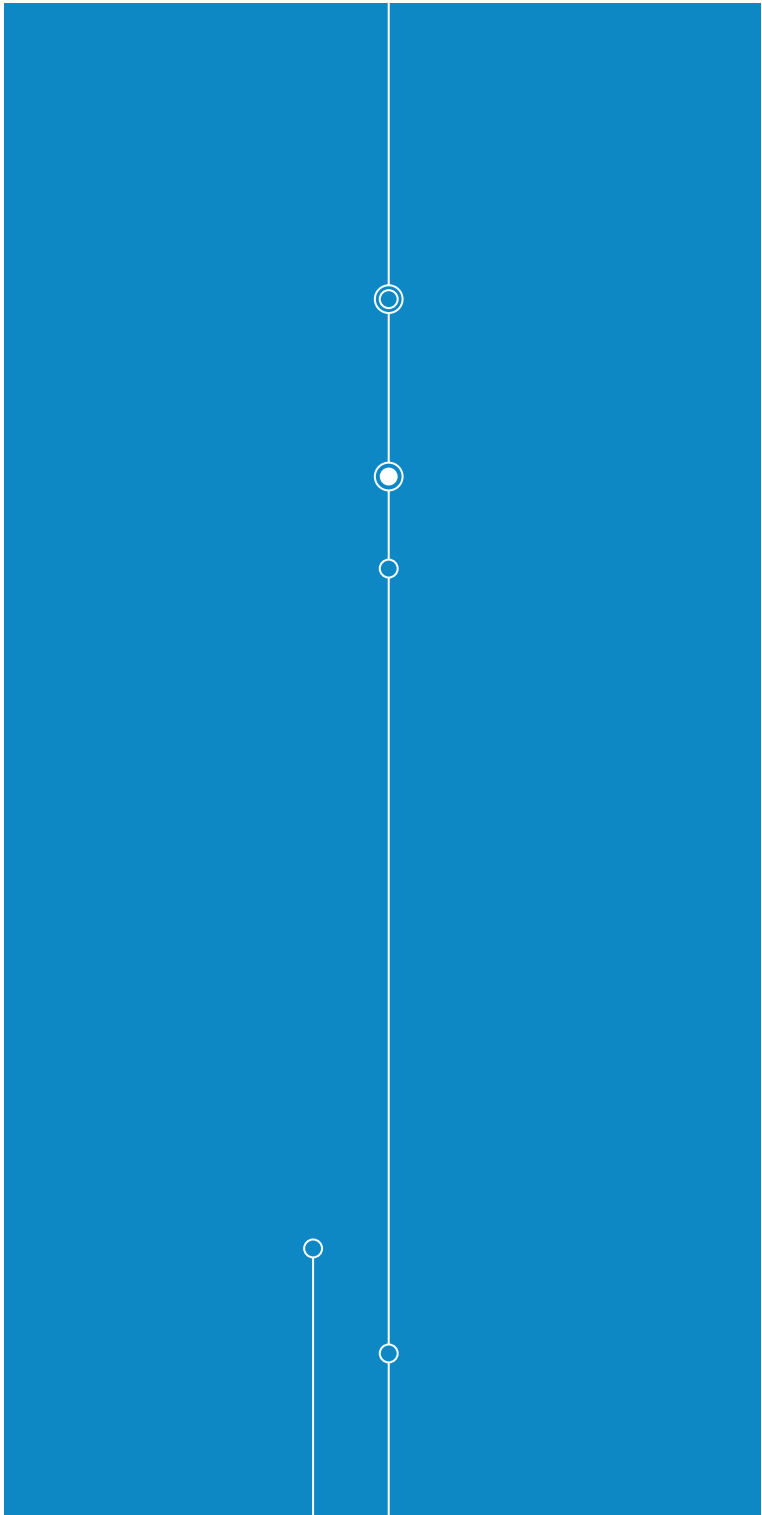


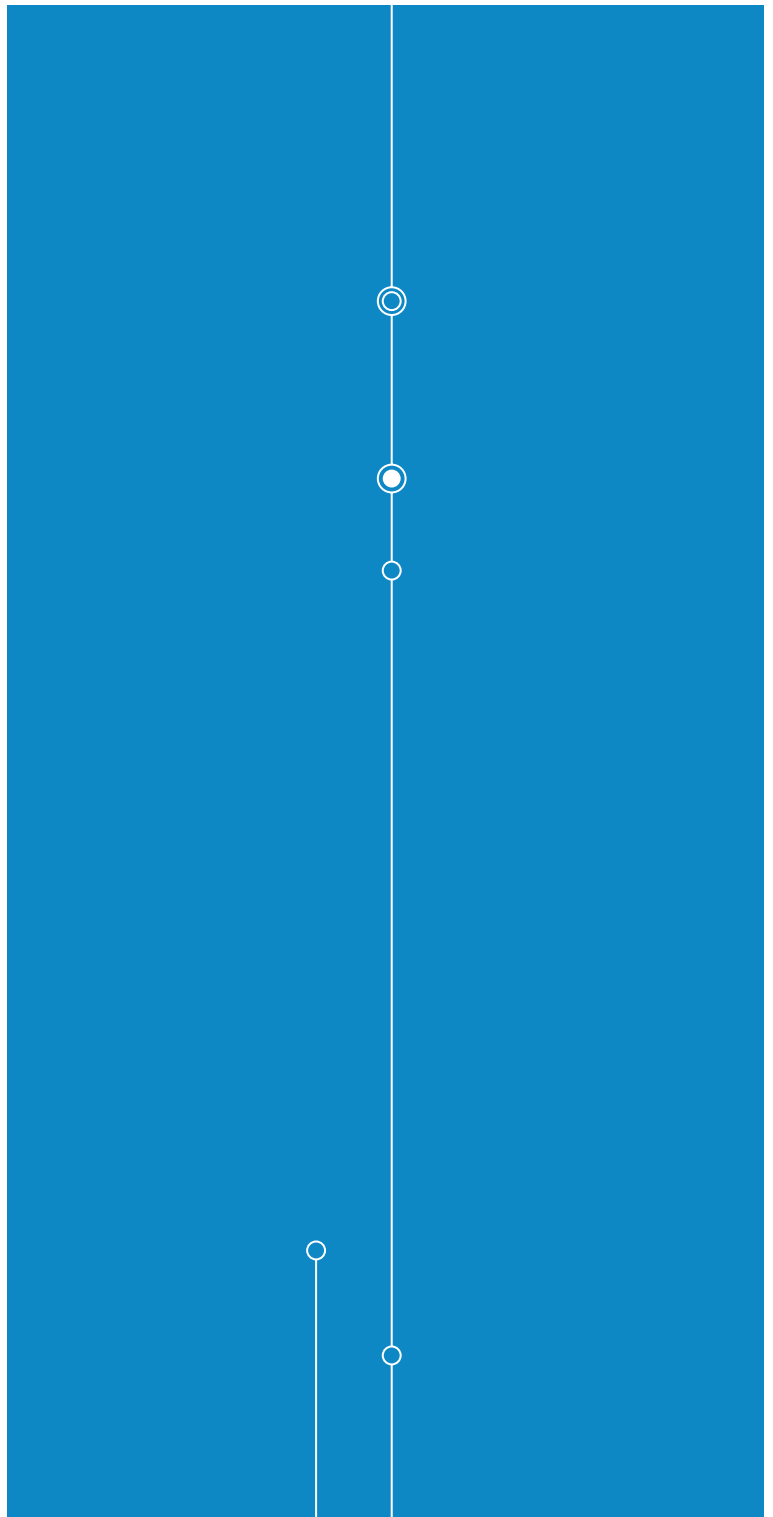
**Annual Report
2004**



Contents

General Information	3
Council President's Report	7
About NMIT	8
NMIT's Aims and Objectives	9
NMIT's Services	10
Corporate Governance	11
Senior Management	13
NMIT Campuses and Training Facilities	14
Organisational Structure	15
Workforce Data	16
Merit and Equity	16
Application and Operation of Freedom of Information (FOI) Act 1982	17
Industrial Relations	19
Environmental Performance	19
Financial and Other Information	21
Summary of Financial Results	23
Summary of Significant Changes in Financial Position	23
Operational Objectives and Performance Against Objectives	23
Major Changes or Factors Affecting Achievement of Objectives	25
Events Subsequent to Balance Date	25
Consultancies	25
Compliance with the Building Act 1993	26
Additional Information	26
Compliance with National Competition Policy	27
Fees and Charges	27
International Operations	28
Occupational Health and Safety	29
Whistleblowers Protection Act 2001	29
Activity Table	30
Financial Statements	33
Compliance Index	66

General Information



Council President's Report

Consolidation and growth were the two characteristics that underpinned an excellent year of achievement in 2004. Consolidation occurred through prudent management. Growth was in accordance with the strategic goals identified in the NMIT 2004-2008 Strategic Plan.

In 2004 NMIT continued to enhance its enviable reputation as a leading provider of high quality vocational education and training programs. The year was characterised by the achievement of all performance targets, a modest budget surplus and the development of new products and services.

NMIT's international expansion continued with total overseas enrolment of approximately 4,000 students, which represented a 25 percent increase from 2003. Throughout the year 90 teachers travelled to various provinces in China and 11 new partnership agreements were finalised with program delivery expected to commence in 2005. The number of full time students in China has now exceeded the total number of full time students studying at NMIT campuses in Australia.

Significant capital development occurred in 2004 with major refurbishment to the Collingwood campus, extensive maintenance to all buildings at the Fairfield campus and developments at the Epping, Yarra Glen and Ararat locations. NMIT also invested over \$3.3 million in the replacement and acquisition of new equipment. These infrastructure developments will enable NMIT to continue to provide high quality vocational education in the future.

Northern Melbourne Institute of TAFE was the first TAFE Institute to be accredited to conduct and deliver specialist bachelor degree programs. The Bachelor of Applied Aquaculture will commence delivery in 2005 at the Epping campus. The Bachelor of Viticulture and Winemaking was accredited in 2004 and will commence delivery in 2006. Work also commenced on the development of additional degree and associate degree programs in music, business, information technology, and hospitality management.

I am pleased to report that students continued to perform extremely well in various statewide, national and international skills competitions, exhibitions and publications. NMIT won its second wine Gold medal, for the Strathbogie Ranges B Shiraz at the prestigious Royal Melbourne Wine Show.

The success of our students and products is a reflection of the level of commitment and quality of our staff. They are to be congratulated for their dedication to NMIT and their ongoing contribution to vocational education.

Ensuring quality across a diverse range of services presents a challenge to many organisations. During 2004 NMIT retained its ISO 9001:2000 certification from Standards Australia and re-registration from the State Training Authority as a Registered Training Organisation under the Australian Quality Training Framework for the next five years. Continued accreditation was also achieved for CattleCare activities at the Yan Yean farm.

NMIT showcased its activities and achievements in a variety of ways throughout the year. Sponsorship of the Australia China Bowl and the NMIT - ACW Ararat Gold Cup, the NMIT Food and Wine Expo, Art Exhibitions, Faculty Awards Evenings and Trade Displays all contributed to our community profile.

NMIT has a contractual agreement with the State Government through its Annual Performance Agreement. All performance targets were achieved in 2004 and a budget surplus recorded. The Institute has generated extraneous earnings of almost \$27 million. NMIT will commence 2005 in a very sound fiscal position with systems and processes in place to maintain NMIT as a progressive and productive organisation.

In conclusion, I thank all Council members and staff for their support, dedication and commitment in 2004. My thanks also to our students for being a part of our Institute, which represents great opportunities for potential students.



William Freeman

Council President 2004
February 8 2005

About NMIT

From its origins as a technical school NMIT has developed into a multi-campus TAFE Institute that provides a comprehensive range of accredited programs locally, regionally and internationally.

The institute's main campus is located at Preston in northern Melbourne with other metropolitan campus locations at Collingwood, Epping, Fairfield, Greensborough, and Heidelberg. NMIT's regional campus is located at Ararat. Additional training centres are located at Yarra Glen, Eden Park, Yan Yean, Whittlesea, Strathbogie Ranges and Northern AMEP at Broadmeadows.

Internationally, NMIT is well respected and offers its qualifications in partnership with a growing number of institutions in China, Malaysia, Hong Kong, Bangladesh, Singapore, Pakistan, Sri Lanka and New Zealand.

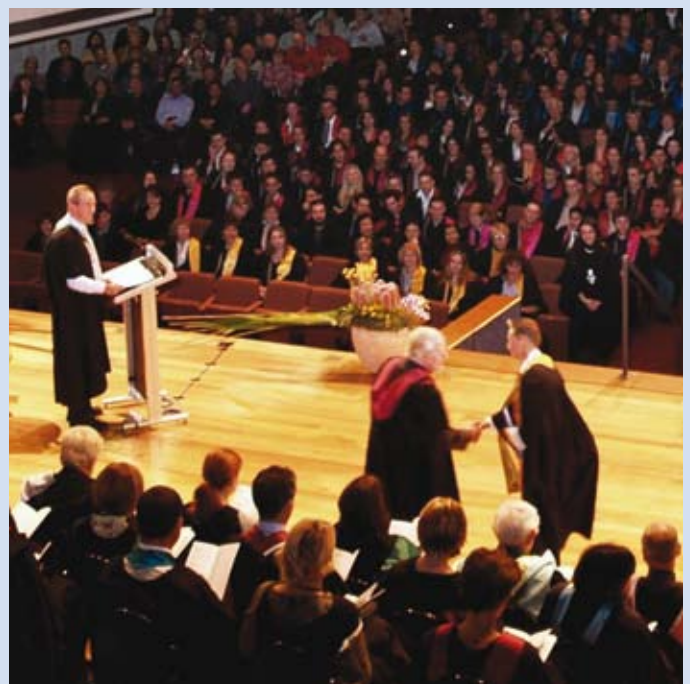
In accordance with demand, NMIT provides a diverse and comprehensive portfolio of qualifications across a broad spectrum of disciplines from certificate to bachelor degree level. The diversity of programs and support services provided attracts students from Victoria, other states of Australia and internationally.

The 2004 Annual Report documents a year of consolidation and growth in which NMIT continued to meet the needs of its clients. More than 28,000 students from Australia

and 42 countries were enrolled, and NMIT employed more than 1,240 teaching and support staff. In excess of 450 vocational education and training courses were delivered in the disciplines of arts and social sciences, engineering, business, building and construction, earth sciences, further education, and tourism and hospitality. NMIT is primarily a teaching institution. However, it is committed to undertaking applied research to support teaching and learning and to assist industry and economic development in its areas of operation. Following the State Government's decision to allow TAFE Institutes to offer higher education programs NMIT was accredited to offer two specialist degrees in Applied Aquaculture and Viticulture and Winemaking.

