UNIVERSITY OF CANTERBURY
Te Whare Wānanga o Waitaha
CHRISTCHURCH NEW ZEALAND

2016

Annual Report
Te Pūrongo Ā-Tau

A warm greeting to you all from the University of Canterbury.

He mihi maioha tēnei ki a koutou katoa mai i Te Whare Wānanga o Waitaha.

Kei te manawanui a UC ki te whakawhanake i ōna tāngata, ahakoa kaimahi, ahakoa ākonga, kia puta ai ngā tāura o UC me ngā pūkenga o te Āhuatanga Tāura. E hāngai ana ki tēnā, ko te whakapai i ngā whare me te paenga o te whare wānanga, ā, ko ētahi kei te hangaia houtia, ko ētahi kei te whakahoutia. Ko tēnei whakakaha ā-tangata, ā-ako, ā-rangahau, ā-hanga whare kei te whakakotahi i te hapori o te whare wānanga kia tū whakahīhī ai i āna tirohanga ki mua, ki ngā tau kei te heke mai.

Ko tēnei e whai ake nei te pūrongo ā-tau a Te Whare Wānanga o Waitaha mō te tau 2016. Ko ngā kai o roto he whakarāpopototanga o ngā whakaritenga o te whare wānanga hei pānuitanga mā koutou.

A warm greeting to you all from the University of Canterbury.

UC is committed to developing its people, staff and students so that our graduates meet the UC Graduate Profile. The campus improvements are evident in the construction and remediation work. This strengthening of the human and physical environment of UC, and of its core work in teaching, learning and research, is uniting the university community so that it stands proud as we face the years ahead.

What follows is the annual report of the University of Canterbury for 2016. Its contents summarise for the reader the current state and achievements of UC over the past year.

University of Canterbury Office Holders
Ngā Āpiha o Te Whare Wānanga o Waitaha

Chancellor
Tumu Kaunihera
Dr L John Wood, Amb (Retd), CNZM, QSO, MA (Hons) (Cant), MA (Hons) (Oxon), Litt.D (honoris causa) (Cant)

Pro-Chancellor
Tumu Tuarua Kaunihera
Sue McCormack, BA, LLB (Cant)

University Registrar
Pouroki
Jeff Field, JP, MA (Cant), DipJ (Cant), DipTColl(CCE), DipTchg(Cant), CMInstD, APR, MFINZ

Vice-Chancellor
Tumu Whakarae
Dr Rod Carr, BCom (Hons) (Otago), LLB (Hons) (Otago), MBA (Columbia), MA, PhD (Wharton School, U.Penn)

Deputy Vice-Chancellor (Academic)
Tumu Tuarua Akoranga
Dr Hamish Cochrane, BSc (Cant), MSc (Hons) (Cant), PhD (Cant), DipTchg (CCE)

Deputy Vice-Chancellor (Research)
Tumu Tuarua Rangahau
Professor Steve Weaver, BSc (Hons) (Birm), PhD (Lond), DSc (Birm), FNZIC, FGS, FRSNZ
January – May

Acting Deputy Vice-Chancellor (Research)
Tumu Tuarua Rangahau (Taupua)
Professor Jarg Pettinga, BSc (Auck), PhD (Auck), FGSocAm
May – October

Deputy Vice-Chancellor (Research and Innovation)
Tumu Tuarua Rangahau
Professor Ian Wright, BSc (Hons) (VUW), PhD (VUW)
October – present

Assistant Vice-Chancellor Māori
Amokapua Māori
Darryn Russell, MIndS (Otago)

Assistant Vice-Chancellor (Academic Strategic Projects)
Amokapua Rautaki Akoranga
Professor Catherine Moran, BSc (Ontario), MSC (Ontario), PhD (Cant)

Pro-Vice-Chancellor (Arts)
Amorangi Toi Tangata
Professor Jonathan Le Cocq, BA (Hons) (Warwick), BMus (Hons) (ULGC), DPhil (Oxon), LGSM

Pro-Vice-Chancellor (Business and Law)
Amorangi Umanga me te Ture
Professor Sonia Mazey, BA (First Class Hons) (Leicester), MA (Oxon), DPhil (Oxon)

Pro-Vice-Chancellor (Education, Health and Human Development)
Amorangi Ako me te Hauora
Professor Gail Gillon, Bed (Cant), PhD (UQLD), DipSpTh (CCE), DipTch (CCE), LTCL, MNZSTA, ASHA Fellow

Pro-Vice-Chancellor (Engineering)
Amorangi Pūkaha
Professor Jan Evans-Freeman, BSc (Hons) (Manc), PhD (Manc), FInstP, FIPENZ, MInstD

Pro-Vice-Chancellor (Science)
Amorangi Pūtaiao
Professor Wendy Lawson, BSc (Hons) (Manc), PhD (Camb), PGCert (Warwick)

Executive Director / Chief Financial Officer
Kaihautū Matua Ahumoni
Keith Longden, BCom (Cant), CA, MInstD

Executive Director Student Services and Communications
Kaihautū Matua Ākonga me te Whakapā
Lynn McClelland, MA (Hons) (VUW), CMInstD

Executive Director Human Resources
Kaihautū Matua Pūmanawa Tangata
Paul O'Flaherty, MBA (Otago), MHRINZ, MInstD

Executive Director Learning Resources
Kaihautū Matua Rauemi Ako
Alexandra Hanlon, BA (UNSW), MAICD

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Independent Auditor's Report
Te Pūrongo a te Kaitātari
Kaute Motuhake

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

TO THE READERS OF THE UNIVERSITY OF CANTERBURY AND GROUP'S FINANCIAL STATEMENTS, STATEMENT OF SERVICE PERFORMANCE AND APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The Auditor-General is the auditor of the University of Canterbury (the University) and group. The Auditor-General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, the statement of service performance and the appropriation statement of the University and group on his behalf.

