne University Private Ltd, the successor in law to Melbourne Enterprises International Limited will lodge a submission by the due date disagreeing with the Australian Taxation Office's determination. As at the balance date the final outcome of this matter is uncertain and it is not feasible to quantify with any certainty the potential financial impact on the consolidated entity of the possible loss of tax exempt status for Melbourne Enterprise International Ltd.

## NOTE 20. PARTICULARS IN RELATION TO EACH CONSOLIDATED ENTITY

	Operating Surplus/(Deficit) after Income Tax	
	2003 \$'000	2002 \$'000
<b>University General</b>		
Operating Result from Ordinary Activities	51,143	46,660
<b>Trust Funds</b>	11,472	9,394
<b>Auxiliary Operations:</b>		
Students Loan Fund (included as part of University General in 2003)	-	(90)
Halls of Residence:		
– Medley Hall	10	(6)
– Kendall Hall	6	27
– International House	183	508
Child Care Services	123	207
Sport and Physical Recreation Centre	104	138
The Ian Potter Museum of Art	(262)	29
Veterinary Clinic and Hospital	(245)	3
Strathfieldsaye Estate*	(986)	99
Melbourne Theatre Company	33	602
Melbourne University Press**	-	(197)
Melbourne University Bookshop	504	-
Elimination item between Student Loan Fund and University General	-	238
<b>Sub-Total University</b>	<b>62,085</b>	<b>57,612</b>
<b>Controlled Entities</b>		
Victorian College of the Arts	2,734	9,434
Melbourne Business School Limited	3,314	992
Melbourne University Private Ltd	140	(1,955)
Meanjin Company Limited	2	(13)
Melbourne University Publishing Limited	(647)	-
Australian Music Examinations Board (Vic) Limited	(84)	25
Australian International Health Institute Limited	225	407
Land and Food Services Ltd (previously VCAH Services Ltd)	11	8
The School of Forestry, Creswick Limited	(628)	94
Melbourne Ventures Pty Ltd***	-	-
MU Student Union Ltd***	-	-
Australian National Academy of Music Limited	204	(129)
<b>Sub-Total Controlled Entities</b>	<b>5,271</b>	<b>8,862</b>
Proceeds of Investment sold by Melbourne University Private to University	(3,000)	
<b>Total</b>	<b>64,356</b>	<b>66,474</b>

\*The net assets and liabilities of Strathfieldsaye Estate were transferred to the Australian Landscape Trust on 30 September 2003. As such this result reflects the Operating Result to that date.

\*\*2002 result comprises 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.

\*\*\*Accounts were not prepared for Melbourne Ventures Pty Ltd and MU Student Union Ltd in 2003 (refer Note. 1.2(5)).

# 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); and

(ii) State Government Schemes closed to future membership by University employees:

- State Employees Retirement Benefits Scheme; and
- 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 2003, 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*. Pursuant to Clause 32.2 of the UniSuper Trust Deed, during 2003 the University made contributions at the rate of 14% for employees contributing an amount equal to 7% of their gross salary and 7% for employees electing to contribute at half rate of 3.5%.

**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 2003 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% as prescribed under the *Superannuation Guarantee Charge Act 1992* in respect of the University's casual and non-permanent employees who were not members of the Defined Benefit Plan or the Investment Choice Plan.

**21.4** The State Employees Retirement Benefits Scheme and the State Superannuation Scheme are administered by the Government Superannuation Office. The Government funding for this scheme is discussed in Note 1.6 (iv).

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

	2003 \$'000	2002 \$'000
UniSuper – Defined Benefit Plan and Investment Choice Plan	32,696	31,436
UniSuper – Award Plus Plan	19,478	11,991
State Government Schemes	697	297
Other Superannuation Funds	91	932
	<b>52,962</b>	<b>44,656</b>



## 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 2003 the unfunded superannuation liability amounted to:

	2003 \$'000	2002 \$'000
University of Melbourne	75,743	80,686
Victorian College of the Arts	12,675	13,231
	<b>88,418</b>	<b>93,917</b>

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.

## 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 2003 assessed liabilities at \$4,703,000 (\$3,831,000 at 31 December 2002) which is projected to increase to \$5,359,000 by 31 December 2004.

## 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.

GEOGRAPHICAL	REVENUE		OPERATING RESULT AFTER INCOME TAX		ASSETS	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Australia	998,529	943,959	66,461	66,646	3,284,006	3,013,592
Asia	228	280	(181)	(147)	142	154
Other	7,889	10,213	(1,924)	(25)	6,045	8,061
Total	1,006,646	954,452	64,356	66,474	3,290,193	3,021,807

INDUSTRY	REVENUE		OPERATING RESULT AFTER INCOME TAX		ASSETS	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Higher Education	836,366	781,921	65,337	59,371	3,043,838	2,758,370
TAFE	9,323	8,207	(2,434)	(2,003)	-	-
Other	160,956	164,324	1,452	9,106	246,355	263,437
Total	1,006,646	954,452	64,356	66,474	3,290,193	3,021,807

# 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:

### Consultancies costing less than \$100,000

Payments to Consultants

Number of Consultancies Engaged – 26 in 2003 (42 in 2002)

### Consultancies costing more than \$100,000

Beaton Consulting Pty Ltd – Market Research and business planning

re postgraduate coursework programs

Eduworld – Online education

Acumen Alliance Vic Pty Ltd – Advice on Project Management

**Total Consultancy Cost**

2003 \$'000	2002 \$'000
410	634
-	229
-	200
401	-
<b>811</b>	<b>1,063</b>

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

## NOTE 26. COUNCIL MEMBERS AND EXECUTIVES REMUNERATION

### (a) Remuneration of Members of Council:

Total amounts received by Members of Council

– (including accumulated benefits due to Council Members who retired during the year)