In 2004 NMIT met all performance targets agreed with the Victorian Learning and Employment Skills Commission including its student contact hour targets. Additionally NMIT produced a budget surplus and generated income of almost \$27 million in extraneous earnings.

The 2004 Annual Report complies with the requirements of the Financial Management Act 1994. The report provides an overview of NMIT's achievements and performance for the Minister for Education and Training, and for NMIT's clients, partners and staff.



NMIT's Aims and Objectives

NMIT's charter is to provide vocational education, training and higher education qualifications in accordance with national and state government legislation, priorities, policies and management frameworks.

NMIT is committed to providing a comprehensive range of courses as well as qualifications in niche areas. Such programs are consistent with government priorities, regional development and NMIT's capability. They are supported by applied research that informs teaching and learning at the institute, which is linked closely to industry and economic development.

In this context, NMIT's aim is to be a distinctive provider of high quality vocationally oriented programs from certificate to degree level, producing graduates who are ready for work and employable.

Specifically, NMIT aims to:

- provide a wide range of programs that are applied, vocational and multidisciplinary, that are underpinned by applied research, strong industry support and are delivered in a high quality learning environment to metropolitan and regional communities and to international clients
- promote growth and participation in tertiary education by developing and offering applied and specialised programs at associate and bachelor degree levels and qualifications at bachelor and masters levels in partnership with the university sector
- expand and consolidate its metropolitan, regional and international profile as a leading provider of high quality applied, vocational and professional qualifications
- work in partnership with schools, industries, businesses, other educational providers and community agencies in the development of programs that are relevant and accessible to students
- provide a wide range of services and amenities to ensure that students' learning needs are met and that barriers to educational progress are minimised.

NMIT achieves these aims by:

- operating a financially sound budget that enables both strategic expansion and consolidation with high quality administration and delivery of its programs
- providing a comprehensive range of programs from certificate to degree level
- supporting applied research and development activities that serve government and institute educational and economic goals

- providing programs that are responsive to the changing needs of learners and industry with a focus on student centred teaching and learning
- providing programs that are accessible with provision for articulation and credit transfer
- developing specialist programs in primary industries that combine theory, on site practice and employability skills
- expanding its international program profile by offering programs in high quality articulated courses of study
- developing programs in close association with industry and other stakeholder groups
- encouraging initiative, innovation, improvement, team work and creativity in the design, development and delivery of programs
- attracting international students from a wide range of countries thereby contributing to their educational development and employment prospects
- expanding its consultancy profile in industry, business and with community organisations
- investing in equipment replacement and infrastructure for the future.

In 2004 NMIT's operational objectives were to:

- manage a financially sound and responsible organisation with a balanced budget
- achieve all Performance Agreement targets and advance NMIT's position as a leading provider of vocational education and training
- expand the regional and international profile of NMIT
- deliver high quality programs to students and assure the quality and relevance of these programs through the quality management system
- provide access to high quality equipment and facilities
- support the ongoing professional development of staff through participation in externally funded and in-house professional development programs
- expand the range of innovative products and services offered by NMIT and undertake applied research.

NMIT's Services

In 2004, NMIT provided a wide range of educational, and vocational training programs to metropolitan, regional and international students. The major services were delivery of recurrently funded programs and fee for service education and training programs.

NMIT offered certificates at four levels, diplomas and advanced diplomas in accordance with the Australian Qualifications Framework and national Training Packages. Qualifications were in the fields of agriculture, animal science, performing arts, visual arts, building, business, engineering, health and community services, horticulture, tourism, hospitality and further education. In addition, NMIT offered a comprehensive range of pre-apprenticeship, VET in Schools, VCAL (Victorian Certificate in Applied Learning) and short courses.

Significant campus based student services were offered to support and enrich the students' learning. Services included: course information, financial assistance, accommodation assistance, campus orientation and induction, bookshop facilities, disability support, personal counselling, childcare, computer facilities, careers advice, library resources and first aid certification.

Services offered on a commercial basis to industry and individual clients included the delivery of customised training and institute accredited programs, the production of training manuals, flexible delivery and online training.

NMIT expanded its international profile, particularly in China, by offering courses in English language, business services, information technology, hospitality, equine studies and music.



Corporate Governance

NMIT Council Members

The Council is the governing body of NMIT. All members of Council were appointed or elected because of their specialist knowledge, skills and experience. During 2004 members of Council were:

Ministerial Appointments

Mr William Freeman (President)

- Extensive industrial and senior administrative experience with 18 years as a TAFE College/Institute Council member.

Ms Pam McCulloch B Ed, Grad, Dip Ind Rel and HRD (Vice President)

- High level experience in education, curriculum development and business management.

Mr Ronald Mackay (Deputy Vice President)

- Senior tourism industry and business development experience.

Ms Antoinette Braybrook B Laws

- Experienced legal practitioner with knowledge of educational issues faced by Aboriginal and Torres Straits Islanders.

Ms Michelle Fitzsimon Grad Dip Deaf Studies (to August 2004)

- Specialist training and industry knowledge.

Ms Elaine Forde (to August 2004)

- Local retail and property management knowledge and skills.

Ms Anne Judd

- Extensive experience in employment operations.

Ms Marianna Pettolino B Sci Ed

- Local community and tertiary education knowledge.

Co-opted Appointments

Mr Bryant Ham Dip Mech Eng, Dip Elec Eng

- Senior business and management experience in manufacturing.

Mr Gerry Maynard B App Sci Dip Public Admin FACS

- Information technology and tertiary education administration experience.

Mr Anthony Ray

- Extensive small business operational experience.

Mr Norm Shearer B Bus (Acctg), B Ed, TPTC, MBA

- Experience in State and Institute TAFE administration at a senior level.

Staff Representative

Mr Lionel Bramich Dip Tech Teach

- Elected by staff.

Student Representative

Ms Bronwyn Bell Dip Sports Dev/Sport Rec

- Elected by students to represent student body.

NMIT Chief Executive Officer

Mr Brian MacDonald B Econ, Dip Ed

- Ex officio.

The relevant Minister for the operation of NMIT was the Honourable Lynne Kosky, Minister for Education and Training.

Council met six times and operated in accordance with the constitution, rules and committee arrangements designated by Council.

Council Objectives

The objectives of the Council, within the context of national and state policies and management frameworks, were to:

- provide quality vocational education and training, and adult and community education programs and services
- manage and control the Institute efficiently and effectively and to maximise the use of resources.

Council Duties

The duties of the Council were to:

- advance the strategic objectives of NMIT
- operate in accord with economic and social objectives and public sector management policies
- provide assistance and information as the Minister, Secretary of the Department of Education and Training and the Director of the Office of Training and Tertiary Education (OTTE) may reasonably require
- ensure safe custody and proper use of the Common Seal of the Council.

Committees

The Council established the following Committees under Clause 13 of NMIT's Constitution. Each Committee makes recommendations to Council and ensures compliance with appropriate statutory requirements. The responsibilities of each Committee are summarised below:

Board of Studies

The Council members of the Board of Studies were Ms Elaine Forde (Chair) and Mr Norm Shearer. The responsibilities of the Board of Studies were to provide recommendations to Council on:

- content and standard of programs
- accreditation of programs
- students who satisfied the requirements of awards
- vocational education policies.

Resources Committee

The Council members of the Resources Committee were Ms Pam McCulloch (Chair), Mr Ron Mackay, Ms Michelle Fitzsimon and Ms Antoinette Braybrook. The responsibilities of the Resources Committee were to provide advice to Council on finances, facilities, human resources and student services.

Audit Committee

The members of the Audit Committee were Mr William Freeman (Chair), Ms Pam McCulloch and Mr Ron Mackay. The responsibilities of the Audit Committee, established in compliance with the Financial Management Act 1994, were to:

- report to Council on the accuracy of financial information systems and records
- ensure compliance with statutory responsibilities relating to financial disclosure, the effective operations of the accounting system and related internal controls.

Council Operations

Council performed effectively and efficiently during 2004 and activities included the preparation and adoption of an Audit Committee Charter and the adoption of a policy on Fraud Prevention. All new Council members completed induction training and individual members undertook professional education relevant to the skills, knowledge and experience they brought to Council.

Council Meetings Attended

Member	Attendance
William Freeman	6 of 6
Pam McCulloch	5 of 6
Ron Mackay	5 of 6
Anne Judd	4 of 6
Marianna Pettolino	5 of 6
Antoinette Braybrook	5 of 6
Bryant Ham	4 of 6
Gerry Maynard	4 of 6
Norm Shearer	5 of 6
Tony Ray	4 of 6
Elaine Forde (to August 2004)	2 of 3
Michelle Fitzsimon (to August 2004)	3 of 3
Brian MacDonald	6 of 6
Lionel Bramich	5 of 6
Bronwyn Bell (March 2004 onwards)	5 of 5



Senior Management

Chief Executive Officer

Mr Brian Macdonald

The Chief Executive Officer was responsible for the operational management of NMIT. This responsibility was delegated by Council.

Director Programs

Mr Bruce Filcock

The Director Programs was responsible for the Faculties of: Arts and Social Sciences, Building and Construction, Business, Earth Sciences, Engineering, Further Education, Tourism and Hospitality, and Higher Education programs. He was also responsible for the: International Office, Quality Assurance Unit, and the Research and Development Department.

Associate Directors

Faculty of Arts and Social Sciences

Mr Peter Lamburd

Faculty of Building and Construction

Mr Lionel Bramich

Faculty of Business

Mr Vic Harris

Faculty of Earth Sciences

Mr David Draper

Faculty of Engineering

Mr Bruce Burns

Faculty of Further Education

Ms Frances Coppolillo

Faculty of Tourism and Hospitality

Mr Greg Purton

Higher Education

Academic Head of Higher Education

Dr Les Kilmartin

Managers

International Office

Mr Ian Heap

Quality Assurance Unit

Ms Fay Bellis

Research and Development

Ms Glen Villiers

Director Corporate Services

Mr Peter Christie

The Director Corporate Services was responsible for the provision and maintenance of corporate services through the Buildings and Properties, Information Technology Services, Finance, Corporate Communications, Personnel and Student Services Departments.

Managers

Buildings and Properties

Mr Graeme Hearn

Information Technology Services

Ms Mary Waterhouse

Finance

Ms Frances Ratcliffe - Chief Finance Officer

Corporate Communications

Ms Elizabeth Koehne

Personnel

Mr Peter Christie

Student Services

Ms Anne Bambrook

NMIT Campuses and Training Facilities



Campuses

Ararat

Grano Street
Ararat 3377
Telephone (03) 5355 3555

Collingwood

20 Otter Street
Collingwood 3066
Telephone (03) 9269 1200

Epping

Cnr Cooper Street and Dalton Road
Epping 3076
Telephone (03) 9269 1200

Fairfield

Yarra Bend Road
Fairfield 3078
Telephone (03) 9269 1200

Greensborough

Civic Drive
Greensborough 3088
Telephone (03) 9269 1200

Heidelberg

Cnr Waterdale Road and Bell Street
Heidelberg 3081
Telephone (03) 9269 1200

Preston

77-91 St Georges Road
Preston 3072
Telephone (03) 9269 1200

Training Centres

Northern Lodge

Glen Robin Court
Eden Park 3757
Telephone (03) 9715 1130

Northern AMEP

Cnr Belfast and Blair Street
Broadmeadows 3047
Telephone (03) 9309 2833

Strathbogie Ranges

Lambing Gully Road
Avenel 3664
Telephone (03) 9269 1025

Whittlesea

Braemore Place
Whittlesea 3757
Telephone (03) 9715 1130

Yan Yean

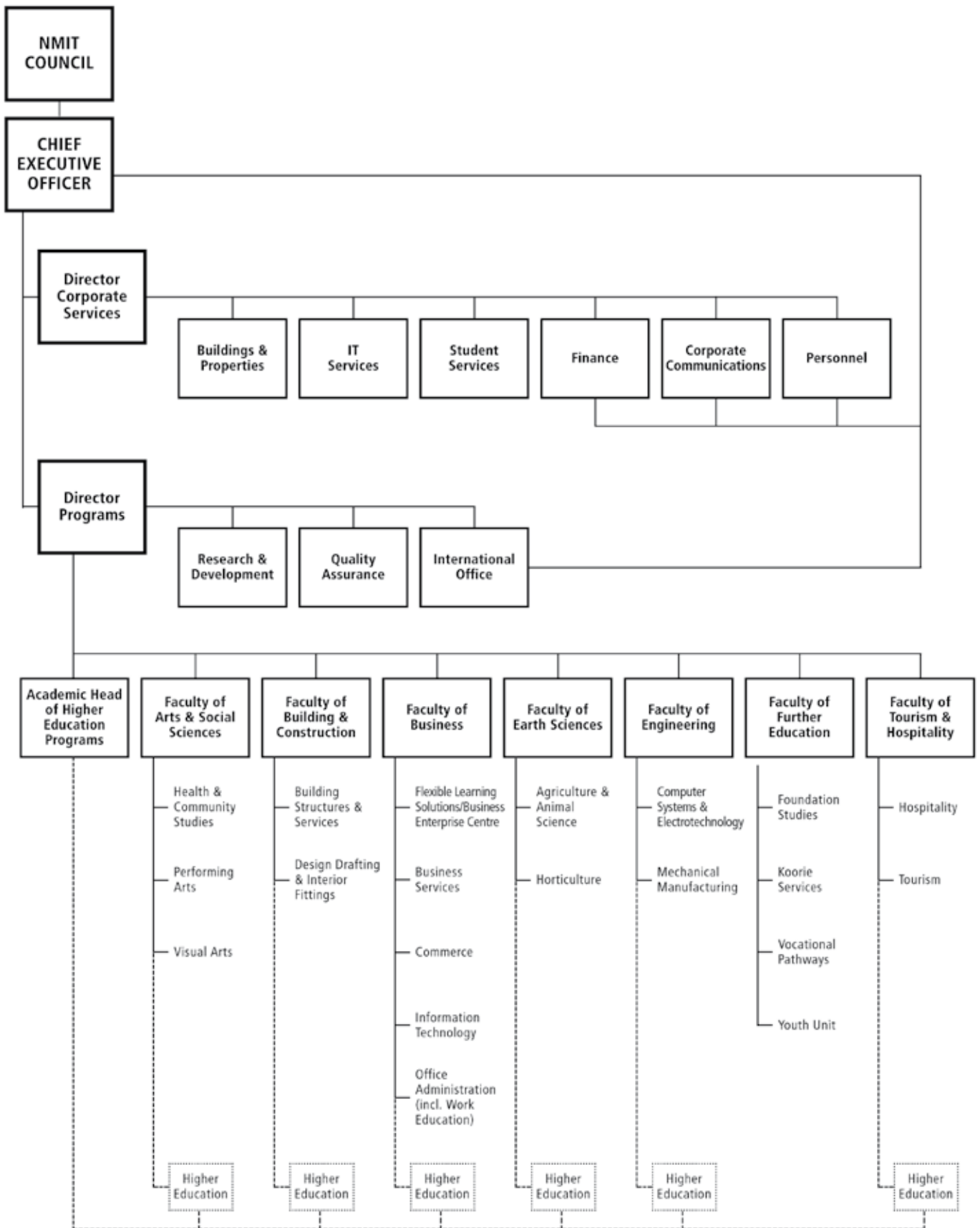
2005 Plenty Road
Telephone (03) 9716 2354

Yarra Glen

Armstrong Grove
Yarra Glen 3775

Website
www.nmit.vic.edu.au

Organisational Structure



Workforce Data

The total number of staff employed at NMIT as at 30 June 2004 was 1,249 compared with 1,243 as at 30 June 2003. The following statistics have been prepared in accordance with the reporting requirements of the Public Sector Management and Employment Act. The statistics reflect staff numbers (not equivalent full-time numbers) and provide a gender analysis.