Opinion

We have audited:

- the financial statements of the University and group on pages 42 to 77, that comprise the statement of financial position as at 31 December 2016, the statement of comprehensive revenue and expense, statement of changes in net assets/equity, statement of cash flows and statement of accounting policies for the year ended on that date and the notes to the financial statements that includes other explanatory information;
- the statement of service performance of the University and group on pages 20 to 36; and
- the appropriation statement of the University on pages 38 and 39.

In our opinion:

- the financial statements of the University and group on pages 42 to 77:
  - present fairly, in all material respects, the University and group's:
    - financial position as at 31 December 2016; and
    - financial performance and cash flows for the year then ended;
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Reporting Standards; and
- the statement of service performance of the University and group on pages 20 to 36 presents fairly, in all material respects, the University and group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2016; and
- the appropriation statement of the University on pages 38 and 39 presents fairly, in all material respects, what has been achieved with the appropriation by the University.

Our audit was completed on 1 March 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the key audit matters, responsibilities of the Council and our responsibilities, relating to the financial statements, statement of service performance and appropriation statement. We also comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibility of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the financial statements, statement of service performance and appropriation statement for the current period.

We summarise those matters below and how we addressed them in our audit of the financial statements, statement of service performance and appropriation statement as a whole.

Any comments we make on the findings of our audit procedures should be read in that context and we do not provide a separate opinion on these matters.

Carrying value of building assets

The University's building assets of $617.848 million, included within total property, plant and equipment of $881.575 million, (disclosed in note 7) are carried in the statement of financial position at their fair value.

This fair value is determined by first assessing a valuation for the buildings as if they were undamaged and then reducing this value for impairment from earthquake damage. These two stages in the determination of the buildings fair value are both considered key audit matters for the reasons discussed below.

Key audit matter	How did the audit address this matter
Valuation of building assets Valuations of building assets have been performed annually since the Canterbury earthquakes in 2010 and 2011 due to the extent of the damage to the buildings. This is a key audit matter due to the large balances and complex valuation methodologies. In particular: • There is risk that the underlying assumptions, including unit rates, may be inaccurate. • There is also a risk that the Valuer is not provided with complete and accurate information, including decisions relating to assets being upgraded or demolished.	Our audit procedures included: We read the valuation report and discussed the approach to the valuation with the valuer. We obtained representations that the valuation approach was in accordance with accepted professional valuation standards. We assessed the valuer's expertise for the work and their objectivity, including reading their terms of engagement and considering the existence of other engagements or relationships with the University. We confirmed our understanding of the valuation methodology and key assumptions. We assessed them for compliance with the requirements of the applicable financial reporting standard (PBE IPSAS 17) and evaluated their reasonableness based on our experience and knowledge of other specialised building valuations in the public sector. We determined how the age and condition of the assets had been determined, and how this had been reflected in the determination of the remaining useful life of the assets and the valuation calculation for those assets valued on a depreciated replacement cost basis. For those buildings planned for demolition, we confirmed that useful lives were consistent with demolition plans. We determined how unit rates for replacement costs had been determined. We confirmed the reasonableness of a sample of unit costs by reference to recent capital works undertaken by the University. We obtained an understanding of the source data used for the valuation. We sample tested for errors or omissions in that data. We reviewed the overall valuation changes and sought explanations from the valuer for any significant or unusual changes in value. We found that the unimpaired building valuation adopted by the University was supportable and used an approach consistent with our expectations for public sector specialised building valuations.