2003 \$'000	2002 \$'000
1,051	905

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

Nil

\$1- \$10,000

\$10,001- \$20,000

\$20,001- \$30,000

\$50,001- \$60,000

\$80,001- \$90,000

\$90,001-\$100,000

\$140,001-\$150,000

\$150,001-\$160,000

\$160,001-\$170,000

\$180,001-\$190,000

\$500,001-\$510,000

\$540,001-\$550,000

Number	Number
14	13
-	2
-	1
2	-
1	-
1	-
-	1
-	1
-	1
1	1
1	-
-	1
1	-
<b>21</b>	<b>21</b>

## NOTE 26. COUNCIL MEMBERS AND EXECUTIVES REMUNERATION cont.

### (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  
\$230,001-\$240,000  
\$240,001-\$250,000  
\$250,001-\$260,000  
\$260,001-\$270,000  
\$280,001-\$290,000  
\$300,001-\$310,000  
\$310,001-\$320,000  
\$350,001-\$360,000  
\$500,001-\$510,000  
\$540,001-\$550,000  
\$600,001-\$610,000  
\$620,001-\$630,000

	2003 \$'000	2002 \$'000
	11,236	8,509
	Number	Number
	9	3
	4	3
	5	3
	1	1
	-	3
	6	2
	3	6
	5	1
	3	5
	3	3
	2	5
	1	1
	4	1
	2	-
	2	2
	1	1
	3	1
	1	-
	1	-
	-	1
	1	-
	-	1
	1	-
	1	-
	-	1
	59	44

# 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 Minister 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	Dr J Hood (appointed 13 May 2003)
Mr T L Anning	Judge I E Lawson
The Hon. Mr Justice A Chernov QC	Dr B Lochtenberg
Mr D A Crawford (resigned 20 January 2004)	Mrs F S Marles
S Crennan (appointed 13 May 2003)	Prof. P B McPhee (resigned 1 October 2003)
Dr N G Curry (resigned 12 January 2004)	Ms N Nurmila (appointed 1 January 2003)
Ms M Doig	Mr D Perkins
Mr R Evans	Mr I A Renard
The Hon. B Forwood MLC	Prof. F Rickards
Prof. A D Gilbert (resigned 31 January 2004)	Mrs R Storelli
The Hon. D R White	

### (c) Transactions with Members of Council and 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. He is also a Director of CSL Limited which has entered into contracts with the University on normal commercial terms and conditions.

Mr D A Crawford is a member of the Advisory Board to Allens Arthur Robinson, Solicitors. The firm has provided legal services to the University and its controlled entities on normal commercial terms and conditions.

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 2003

	UNIVERSITY GENERAL \$'000	TRUST FUNDS \$'000	AUXILIARY OPERATIONS \$'000	UNIVERSITY TOTAL \$'000	CONTROLLED ENTITIES \$'000	CONSOLIDATED \$'000
<b>Revenue</b>						
Commonwealth Government Grants:						
– General Operating	149,453	-	-	149,453	2,633	152,086
– Research	219,825	-	-	219,825	103	219,928
– Other	11,336	-	1,601	12,937	545	13,482
Operating Funds from Melbourne University	-	-	1,180	-	16,159	-
Higher Education Contribution Scheme	88,329	-	-	88,329	317	88,646
Post Education Loans Scheme	11,310	-	-	11,310	4,819	16,129
Victorian Government Grants	31,748	-	371	32,119	1,414	33,533
Other Research Grants	-	-	-	-	406	406
Course Fees and Charges	173,975	-	4,214	178,188	62,074	240,262
Investment Income	36,149	15,845	632	52,530	8,049	60,578
Charges for Services	66,968	134	13,841	80,944	10,733	90,688
Donations and Bequests	9,173	5,107	814	15,095	807	15,902
Non-Government Grants	53,042	-	-	53,042	166	53,207
Proceeds of Non-Current Asset Sales	4,166	-	224	4,390	8,785	4,675
Other	7,031	(3,916)	22,402	24,847	2,141	25,082
Deferred Income – Government Contributions for Superannuation	(4,943)	-	-	(4,943)	(555)	(5,498)
Internal Recoveries/Transfers	(412)	(12)	-	(424)	-	(2,459)
<b>Total Revenue</b>	<b>857,150</b>	<b>17,159</b>	<b>45,279</b>	<b>917,642</b>	<b>118,594</b>	<b>1,006,646</b>