ASW Category	Male	Female	Total	PWD	NESB	ASTI
Managers	30	21	51	-	5	-
Professionals	488	410	898	11	29	1
Associate Professionals	39	23	62	1	6	1
Tradespersons and Related Workers	19	4	23	-	2	-
Advanced Clerical and Service Workers	4	35	39	-	10	-
Intermediate Clericals	8	126	134	-	11	-
Intermediate Production and Transport Workers	10	-	10	-	1	-
Elementary Clerical, Sales and Service, Security Guards	7	2	9	-	-	-
Labourers/Cleaners/Trade Assistants	15	8	23	-	-	-
TOTAL	620	629	1,249	12	64	2

Definitions:

- PWD** People with a disability
- NESB** Non English Speaking Background
- ASTI** Aboriginal and Torres Strait Islander

Merit and Equity

NMIT's personnel policies and practices are underpinned by the principles of merit and equity. Selection decisions were based on key selection criteria in position descriptions available to all applicants. NMIT had a range of policies that promoted fairness and equity in the workplace and were designed to discourage discrimination and harassment against staff, students and visitors. These policies were:

- Institute Code of Practice
- Anti-Discrimination Policy
- Prevention of Bullying, Harassment and Sexual Harassment Policy and associated procedures
- Policy and Procedures for Employee Grievances
- Selection Policy

STAFF NUMBERS

Year	Male	Female	Total
2004	589	660	1249
2003	621	622	1243
2002	618	578	1196

Application and Operation of Freedom of Information (FOI) Act 1982

Freedom of Information Part 2: Statements

Statement 1 - Organisation and Function

For information about the organisation and functions of NMIT see pp 7 to 15 of this Annual Report,

Consultative Arrangements

Chief Executive Officer's Advisory Committee

The CEO administers NMIT through this committee, comprising the CEO and the Directors of Corporate Services and Programs.

Advisory Committees

The following advisory committees function at NMIT:

- Director (Programs) Advisory Committee
- Director (Corporate Services) Advisory Committee
- Occupational Health and Safety Committee
- Senior Management Committee
- Other committees as required

The following Faculty Boards and Advisory Committees also function at NMIT:

- Arts and Social Sciences
- Building and Construction
- Business
- Earth Sciences
- Engineering
- Further Education
- Tourism and Hospitality

Statement 2 - Categories of Documents

The following categories of documents were maintained:

Subject Files

A central registry filing system holding inward correspondence for the CEO was maintained. Files were arranged chronologically. A decentralised filing system in the office of each Director, Associate Director and Manager was maintained as well as local filing systems in departments.

Personal files - Staff

A file for each member of staff employed in an ongoing or fixed term contract capacity was held in the Personnel Department documenting NMIT's employment relationship with the staff member concerned. These files were arranged alphabetically. Details of casual staff were held by the departments that engaged them.

Personal files - Student

A computer file for each student was held by the Corporate Communications Department documenting NMIT's academic relationship with the student concerned.

Computer Records

Information was held by the Corporate Communications, Finance and IT Services Departments on data files relating to NMIT's administrative and teaching functions.

Statement 3 - Published Information on FOI

Copies of the Part II Publication Statements may be inspected, obtained or purchased at 20 cents per page from:

Personnel Department
NMIT
77-91 St Georges Road
Preston 3072

Other materials prepared for public inspection or purchase are listed under Statement 4 of this section.

FOI Access Arrangements

All formal FOI enquiries were directed in writing to:

Freedom of Information Officer
Personnel Department
NMIT
77-91 St Georges Road
Preston 3072

Requests for access to records under the FOI Act had to be made in writing and contain sufficient detail concerning the record to enable the FOI Officer to identify the document required. Requests for information had to be accompanied by a \$20 application fee for requests made up to 30 June 2004 and \$20.50 for requests made from 1 July 2004.

Office Hours and Charges

The hours during which access to inspect, obtain or purchase materials were Monday to Friday from 9.00 a.m. to 4.00 p.m. Charges for access to documents were in accordance with the Freedom of Information (Access Charges) Regulations 2004. Charges were to cover costs incurred for time spent in conducting a routine search for documents, the cost of supervising the inspection of a document and the cost of supplying copies of a document.

NMIT Library Network Hours

Core hours of opening for all NMIT libraries during semesters were:

Monday: 8.30 a.m. to 6.00 p.m.

Tuesday to Thursday: 8.30 a.m. to 8.00 p.m.

Friday: 8.30 a.m. to 5.00 p.m.

Extended hours operated at some campuses when needed.

Borrowing from the Library Network was restricted to registered borrowers.

The Library Catalogue was available on the Internet. Registered borrowers could search the database and access items online.

Statement 4 - Publicity Services

Materials prepared for inspection, availability or sale included:

- Annual Reports - 1990 to 2003
- NMIT Handbook 2005 at a charge of \$10.00 per copy
- Staff News published fortnightly
- Course brochures for 2005
- Course and Career Guide for 2005
- Student Diary published annually

- A-Z Course Guide 2005
- Vocational Vision - NMIT Prospectus
- Partners In Progress - Sponsorship publication
- TAFE Triumphs, The NMIT Experience - a book about NMIT's past, present and future
- Internet Website
- Editorial and publicity copy for media

All documents listed above were available for public viewing either in the Library, Preston campus, or by contacting the Corporate Communications Manager.

Materials were available from:

Manager
Corporate Communications Department
NMIT
77-91 St Georges Road
Preston 3072

Statement 5 - Rules, Policies and Procedures

Manuals, Rules of Procedure

In 2004, the rules, policies and procedures of NMIT were documented in the:

- Constitution, Rules and Committees of Council
- Institute Quality Manual
- Corporate Services Quality Manual
- Programs Quality Manual
- Health and Safety Manual
- Emergency Procedures Manual.

These documents were available for inspection at NMIT's libraries.

2004 Claims Under Freedom of Information

No claims were made under the Freedom of Information Act in 2004.

Industrial Relations

During 2004 there were no days lost due to industrial disputation. Excellent relationships were maintained with all unions with coverage at NMIT.

Enterprise bargaining negotiations were successfully completed with the following unions in relation to the staff in the occupational categories shown:

- Australian Education Union - Teaching Staff Multi-Employer Certified Agreement
- Australian Liquor Hospitality and Miscellaneous Workers Union - Cleaners, Security Guards and Kitchenhands
- Construction Forestry Mining and Energy Union - Carpenters
- National Tertiary Education Union - Professional Administrative Clerical Computing and Technical (PACCT) staff
- National Union of Workers - Storemen.



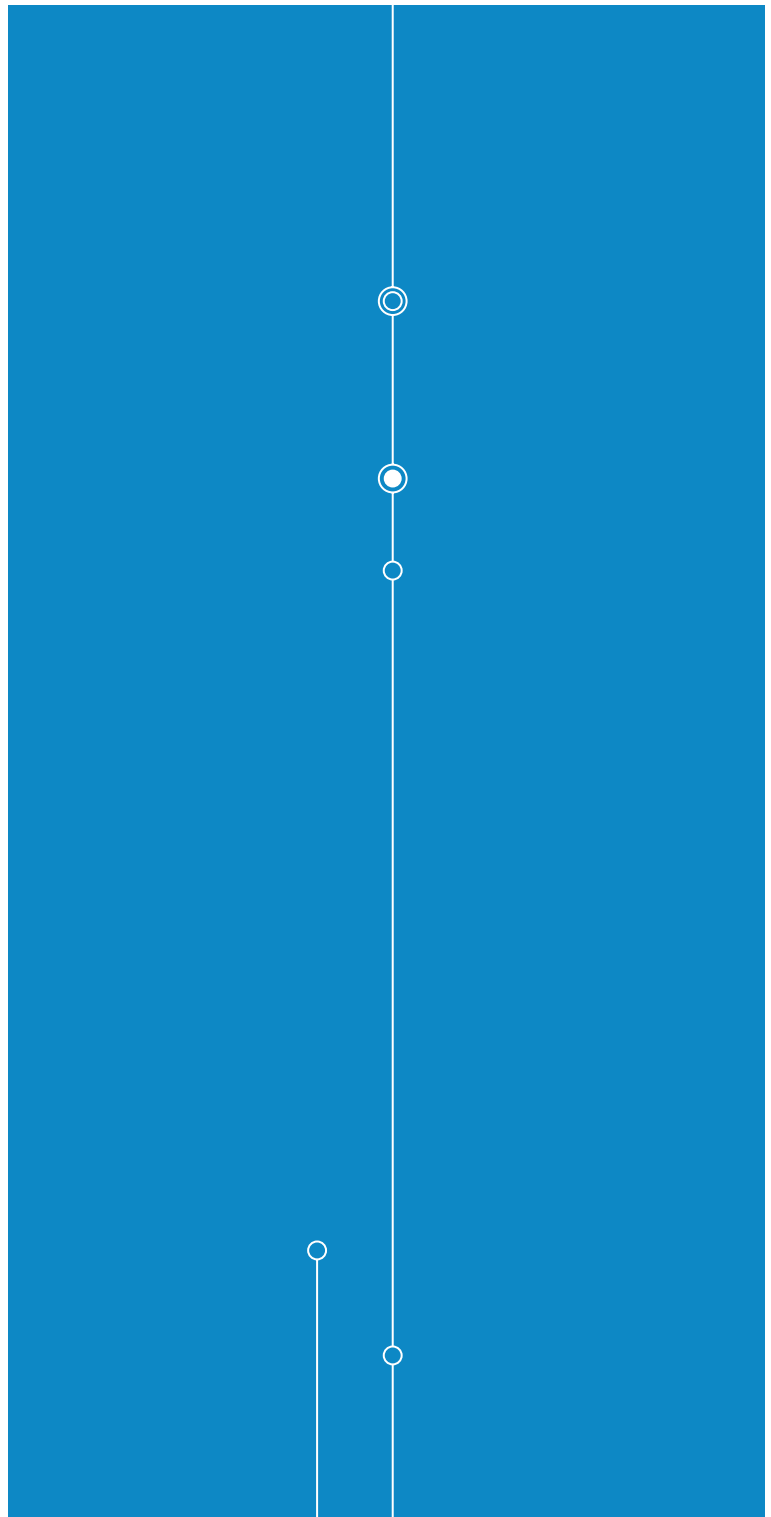
Environmental Performance

NMIT is committed to environmental performance improvement and has implemented a significant range of environmental performance strategies over a long period of time. These include but are not limited to:

- implementation of energy efficiency measures in building refurbishment and use
- improved waste management and recycling across all campuses and training centres
- incorporation of environmentally sustainable design principles in the design of new buildings and training facilities
- implementation of demand management systems enabling plant to shut down in times of low demand from a central location
- installation of motion sensors to control room lights at all campuses
- installation of heat reflecting film on windows and heat re-radiating membrane to remove the justification for air conditioning.



Financial and Other Information



Summary of Financial Results

NMIT's 2004 Financial Statements were prepared in accord with applicable Australian Accounting Standards and other mandatory professional reporting requirements and complies with the Financial Management Act 1994.

Year	Operating Surplus (Deficit) \$000's	Accumulated Surplus (Deficit) \$000's
2004	1,987	21,092
2003	15,395	19,105
2002	3,716	3,716
2001	9,026	37,230
2000	434	27,839

Summary of Significant Changes in Financial Position

The change in operating surplus from \$15.395 million in 2003 to \$1.987 million in 2004 is a direct result of the reduction in capital grants from \$21.803 million in 2003 to \$8.022 million in 2004.

Operational Objectives and Performance Against Objectives

In 2004, NMIT achieved the objectives documented in the Performance Agreement negotiated with the Victorian Learning and Employment Skills Commission. The following is a summary of the objectives and performance against objectives.

Manage a financially sound organisation with a balanced budget

NMIT produced a budget with a small operational surplus as documented in the Financial Statements of this report.

Achieve all Performance Agreement targets and advance NMIT's position as a leading provider of vocational education and training

NMIT maintained its position as a leading provider of vocational education and training in Victoria. The Performance Agreement requirements were met by:

- delivering all agreed program profile student contact hours
- complying with all audit requirements
- maintaining all quality assurance processes
- being below the threshold invalid module enrolment requirement
- providing a mailing list for the National Centre for Vocational Education and Research student outcomes survey
- providing statistical reports on enrolments by industry, sector, and qualification level, student contact hours and monthly staffing
- reporting on total student hours of training undertaken in the workplace as part of practical placement
- reporting on usage of Victorian Crown Copyright curriculum, interstate or overseas where it was used as the basis of commercial delivery
- providing financial statements and reports on capital works
- reporting on indigenous programs
- reporting on regulated apprenticeship training agreements
- meeting obligations in relation to tagged items

Expand the regional and international profile

Regionally, NMIT's profile expanded with the delivery of high quality viticulture training at its Ararat campus and Eden Park, Yarra Glen and Strathbogie Ranges Training Centres.