Key audit matter	How did the audit address this matter
Earthquake impairment of buildings The University's building assets disclosed in note 7 suffered damage as a result of the Canterbury earthquakes in 2010 and 2011. To assess the initial extent of the damage to its buildings, the University engaged independent quantity surveyors to inspect the buildings and estimate the costs to remediate the damage on an individual building basis. These estimated costs to remediate were quantified and an impairment charge was recognised at that time. The initial impairment charge needs to be continually reassessed throughout the building remediation program. As the remediation program progresses, the estimates are refined as further invasive building assessments provide more up to date information, damaged buildings are repaired or decisions are made to demolish buildings rather than repair. The total estimated cost to repair earthquake damaged buildings at 31 December 2016 was $497.6 million (2015 $511.2 million). As impairment can only be accounted for to a nil carrying value on a building by building basis, the total impairment recognised in the financial statements was $113 million for 2016. (2015: $154 million). This is a key audit matter due to the large balances involved, the inherent uncertainties in the estimation of the remediation costs and the key assumptions used in this process, such as the estimated cost of labour and materials.	Our audit procedures included: We reviewed the updated impairment estimates and discussed the approach to assessing the remediation costs with the independent quantity surveyors (the surveyors). We assessed the surveyors' expertise for the work and their objectivity, including reading their terms of engagement and considering the existence of other engagements or relationships with the University. We considered the surveyors' methodology against our expectations from our experience and knowledge of prior years and from other public entities with earthquake damaged assets. In particular, we considered and accepted the surveyors' approach to identifying and excluding betterment (including earthquake strengthening beyond a specified level) from the impairment calculations. As discussed in note 7, there are some significant uncertainties in the impairment estimates and we noted that in some cases the actual level of damage will only be determined once physical remediation work is underway. It was however evident from our discussions with the surveyors and management that an in-depth assessment of the level of damage and appropriate remediation approaches had occurred for all significant buildings. We assessed management's processes to confirm the appropriateness of the surveyors' cost estimates and the consistency of those estimates with other internal information, including the actual costs incurred for those buildings remediated to date. We tested a sample of unit costs to recent contracts to confirm the reasonableness of remediation unit costs. We compared the repair estimates on an individual building basis to the University's fixed asset register to confirm that impairment recognised on each individual building does not exceed its carrying value. We also considered whether the related disclosures in the financial statements were clear and informative and in accordance with the requirements of the applicable financial reporting framework. We found that the impairment recognised was the University's best estimate and was reasonable. It is based on the best available information of damage and the likely remediation approach, costed using reasonable assumptions about current prices for the required remediation work.

Responsibilities of the Council for the financial statements, statement of service performance and appropriation statement

The Council is responsible on behalf of the University and group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Council is also responsible on behalf of the University and group for preparing a statement of service performance and appropriation statement that are fairly presented.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements, statement of service performance and appropriation statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, statement of performance and appropriation statement, the Council is responsible on behalf of the University and group for assessing the University and group's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate the University and group or to cease operations, or has no realistic alternative but to do so.

The Council's responsibilities arise from the Education Act 1989, the Crown Entities Act 2004, and the Financial Markets Conduct Act 2013.

Responsibilities of the auditor for the audit of the financial statements, statement of service performance and appropriation statement

Our objectives are to obtain reasonable assurance about whether the financial statements, statement of service performance and appropriation statement, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements, statement of service performance and appropriation statement.

For the budget information reported in the financial statements, statement of service performance, and appropriation statement, our procedures were limited to checking that the information agreed to:

- the University and group's Council approved budget for the financial statements;
- the investment plan for the statement of service performance; and
- the Estimates of Appropriations — Vote Tertiary Education for the appropriation statement.

We did not evaluate the security and controls over the electronic publication of the financial statements, statement of service performance and appropriation statement.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, statement of service performance and appropriation statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University and group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, statement of service performance and appropriation statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University and group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, statement of service performance and appropriation statement, including the disclosures, and whether the financial statements, statement of service performance and appropriation statement represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information. The other information comprises the information included on pages 1 to 3, 7 to 18 and 78 to 85, but does not include the financial statements, statement of service performance and appropriation statement, and our auditor's report thereon.

Our opinion on the financial statements, statement of service performance and appropriation statement does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, statement of service performance and appropriation statement, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements, statement of service performance and appropriation statement or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the University and group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out other assurance engagements which were providing a report to the University's philanthropic bond trustees and a report on the University's Performance-Based Research Fund external research income. These engagements are compatible with those independence requirements.

Other than the audit and these engagements, we have no relationship with or interests in the University or any of its subsidiaries.

Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

2016 at a Glance
He Titiro Kōmuri ki te Tau 2016

	2010	2011	2012	2013	2014	2015	2016
Students enrolled (Headcount)[1]	18,783	16,444	15,798	14,872	14,725	14,830	15,564
Equivalent Full-time Students (EFTS)[1]	15,494	13,604	13,171	12,180	11,943	11,931	12,492
Full-time Equivalent Academic Staff (FTE)[2]	833	817	773	740	726	708	715
Staff : Student ratio	01:18.6	01:16.7	01:17.0	01:16.5	01:16.5	01:16.8	01:17.5
Equivalent Full-time Students EFTS							
EFTS by level of study[3]							
Non and sub-degree	426	270	230	183	152	119	125
Undergraduate	12,950	11,261	10,796	9,936	9,569	9,158	9,590
Postgraduate	2,118	2,073	2,145	2,061	2,222	2,654	2,777
Total EFTS	**15,494**	**13,604**	**13,171**	**12,180**	**11,943**	**11,931**	**12,492**
EFTS by Fee Type							
Domestic Fee Paying	14,227	12,667	12,334	11,381	11,168	11,053	11,358
International Full Fee Paying	1,267	937	837	799	775	878	1,134
UC Total EFTS[4]	**15,494**	**13,604**	**13,171**	**12,180**	**11,943**	**11,931**	**12,492**
PBRF funding received	$25.5m	$28.4m	$26.3m	$24.6m	$25.8m	$27.7m	$28.8m
Operating							
(All amounts net of GST)	**In $000's**	**In $000's**	**In $000's**	**In $000's**	**In $000's**	**In $000's**	**In $000's**
Government grant[8]	117,236	119,566	125,237	126,996	128,209	130,812	132,665
Tuition fees	90,406	79,302	78,739	75,849	78,194	82,910	92,520
Research funding[5]	49,820	55,407	53,612	50,848	52,429	55,089	59,775
Cost per EFT Student[6]	18.40	20.80	24.30	24.90	25.30	27.44	27.14
Capital expenditure[7]	37,612	89,892	71,362	90,545	129,843	117,173	186,355
Financial position							
Non-current assets	757,210	641,935	596,402	671,409	873,241	1,200,483	1,270,556
Net current assets[9]	60,795	46,536	29,324	28,944	390,588	212,564	218,770