# Notes to and forming part of the Financial Statements

## NOTE 28. STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2003 – continued

	UNIVERSITY GENERAL \$'000	TRUST FUNDS \$'000	AUXILIARY OPERATIONS \$'000	UNIVERSITY TOTAL \$'000	CONTROLLED ENTITIES \$'000	CONSOLIDATED \$'000
<b>Less Expenses</b>						
Employee Benefits	422,606	2,002	18,418	443,027	46,183	489,210
Depreciation and Amortisation	66,445	1	2,121	68,568	5,797	74,365
Borrowing Costs	11,088	-	96	11,088	13	11,100
Buildings and Grounds	38,315	-	1,337	39,652	2,189	41,841
Bad and Doubtful Debts	2,378	-	76	2,454	176	2,630
Accounting and Auditing Services	168	-	212	183	604	659
Scholarships	35,396	1,638	121	37,155	1,197	38,352
Equipment Purchases (items not capitalised)	18,251	260	397	18,908	371	19,279
Consumable Materials	22,180	(62)	4,785	26,904	911	27,815
Travel, Staff Development and Training	24,976	118	904	25,998	3,704	29,702
Library Materials	2,147	375	30	2,552	607	3,159
Grants	38,651	463	40	39,154	-	39,154
Rent	2,757	30	2,200	4,987	2,039	7,026
Utilities and Services	13,297	14	1,043	39,502	3,116	42,618
Professional Services	41,348	-	779	16,978	-	16,978
Leasing Payments	815	1	42	858	57	915
Printing and Publications	7,394	7	7,067	14,469	911	15,380
Insurance	6,040	-	22	6,062	215	6,277
Funding Provided to Controlled Entities	17,338	-	-	16,159	-	-
Carrying Amount of Assets Sold/Transferred	5,632	-	1,138	6,771	5,730	7,001
Miscellaneous Operating Costs	24,128	14	-	24,142	3,422	27,564
Other Expenses	-	824	4,980	5,331	14,258	14,787
Program and Course Development, Preparation and Delivery Services	-	-	-	-	23,838	23,838
Course Fees Paid	4,655	-	-	4,655	-	4,655
<b>Total Expenses</b>	<b>806,007</b>	<b>5,686</b>	<b>45,809</b>	<b>855,557</b>	<b>115,338</b>	<b>944,305</b>
Net Loss on Equity Accounting	-	-	-	-	(293)	(293)
Gain on Sale Relating to Recorded Losses	-	-	-	-	2,300	2,300
<b>Operating Result from Ordinary Activities</b>	<b>51,143</b>	<b>11,472</b>	<b>(531)</b>	<b>62,085</b>	<b>5,263</b>	<b>64,348</b>
Income Tax	-	-	-	-	8	8
<b>Operating Result after Income Tax</b>	<b>51,143</b>	<b>11,472</b>	<b>(531)</b>	<b>62,085</b>	<b>5,271</b>	<b>64,356</b>
Accumulated Funds at Beginning of Year	456,190	-	10,369	466,796	77,910	550,414
Adjustment Due to Introduction of AASB1028	(908)	-	-	(908)	(33)	(941)
Transfers from Auxiliary Operations	8,492	1,609	(10,101)	-	-	-
Transfers from University General to Trusts	(929)	929	-	-	-	-
Transfers from/(to) Reserves	(902)	(14,010)	3,260	(11,890)	(879)	(12,768)
<b>Accumulated Funds at End of Year</b>	<b>513,087</b>	<b>-</b>	<b>2,997</b>	<b>516,083</b>	<b>82,269</b>	<b>601,060</b>

## NOTE 29. STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2003

	UNIVERSITY GENERAL \$'000	TRUST FUNDS \$'000	AUXILIARY OPERATIONS \$'000	UNIVERSITY TOTAL \$'000	CONTROLLED ENTITIES \$'000	CONSOLIDATED \$'000
<b>Current Assets</b>						
Cash	4,321	47,598	14,143	19,580	10,116	29,434
Inventories	2,352	-	2,731	5,083	370	5,453
Receivables	54,455	42	2,175	53,906	8,955	62,727
Investments	43,297	-	-	43,297	36,148	79,445
Other	6,420	-	2,312	8,731	4,637	13,368
<b>Total Current Assets</b>	<b>110,844</b>	<b>47,641</b>	<b>21,361</b>	<b>130,597</b>	<b>60,226</b>	<b>190,427</b>
<b>Non-Current Assets</b>						
Receivables	73,780	21	-	68,961	11,873	80,834
Investments	556,746	147,892	-	704,637	70,105	758,303
Property, Plant and Equipment	2,045,457	2,248	60,321	2,108,026	148,879	2,256,905
Intangibles – Goodwill	-	-	-	-	3,725	3,725
<b>Total Non-Current Assets</b>	<b>2,675,982</b>	<b>150,160</b>	<b>60,321</b>	<b>2,881,624</b>	<b>234,583</b>	<b>3,099,767</b>
<b>Total Assets</b>	<b>2,786,826</b>	<b>197,801</b>	<b>81,681</b>	<b>3,012,221</b>	<b>294,809</b>	<b>3,290,194</b>
<b>Current Liabilities</b>						
Bank Overdraft	45,162	-	1,320	-	227	-
Payables	35,873	113	7,208	40,429	8,237	48,496
Borrowings	2,032	-	-	2,032	-	2,032
Provisions	50,806	-	1,565	52,371	3,990	56,362
Other	41,129	-	7,287	48,416	11,733	60,149
<b>Total Current Liabilities</b>	<b>175,001</b>	<b>113</b>	<b>17,381</b>	<b>143,249</b>	<b>24,187</b>	<b>167,039</b>
<b>Non-Current Liabilities</b>						
Payables	-	-	4,839	-	-	-
Borrowings	144,354	-	-	144,354	-	144,354
Provisions	125,635	-	761	126,396	13,439	139,835
<b>Total Non-Current Liabilities</b>	<b>269,989</b>	<b>-</b>	<b>5,600</b>	<b>270,750</b>	<b>13,439</b>	<b>284,189</b>
<b>Total Liabilities</b>	<b>444,990</b>	<b>113</b>	<b>22,981</b>	<b>413,998</b>	<b>37,627</b>	<b>451,228</b>
<b>Net Assets</b>	<b>2,341,836</b>	<b>197,687</b>	<b>58,700</b>	<b>2,598,223</b>	<b>257,182</b>	<b>2,838,965</b>
<b>Equity</b>						
Capital	-	-	-	-	13,440	-
Reserves	1,828,750	197,687	55,703	2,082,140	161,473	2,237,905
Accumulated Funds	513,086	-	2,997	516,083	82,269	601,060
<b>Total Equity</b>	<b>2,341,836</b>	<b>197,687</b>	<b>58,700</b>	<b>2,598,223</b>	<b>257,182</b>	<b>2,838,965</b>