Internationally, program delivery expanded in China with the NMIT China Diploma program conducted at 15 Chinese universities as well as business and information technology programs delivered at three IEN Centres in China. NMIT also has licensing agreements to conduct diploma programs in Sri Lanka, Singapore, Bangladesh, Pakistan, Kathmandu and Malaysia. A student exchange program and scholarships overseas have been designed to provide opportunities for NMIT students.

Deliver high quality programs to students and assure the quality and relevance of these programs through the quality management system

NMIT delivered a comprehensive range of high quality programs to students using a variety of delivery methods. These programs met the Australian Quality Training Framework standards and were quality assured through the NMIT Quality Management System. NMIT's quality system covers the design, development and provision of training programs and services provided by all teaching and non-teaching departments within NMIT. In 2004 external quality audits resulted in the achievement of certification to the new ISO 9001:2000 standard with nil non-conformances recorded.

Provide access to high quality equipment and facilities

NMIT continued its program of equipment purchase, refurbishment of campuses and capital works that included construction of Stage 3 of the Epping Campus and significant NMIT funds were utilised in the further development of the Fairfield campus and the refurbishment and re-invigoration of the Collingwood campus.

Support the professional development of staff through in house and externally funded development programs

NMIT was funded by the Office of Training and Tertiary Education and the Australian National Training Authority to deliver a range of staff development programs.

Externally funded programs included:

- Reframing the Future Staff Development project
- Innovations Funding for six projects enabling production of teaching and learning resources
- LearnScope grants focussing on flexible delivery
- TAFE Frontiers grant for participation in a Research Circle to collect information about learning and development needs in the community.

NMIT funded programs included:

- delivery of the Certificate IV in Assessment and Workplace Training to 195 NMIT teaching staff
- administration and management of recognition of prior learning for Certificate IV in Assessment and Workplace Training for 57 NMIT teaching staff
- development and delivery of customised programs to teaching and non-teaching staff including anti discrimination workshops
- delivery of management and leadership workshops for all program co-ordinators and heads of departments
- delivery of faculty seminars and workshops on teaching and learning including online delivery
- teaching and learning projects.

The value of professional development funded by NMIT including registration fees, travel and accommodation, replacement costs and staff time was \$1,104,213 in 2004.

Expand the range of innovative products and services offered by NMIT and undertake applied research

NMIT expanded its range of specialist programs and diversified the products and services offered.

New VET curriculum included diplomas in Horse Studies, Agricultural Practices and Water Management and new certificate courses were developed for the Hire and Rental industry. In addition, NMIT accredited short courses developed to meet the needs of the local community. Two higher education bachelor degree programs were accredited in Applied Aquaculture, and Viticulture and Winemaking in 2004.

The range of diversified products developed and sold included cut lavender from the Aradale campus, thoroughbred yearlings from Northern Lodge and wine exported to Canada and Japan using Eden Park and Australian College of Wine labels.

Major Changes or Factors Affecting Achievement of Objectives

There were no major changes or factors affecting the achievement of NMIT objectives.

Events Subsequent to Balance Date

There were no events subsequent to balance date that will have a significant effect on the operations of NMIT in future years.

Consultancies

Ex-gratia Payments

There were no ex-gratia payments made during 2004.

Consultancies Over \$100,000

There were no consultancies over \$100,000.

Consultancies Under \$100,000

NMIT engaged fifteen consultants for a total cost of \$197,484 during 2004.

Compliance with the Building Act 1993

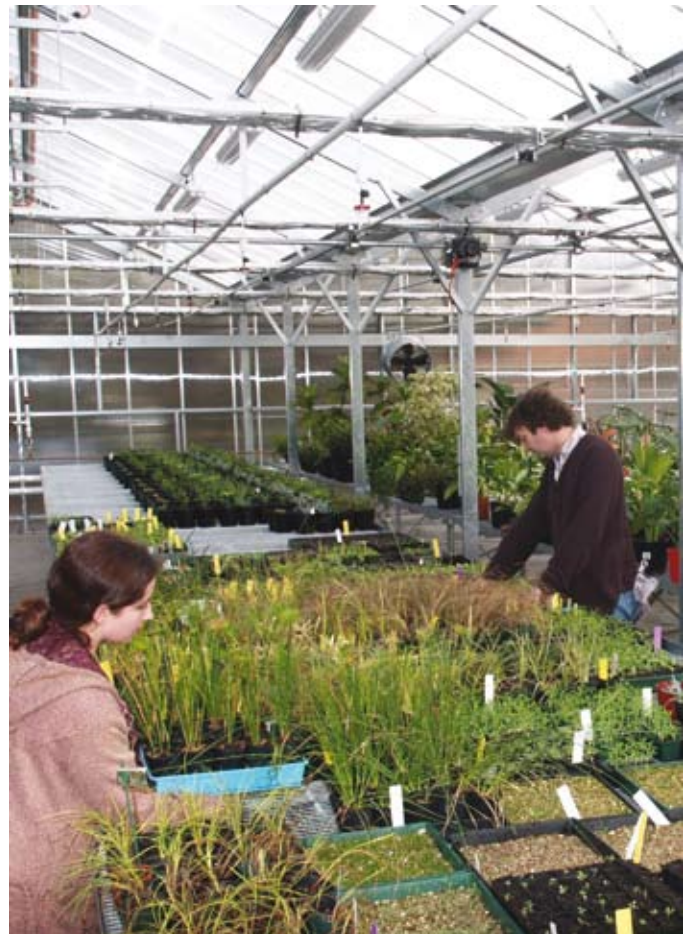
NMIT ensured that all works requiring building approval had plans certified, works in progress inspected and occupancy permits issued by independent building surveyors engaged on a job-by-job basis.

A register of building surveyors and the jobs they certified was maintained. NMIT required all building practitioners engaged on its works to show evidence of current registration upon their engagement.

A condition of contracts between NMIT and building contractors required the maintenance of registration for the duration of the contract. All practitioners engaged by NMIT maintained their registered status throughout the year.

During 2004, the following works and maintenance were undertaken to ensure conformity with the relevant standards:

Building Works	Number
Work is constructed and the subject of mandatory inspections	10
Occupancy Permits Issued	10
Notices issued for rectification of substandard building requiring urgent attention	0
Involving major expenditure and requiring urgent attention	0
Number of buildings conforming with standards	122
Brought into conformity this year	10



Additional Information

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

- statement regarding declarations of pecuniary interest
- shares held beneficially by senior officers as nominees of a statutory authority or subsidiary
- publications
- major external reviews
- major research and development activities
- overseas visits undertaken
- details of major promotional, public relations and marketing activities
- Occupational Health and Safety assessments and measures
- industrial relations issues
- major committees sponsored by NMIT.

Compliance with National Competition Policy

NMIT has developed a costing model to ensure compliance with competitive neutrality principles. Costings are checked to ensure compliance with these principles.

Fees and Charges

Tuition Fees

Tuition fees are set by the Government on advice from the Victorian Learning and Skills Commission and in 2004 were calculated on the basis of \$1.25 for each subject hour of the course, or part of the course, in which the student was enrolled.

A minimum tuition fee of \$50 applied. Students with less than 40 student contact hours were still required to pay this minimum fee. The maximum tuition fee paid by any student per calendar year was \$625.

The maximum tuition fee paid by apprentices and trainees per calendar year was \$290 and VCAL students paid a maximum of \$420. If an apprentice or trainee or VCAL student also enrolled in another course, additional fees were payable to a maximum of \$625 in total.

Student Services & Amenities Fee

All students were required to pay a Student Services and Amenities Fee as follows:

	Hours Enrolled				
	<135	136 - 260	261 - 390	391 - 540	>540
1	\$50	\$60	\$70	\$80	\$90
2	\$37	\$45	\$53	\$60	\$67
3	\$20				

- 1 Full fee-paying and students eligible for 50% concession
- 2 Minimum fee-paying students
- 3 Online/off campus students

Materials Fee

Class materials fees were charged on all classes.

Minimum Fee

In 2004, the minimum fee applied to the following categories:

- students who were receiving government benefits, pensions or allowances
- students who were the dependant spouse of a person who was receiving government benefits, pensions or allowances
- students who were the dependant child of parents who were receiving government benefits, pensions or allowances.

The relevant person from a category above must have been in receipt one of the following benefits:

- Age Pension
- Carer Allowance
- Family Tax Benefit (maximum rate)
- Newstart Mature Age
- Partner Allowance
- Special Benefit
- Wife Pension
- Veterans' Affairs Service Pension (Age/Invalid)
- Veterans' Children Education Scheme
- Youth Allowance (unemployed)
- Carer Payment
- Disability Support Pension
- Newstart Allowance
- Parenting Single Payment
- Sickness Allowance
- Widow Pension

Prisoners and Koories enrolled in TAFE courses paid no fees.

International Operations

NMIT conducted programs offshore and enrolled overseas students in a range of countries. Its largest international operation was in China. The institute maintained a fully staffed international office at the Collingwood campus to undertake marketing, liaison, contract and partner management. As part of annual planning and business operations, strategic and operational risks were identified and strategies established to manage risks.

In 2004 the following strategic and operational risks were identified and managed:

- legal risks, such as in China the release of new laws relating to joint venture operations by the Ministry of Education
- currency fluctuations and receipt of monies
- staffing, to ensure a pool of qualified and experienced teachers available from NMIT, industry and other tertiary organisations
- customer requirements whilst maintaining vocational education quality compliance
- health and safety and insurance considerations, covered in the NMIT Teacher Information Booklet for teachers undertaking overseas work
- compliance with internal and external audits, including the Commonwealth government audits
- NMIT assets held overseas, kept to a minimum and generally only including stocks of teaching materials and stationery
- supporting students studying in Australia and regular liaising with Commonwealth departments to ensure a stable study environment
- Chinese student results entered onto a database which was used to validate Chinese issued Statement of Results when requested by Australian or overseas educational institutions.

Performance targets are formulated annually and for 2004 included:

- ensuring agreements entered into were only with highly ranked and respected overseas universities and vocational institutes/colleges
- ensuring that joint venture arrangements met a minimum enrolment target of 100 students to ensure viability
- entering into agreements with at least four new partners in China.

Performance measures and targets were monitored regularly through official visits by specialist and management staff who negotiated contractual arrangements, advised on curricula, advised on pedagogical issues, performed audits and engaged in marketing activities. All 2004 targets were achieved.

Additional information relating to international operations is located on page 48 - Note 2 Revenue from Ordinary Activities.



Occupational Health and Safety

During 2004, the Occupational Health and Safety (Prevention of Falls) Regulations 2003 came into operation. As a result of the regulations two procedures were inserted into the NMIT Health and Safety Manual. The procedures were entitled Gravitational Hazards - Working at Heights and Prevention of Falls and Gravitational Hazards - Safe Use of Ladders. The procedures were widely circulated for comment and endorsed by the Occupational Health and Safety Committee.

Evacuation training for 32 wardens was conducted at the Fairfield campus.

A review of action plans, hazard registers, hazardous manual handling and hazardous substances registers from all areas of NMIT was carried out under the auspices of the Occupational Health and Safety Committee.

A major strength of the NMIT Health and Safety system remains the reporting of student and staff accidents and the continuous improvement arising from these reports. This feature was favourably commented on in reports from a Victorian Workcover Authority Inspector in relation to two incidents.

The WorkCover premium for 2004/2005 reduced by 4.43% from the 2003/2004 premium. The emphasis placed on injury prevention and early return to work placed NMIT in a good position to adjust to the new WorkCover system introduced from 1 July 2004.

Statistics for accidents/incidents reported by employees and students were:

Employees - total number employed 31/12/04	1,011
Number of incidents reported	65
Number of compensable claims	12
Time lost (hours)	3,117.7
Students – total number enrolled	29,608
Number of incidents reported	95



Whistleblowers Protection Act 2001

No disclosures were made to NMIT during 2004 and the Ombudsman referred no disclosures to NMIT. There were no requests made to the Ombudsman to investigate any matters. The Ombudsman did not make any recommendations relating to NMIT.

ACTIVITY TABLE

The following activity table is unaudited and does not form part of the Financial Statements.

NOTE A1 - STATEMENT OF FINANCIAL PERFORMANCE

Total Operating Expenses

	Note	2004 \$000	2003 \$000
Delivery provision and support activity	A2	60,278	55,423
Admin. and general services activity	A3	13,416	13,538
Property plant and equip. services activity	A4	8,599	8,106
Student and other services activity	A5	5,133	5,641
Total Operating Expenses		87,426	82,708

NOTE A2 - STATEMENT OF FINANCIAL PERFORMANCE

Delivery Provision and Support Activity

	2004 \$000	2003 \$000
Salaries, wages, overtime & allowances	40,735	38,205
Superannuation	3,570	3,356
Payroll tax	2,179	2,104
Other salary related costs	1,153	825
Consumables	3,610	3,371
Travel and motor vehicle expenses	265	347
Depreciation	4,800	4,316
Other direct delivery expenses	3,966	2,899
	60,278	55,423

NOTE A3 - STATEMENT OF FINANCIAL PERFORMANCE

Administration and General Services Activity

	2004 \$000	2003 \$000
Salaries, wages, overtime & allowances	6,057	6,193
Superannuation	531	544
Payroll tax	324	341
Other salary related costs	174	133
Consumables	204	214
Communication expenses	1,001	1,258
Fees	926	808
Travel and motor vehicle expenses	1,329	1,149
Depreciation	714	700
Other expenses	2,156	2,198
	13,416	13,538

ACTIVITY TABLE (Cont.)