1 Excludes enrolments in community education courses.

2 FTEs are annualised. Unlike a snap shot of FTE taken at 31 December, Annualised FTE takes into account fluctuating staff numbers during the year.

3 Level of Study is based on the level associated with the course in which the student is enrolled.

4 Reconciliation with Ministry of Education (MOE) (SDR) numbers: EFTS from community education classes are required to be returned to the MOE but not typically included in UC's total EFTS. There is also a small number of other EFTS not required to be returned but typically reported in UC's total EFTS. In addition to this, the MOE return may include changes made after the Annual Financial Accounts Year End cut-off dates.

MoE SDR Reconciliation	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*
Balance of EFTS returned to Ministry of Education	*179*	*(74)*	*(79)*	*(95)*	*(112)*	*(119)*	*(94)*

5 Includes PBRF funding received.

6 Cost per EFTS is based on total operating costs less building impairment and, in 2013, the revaluation loss for the Homestead. The University continues to incur costs of building write-offs and College operations relocation, all a consequence of the earthquakes. These are expected to reduce in subsequent years.

7 Capital Expenditure is taken from the Statement of Cash Flows and is the actual cash amount spent.

8 $4.7m of the increase in Government grant from 2011 to 2012 is attributable to a reclassification of the Tripartite component of Government grant that was previously classified as Other Income.

9 The significant increase from 2013 to 2014 is due to the insurance settlement negotiated in December 2014 and shown as a receivable at 31 December 2014. All cash relating to this amount was received in January 2015.

Chancellor's Welcome
Te Mihi a te Tumu Kaunihera

Dr L. John Wood

Members and friends of the University of Canterbury (UC), tēnā koutou, tēnā koutou, tēnā tātou katoa.

2016 was a pivotal year in the renewal of our University, in which we closed one of the most challenging and difficult chapters in UC's long history, and opened a new and exciting one. The transformation in our fortunes as an institution, now so visibly, indeed dramatically under way, has been hard won, and squarely based on massive efforts by so many of our people to deliver on first priorities: regaining student numbers; rebuilding and enhancing infrastructure; and restoring financial viability, while at the same time providing for the re-invention of an already world-class University.

Under the umbrella of our UC Futures programme, being pursued in close partnership with the Government as our principal stakeholder, 2016 saw significant progress achieved in the development of our physical infrastructure; the growth and pattern of student numbers, especially full-fee paying international students; progress towards the consolidation of educational teaching and research on the Ilam campus; and in the embedding of the requirements of our enhanced graduate attributes across the University.

Campus Transformation

Our major green-fields project, the Rutherford Regional Science and Innovation Centre (RRSIC), housing science research and teaching facilities, and designed as a regional asset, achieved fit-out stage, and will be completed in early 2017. RRSIC Stage Two is under implementation, and will provide workspaces for academic staff and postgraduate students from early 2019.

The rolling rebuild and enhancement of our Engineering precinct is being progressively implemented. The Chemical and Electrical Engineering laboratories and offices were occupied in Term Four of this year. The Civil and Natural Resources Engineering and Mechanical Engineering wings will successively open through 2017. Our strongly growing cohort of engineering students will have the advantage of working in learning and laboratory spaces designed and built for the 21st century.

In April this year, the new Structural Engineering Laboratory (SEL) was delivered under budget, and opened by the Minister for Tertiary Education. This facility provides UC with a platform for seismic and stress testing that is unparalleled in the Southern Hemisphere. Its construction has required extremely high precision and collaboration between UC's civil engineers from the Civil and Natural Resources Engineering Department, other UC staff and the design team. SEL will support world-leading seismic civil engineering at the University, and the QuakeCoRE, which is hosted at UC.

In 2007 the Christchurch College of Education was merged with the University. The integrating of the two institutions to the enhancement of both has been a long and at times challenging road, but will be completed in 2017, when the College of Education, Health and Human Development | Te Rāngai Ako me te Hauora moves into the newly refurbished Rehua (formerly Commerce) building on the Ilam campus. Rehua will also house the Beeby Centre for Innovative Education, named for the UC alumnus and academic who was the greatest educationalist this country has produced.