# Notes to and forming part of the Financial Statements

## NOTE 30. STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2003

	UNIVERSITY GENERAL \$'000	TRUST FUNDS \$'000	AUXILIARY OPERATIONS \$'000	UNIVERSITY TOTAL \$'000	CONTROLLED ENTITIES \$'000	CONSOLIDATED \$'000
<b>Cash Flows from/(used in) Operating Activities</b>						
<b>Inflows:</b>						
Financial Assistance						
– Commonwealth Government	383,996	-	1,601	385,597	4,386	389,984
– Victorian Government	31,748	-	371	32,119	1,414	33,533
Higher Education Contribution Scheme						
– Student Payments	18,694	-	-	18,694	317	19,011
– Commonwealth Payments	69,409	-	-	69,409	-	69,409
Operating Funds from Melbourne University	-	-	1,180	-	15,008	-
– Fee-for-service Revenue	215,697	138	36,341	251,980	78,055	330,034
Other Income	89,014	1,248	5,390	95,180	3,457	92,556
Interest/dividends Received	32,205	15,845	634	47,957	5,626	53,322
Transfers	-	-	-	-	-	-
GST – Net Refunds	-	-	66	-	-	-
<b>Outflows:</b>						
Payments to Employees	(418,579)	(2,002)	(18,355)	(438,936)	(45,820)	(484,756)
Payments to Suppliers	(266,042)	(3,569)	(22,645)	(290,136)	(54,448)	(322,581)
Interest Paid	(11,088)	-	(98)	(10,459)	(13)	(10,210)
GST – Net Payments	(1,965)	-	-	(1,899)	(7)	(1,906)
Other	(38,578)	-	(161)	(38,739)	(870)	(39,609)
<b>Net Cash from Operating Activities</b>	<b>104,513</b>	<b>11,660</b>	<b>4,324</b>	<b>120,768</b>	<b>7,105</b>	<b>128,786</b>
<b>Cash Flows from/(used in) Investing Activities</b>						
<b>Inflows:</b>						
Investments Sold	1,487,923	-	-	1,487,923	56,817	1,536,241
Proceeds from Sale of Non-Current Assets	4,166	-	224	4,390	964	5,354
Transfers	2,426	188	(2,614)	-	-	-
Pool Units Increase/(Decrease)	-	-	-	-	-	-
<b>Outflows:</b>						
Investments Purchased	(1,548,284)	(5,300)	-	(1,553,584)	(54,643)	(1,598,291)
Purchase of Goodwill	-	-	-	-	(3)	(3)
Property, Plant and Equipment Purchases	(86,720)	-	(1,265)	(87,985)	(6,483)	(94,468)
<b>Net Cash Used in Investing Activities</b>	<b>(140,489)</b>	<b>(5,112)</b>	<b>(3,654)</b>	<b>(149,255)</b>	<b>(3,348)</b>	<b>(151,167)</b>



## NOTE 30 STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2003 – continued

	UNIVERSITY GENERAL \$'000	TRUST FUNDS \$'000	AUXILIARY OPERATIONS \$'000	UNIVERSITY TOTAL \$'000	CONTROLLED ENTITIES \$'000	CONSOLIDATED \$'000
<b>Cash Flows from/(used in) Financing Activities</b>						
<b>Inflows:</b>						
Customer Loans Repaid/Loans Drawn Down	1,234	-	485	1,658	100	1,658
Cash Contribution from Parent	-	-	-	-	1,436	-
<b>Outflows:</b>						
Customer Loans Granted/Loans Redeemed	(1,929)	-	(61)	(1,929)	-	(1,829)
Term Loan Repaid	(1,918)	-	-	(1,918)	-	(1,918)
Mortgage Loan Repaid	-	-	-	-	-	-
<b>Net Cash from/(used in) Financing Activities</b>	<b>(2,614)</b>	<b>-</b>	<b>425</b>	<b>(2,190)</b>	<b>1,536</b>	<b>(2,090)</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(38,589)</b>	<b>6,548</b>	<b>1,094</b>	<b>(30,677)</b>	<b>5,293</b>	<b>(24,470)</b>
<b>Cash at the Beginning of the Reporting Period</b>	<b>33,897</b>	<b>41,051</b>	<b>11,729</b>	<b>86,407</b>	<b>45,847</b>	<b>131,305</b>
<b>Effects of Exchange Rate on Opening Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(85)</b>	<b>(85)</b>
<b>Cash at the End of the Reporting Period</b>	<b>(4,692)</b>	<b>47,598</b>	<b>12,823</b>	<b>55,730</b>	<b>51,055</b>	<b>106,749</b>

## 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
<b>(a) Financial Assets</b>			
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 5.47% and 5.58%
Bank Managed Trusts	1.8, 7	Bank Managed Trusts is stated at cost.	Interest rate is determined by the official money market 11am call rate.

# Notes to and forming part of the Financial Statements

## NOTE 31. FINANCIAL INSTRUMENTS – continued

Recognised Financial Instruments	Balance Sheet Note	Accounting Policies	Terms and Conditions
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.
Commercial Papers	1.8, 7	Commercial Papers are carried at cost or fair value.	Term of the Papers is less than 60 days. Interest rates are in the range of 5.45% to 5.69%.
Corporate Securities	1.8, 7	Corporate Securities are stated at cost or fair value.	Term of the Securities is 6-12 months. Interest rates range between 5.58% and 6.00%.
Debentures	1.8, 7	Debentures are stated at cost or fair value.	Term of the Debentures is 6-12 months. Interest rates range between 5.15% 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>(b) Financial Liabilities</b>			
Bank Borrowings	13	Borrowings are carried at cost.	The term of the Borrowings extends until 2029. Under a Bill Acceptance and Discount Facility the interest rate is capped at 7.32%.
Creditors and Accruals		Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced to the economic entity.	Creditors are normally settled on 30 day terms.