NOTE A4 - STATEMENT OF FINANCIAL PERFORMANCE

Property, Plant and Equipment Services Activity

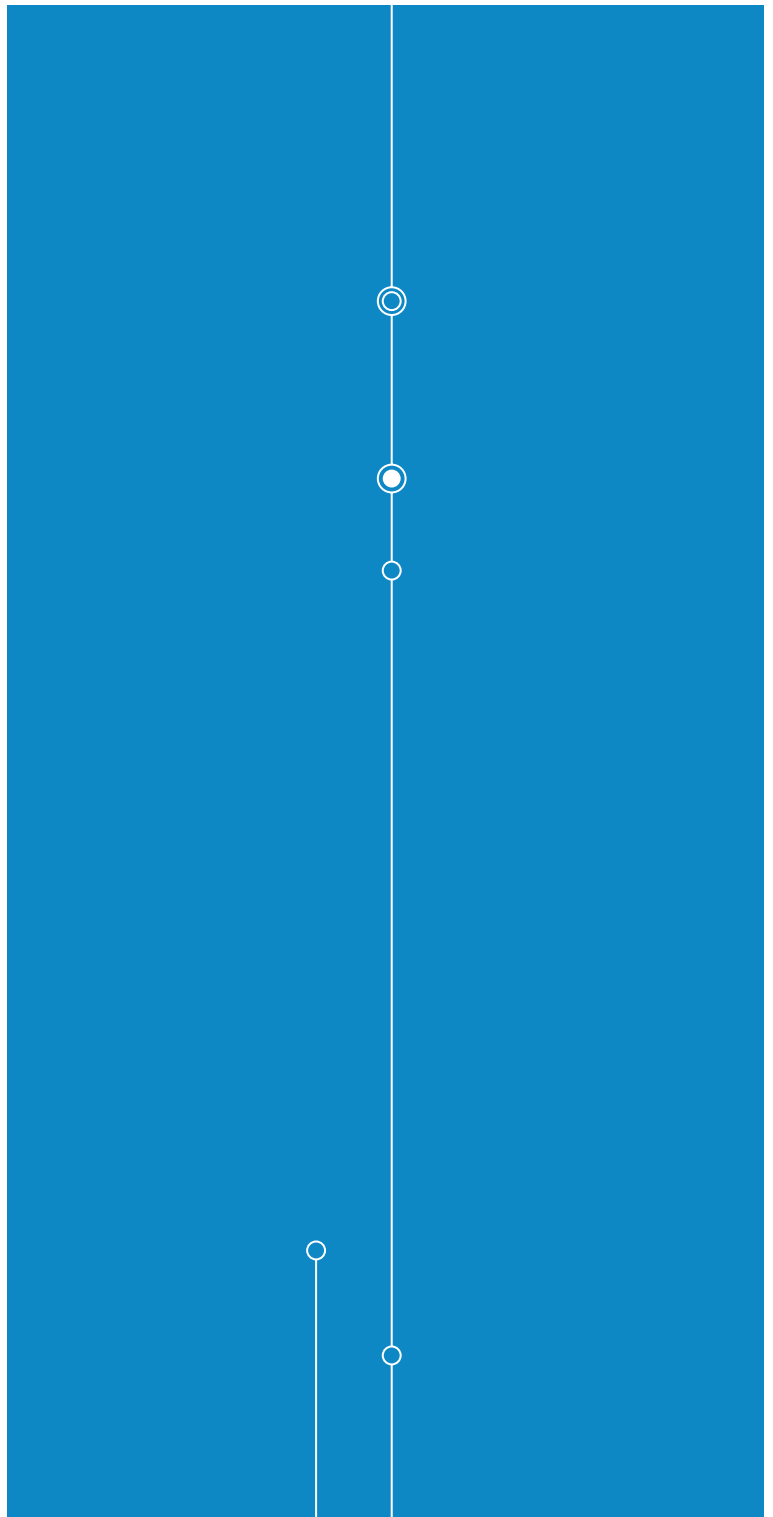
	2004	2003
	\$000	\$000
Salaries, wages, overtime & allowances	1,569	1,580
Superannuation	137	139
Payroll tax	84	87
Other salary related costs	43	34
Consumables	24	23
Depreciation	185	179
Equipment	573	866
Energy costs	1,293	1,246
Contract services	2,269	2,143
Rent/leasing charges	683	565
Repairs and maintenance	1,587	1,124
Other expenses	152	120
	8,599	8,106

NOTE A5 - STATEMENT OF FINANCIAL PERFORMANCE

Student and Other Services Activity

	2004	2003
	\$000	\$000
Salaries, wages, overtime & allowances	2,531	2,640
Superannuation	222	232
Payroll tax	135	145
Other salary related costs	70	58
Consumables	151	166
Depreciation	298	298
Other expenses	1,726	2,102
	5,133	5,641

Financial Statements



Compulsory Non-Academic Fees and Charges Statement

As at 31 December, 2004

	2004	2003
	\$	\$
Income		
Compulsory Non- Academic Fees	856,202	572,076
Total Income	856,202	572,076
Expenditure		
Salaries		
Salaries	508,642	347,682
Salary Oncosts	93,971	69,309
Total Salary Expenditure	602,613	416,991
Non Salaries		
Audit Fees	0	1,000
Consumables	8,241	8,625
Subscriptions	500	456
Telephone	151	0
EDP Equipment Purchases	35,896	0
Equipment Purchases	15,045	3,252
Furniture & Fittings	17,544	2,240
Contract Cleaning	409	0
Travel	1,110	2,662
Citylink Payments	1,892	0
Equipment Repairs	4,565	2,498
Diaries & Advertising	36,399	36,495
Staff Development	688	1,536
Advertising - Recruitment	1,235	0
Computer Software Development	3,077	0
Orientation/Recreational Activities	37,683	36,209
Clubs/Societies	0	2,911
Student Excursions	0	205
Bad Debt Expense	0	246
Total Non Salary Expenditure	164,435	98,335
Total Expenditure	767,048	515,326
Operating Result for the year	89,154	56,750
Accumulated Surplus/(Deficit)		
Brought forward 1 January	71,342	14,592
Accumulated Surplus/(Deficit)	160,496	71,342

F. Ratcliffe

Frances Ratcliffe
CHIEF FINANCE OFFICER
18/2/2005



AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

To the Members of the Parliament of Victoria, responsible Ministers and Council of the Northern Melbourne Institute of Technical and Further Education

Matters relating to the electronic presentation of the Audited Financial Report

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

Audit Scope

The accompanying financial report of the Northern Melbourne Institute of Technical and Further Education for the financial year ended 31 December 2004, comprising statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements, has been audited. The Council of the Institute are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, responsible Ministers and Council of the Institute as required by the *Audit Act* 1994.

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

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

Audit Opinion

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

MELBOURNE
17 February 2005



J.W. CAMERON
Auditor-General

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

Auditing in the Public Interest

Northern Melbourne Institute of Technical and Further Education

Financial Report for Year Ended 31 December, 2004

Declaration By President of Council,
Chief Executive Officer
And Chief Finance and Accounting Officer

We certify that the attached financial report for the Northern Melbourne Institute of TAFE has been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional reporting requirements.

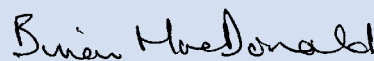
We further state that, in our opinion, the information set out in the statement of financial performance, statement of financial position, statement of cash flows and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 31 December 2004 and financial position of the Institute as at 31 December 2004.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate. There are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.



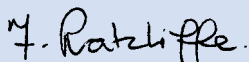
President of Council

DATE: 14/02/05



Chief Executive Officer

DATE: 14/02/05



Chief Finance & Accounting Officer

DATE: 14/02/05

Statement of Financial Performance for the year ended 31 December, 2004

	Note	2004 \$000	2003 \$000
Revenues from ordinary activities	2	89,505	99,060
Expenses from ordinary activities, excluding borrowing costs	3	87,426	82,708
Borrowing costs expense		92	0
Earnings before write down of buildings		1,987	16,352
Write down on buildings	3	0	(957)
Result for the Year		1,987	15,395
Increase (decrease) on adoption of Accounting Standard	14	0	(6)
Net increase (decrease) in asset revaluation reserve	14	3,566	48,861
Total revenues, expenses and valuation adjustments recognised directly in equity		5,553	64,250
Total Changes in Equity other than those resulting from changes in contributed capital	14	5,553	64,250

The above Statement should be read in conjunction with the accompanying notes

Statement of Financial Position as at 31 December, 2004

	Note	2004 \$000	2003 \$000
Current Assets			
Cash assets	4, 24	11,959	10,572
Receivables	5, 24	2,011	4,184
Inventories	6	586	435
Other financial assets	7, 24	112	112
Other assets	8	365	763
Total Current Assets		15,033	16,066
Non-Current Assets			
Other financial assets	7, 24	340	340
Property, plant and equipment	10	182,222	184,160
Total Non-Current Assets		182,562	184,500
TOTAL ASSETS		197,595	200,566
Current Liabilities			
Payables	11, 24	5,175	5,600
Interest bearing liabilities	12	334	0
Provisions	13	3,316	3,268
Total Current Liabilities		8,825	8,868
Non-Current Liabilities			
Interest bearing liabilities	12	827	0
Provisions	13	8,696	7,847
Total Non-Current Liabilities		9,523	7,847
TOTAL LIABILITIES		18,348	16,715
NET ASSETS		179,247	183,851
EQUITY			
Reserves	14	126,474	122,908
Contributed capital	14,1.1,1.16	31,681	41,838
Accumulated surplus	14	21,092	19,105
TOTAL EQUITY		179,247	183,851

The above Statement should be read in conjunction with the accompanying notes

Statement of Cash Flows for the year ended 31 December, 2004

	Note	2004 \$000	2003 \$000
Cash Flows from Operating Activities			
Payments			
Wages and Salaries		(58,285)	(55,831)
Suppliers (inclusive of GST)		(24,311)	(20,722)
Goods and Services Tax paid (GST paid)			
Other payments		(448)	(608)
Receipts			
User fees and charges (inclusive of GST)		22,534	17,946
Interest received		698	563
Goods and Services Tax recovered (GST recovered)		552	643
Other receipts		63	47
Cash flows from government			
Receipts from appropriations/grants		62,115	58,194
Government contributions - capital	2.2	8,022	21,803
Net cash provided by operating activities	15	10,940	22,035
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(9,518)	(22,358)
Proceeds from sale of property, plant and equipment	10	288	311
Net Cash (used in) Investing Activities		(9,230)	(22,047)
Cash Flows from Financing Activities			
Repayment of lease liability		(323)	0
Net Cash provided by Financing Activities		(323)	0
Net increase (decrease) in cash held		1,387	(12)
Cash at the beginning of the financial year		10,572	10,584
Cash at the end of the financial year	4	11,959	10,572

The above Statement should be read in conjunction with the accompanying notes

Notes to and Forming Part of the Financial Statements for the year ended 31 December, 2004

Note 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Report is a general purpose Financial Report prepared in accordance with Australian Accounting Standards, Relevant Urgent Issue Group Consensus Views, other authoritative pronouncements of the PSASB/AASB, the requirements of the Financial Management Act 1994 and applicable Directions issued thereunder. The Financial Report consists of the Financial Statements of the Northern Melbourne Institute of TAFE (NMIT). The accounting policies adopted in preparing the Financial Report are consistent with those of the previous years, except where otherwise stated.

1.1 THE IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

For the reporting periods beginning on or after 1 January 2005, all Australian reporting entities are required to adopt the financial reporting requirements of the Australian equivalents to International Financial Reporting Standards (IFRS). This requirement also extends to any comparative financial information included within the report. The first day of the comparative period, 1 January 2004, effectively becomes the transition date for the Institute. Any adjustments arising from changes in the recognition or measurement of assets and liabilities at the transition date arising from the adoption of IFRS will be made against accumulated funds at the transition date.

The Institute has taken the following steps in managing the transition to Australian equivalents to IFRS:

- established a steering committee for the oversight of the transition to and implementation of the Australian equivalents to IFRS;
- reviewed the Institute's current accounting policies and the proposed new standards to identify key issues and the likely impacts resulting from the adoption of Australian equivalents to IFRS;
- commenced an education and training process for all stakeholders to raise awareness of the changes in reporting requirements and the processes to be undertaken; and
- initiated reconfiguration and testing of user systems and processes to meet new requirements.

The Institute has identified a number of changes to the existing accounting policies that may have a material impact on the Institute's future financial position and performance following the adoption of the requirements of the Australian equivalents to IFRS (the new standards). These include:

- 1.1.1 Valuation of assets. In accordance with the *Victorian government Policy – Revaluation of Non-Current Physical Assets*, the Institute currently measures its non-current physical assets, other than plant, equipment and vehicles, at fair value subsequent to initial recognition. Plant, equipment and vehicles are measured on a cost basis. Revaluations are assessed annually and supplemented by independent assessments at least every three years. The new standard continues to offer a choice for measuring each class of non-current physical assets either at cost or at fair value. However, non-current assets measured at fair value will only be required to be revalued at least every three to five years and all assets in a class must be revalued at the same time. The Victorian government has not yet concluded whether it will make any changes to the valuation basis of any class of asset or the methodology or frequency at which revaluations are performed. The financial effects of any such changes are unknown.
- 1.1.2 Impairment of assets. Under the new standards, an asset will be required to be assessed for impairment each year. If indicators of impairment exist, the carrying value of an asset will need to be assessed to ensure that the carrying value does not exceed its recoverable amount, which is the higher of its value-in-use and fair value less costs to sell. For the Institute, value-in-use of an asset is its depreciated replacement cost. Other than inventories, financial assets and assets arising from construction contracts, impairment testing will apply to all assets regardless of whether they are measured on a cost or fair value basis. Where the carrying value of an asset exceeds its recoverable amount, the difference will be written-off as an impairment loss to the statement of financial performance except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset. Any impairment losses at transition date will be adjusted against the accumulated funds.

The financial impact of this change is \$73,502.

Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

1.1.3 Finance leases. Existing Australian accounting standards require a lessee of a finance lease to recognise a lease asset and a lease liability equal to the present value of minimum lease payments at the beginning of the lease term. Under the new standard on leases, the asset and liability recognised would be equal to the lower of the present value of minimum lease payments and fair value of the leased asset. This may result in a write down of the Institute's lease assets and liabilities at the date of transition if the present value of minimum lease payments exceeds the fair value of the leased asset with the resulting adjustment made against accumulated funds. In addition, the guidance on whether a lease is a finance or operating lease is less prescriptive and there is a greater emphasis on the substance of the transaction when making a judgement.

The financial impact of this change is \$nil as the fair value of the leased assets exceeds the present value of the minimum lease payments.

1.1.4 In addition, a number of other changes in requirements have been identified which are expected to lead to changes in methodology or processes, increased disclosures and possibly changes in measurement of assets or liabilities. The changes are not expected to have a material impact.

1.2 HISTORICAL COST:

The Financial Report has been prepared on an historical cost basis whereby assets are recorded at cost and do not take into account changing money values nor the current cost of non-current assets, except for certain assets which are at valuation.

1.3 ROUNDING OFF:

All amounts shown in the Financial Report are expressed to the nearest thousand dollars.

1.4 INVESTMENTS:

Investments are reported at cost and are classified between current and non-current assets based on NMIT's intention at reporting date with respect to the timing of disposal.