Now that these major projects are visually assuming full height and final form, the University Council has approved, and management has the next tranche of development firmly in hand. This prioritises projects that will enhance the student experience. The University of Canterbury Students' Association (UCSA) building, which had been closed for nearly six years, has been demolished and will be replaced by a new, leaner, exciting and fit-for-purpose building in 2018. Our students have a fund raising campaign under way to close a funding gap and ensure that their new centre is majority student-owned and operated. I urge you all to join us in supporting the cause.

The University is also seeing increased demand from Greater Christchurch, the rest of New Zealand, and internationally, for student accommodation. Kirkwood Avenue Hall will become available in 2017, providing more than 74 additional beds contiguous to the campus. Further accommodation projects are under active development.

In parallel with these infrastructural developments, and in a number of ways more challenging, complex and important than them, UC continues work on its graduate profile programme to ensure a unique package of experience and learning opportunities are available to our students and graduates.

Our graduates will be critically competent in a core academic discipline of their choosing. They will also be employable, innovative and enterprising; biculturally competent and confident in a multicultural world; engaged with the community; and globally aware and connected. The leadership of the University has endorsed and resourced this work and is determined to succeed in it.

Awards

In 2016 the University Council awarded the title of Canterbury Distinguished Professor to Emeritus Professor Roy Kerr. This is the highest academic title that can be granted by the University, and has been conferred only twice before in our 143-year history. Previous recipients were Nobel Prize winners. Professor Kerr was nominated on the basis of winning the Crafoord Prize in Astronomy, awarded in 2016 by the Royal Swedish Academy of Sciences 'for fundamental work concerning rotating black holes and their astrophysical consequences'.

The University Council also elected to award one honorary doctorate in 2016. Mr Gavin Bishop was awarded a Doctor of Education (honoris causa) for his contributions as both writer and illustrator of children's literature. In both these capacities Mr Bishop has published 70 books, 40 non-fiction stories and 30 educational readers. His works have been translated into 12 languages, including te reo Māori, and have won numerous national and international awards.

Overall, 2016 was a year of significant academic achievement at UC with 3,703 degrees and diplomas awarded to 3,420 graduates. Of particular note are the historic highs being reached in the award of postgraduate qualifications, as the University retains, and in some respects enhances, its international standing.

Consistent with UC's status as a world-class research-led teaching and learning institution, its Research and Innovation medals are the highest recognition of excellence the Council can extend to our academic staff. In 2016 Associate Professor Michael Tarren-Sweeney was awarded the Innovation medal for the development of the Assessment Checklist Series; a set of psychiatric scales that has led to an important breakthrough in the delivery of mental health care for vulnerable populations of children in New Zealand and abroad. Distinguished Professor David Schiel was awarded the University's Research medal. Professor Schiel is acknowledged as one of New Zealand's pre-eminent marine scientists. He has worked on a wide range of topics in marine science, with internationally recognised contributions in aquaculture, fisheries, kelp forest ecology and the functioning of near-shore ecosystems. Professor Schiel is one of the architects of the National Science Challenge, Sustainable Seas, a long-term funding initiative to address important marine management problems.

Council

I am pleased to report that, following consultation with Ngāi Tahu, Mr Shayne Te Aika has been appointed to the University Council, in accordance with the provisions of its 2015 constitution. Mr Te Aika brings to the Council significant leadership and governance experience from outside the education sector. It has been a busy year for the newly reconstituted Council, during which it has settled in well to the less representational model, its revised procedures and amended statutory responsibilities.

The Council has met 11 times, and held 10 workshops to ensure members were well-informed prior to making significant decisions. The Finance, Planning and Resources Committee, chaired by Ms Catherine Drayton, met 10 times, providing a stream of considered advice to Council on major decisions across its spectrum of portfolio responsibilities. The Audit and Risk Committee, chaired by Mr Peter Ballantyne, closely monitored the risks faced by the University, and ensured that in all aspects of its work the institution complied with its statutory and regulatory obligations. These two committees are the engine-room of Council, and in these challenging times their work places extraordinary demands on chairs and members. The Vice-Chancellor Employment Committee met twice and the new Honours and Appointments Committee once. I should like to thank all Council members for their individual and collective contribution to our large, complex and demanding institution over the past year.

'The developments I have discussed, building as they do on the University of Canterbury's very special holistic learning experience, will ensure that each year our graduates are more and more ready to connect and contribute effectively from their own communities to the world.'

Outstanding support

Our University is supported in many ways and by many people — alumni, friends and benefactors. This help is an increasing part of our life blood. It is this which helps the University to offer a unique student experience, providing the tools and the opportunities that promote personal and professional growth. As the result, our graduates are then able to take up roles in the community and the wider world that allow them truly to make a difference.

In particular I should like to thank the volunteer boards of our three charities, led by Mr Barry Ramsay, Chair of the University of Canterbury Foundation, Professor David Teece, President of the University of Canterbury Foundation in America Inc., and Professor Robin Clark, Chair of the University of Canterbury Trust in the United Kingdom. In 2016 the Foundation received from our friends and alumni and investment income more than $8.5 million in support of scholarships, research and teaching, buildings and facilities, and outreach programmes; this is an extraordinary contribution to an institution in a country of which it was until quite recently said that there was no culture of philanthropy.