## 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 2003.

Financial Instruments	Non-Interest Bearing	Interest earning maturing in			Consolidated carrying amount as per Statement of Financial Position \$'000	Effective Interest Rate
	\$'000	one year or less \$'000	Over one year to five years \$'000	More than five years \$'000		%
<b>Financial Assets</b>						
<b>Price Risk Interest Rate Risk</b>						
Term Deposits	2	34,454	-	-	34,456	4.25
Floating Rate Notes	-	6,018	2,407	2,946	11,371	5.90
Listed Income Securities	-	-	-	39,677	39,677	5.77
Commercial Papers	-	22,768	-	-	22,768	5.57
Corporate Securities Short Term	-	5,521	36,765	-	42,286	5.59
Corporate Securities Long Term	-	-	-	-	-	N/A
Debentures	-	12,145	-	-	12,145	5.40
Quoted Convertible Notes	-	-	-	12,060	12,060	6.90
<b>Market Risk</b>						
Listed Shares	458,205	-	-	-	458,205	N/A
Unlisted Shares	29,360	-	-	-	29,360	N/A
Listed Securities	11,270	-	-	-	11,270	N/A
Unit Trusts	145,215	-	-	-	145,215	N/A
Mortgage Loans	90	-	-	-	90	N/A
<b>Credit Risk</b>						
Receivables	66,906	-	-	-	66,906	N/A
Loans Receivable	-	-	-	-	-	N/A
<b>Cash Flow Risk</b>						
Cash and Deposits	-	18,683	-	-	18,683	5.00
Bank Call Deposits	-	25,070	-	-	25,070	5.25
<b>Total Financial Assets</b>	<b>711,048</b>	<b>124,659</b>	<b>39,172</b>	<b>54,683</b>	<b>929,563</b>	
<b>Financial Liabilities</b>						
<b>Credit Risk</b>						
Bank Borrowing	-	2,032	12,696	131,658	146,386	7.32
Creditors and Accruals	35,954	-	-	-	35,954	N/A
<b>Cash Flow Risk</b>						
Bank Overdraft	227	-	-	-	227	
<b>Total Financial Liabilities</b>	<b>36,181</b>	<b>2,032</b>	<b>12,696</b>	<b>131,658</b>	<b>182,567</b>	

# Notes to and forming part of the Financial Statements

## NOTE 31. FINANCIAL INSTRUMENTS – continued

31.3 The following table details the economic entity's exposure to risks on Financial Instruments as at 31 December 2002.

Financial Instruments	Interest earning maturing in				Consolidated carrying amount as per Statement of Financial Position \$'000	Effective Interest Rate %
	Non-Interest Bearing \$'000	1 year or less \$'000	Over 1 year to 5 years \$'000	More than 5 years \$'000		
<b>Financial Assets</b>						
<b>Price Risk Interest Rate Risk</b>						
Term Deposits	-	34,000	-	-	34,000	4.75
Listed Income Securities	-	-	-	56,421	56,421	7.23
Commercial Papers	-	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
<b>Market Risk</b>						
Listed Shares	476,684	-	-	-	476,684	N/A
Unlisted Shares	8,337	-	-	-	8,337	N/A
Unit Trusts	61,529	-	-	-	61,529	N/A
Mortgage Loans	840	-	-	-	840	N/A
<b>Credit Risk</b>						
Receivables	27,443	-	-	-	27,443	N/A
Loans Receivable	7,204	1,274	1,000	-	9,478	N/A
<b>Cash Flow Risk</b>						
Cash	-	59,918	-	-	59,918	3.81
Bank Call Deposits	-	17,906	-	-	17,906	4.62
<b>Total Financial Assets</b>	<b>582,037</b>	<b>177,044</b>	<b>19,776</b>	<b>65,601</b>	<b>844,458</b>	
<b>Financial Liabilities</b>						
<b>Credit Risk</b>						
Bank Borrowing	-	1,918	11,771	134,616	148,305	7.32
Creditors and Accruals	53,917	-	-	-	53,917	N/A
<b>Cash Flow Risk</b>						
Bank Overdraft	-	-	-	-	-	-
<b>Total Financial Liabilities</b>	<b>53,917</b>	<b>1,918</b>	<b>11,771</b>	<b>134,616</b>	<b>202,222</b>	

## NOTE 31. FINANCIAL INSTRUMENTS – continued

### 31.4 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	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Financial Assets</b>				
Cash	18,683	59,919	18,683	59,919
Receivables	66,906	27,443	66,906	27,443
Loans Receivable	-	9,478	-	9,478
Deposits At Call	25,070	17,906	25,070	17,974
Term Deposits	28,456	34,000	28,456	34,000
Bank Managed Trust*	6,000	6,000	6,000	5,214
Floating Rate Notes*	11,371	-	11,371	-
Listed Income Securities*	39,677	56,421	39,677	57,496
Commercial Papers*	22,768	20,822	22,768	20,934
Corporate Securities Short Term	42,286	63,445	42,286	62,514
Debentures*	12,145	7,635	12,145	7,861
Mortgage Loans*	90	839	90	839
Listed Shares/Securities*	469,476	470,684	469,476	471,913
Unlisted Shares*	29,360	8,337	29,360	8,337
Unit Trusts*	145,215	61,529	145,215	61,414
Quoted Convertible Notes*	12,060	-	12,060	-
<b>Total Financial Assets</b>	<b>929,563</b>	<b>844,458</b>	<b>929,563</b>	<b>845,336</b>
<b>Financial Liabilities</b>				
Bank Borrowings	146,386	148,305	146,386	148,305
Creditors and Accruals	35,954	53,917	35,954	53,917
Bank Overdraft	227	-	227	-
<b>Total Financial Liabilities</b>	<b>182,567</b>	<b>202,222</b>	<b>182,567</b>	<b>202,222</b>

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

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

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

# Notes to and forming part of the Financial Statements

UNIVERSITY		UNIVERSITY	
2003	2002	2003	2002
\$'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:

### 32.1 Teaching and Learning

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

Over enrolment previous period received in the current period  
 Other Adjustments  
 Over enrolment current period accrued in the current period