Investments include shares in: (refer note 7)

- . International Training Authority (ITA) \$40,000
- . English International Pty Ltd (EI) \$200,000
- . International Education Network Pty Ltd (IEN) \$100,000

1.5 DEPRECIATION AND AMORTISATION

1.5.1 Depreciation

Non-current assets (with the exception of land) with a cost in excess of \$1,000 are capitalised and depreciated to write off the cost or revalued amount of each item of Property, Plant and Equipment, over its expected useful life to NMIT.

Library acquisitions are capitalised and depreciated over a five year period.

Depreciation methods and rates used for each class of depreciable assets are

	Method	Rate/Rates
Buildings	Straight Line	2.5% to 4%
Major components - buildings	"	5% to 10%
Plant & equipment	"	6.67% to 50%
Motor vehicles	"	10% to 20%
Library collections	"	20%

Depreciation methods and rates of all non current assets are reviewed on an annual basis and have been expanded to include major components – buildings.

1.5.2 Amortisation

Additions to leasehold buildings are amortised over the term of the lease (20 years).

Finance leases – the discounted minimum lease payments are amortised over the term of the lease (4 years).

Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

1.6 INVENTORIES:

Inventories are stated in the Statement of Financial Position at the lower of cost and net realisable value. Cost is determined principally by the first-in, first-out method.

Livestock includes farm animals and fish.

1.7 EMPLOYEE BENEFITS:

The calculation of employee benefits include all relevant on-costs and are calculated as follows at reporting date.

1.7.1 Wages and Salaries, Annual Leave and Sick Leave:

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at current pay rates in respect of employees' services up to that date. The nominal amount of annual leave not expected to be paid in the next financial year is included as a non-current liability. Sick leave is non-vesting and a liability is recognised only when the amount of sick leave expected to be taken in future periods exceeds the benefit expected to accrue in those periods. Due to the nature of staffing requirements for the child care centre, sick leave has been provided for and included in provisions as a current liability. Salary sacrifice amounts made to superannuation funds are included as salaries in Note 3.

1.7.2 Long Service Leave:

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on Federal Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash flows. The nominal amount of long service leave expected to be paid in the next financial year is included as a current liability.

1.7.3 Performance Payments:

Performance payments for TAFE Executive Officers are based on a percentage of the annual salary package provided under the contract of employment. A liability is accrued under the term of the contracts at reporting date and paid out in the next financial year. Other performance payments provided for under contracts of employment are accrued as a current liability at reporting date and paid out in the next financial year.

1.7.4 Superannuation:

A liability is not recognised in respect of any unfunded liabilities arising from State Superannuation Schemes to which NMIT contributes. Unfunded liabilities are defined as the difference between the present value of employees' accrued benefits at the reporting date and the net market value of the superannuation schemes' assets at that date, as reported by the schemes actuaries.

Any unfunded liability in respect of the NMIT's TAFE employees who are members of the State Superannuation Schemes controlled by the Government Superannuation Office will be recognised by the State government in its financial statements. NMIT's contributions to the State Superannuation Schemes and any other superannuation schemes are detailed in notes 3 and 20.

1.8 DOUBTFUL DEBTS:

A provision is made for any doubtful debts based on a review of all outstanding amounts at reporting date. Bad debts are written off in the period in which they are identified.

1.9 LEASES:

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor effectively retains all such risks and benefits. Where a non-current asset is acquired by means of a finance lease, the minimum lease payments are discounted at the interest rate implicit in the lease. The discounted amount is established as a non-current asset at the beginning of the lease term and is amortised on a straight line basis over its expected economic life. A corresponding liability is established and each lease payment is allocated between the principal component and the interest expense. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged against revenue in the periods in which they are incurred.

Leasehold improvements with a value of \$479,294 are capitalised and amortised to write off the cost of each item over the period of the lease.

1.10 NON-CURRENT ASSETS:

Plant and Equipment includes computer equipment, office furniture and equipment. The gross proceeds from the sale of non current assets are included as operating revenue while the written down value of the assets sold are shown as an operating expense.

1.11 VALUATION OF NON-CURRENT ASSETS:

Application of AASB 1041 Revaluation of Non-Current Assets requires that each class of non-current physical assets must be measured on either the cost or fair value basis.

In accordance with the Victorian Government Policy Revaluation of Non-Current Physical Assets:

Non-current physical assets, except for plant, equipment and vehicles (both owned and leased) are measured at fair value; and

Plant, equipment and vehicles are measured at cost.

Where the assessed fair value is materially different from the carrying amount of that asset, a formal revaluation is required and the difference is recognised in accordance with the revaluation requirements.

Accounting for revaluation increments and decrements

For accounting purposes, the net revaluation increment is credited directly to an asset revaluation reserve, except where the net increment reverses a net revaluation decrement previously recognised as an expense in net profit or loss/result in that same class of assets. Where the exception applies, the revaluation increment is recognised immediately as revenue in net profit or loss/result.

The net revaluation decrement is recognised immediately as an expense in net profit or loss/result, except where a credit balance exists in the asset revaluation reserve in that same class of assets. Where the exception applies, the net revaluation decrement is debited directly to the asset revaluation reserve.

Revaluation increments and revaluation decrements are only offset against one another within the same class of non-current physical assets, and are not offset in respect of different classes of non-current physical assets. The Victorian Government Policy, Revaluation of non-current physical assets requires that land and buildings are classified as two separate classes.

Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

1.11.1 Land and Buildings

All land on which Institute buildings are located is vested in the name of the Minister for Education, and buildings erected on the land, together with capital improvements are the property of the Minister for Education.

Land and buildings situated at 105 Johnston street, Collingwood was deemed surplus to the Institute's requirements following the relocation of programs to the new Fairfield Campus.

An allocation statement supporting the transfer of land and buildings situated at 105 Johnston Street Collingwood from the Institute to the Department of Education and Training was approved by the Minister for Education as follows

Land	\$10,157,000
Buildings	\$Nil

The effective transfer date is 31 December 2004. (refer to note 10)

In accordance with the Urgent Issues Group Abstract 38 "Contribution by Owners made to Wholly-owned Public Sector Entities" this transfer has been treated as contributed capital.

It is Government policy that formal revaluations of non-current assets must be undertaken at least every five years.

The latest independent valuations for land and buildings were conducted by Charter Keck Cramer acting on behalf of the Valuer General as at 31 December 2003.

Land values were revalued based on Valuer General indexation movements for the reporting period 1 January 2004 to 31 December 2004.

1.11.2 Plant and Equipment

Plant and equipment is shown at cost less accumulated depreciation in the Financial Report. This is in accordance with AASB1041 Revaluation of Non-Current Assets.

The institute includes in its asset register only items of plant and equipment with a cost in excess of \$1,000 per item and with a life expectancy of more than one year. The Financial Report is prepared consistent with the asset register.

1.11.3 Capital Works In Progress

Capital works in progress are valued at cost.

1.11.4 Motor Vehicles

Motor vehicles valued at cost.

Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

1.11.5 Bloodstock

Bloodstock includes only stock used for breeding purposes and is restated to valuations determined by Mr R Higgins MBE of R H Consultancies Pty Ltd as at 31 December 2000.

Subsequent purchases are shown at cost.

1.11.6 Library Collection

Library collections valued at cost.

1.11.7 Vineyards

The latest independent valuation of vineyards was conducted by Charter Keck Cramer acting on behalf of the Valuer General as at 31 December 2003.

Land under vine was revalued based on Valuer General indexation movements for the reporting period 1 January 2004 to 31 December 2004.

Subsequent purchases of vines are valued at cost.

1.12 CASH:

For the purpose of the Statement of Cash Flows, cash includes cash on hand and cash equivalents ie highly liquid investments with short periods to maturity which are readily convertible to cash on hand at NMIT's option. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position.

1.13 CHANGES IN ACCOUNTING POLICY:

Annual leave entitlements in excess of thirty days are reclassified as a non-current liability of \$58,000.

1.14 CONTROLLED ENTITY:

NMIT International Ltd is a wholly owned company of Northern Melbourne Institute of TAFE. NMIT International Ltd has never traded and as such does not warrant consolidation in the Financial Statements of Northern Melbourne Institute of TAFE.

1.15 GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of GST except where the amount of GST incurred is not recoverable, in which case it is recognised as part of the cost of acquisition of an asset or part of an item of expense. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as part of receivables or payables in the statement of financial position. The GST component of a receipt or payment is recognised on a gross basis in the statement of cash flows in accordance with Accounting Standard AAS 28 Statement of Cash Flows.

1.16 REVENUE RECOGNITION:

Government contributions are recognised as revenue in the period when NMIT gains control of the contributions. Control is recognised upon receipt or notification by relevant authorities of the right to receive a contribution for the current period.

Contributed Capital - State Capital funds are output funding and treated as income.

Commonwealth Capital funds are not affected and are treated as income.

Funds generated by NMIT for capital purposes are not "Contributions by the Owner" and are treated as income. Where special funding is made available for capital purposes, OTTE notifies the institute that such funding is a "Contribution by the Owner" and should be treated as Contributed Capital.

Fee for service revenue is recognised by reference to the percentage completion of each contract, ie. in the reporting period in which the services are rendered. Where fee for service revenue of a reciprocal nature has been clearly received in respect of programs or services to be delivered in the following year, revenue is treated as revenue in advance, the non refundable portion is not material.

Fee for service revenue from international operations is shown separately for offshore activities and inbound students' fees.

Ancillary trading revenue is recognised as revenue on receipt or delivery.

Student fees and charges revenue is recognised by reference to the percentage of services provided. Where student fees and charges revenue has been clearly received in respect of courses or programs to be delivered.

Investment income from cash, short-term deposits and investments is brought to account on a time proportionate basis.

Assets received free of charge are recognised as revenue when NMIT gains control of them. The benefits derived from these assets are recorded at their fair value in the financial statements.

1.17 ECONOMIC DEPENDENCY:

NMIT is dependent on the State Government, through Office of Training and Tertiary Education for a significant volume of its operating revenue as disclosed in note 2.1.

NOTE 2 - REVENUE FROM ORDINARY ACTIVITIES

	Note	2004 \$000	2003 \$000
Revenue from operating activities			
Government contributions-operating	1.16, 2.1	54,620	53,338
Government contributions-capital	2.2	8,022	21,803
Fee for service - Government		7,494	4,856
Fee for service - international operations offshore		2,355	2,295
Fee for service – international operations inbound students		1,938	2,721
Fee for service - other		4,973	5,977
Student fees and charges		5,127	3,703
Sale of goods		2,225	2,218
		86,754	96,911
Revenue from non operating activities			
Donations & contributions		64	47
Investment income		710	576
Gross proceeds from sale of non-current assets	10	288	311
Rent		73	114
Other Revenue		1,616	1,101
		2,751	2,149
Total revenue from ordinary activities		89,505	99,060

NOTE 2.1 - GOVERNMENT CONTRIBUTIONS – OPERATING

	Note	2004 \$000	2003 \$000
ANTA*/State current C'wealth/ANTA specific funded programs		54,072	52,994
Other contributions		548	344
Government contributions - operating		54,620	53,338

NOTE 2.2 - GOVERNMENT CONTRIBUTIONS – CAPITAL

	Note	2004 \$000	2003 \$000
ANTA capital		3,502	17,135
State capital	1.16	4,520	4,668
Government contributions – capital		8,022	21,803

*ANTA - Australian National Training Authority

NOTE 3 – EXPENSES FROM ORDINARY ACTIVITIES

	Note	2004 \$000	2003 \$000
Salaries, wages, overtime and allowances		49,968	48,487
Superannuation		4,460	4,271
Payroll tax		2,722	2,677
Movement in provision for long service leave		815	12
Movement in provision for annual leave		109	119
Other salary related costs		1,440	1,050
Total employee benefits		59,514	56,616
Bad and doubtful debts		48	22
Communication expenses		1,001	1,258
Consumables		3,989	3,774
Contract and other services		2,269	2,143
Cost of sale of goods including ancillary trading		1,432	1,861
Depreciation & Amortisation	10	5,997	5,493
Equipment		573	866
Fees & charges		926	808
Grants & subsidies		48	41
Promotional expenses		906	967
Rent/leasing charges		683	565
Building repairs and maintenance		1,587	1,124
Staff development		260	194
Travel and motor vehicle expenses		1,594	1,496
Utilities		1,293	1,246
Written down value on disposal of non current assets	10	352	545
Other expenses		4,954	3,689
Total expenses from ordinary activities		87,426	82,708
Write down on buildings		0	957
		87,426	83,665

NOTE 4 – CASH ASSETS

	Note	2004 \$000	2003 \$000
Cash at bank and on hand	1.12, 24	1,151	820
Deposits at call	24	10,808	9,752
		11,959	10,572

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above		11,959	10,572
		11,959	10,572

NOTE 5 - RECEIVABLES

	Note	2004 \$000	2003 \$000
Current	24		
Debtors		1,365	2,879
Provision for doubtful debts		(28)	(42)
Revenue receivable		419	983
GST receivable		255	364
		2,011	4,184

NOTE 6 - INVENTORIES

		2004 \$000	2003 \$000
Current			
Livestock		78	83
Printroom stock		10	12
Hospitality stock items		29	28
Wine stock		306	180
Bookshop stock		163	132
		586	435

NOTE 7 – OTHER FINANCIAL ASSETS

		2004 \$000	2003 \$000
Current	24		
Loans to other parties : English International Pty Ltd		112	112
		112	112
Non-current	24		
Shares: International Training Australia Pty Ltd (ITA)		40	40
English International Pty Ltd (EI)		200	200
International Education Network Pty Ltd (IEN)		100	100
		340	340

NOTE 8 - OTHER ASSETS

		2004 \$000	2003 \$000
Current			
Prepayments		365	763
		365	763

NOTE 9 – INTANGIBLE ASSETS

There are no intangibles.