In this regard I acknowledge particularly the generous support of Professor David and Mrs Leigh Teece for the creation of the Teece Museum of Classical Antiquities at the University of Canterbury. The Museum will house teaching and learning resources such as the world-class Logie Collection of Greek and Roman antiquities in a purpose-built facility at the Arts Centre, the historical home of the University. The Teece endowment will also allow the collection to be expanded as and when appropriate items become available.

Finally, let me close my reflections on 2016 by expressing, on behalf of the University, its gratitude for the Government's helpful and proactive support of our UC Futures programme. The Governance Oversight Group established under our Funding Agreement with the Crown, under its independent Chair, Mr Garry Wilson, and including senior representatives of the Tertiary Education Commission, the Ministry of Education and the UC Council, has been particularly collegial and effective in this context. We are also appreciative of the guidance and support from the Tertiary Education Commission, which has played a significant part in our journey towards recovery.

The developments I have discussed, building as they do on the University of Canterbury's very special holistic learning experience, will ensure that each year our graduates are more and more ready to connect and contribute effectively from their own communities to the world. As we conclude what I began by describing as a pivotal year for us, it is timely to pause and acknowledge the very significant progress made by UC since 2010–11, and to recognise why we can look forward to our 150th anniversary in 2023 with such confidence.

Tēnā koutou, tēnā koutou, tēnā koutou katoa.

Dr L. John Wood
Chancellor | Tumu Kaunihera

Vice-Chancellor's Report
Te Pūrongo a te Tumu Whakarae

Dr Rod Carr

2016 has been a busy year with much to celebrate. We have moved from response through recovery to transformation, and UC is increasingly well positioned for ongoing success. Each year, new and returning students become the first to take full advantage of UC's ongoing campus transformation, including new state-of-the-art facilities that are proud milestones in the University's history.

Recovering student numbers

The University continues to focus on student recruitment which has had a steady, positive result. In 2016 every college, for the first time since 2010, reported an increase in new-to-UC domestic students. In March 2016, UC reported that student numbers had increased for the start of the academic year due to a rise in both domestic and international enrolments. New-to-UC total enrolments were up 13% when compared with the same time in 2015 — an additional 380 new students, bringing the number of new students at UC to 3,242 equivalent full-time students (EFTS), compared with 2,862 new EFTS in 2015.

2016 also saw record numbers of postgraduate students at UC at 2,777. This compares with 2,654 in 2015 and is an increase of 34% since 2011. In 2010, UC had about 750 full-time equivalent students in masters programmes; 660 of them were taught masters students, which increased to 1,177 in 2016.

In 2016, UC had more than 1,000 PhD students for the fourth year running, having first surpassed the milestone in 2013.

World-class learning environment — research and rankings

UC has continued to deliver our core services as a world-class, research-led teaching and learning environment. More than 3,000 students and staff have published hundreds of articles and undertaken over half a million hours of research in the past year.

UC rose in the Times Higher Education (THE) rankings, and the independent international rankings agency QS again placed UC amongst the top 3% of the world's tertiary institutions and just outside the top 200, retaining our relative QS ranking among Aotearoa New Zealand universities.

In the 2016 QS World University Rankings by Subject, UC ranked amongst the world's top 200 institutions in 19 of 25 of the subjects featured. In 2016 UC Civil Engineering was among the top 50 in the world and the highest ranked discipline at UC.

QS also ranked UC's academic faculty as having the highest citation rate, on average, of any Aotearoa New Zealand university and the only Aotearoa New Zealand university ranked in the top 200 by that measure.

UC has experienced unparalleled success in attracting research funding, earning a record level of research income in 2016. UC's annual research income approached $60 million for the first time, due in large part to a collaborative strategy of working with other recognised research leaders.

UC has also seen increased Government investment in research, thanks to the willingness of the University's world-class researchers and academics to collaborate and participate in National Science Challenges, Centres of Research Excellence (CoREs) and elsewhere. To date, the University has secured around $40 million in research contracts from 60 CoRE and Challenge projects.

In the last Performance Based Research Fund (PBRF) assessment, UC earned the highest rate of funding per assessed academic staff member and had the highest proportion of all academic staff involved in both research and teaching. UC researchers were also the most successful of all the Aotearoa New Zealand research institutes and universities in the 2016 MBIE Smart Ideas investment process, with five new scientific research projects collectively awarded $5 million in funding.

UC launched the new Geospatial Research Institute | Toi Hangarau in June. The Institute will deliver world-class geospatial science projects and address the demand for collaborative industry and government research and will increase collaboration by providing the community with better access to UC researchers from different disciplines.

UC's Geographic Information Science expertise was further underlined in November, when College of Science Pro-Vice-Chancellor Professor Wendy Lawson received national recognition for her longstanding commitment to growing the geospatial sector in Aotearoa New Zealand when she won the Professional of the Year Award at the New Zealand Spatial Excellence Awards.