#### Revenue attributed to the reporting period

Surplus/(Deficit) Prior Year

#### Funds available for the reporting period

*Less* Expenses for the current period

Surplus/(Deficit) for the reporting period

Operating Financial Assistance excluding HECS		Teaching Hospitals	
11,145	10,522	78	76
141,271	136,898	974	954
(11,133)	(11,145)	(78)	(78)
1,269	1,134	-	-
(942)	-	-	-
658	-	-	-
<b>142,268</b>	<b>137,409</b>	<b>974</b>	<b>952</b>
331	460	-	-
<b>142,599</b>	<b>137,869</b>	<b>974</b>	<b>952</b>
(142,091)	(137,538)	(974)	(952)
<b>508</b>	<b>331</b>	<b>-</b>	<b>-</b>

Financial Assistance in advance (paid in the previous reporting period for the current reporting period)  
*Plus* Financial Assistance received during the reporting period  
*Less* Financial Assistance in advance (received in the reporting period for the next reporting period)

#### Other Adjustments

Over enrolment current period accrued in the current period

#### Revenue attributed to the reporting period

Surplus/(Deficit) Prior Year

#### Funds available for the reporting period

*Less* Expenses for the current period

Surplus/(Deficit) for the reporting period

HECS		PELS	
5,650	5,565	-	-
70,637	71,024	15,508	8,942
(5,666)	(5,650)	-	-
(986)	-	621	-
-	-	-	629
<b>69,635</b>	<b>70,939</b>	<b>16,129</b>	<b>9,571</b>
-	-	-	-
<b>69,635</b>	<b>70,939</b>	<b>16,129</b>	<b>9,571</b>
(69,635)	(70,939)	(15,936)	(9,571)
<b>-</b>	<b>-</b>	<b>193</b>	<b>-</b>

UNIVERSITY		UNIVERSITY	
2003	2002	2003	2002
\$'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 in advance (paid in the previous reporting period for the current reporting period)  
*Plus* Financial Assistance received during the reporting period  
 Less Financial Assistance in advance (received in the reporting period for the next reporting period)

#### Accrual Adjustments

Recovery previous period in the 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 the current period

#### Surplus/(Deficit) for the reporting period

Discovery Projects (Large Grants)		Research Fellowships	
867	-	110	-
18,769	14,596	1,362	2,206
-	(867)	-	(110)
(40)	-	(100)	(34)
127	178	-	-
<b>19,723</b>	<b>13,907</b>	<b>1,372</b>	<b>2,062</b>
4,122	3,526	554	654
<b>23,845</b>	<b>17,433</b>	<b>1,926</b>	<b>2,716</b>
(17,658)	(13,310)	(1,688)	(2,161)
<b>6,187</b>	<b>4,122</b>	<b>238</b>	<b>555</b>

Financial Assistance in advance (paid in the previous reporting period for the current reporting period)  
*Plus* Financial Assistance received during the 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 the current period

#### Surplus/(Deficit) for the reporting period

Federation Fellowships		Discovery – Indigenous Researchers' Development	
95	-	-	-
1,984	1,254	5	10
-	(95)	-	-
<b>2,078</b>	<b>1,159</b>	<b>5</b>	<b>10</b>
598	-	-	-
<b>2,676</b>	<b>1,159</b>	<b>5</b>	<b>10</b>
(1,249)	(561)	(5)	(10)
<b>1,427</b>	<b>598</b>	<b>-</b>	<b>-</b>

Financial Assistance in advance (paid in the previous reporting period for the current reporting period)  
*Plus* Financial Assistance received during the reporting period  
 Less Financial Assistance in advance (received in the reporting period for the next reporting period)

#### Accrual Adjustments

Recovery previous period in the 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 the current period

#### Surplus/(Deficit) for the reporting period

Linkage-Special Research Initiative		Linkage Projects (2002 includes SPIRT)	
-	-	344	3,931
260	-	6,269	2,696
-	-	-	(344)
-	-	(299)	(174)
-	-	(6)	-
<b>260</b>	<b>-</b>	<b>6,308</b>	<b>6,109</b>
-	-	2,997	2,354
<b>260</b>	<b>-</b>	<b>9,305</b>	<b>8,463</b>
-	-	(6,500)	(5,466)
<b>260</b>	<b>-</b>	<b>2,805</b>	<b>2,997</b>

# Notes to and forming part of the Financial Statements

UNIVERSITY		UNIVERSITY	
2003	2002	2003	2002
\$'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

	Linkage – Infrastructure		Linkage – International Researcher Exchange	
Financial Assistance in advance (paid in the previous reporting period for the current reporting period)		-	12	-
Plus Financial Assistance received during the reporting period	1,783	348	266	193
Less Financial Assistance in advance (received in the reporting period for the next reporting period)	-	-	-	(12)
Revenue attributed to the reporting period	1,783	348	278	181
Surplus/(Deficit) Prior Year	90	2,186	87	38
Funds available for the reporting period	1,873	2,534	365	219
Less Expenses for the current period	(1,236)	(2,443)	(294)	(132)
Surplus/(Deficit) for the reporting period	637	90	71	87

	Centres of Excellence	
Financial Assistance in advance (paid in the previous reporting period for the current reporting period)	-	-
Plus Financial Assistance received during the reporting period	4,274	1,398
Less Financial Assistance in advance (received in the reporting period for the next reporting period)	-	-
Revenue attributed to the reporting period	4,274	1,398
Surplus/(Deficit) Prior Year	43	448
Funds available for the reporting period	4,317	1,846
Less Expenses for the current period	(3,069)	(1,803)
Surplus/(Deficit) for the reporting period	1,248	43



UNIVERSITY		UNIVERSITY	
2003	2002	2003	2002
\$'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 the reporting period  
 Less Financial Assistance in advance (received in the reporting period for the next reporting period)