NOTE 10 - NON-CURRENT ASSETS: PROPERTY, PLANT AND EQUIPMENT

	Note	2004 \$000	2003 \$000
Land			
At Valuation 31 December 2003		0	55,058
At Valuation 31 December 2004		48,326	0
		48,326	55,058
Buildings			
At Cost		8,696	0
Accumulated Depreciation		(93)	0
At Valuation 31 December 2003		114,772	114,772
Accumulated Depreciation		(2,310)	0
Net Buildings		121,065	114,772
Work in Progress			
At Cost		257	3,387
Plant & Equipment			
At Cost		17,487	15,462
Accumulated Depreciation		(10,186)	(8,253)
Net Plant & Equipment		7,301	7,209
Leased Equipment			
At cost		1,484	0
Accumulated Amortisation		(199)	0
Net Leased Equipment		1,285	0
Motor Vehicles			
At Cost		1,881	1,874
Accumulated Depreciation		(867)	(798)
Net Motor Vehicles		1,014	1,076
Library Collections			
At Cost		3,273	3,108
Accumulated Depreciation		(2,878)	(2,722)
Net Library Collections		395	386
Vineyard			
At Cost		53	0
At Valuation 31 December 2003		0	1,020
At Valuation 31 December 2004		1,081	0
		1,134	1,020
Bloodstock			
At Cost		1006	778
At Valuation 31 December 2000		439	474
Net Bloodstock		1445	1,252
Total Property, Plant and Equipment		182,222	184,160

NOTE 10 – NON-CURRENT ASSETS: PROPERTY, PLANT AND EQUIPMENT

Reconciliations

Reconciliations of the carrying amounts of each class of land, buildings, plant and equipment, motor vehicles and other classes of assets at the beginning and end of the current year are set out below.

	Notes	Land	Buildings	WIP	Plant & Equipment	Leased Equipment	Motor Vehicle	Other	Total	Total
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	2004 \$000	2003 \$000
2004										
Carrying amount at start of year		55,058	114,772	3,387	7,209	0	1,076	2,658	184,160	120,237
Additions		0	5,486	0	3,163	1,484	459	446	11,038	22,137
Disposals	1.11.1	(10,157)	0	0	(74)	0	(279)	(35)	(10,545)	(1,582)
Transfers		(80)	3,210	(3,130)	0	0	0	0	0	0
Depreciation/ amortisation expense		0	(2,403)	0	(2,997)	(199)	(242)	(156)	(5,997)	(5,493)
Revaluation increment		3505	0	0	0	0	0	61	3,566	48,861
Carrying amount at end of year		48,326	121,065	257	7,301	1,285	1,014	2,974	182,222	184,160

	Note	2004 \$000	2003 \$000
Depreciation and amortisation expense for the year	3		
Depreciation			
Buildings		2,379	1,895
Plant & equipment		2,997	3,133
Motor Vehicles		242	292
Library collections		156	148
		5,774	5,468
Amortisation			
Leasehold improvements		24	25
Finance lease		199	0
		223	25
Total Depreciation and Amortisation		5,997	5,493
Profit and/or Loss on Sale of Non Current Assets			
Proceeds on sale of property, plant & equip.	2	288	311
Less written down value	3	352	545
Net profit/(loss) on disposal		(64)	(234)

NOTE 11 - PAYABLES

	Note	2004 \$000	2003 \$000
Current	24		
Creditors and accruals		3,488	4,107
Revenue in advance		1,687	1,493
		<u>5,175</u>	<u>5,600</u>

NOTE 12 – INTEREST BEARING LIABILITIES

		2004 \$000	2003 \$000
Current			
Finance lease liability	24	334	0
		<u>334</u>	<u>0</u>
Non-current			
Finance lease liability	24	827	0
		<u>827</u>	<u>0</u>

NOTE 13 - PROVISIONS

		2004 \$000	2003 \$000
Current			
Employee benefits:			
. Long service leave		491	475
. Annual leave		2,361	2,310
. Sick leave		14	41
. Performance payments		450	442
		<u>3,316</u>	<u>3,268</u>
Non-current			
Employee benefits:			
. Long service leave		8,638	7,847
. Annual leave		58	48
		<u>8,696</u>	<u>7,895</u>

NOTE 14 – EQUITY AND MOVEMENTS IN EQUITY

	2004 \$000	2003 \$000
Composition of Reserves		
Asset revaluation reserve	126,474	122,908
	<u>126,474</u>	<u>122,908</u>
Asset Revaluation Reserve - Land		
Balance 1 January 2004	50,301	10,420
Revaluation increment	3,566	39,881
Balance 31 December 2004	<u>53,867</u>	<u>50,301</u>
Asset Revaluation Reserve - Buildings		
Balance 1 January 2004	72,607	63,627
Revaluation increment	0	8,980
Balance 31 December 2004	<u>72,607</u>	<u>72,607</u>

NOTE 14 – EQUITY AND MOVEMENTS IN EQUITY (Cont.)

	Note	2004 \$000	2003 \$000
Contributed Capital			
Balance 1 January 2004		41,838	41,838
Transfer from accumulated surplus		0	0
Capital contributions		0	0
Transfer to Government Department	1.11.1	(10,157)	0
Balance 31 December 2004		31,681	41,838
Movement in accumulated surplus/(deficit)			
Balance 1 January 2004		19,105	3,716
Transfer from Asset Revaluation Reserve 1 Jan 2004		0	0
Recognition as contributed capital at 1 Jan 2004		0	0
Net surplus/(deficit) for the reporting period		1,987	16,352
Write down on buildings		0	(957)
Increase/(decrease) on adoption of accounting standard		0	(6)
Balance 31 December 2004		21,092	19,105

NOTE 15 - CASH FLOWS

Reconciliation of operating result before Extraordinary items to net cash provided by operating activities

	2004 \$000	2003 \$000
Operating result	1,987	16,352
Depreciation & amortisation	5,997	5,493
Provision for doubtful debts	(13)	1
Increase (decrease) in wages and salaries payable	334	667
Net profit on sale of non-current assets	64	234
Change in operating assets and liabilities		
Decrease (increase) in receivables	2,189	(2,187)
Decrease (increase) in inventories	(152)	0
Decrease (increase) in other operating assets	397	225
Increase (decrease) in creditors	(759)	1,126
Increase (decrease) in other provisions	896	124
Net cash provided by operating activities	10,940	22,035

NOTE 16 – EXTRAORDINARY ITEMS

There are no extraordinary items.

NOTE 17 - LEASES

	Note	2004 \$000	2003 \$000
LEASE COMMITMENTS			
Finance lease liability	12,24		
Finance lease commitments are payable as follows:			
Payments due - one year or less		405	405
one to five years		882	1,287
Minimum lease payment		1,287	1,692
Less: Future interest charge provided for in the accounts		126	207
		1,161	1,485
Represented by:			
Current liability		334	323
Non current liability		827	1,162
		1,161	1,485
Operating lease commitment			
Payments due - one year or less		254	262
one to five years		702	938
over five years		18	36
		974	1,236
LEASED ASSETS			
As at the reporting date NMIT leased out the following assets:			
Collingwood - roof space		125	153
Epping - roof space		1,141	1,187
Greensborough - roof space		1,159	1,205
Preston - roof space		1,140	1,187
Childcare centre - Epping		37	67
Residence - Fairfield		0	11
Canteen - Preston		110	100
Gross amount of leased assets		3,712	3,910
Operating Lease Receivables			
Payments due - one year or less		315	308
one to five years		766	794
over five years		2,631	2,808
		3,712	3,910

NMIT leases out certain land, buildings and equipment, which are excess to current requirements, at current market rates.

NOTE 18 – COMMITMENTS FOR EXPENDITURE

	2004	2003
	\$000	\$000
Capital Commitments		
As at the reporting date NMIT had the following outstanding Capital Commitments:		
Fairfield refurbishment	44	94
Australian College of Wine - Ararat	400	391
Preston refurbishment	0	3
Epping primary industry centre	26	173
	470	661

Outstanding Capital Commitments are payable as follows:

Payments due - one year or less	470	661
- one to five years	0	0
	470	661

Other Significant Operating Commitments

As at the reporting date NMIT had the following outstanding Significant Operating Commitments:

Contract cleaning	1,122	593
Plunketts Winery/NMIT Joint Venture	241	1,876
	1,363	2,469

Outstanding Significant Operating Commitments are payable as follows:

Payments due - one year or less	1,363	968
- one to five years	0	1,501
	1,363	2,469

NOTE 19 - CONTINGENT LIABILITIES AND ASSETS

Details and estimates of maximum amounts of contingent liabilities, classified in accordance with the party from whom the liability could arise and for which no provisions are included in the accounts, are as follows:

	Note	2004	2003
		\$000	\$000
In respect of Other Persons/organisations		0	95
Total Estimated Contingent Liabilities		0	95

There were no Contingent Assets

NOTE 20 - SUPERANNUATION (refer 1.7)

NMIT made contributions for employees who contribute to the funds, as follows:

	2004	2003
	\$000	\$000
State Superannuation Fund of Victoria		
• SERB Scheme 12.8%	24	23
• Revised Scheme 17%	821	815
• New Scheme 7.5% - 10.5%	1,056	1,095
Victorian Superannuation Fund		
• Vic Super Scheme 9%	2,424	2,268
Other Superannuation Schemes		
National Mutual 9%	20	26
Hesta 9%	60	54
Other Funds 9%	26	14
Total Contributions to all Funds	4,431	4,295

As at the reporting date there were no outstanding contributions payable to the above funds.

As at the reporting date there were no loans to NMIT from any fund.

NOTE 21 - AUDITORS' REMUNERATION

	Note	2004	2003
		\$000	\$000
Auditor General		23	23

NOTE 22 - RESPONSIBLE PERSONS RELATED DISCLOSURES

The names of persons who were Responsible Persons at anytime during the financial year, were:

The Hon. Lynne Kosky, Minister for Education and Training

W. Freeman (President)	A. Braybrook
P. McCulloch (Vice President)	B. Ham
R. Mackay (Deputy Vice President)	G. Maynard
B. MacDonald (NMIT Chief Executive Officer)	M. Pettolino
L. Bramich (staff representative)	N. Shearer
B Bell (student representative)	A. Ray
E. Forde (to August 2004)	A. Judd
M. Fitzsimon (to August 2004)	

Remuneration of Responsible Persons

Remuneration paid to Ministers is reported in the Annual Report of the Department of Premier and Cabinet.

Other relevant interests are declared in the Register of Members' Interests which each member of the Parliament completes.

Remuneration received, or due and receivable from NMIT in connection with the management of NMIT. Remuneration includes Long Service Leave, bonus and termination payments made during the year.

	2004	2003
	\$000	\$000
	332	302
	<hr/>	<hr/>

Remuneration received, or due and receivable from NMIT in connection with the management of any related party entity.

	2004	2003
	\$000	\$000
	0	0
	<hr/>	<hr/>

The number of Responsible Persons whose remuneration from NMIT was within the specified bands are as follows:

	2004	2003
Income Range	No.	No.
\$		
110,000 - 119,999	0	1
120,000 - 129,999	1	0
200,000 - 209,999	0	1
210,000 - 219,999	1	0
	<hr/>	<hr/>
	2	2
	<hr/>	<hr/>

Retirement Benefits of Responsible Persons

The retirement benefits paid by the Institute in connection with the retirement of Responsible Persons of the Institute amounted to:

	2004	2003
	\$000	\$000
	0	0
	<u>0</u>	<u>0</u>

Executive Officer's Remuneration

The number of executive officers, other than Responsible Persons, included under "Remuneration of Responsible Persons" above whose total remuneration exceeded \$109,999 during the financial year are shown in their relevant income bands. Remuneration includes Long Service Leave, bonus and termination payments made during the year.

	2004	2003
Income Range	No.	No.
\$ \$		
100,000 - 109,999	0	2
110,000 - 119,999	2	2
120,000 - 129,999	3	1
130,000 - 139,999	2	7
140,000 - 149,999	5	3
150,000 - 159,999	2	0
170,000 - 179,999	0	1
	<u>14</u>	<u>16</u>

Total remuneration for the reporting period of executive officers included above amounted to:

	2004	2003
	\$000	\$000
	1,888	2,118
	<u>1,888</u>	<u>2,118</u>

Superannuation

There were no amounts paid by NMIT in connection with the retirement of responsible persons during the financial year.

NOTE 22 - RESPONSIBLE PERSONS RELATED DISCLOSURES (Cont.)

Loans

There were no loans in existence by NMIT to responsible persons at the date of this report.

Shares

There were no shares or share options held by responsible persons in related entities.

Other Transactions

There were no other transactions with responsible persons related entities.

NOTE 23 – SEGMENT ACCOUNTING

NMIT operates predominantly in the Vocational Education and Training Industry.

NOTE 24 - FINANCIAL INSTRUMENTS

24.1 TERMS, CONDITIONS AND ACCOUNTING POLICIES

NMIT's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at reporting date, are as follows:

Recognised Financial Instruments	Notes	Accounting Policies	Terms and Conditions
FINANCIAL ASSETS			
• Cash assets Cash at bank	4	Cash at Bank is carried at the principal amount.	Cash is invested as funds permit at varying interest rates between 3.55% - 4% (2003 - 2% and 3.5%)
• Cash assets - Deposits at call	4	Deposits at call are carried at their principal amounts. Interest revenue is recognised in the statement of financial performance when it is earned.	Deposits at call have an average maturity of 30 days and effective interest rates of 4.64% to 5.29% (2003 - 4% to 5%)
• Receivables - Debtors	5	Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is maintained to recognise that collection of the full nominal amount is no longer probable.	Credit sales are on 30 day terms
• Receivables - Other debtors	5	Other debtors are carried at the nominal amounts.	
• Other Financial Assets: Short Term Loan	7	Short term loan to English International Pty Ltd is carried at its principal amount of \$112,183 and represents operational and implementation expenses paid by NMIT. Interest revenue is recognised in the statement of financial performance when it is received.	Short term loan to English International Pty Ltd is receivable within one year at an interest rate of 8%.
• Other Financial Assets: Unlisted Shares	7	Unlisted shares are carried at cost. Dividends, when declared by the investee, will be recognised in the statement of financial performance.	
FINANCIAL LIABILITIES			
• Payables Creditors and Accruals	11	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not invoiced to NMIT.	Trade liabilities are settled on 30 day terms
• Payables Revenue in advance	11	Liabilities are recognised for amounts paid in advance for future services to be delivered.	Individual student fees and charges are to be paid prior to commencement of program delivery
• Interest Bearing Liabilities Finance Leases	12	Finance leases are accounted for in accordance with AAS17.	At balance date the Institute had one finance lease with a term of 4 years and a discount rate implicit in the lease of 6.04%

24.2 INTEREST RATE RISK

NMIT's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date are as follows:

FINANCIAL INSTRUMENTS	FLOATING INTEREST RATE		FIXED INTEREST RATE MATURED IN:						Non Interest Bearing		Total Carrying Amount per Statement of Financial Position	
			One year or less		One to five years		Over 5 years					
	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000
FINANCIAL ASSETS												
• Cash assets-Cash at Bank	1,151	820	-	-	-	-	-	-	-	-	1,151	820
• Cash assets-Deposits at Call	10,808	9,752	-	-	-	-	-	-	-	-	10,808	9,752
• Receivables-Debtors	-	-	-	-	-	-	-	-	1,337	2,837	1,337	2,837
• Receivables-Other Debtors	-	-	-	-	-	-	-	-	674	1,347	674	1,347
• Other Financial Assets: Short Term Loan	-	-	112	112	-	-	-	-	-	-	112	112
• Other Financial Assets: Long Term Loan	-	-	-	-	-	-	-	-	-	-	-	-
• Other Financial Assets: Unlisted Shares	-	-	-	-	-	-	-	-	340	340	340	340
Total Financial Assets	11,959	10,572	112	112	-	-	-	-	2,351	4,524	14,422	15,208
FINANCIAL LIABILITIES												
• Payables: Creditors & Accruals	-	-	-	-	-	-	-	-	3,488	4,107	3,488	4,107
• Payables: Revenue in Advance	-	-	-	-	-	-	-	-	1,687	1,493	1,687	1,493
• Interest bearing Liabilities Finance lease	-	-	334	-	827	-	-	-	-	-	1,161	-
Total Financial Liabilities	-	-	334	-	827	-	-	-	5,175	5,600	6,336	5,600

24.3 NET FAIR VALUES

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date, are as follows:

	Total carrying amount as per the Statement of Financial Position		Aggregate net fair value	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000
FINANCIAL ASSETS				
• Cash assets - Cash at Bank	1,151	820	1,151	820
• Cash assets - Deposits at Call	10,808	9,752	10,808	9,752
• Receivables - Debtors	1,337	2,837	1,337	2,837
• Receivables - Other Debtors	674	1,347	674	1,347
• Other Financial Assets: Short Term Loan	112	112	112	112
• Other Financial Assets: Long Term Loan	-	-	-	-
• Other Financial Assets: Unlisted Shares	340	340	340	340
Total Financial Assets	14,422	15,208	14,422	15,208
FINANCIAL LIABILITIES				
• Payables: Creditors & Accruals	3,488	4,107	3,488	4,107
• Payables: Revenue in Advance	1,687	1,493	1,687	1,493
• Interest Bearing Liabilities Finance Lease	1,161	-	1,161	-
Total Financial Liabilities	6,336	5,600	6,336	5,600

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised Financial Instruments Cash at Bank, Deposits at call, Receivables, Creditors & Accruals.	These financial instruments have a short term to maturity. Accordingly, it is considered that their carrying amounts reflect fair values.
Unlisted Shares	Since there is no market for these shares, they are carried at nominal cost.
Loans Long term and short term loans	As loans were made during the current reporting period their carrying amounts reflect fair values.
Unrecognised Financial Instruments	N/A

24.4 CREDIT RISK EXPOSURES

NMIT's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Statement of Financial Position.

Concentrations of credit risk

NMIT minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of customers. The majority of customers are concentrated in Australia. The major customers relate to the provision of Vocational Education and Training services to industry and the community. NMIT continues to provide ongoing training, consultancy and other services for these customers who adhere to industry trade terms.

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days from date of invoice.
- debtors with accounts in excess of 60 days are sent a statement of account, indicating terms of payment.
 - debtors with arrears are sent a reminder notice indicating a further 7 days to make payment.
 - debtors which represent government departments or agencies are managed by NMIT directly with department or agency contacts.

NMIT minimises concentrations of credit risk in relation to student loans receivable by undertaking transactions with a large number of students, all located in Australia. NMIT is prepared to offer additional loans to those students who adhere to repayment terms and conditions and fully repay their loans.

Credit risk in student loans is managed in the following ways:

- specific loan conditions have been established which are applicable to all student loans
- the maximum loan available is equal to 50% of the fees payable.
- all loan monies are related to the cost of student fees only.
- a schedule of repayment is agreed with the student at the time of making application.
- if a student falls behind in repayments, a process is implemented which includes reminder letters, individual interview, repayment rescheduling and if necessary contacting guarantors.

NOTE 25 – NON-CASH FINANCING AND INVESTING ACTIVITIES

There are no non-cash financing and investing activities.

NOTE 26 – EVENTS OCCURRING AFTER REPORTING DATE

There are no material events occurring after reporting date.

Compliance Index

NMIT's Annual Report was prepared in accordance with the Financial Management Act 1994 and the Directions of the Minister for Finance. This index has been prepared to facilitate identification of compliance with statutory requirements.

Clause	Disclosure	Page
Responsible persons		
FRD 21(1) (a)	Name of responsible persons	58
FRD 21(1) (b)	Total remuneration of responsible persons	58
FRD 21(1) (c)	Remuneration of responsible persons by bands	58
FRD 21(1) (d)	Related party transactions	58
FRD 21(2) (a)	Total remuneration of executive officers	59
FRD 21(2) (b)	Base remuneration of executive officers	59
FRD 21(2) (c)	Accrual principles – remuneration	58
Disclosures		
FRD 10	Victorian legislation	58
FRD 10	Relevant requirements	58
FRD 11	Ex gratia payments	60
TAFE Governance Review May 2003		
4.5.1.1	Names and qualifications of members of Council	11
4.5.1.1	Summary of number of meetings attended	12
4.5.1.1	Summary of training	12
4.5.1.1	Functions of Council	11, 12
4.5.1.1	Summary of performance and activities of Council	11, 12
1.1.1.1	Council structure	11
Auditor General Review – Overseas Operations 2002		
3.110	Note 2 Offshore revenue	48
3.110	Offshore operations - risks	28
3.110	Offshore operations - performance	28
Report of Operations		
SD 4.2 (g) (h)	General and financial information relating to the Institute and its operations	32
SD 4.2(j)	President of Institute Council signature	7, 37
FRD 22	Manner of establishment and relevant Minister	8, 11
FRD 22	Objectives, functions, powers and duties	9, 10
FRD 22	Services provided and persons or sections of community served	8
FRD 22	Workforce data and application of merit and equity principles	16
FRD 22	Application and operation of FOI Act 1982	17, 18
FRD 22	Organisational chart	15
Financial and Other Information		
FRD 22	Application and operation of Whistleblowers Protection Act 2001	29
FRD 22	Compliance index	66, 67, 68
FRD 22	Compliance with Building Act 1993	26
FRD 22	Compliance with National Competition Policy	27
FRD 22	Ex-gratia payments	25
FRD 22	Consultancies less than \$100,000	25
FRD 22	Consultancies more than \$100,000	25
FRD 22	Details of shares held by senior officers	26
FRD 22	Events subsequent to balance date	25
FRD 22	Fees and Charges	27, 35
FRD 22	Improvements to OH&S of employees	29
FRD 22	Industrial relations and time lost through accidents and disputes	19
FRD 22	Institute committees	17
FRD 22	Major changes or factors affecting achievement or objectives	25
FRD 22	Major external reviews	26
FRD 22	Major promotional, public relations and marketing activities	26
FRD 22	Major research and development activities	26
FRD 22	Operational objectives for the year and performance against those objectives	23
FRD 22	Overseas visits	26
FRD 22	Publications produced and where available	18
FRD 22	Statement of pecuniary interest	26
FRD 22	Summary of financial results with previous four-year comparatives	23
FRD 22	Summary of significant changes in financial position	23
FRD 22	Summary of environmental performance	19

Financial Statements

SD 4.2 (c)		Compliance with Australian Accounting Standards and other mandatory requirements	37, 41
SD 4.2 (d)		Amounts \$10,000,000 expressed to nearest \$1,000 (AAS37 p4.4)	42
SD 4.2 (e)		Reviewed and recommended by Audit Committee	37
		Preparation in accordance with historical cost convention	42
		Disclosure of information for preceding year	38, 39, 40, 41
SD 4.2 (c)		Opinion of fair representation	36
SD 4.2 (c)		Opinion of accordance with Directions of the Minister for Finance	36
		Awareness of circumstances that could result in misleading or inaccurate information	37
SD 4.2 (b)		Statement of financial performance	38
AASB1018	p4.1(a)i, 5.4	Revenues from ordinary activities	38, 48
AASB1018	p4.1(a)ii, 5.4	Expenses from ordinary activities, excluding borrowing costs	38, 49
AASB1018	p4.1(a)iii	Borrow costs expense (AAS34 p8.1(a))	38
AASB1018	p4.1(b)i, 4.2	Result from ordinary activities	38
AASB1018	p5.5	Extraordinary items	55
AASB1018	p4.1(b)(v), 4.2	Result for the year	38
AASB1018	p4.1(c)(iii)	Increase (decrease) on adoption of Accounting Standard	38, 54
AASB1018	p4.1(c)i	Net increase (decrease) in asset revaluation reserve	38
AASB1018	p4.1(c)iii	Total revenues, expenses and valuation adjustments recognised directly in equity	38
SD 4.2 (b)		Statement of financial position	39
AAS36	p4.1(a)	Current assets	39
AAS36	p4.1(c)	Non-current assets	39
AAS36	p7.1(a)	Classes of assets	39
AAS36	p7.3(c)	Total assets	39
AAS36	p4.1(a)	Current liabilities	39
AAS36	p7.3(e)	Non-current liabilities	39
AAS36	p7.1(b)	Classes of liabilities	39
AAS36	p7.3(e)	Total liabilities	39
AAS36	p7.1(c)ii	Reserves	39
AAS36	p7.1(c)i	Contributed capital	39
AAS36	p7.3(h)	Total equity	39
SD 4.2 (b)		Statement of cash flows	40
AAS28	p5.1	Cash flow statement: Operating, investing and financing activities	40
AAS28	p4.3	Cash at the beginning and end of the year	40
AAS28	p12.2	Financing arrangements	40
AAS28	p11.1	Non-cash financing and investing activities	40
SD 4.2 (b)		Notes to financial statements	
AAS6	p8.1	Note 1 Statement of significant policies	41
AAS6	p8.1(c)	Note 1 policies – Historical cost	42
AAS33	p5.2(a)	Note 1 policies – Investments	42
AAS4	p11.2(a)	Note 1 policies – Depreciation and amortisation	42
AAS4	p11.2(b)	Note 1 policies – Depreciation methods	42
AAS2	p10.1	Note 1 policies – Inventories	43
AAS30	p21, 22	Note 1 policies – Employee benefits	43
AAS30	p52(c)	Note 1 policies – Superannuation (FRD 23)	43
AAS36	p8.1(b)	Note 1 policies – Doubtful debts	43
AAS17	p7.1, 5.1	Note 1 policies – Leases	44
AAS4	p9.1, 11.2(a)	(Leasehold improvements)	44
AASB1041	p5.1(a), 5.2(b)	Note 1 policies – Non current assets	44
AAS28	p12.1(a)	Note 1 policies – Cash	46
AAS15	p12.2(a)	Note 2 Revenue – Revenue from operating activities	48
AAS15	p12.2(b)	Note 2 Revenue – Revenue from non operating activities	48
AAS15	p12.1(b)iv	Note 2 Revenue – Investment income	48
AAS15	p12.1(b)vi	Note 2 Revenue – Dividends	N/A
AASB1018	p5.6(a)	Note 2 Revenue – Gross proceeds from sale of non-current assets (AAS15 p12.1(b)vii)	48
AAS15	p12.1(b)viii	Note 2 Revenue – Rent	48
AAS15	p12.1(b)x	Note 2 Revenue – Other revenue	48
AAS15	p12.2(b)	Note 2 Revenue – Revenue from non operating activities	48
AAS29	p12.2(a), (b)	Note 2 Revenue – Government contributions - operating	48
AAS29	p12.2(c)	Note 2 Revenue – Assumption of liabilities by Government	N/A
AAS29	p12.2(a), (b)	Note 2 Revenue – Government contributions - capital	48
AASB1018	p5.4	Note 3 Expenses from ordinary activities	49
AAS4	p11.2(c)	Note 3 & Note 10 Depreciation and amortisation	49, 52
AAS17	p11.1/2	Note 3 Rent/leasing charges	49
AASB1018	p5.6	Note 3 Written down value on disposal of non-current assets	49
AAS33	p5.2(b)	Note 4 Cash assets	49
AAS33	p5.2(b)	Note 5 Receivables	50
AAS36	p8.1(b)	Note 5 Provision for doubtful debts	50

AAS2	p10.1(c)	Note 6 Inventories (current)	50
AAS2	p10.1(d)	Note 7 Other financial assets (non-current)	50
AAS18	p11(a)	Note 9 Intangible assets (amortisation)	N/A
AASB1041	p7.6	Note 10 Non-current: property, plant and equipment reconciliations	51, 52
AASB1041	p7.6(b)	Note 10 Disposals	52
AASB1041	p7.6(c)	Note 10 Additions	52
AASB1041	p7.6(d)	Note 10 Revaluation increments	52
AASB1041	p7.6(g)	Note 10 Depreciation/amortisation expense	52
AASB1041	p7.6	Note 10 Carrying amount at end of year	52
AAS15	p12.2vii	Note 10 Profit/loss on sale of non-current assets	52
AAS33	p5.2(b)	Note 11 Payables	53
AAS33	p5.2(b)	Note 12 Interest bearing liabilities	53
AAS36	p8.3(c)(i)	Note 12 Liabilities – Secured and unsecured	N/A
AAS36	p8.1(d)	Note 12 Liabilities – Assets pledged as securities	N/A
AAS28	p12.2(a)	Note 12 Liabilities – Credit standby arrangements	N/A
AAS34	p4.1, 4.2	Note 12 Liabilities – Borrowing costs capitalised	N/A
AAS30	p51(a)	Note 13 Provisions	53
AAS29	p12.5	Note 14 Equity and movements in equity	53, 54
AAS17	p5.1	Note 17 Leases	55
AAS17	p11.1	Note 17 Leases – Finance lease liability	55
AAS17	p11.2	Note 17 Leases – Operating lease commitment	55
AAS17	p17.2	Note 17 Leases – Operating lease receivables	55
AAS36	p8.3(d)	Note 18 Commitments for expenditure	56
AAS33	p5.2a, 5.2.1	Note 24 Financial instruments – Terms, conditions and accounting policies	61
AAS33	p5.4, 5.4.9	Note 24 Financial instruments – Interest rate risk	62
AAS33	p5.6(b), (c)	Note 24 Financial instruments – Net fair values	63
AAS17	p11.1	Note 25 Non-cash financing and investing activities	64
AAS8	p5.1(a)-(d)	Note 26 Events occurring after reporting date	64