Professor Ian Wright took up the role of University of Canterbury Deputy Vice-Chancellor, Research and Innovation in October. Professor Wright brings to UC a wealth of knowledge of the research sector within Aotearoa New Zealand and overseas, and established relationships between the tertiary sector and Crown Research Institutes, as well as extensive strategic research and innovation leadership. Professor Steve Weaver, Deputy Vice-Chancellor (Research) retired from the University after 38 years of service. His contribution was very significant; he held the respect of his colleagues and my appreciation. The leadership of Professor Jarg Pettinga during this transition is warmly acknowledged.

Transformation of the built environment, IT infrastructure and teaching pedagogy

Visitors to UC will immediately notice a vibrant campus with new state-of-the-art facilities already open and other construction projects progressing very well. These are outlined in the Chancellor's welcome. We are looking forward to several openings in 2017, as more than $400 million of major projects reach completion.

New spaces take into account trends in global tertiary education, balanced with the University's unique characteristics. A key consideration is long-term sustainability, that is, providing flexible learning spaces that can continuously evolve to support a greater range of teaching methods, underpinned by a robust IT infrastructure. As informal learning opportunities increase alongside the more traditional lecture space, our built environment will broaden opportunities for learning and innovation between a greater range of disciplines.

Transforming the Graduate Profile

The University continues to develop the UC Graduate Profile, ensuring that students graduate not only with a world-class qualification but with attributes that set them apart from other graduates around the world. As the Chancellor states in his welcome, our graduates are: employable, innovative and enterprising; biculturally competent and confident in a multicultural world; engaged with the community; and globally aware and connected.

Our graduates are globally aware. In 2016, UC was proud to host a record number (87) of Erskine programme visitors. This contributes immensely to the University's world-class learning environment and in building not only the global awareness of our graduates, but also their international connections.

Our graduates are increasingly able to demonstrate bicultural competence and confidence. Across disciplines, students have opportunities to work in partnership with Te Rūnanga o Ngāi Tahu. Kā Waimaero Ngāi Tahu Research Centre is a leader in indigenous scholarship and provides a centre for the intellectual capital and development of Ngāi Tahu. The Māui Lab, a partnership between Aotahi — School of Māori and Indigenous Studies, Ngāi Tahu Research Centre and the Office of the Assistant Vice-Chancellor Māori | Amokapua Māori at UC, provides a range of scholarship and consulting opportunities readily transferred to the workplace.

Our students and graduates are renowned for their innovation and enterprise. The UC Centre for Entrepreneurship and the UC Hatchery, dedicated to supporting innovation and student start-up ventures, are producing a steady stream of success stories and invaluable networking in Aotearoa New Zealand and abroad.

Our students are actively engaged with the community. Christchurch and, more recently, Kaikōura residents, continue to benefit from the volunteer efforts of the Student Volunteer Army (SVA). In early 2016, UC and SVA were proud to honour the Anzac spirit through Serve for NZ: Anzac Day, which encouraged people to volunteer as part of a national day of service.

Linked to the Graduate Attributes is the University's Co-curricular Record (CCR). Introduced in 2015, it is going from strength to strength. Signing up to the CCR gives our students an edge in demonstrating they are work-ready by recording how their participation in non-academic student experience adds to their value for employers. In 2016, the CCR had excellent student uptake with more than 700 students opting in to a broad range of CCR activities that included mentoring, tutoring, digital content development, internships, social enterprise, refereeing and community volunteering, among others.

'In 2016, UC was proud to host a record number (87) of Erskine programme visitors. This contributes immensely to the University's world-class learning environment and in building not only the global awareness of our graduates, but also their international connections.'

Transformation of the student experience

The University's Student Management System upgrade is part of the University's commitment to improving the student experience. This will impact across all phases of the student lifecycle, from recruitment to well after students graduate. The programme is a crucial element in further growing student numbers, improving service delivery, reducing administration and enabling the University to be more agile and responsive.

Transformation of our organisational culture and development

The University recognises that organisations with a constructive culture empower people to perform at their best. The organisation is working with key staff on a professional development programme at an individual, group and organisational level to enable those with people management responsibilities to grow a constructive culture.

Financial results

The University's consolidated audited annual result for 2016 was a $1.837 million deficit, which compares with a $3.531 million surplus in 2015. The University is managing the costs of its building programme, as well as demolition costs, and one-off expenditure as staff and students are moved around the campus as the buildings they work in are rebuilt or refurbished.

The University's cash resources are significant and are mostly committed to the major construction projects on campus, with a budgeted $206 million allocated to capital projects in 2017. The net operating cash inflow of nearly $65 million — over twice that budgeted — indicates we are managing within our means and remain on track to return to a sustainable surplus in 2019.

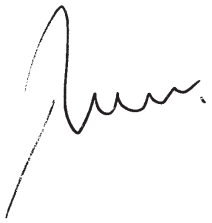
The University's net assets now stand at $1.387 billion, an increase of $76 million over the same period to the end of 2015.

Finally, the University is immensely grateful to businesses, alumni and friends of the University who make such a difference to the fundraising efforts for research, scholarships, programmes, services and campus development projects.

I would like to acknowledge and thank all the staff of the University for their efforts during 2016. We are fortunate to have such a talented and committed community.