#### Accrual Adjustments

Recovery previous period in the current period

**Revenue attributed to the reporting period**

Surplus/(Deficit) Prior Year

**Funds available for the reporting period**

Less Expenses for the current period

**Surplus/(Deficit) for the reporting period**

Small Research		Infrastructure	
-	-	1,407	1,149
-	-	17,971	14,637
-	-	(1,752)	(1,408)
-	(6)	-	-
-	(6)	17,626	14,378
-	732	-	-
-	726	17,626	14,378
-	(726)	(17,626)	(14,378)
-	-	-	-

Financial Assistance in advance (paid in the previous reporting period for the current reporting period)  
 Plus Financial Assistance received during the reporting period  
 Less Financial Assistance in advance (received in the reporting period for the next reporting period)

#### Accrual Adjustments

Payment (Recovery) previous period in the current period

**Revenue attributed to the reporting period**

Surplus/(Deficit) Prior Year

**Funds available for the reporting period**

Less Expenses for the current period

**Surplus/(Deficit) for the reporting period**

Australian Post-graduate Awards pre 2002		Australian Post-graduate Awards 2002 onwards	
-	-	-	-
3,515	6,027	5,714	2,913
-	-	-	-
380	-	(186)	-
3,895	6,027	5,529	2,913
(780)	(199)	630	-
3,115	5,828	6,158	2,913
(4,146)	(6,608)	(5,326)	(2,284)
(1,031)	(780)	832	630

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

**Surplus/(Deficit) for the reporting period**

International Post-graduate Research Scholarship		Research Training Scheme	
-	-	4,191	4,218
1,543	1,364	52,602	52,767
-	-	(4,302)	(4,191)
1,543	1,364	52,491	52,794
97	-	-	-
1,640	1,364	52,491	52,794
(1,642)	(1,267)	(52,491)	(52,794)
(2)	97	-	-

# Notes to and forming part of the Financial Statements

UNIVERSITY		UNIVERSITY	
2003	2002	2003	2002
\$'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 – continued

	Institutional Grant Scheme		Systemic Infrastructure Initiative	
Financial Assistance in advance (paid in the previous reporting period for the current reporting period)	2,385	2,384	3	8
Plus Financial Assistance received during the reporting period	29,997	29,838	29	94
Less Financial Assistance in advance (received in the reporting period for the next reporting period)	(2,512)	(2,384)	(2)	(2)
<b>Revenue attributed to the reporting period</b>	<b>29,870</b>	<b>29,838</b>	<b>30</b>	<b>100</b>
Surplus/(Deficit) Prior Year	-	-	3	-
<b>Funds available for the reporting period</b>	<b>29,870</b>	<b>29,838</b>	<b>33</b>	<b>100</b>
Less Expenses for the current period	(29,870)	(29,838)	(33)	(97)
<b>Surplus/(Deficit) for the reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>

### 32.4 Summary of Unspent Financial Assistance

The following Commonwealth Government Financial Assistance to the University were under-expended in the 2003 reporting period:

Category of Financial Assistance	Amount of unspent financial assistance as at 31 December 2003	Amount of unspent financial assistance that it is more likely will be approved by the Commonwealth for carry forward	Amount of unspent financial assistance that it is more likely will be recovered by the Commonwealth
	\$'000	\$'000	\$'000
<b>Teaching and Learning</b>			
Operating Financial Assistance, excluding HECS and PELS	508	508	-
<b>ARC</b>			
Discovery – Projects	6,187	5,711	476
Discovery – Fellowships	238	232	6
Federation Fellowships	1,427	1,427	-
Discovery – Indigenous Researchers Development	-	-	-
Linkage – Special Research Initiatives	260	260	-
Linkage – Projects	2,805	2,627	178
Linkage Infrastructure	637	637	-
International Researcher Exchange	71	71	-
Linkage – Centres	1,248	1,248	-
<b>DEST</b>			
Australian Postgraduate Awards Pre 2002 Component	(1,031)	(1,031)	-
Australian Postgraduate Awards Post 2002 Component	832	832	-
International Postgraduate Research Scholarships	(2)	(2)	-
<b>TOTAL</b>	<b>13,180</b>	<b>12,520</b>	<b>660</b>

### NOTE 33. EVENTS SUBSEQUENT TO BALANCE DATE

The Commonwealth Government has recently announced reforms to higher education funding to universities (The Nelson Reforms) to come into effect in 2005. These reforms provide some opportunities for revenue growth, but will lead to minimal changes to our funding arrangements with the Commonwealth Government.

There are no other matters or circumstance that have arisen since the end of the financial year that have 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 Ltd all Controlled Entities of the University are domiciled in Australia.

Controlled Entity	Total Revenue 2003 \$'000	Total Revenue 2002 \$'000	Total Expenditure 2003 \$'000	Total Expenditure 2002 \$'000
Victorian College of the Arts	25,045	31,875	22,311	22,441
Melbourne Business School Limited Group	23,970	24,172	20,656	23,181
Melbourne University Private Ltd Group	57,681	53,249	57,549	55,145
Meanjin Company Limited	190	204	188	217
Australian Music Examinations Board (Victoria) Limited	2,065	2,062	2,150	2,038
Australian International Health Institute (University of Melbourne) Limited	4,821	3,988	4,596	3,581
Land and Food Services Limited	12	12	1	3
Australian National Academy of Music Limited	2,722	2,555	2,518	2,685
School of Forestry, Creswick Limited	1,828	1,527	2,455	1,433
Melbourne University Publishing Limited	2,561	-	3,207	-
<b>Total – University Controlled Entities</b>	<b>120,894</b>	<b>119,645</b>	<b>115,631</b>	<b>110,723</b>

Controlled Entity	Tax 2003 \$'000	Tax 2002 \$'000	Operating Result 2003 \$'000	Operating Result 2002 \$'000
Victorian College of the Arts	-	-	2,734	9,434
Melbourne Business School Limited Group	-	-	3,314	992
Melbourne University Private Ltd Group	8	(59)	140	(1,955)
Meanjin Company Limited	-	-	2	(13)
Australian Music Examinations Board (Victoria) Limited	-	-	(84)	25
Australian International Health Institute (University of Melbourne) Limited	-	-	225	407
Land and Food Services Limited	-	-	11	8
Australian National Academy of Music Limited	-	-	204	(129)
School of Forestry, Creswick Limited	-	-	(628)	94
Melbourne University Publishing Limited	-	-	(647)	-
<b>Total – University Controlled Entities</b>	<b>8</b>	<b>(59)</b>	<b>5,271</b>	<b>8,863</b>

# Notes to and forming part of the Financial Statements

## NOTE 35. CONTROLLED ENTITIES – STATEMENT OF FINANCIAL POSITION ANALYSIS

No Controlled Entity has internal or external borrowings at 31 December 2003.

Controlled Entity	Working Capital 2003 \$'000	Working Capital 2002 \$'000	Physical Assets 2003 \$'000	Physical Assets 2002 \$'000	Total Assets 2003 \$'000	Total Assets 2002 \$'000
Victorian College of the Arts	3,907	10,609	84,834	93,606	111,129	104,215
Melbourne Business School Limited Group	766	9,848	59,686	60,278	129,523	123,476
Melbourne University Private Ltd Group*	28,895	34,985	2,563	4,072	46,152	45,383
Meanjin Company Limited	4	38	-	-	48	38
Australian Music Examinations Board (Victoria) Limited	19	222	503	729	788	950
Australian International Health Institute (University of Melbourne) Limited	711	1,291	89	44	1,679	1,334
Land and Food Services Limited	271	263	-	-	272	263
Australian National Academy of Music Limited	364	705	923	473	1,361	1,179
School of Forestry, Creswick Limited	465	113	225	1,291	922	1,403
Melbourne University Publishing Limited	637	-	57	-	2,934	-
<b>Total – University Controlled Entities</b>	<b>36,039</b>	<b>58,074</b>	<b>148,879</b>	<b>160,493</b>	<b>294,809</b>	<b>278,241</b>

Controlled Entity	Total Liabilities 2003 \$'000	Total Liabilities 2002 \$'000	Equity 2003 \$'000	Equity 2002 \$'000
Victorian College of the Arts	17,535	17,731	93,594	86,484
Melbourne Business School Limited Group	6,887	7,414	122,636	116,062
Melbourne University Private Ltd Group*	11,113	9,591	35,039	35,792
Meanjin Company Limited	45	36	4	3
Australian Music Examinations Board (Victoria) Limited	285	364	503	587
Australian International Health Institute (University of Melbourne) Limited	878	759	800	578
Land and Food Services Limited	1	3	271	260
Australian National Academy of Music Limited	78	100	1,283	1,079
School of Forestry, Creswick Limited	314	167	609	1,236
Melbourne University Publishing Limited	491	-	2,443	-
<b>Total – University Controlled Entities</b>	<b>37,627</b>	<b>36,165</b>	<b>257,182</b>	<b>242,081</b>

\*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 2003 and the financial position of its operations for the year ended on that date, and
  - ii) the amount of Commonwealth financial assistance received during the financial year ended 31 December 2003 was expended for the purposes for which it was provided, and
  - iii) the Institution has complied in full with the requirements of various programme 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 2003 Reporting Period by Australian Higher Education Institutions as issued by the Department of Education, Science and Training.

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



B L Rossi

*Deputy Principal and Director of Financial Operations*

25 March 2004

## 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 2003 and the financial position of its operations for the year ended on that date, and
  - ii) Commonwealth financial assistance received during the financial year ended 31 December 2003 was expended for the purposes for which it was provided, and
  - iii) the Institution has complied in full with the requirements of various programme 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 2003 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.



Kwong Lee Dow

*Vice-Chancellor*

25 March 2004



David Percival

*Chief Financial Officer*

25 March 2004



# 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 2003 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 2003, comprising statements of financial performance, statements of financial position, statements of cash flows and notes to the financial statements, has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising The University of Melbourne and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 1.2(5) to the financial statements. The Members of the University's Council are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Council of The University of Melbourne as required by the *Audit Act 1994*.

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

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

### **Qualification**

As disclosed in note 12 to the financial statements, the University and the economic entity have reported revenue received in advance of \$24.5 million and \$25.6 million respectively (\$26.4 million and \$27.5 million as at 31 December 2002) as a current liability. As the University and the economic entity effectively controlled these funds at 31 December 2003, this amount should have been recognised as revenue in accordance with the requirements of Australian Accounting Standard AAS 15 "Revenue". Accordingly, for the year ended 31 December 2003, grant revenue, the operating result and retained surplus are understated by \$24.5 million for the University and \$25.6 million for the economic entity (\$26.4 million and \$27.5 million as at 31 December 2002) and current liabilities are overstated as at 31 December 2003 by the same amounts. The \$26.4 million for the University and \$27.5 million for the economic entity that should have been brought to account in the year ended 31 December 2002 in accordance with the requirements of AAS 15 has been included as grant revenue and the operating surplus for the year ended 31 December 2003.

### **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 the financial position of The University of Melbourne and the economic entity as at 31 December 2003 and the results of their operations and their cash flows for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and complies with the *Financial Management Act 1994*.

MELBOURNE  
25 March 2004

Edward M. Hay

Acting Auditor-General

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# Compliance Index to Disclosure Requirements 2003

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

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

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

Clause	Disclosure	Page(s)
<b>Report of Operations Directions</b>		
MFD 9.1.2 (i)	General and financial information	all
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# Compliance Index to Disclosure Requirements 2003

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