2017 promises to be an exciting, challenging and rewarding year as recovery fades and transformation accelerates.

Nā reira, he mihi tēnei ki ngā kamahi o te whare wānanga i runga i tō rātou pukumahi i te tau kua pahure ake nei.



Dr Rod Carr
Vice-Chancellor | Tumu Whakarae

University Statement of Strategic Intent
Te Tauākī Whakamaunga Rautaki o te Whare Wānanga

We have a vision of
People prepared to make a difference
— tangata tū, tangata ora.

Our mission is to
contribute to society through knowledge
in chosen areas of endeavour
by promoting a world-class
learning environment
known for attracting people
with the greatest potential to make a difference.

We seek to be known as a
university where knowledge is
created, critiqued, disseminated and protected
and where research, teaching and learning
take place in ways that are inspirational and innovative.

Looking towards 2023,
the 150th anniversary of our founding,
the primary components of our strategy are to
Challenge, Concentrate and Connect.

Adopted by University Council on 30 September 2009 and affirmed in 2012.

Council Membership 2016
Ngā Mema o te Kaunihera 2016

The composition of the University Council for 2016 was:

Council Members	***First Appointed***	***Current Term Appointed***	***Ending***
Four Persons Appointed by the Minister			
Ms Catherine Drayton	2009	2015	07/2019
Mr Bruce Gemmell	2013	2015	07/2019
Mr Tony Hall	2013	2015	07/2019
Ms Sue McCormack	2009	2015	07/2019
Vice-Chancellor | Tumu Whakarae			
Dr Rod Carr	2009	2015	01/2019
One Member of the Academic Staff			
Professor Roger Nokes	2015	2015	07/2019
One Member of the General Staff			
Mr Malcom Peterson Scott	2015	2015	07/2019
One Student Member			
Mr James Addington	2015	2016	12/2017
One Member Appointed Following Consultation With Ngāi Tahu			
Mr Shayne Te Aika	2016	2016	10/2019
Three Members Appointed by Council			
Mr Peter Ballantyne	2012	2015	07/2019
Dr L. John Wood	2008	2015	07/2019
Mr Warren Poh	2013	2015	07/2019

The Education Amendment Act 2015 changed the legislative requirements in relation to the membership of Tertiary Institution Councils. The new Council members, with the exception of the student member, were appointed for a four year term which will end in 2019.

Dr Wood, Mr Hall and Mr Gemmell are also members of the Lincoln University Council. To avoid a perceived conflict of interest, Dr Wood took a leave of absence from the Lincoln University Council with effect from 1 September 2016. For the same reason, Mr Hall and Mr Gemmell took leave from the University of Canterbury Council with effect from 1 and 30 September respectively.

Council Members 2016

Back row from left to right: Mr Shayne Te Aika, Mr Bruce Gemmell, Mr James Addington, Mr Tony Hall, Mr Jeff Field (University Registrar | Pouroki), Mr Peter Ballantyne.
Front row from left to right: Ms Catherine Drayton, Dr Rod Carr (Vice-Chancellor | Tumu Whakarae), Ms Sue McCormack (Pro-Chancellor | Tumu Tuarua Kaunihera),
Dr John Wood (Chancellor | Tumu Kaunihera), Professor Roger Nokes, Mr Malcom Peterson Scott.
Absent: Warren Poh.

Governance Statement
Te Tauākī Mana Arataki

This statement is an overview of the University's main governance policies, practices and processes followed by the Council.

Compliance with NZX best practice code and other guidelines

The NZX listing rules require issuers to disclose in their annual report whether and to what extent their governance principles materially differ from the NZX Corporate Governance Best Practice Code. There are no significant differences from the NZX Corporate Governance Best Practice Code other than to reflect that the University is governed by the Education Act 1989 (Education Act). The University is also required to comply with the Crown Entities Act 2004, as it applies to Tertiary Education Institutions, and with the Financial Markets Conduct Act 2013.

The following section summarises the key governance and compliance policies and procedures in place.

Code of Conduct

The University expects Council Members to maintain high ethical standards that are consistent with its core values, business objectives and legal and policy obligations.

A Register of Interests is maintained for all Council members and is published in all meeting agendas. Conflicts of interest are a standing item on the agenda of all meetings. A member of the Council or of a committee of the Council who has an interest in a matter being considered or about to be considered by the Council or the committee is required under the Education Act to, as soon as possible after the relevant facts have come to the Council Member's knowledge, disclose the nature of the interest at a meeting of the Council or committee.

A formal Handbook has been adopted by the Council. The Handbook sets the ethical standards expected of Council Members and deals specifically with receipt and use of information, receipt and use of assets and property, delegated authorities, compliance with applicable laws, regulations, rules and policies and a general obligation to act honestly and in the best interest of the University.

Role of the Council

The Council is the governing body of the University. It is responsible for the governance of the University, and its powers are set out in the Education Act 1989. Its powers include the oversight of the University's policy, degree, financial and capital matters.

Under the constitution, gazetted by the Minister for Tertiary Education in June 2015, the Council is comprised of:

(a) Four members appointed by the Minister

(b) The Vice-Chancellor of the University

(c) One permanent member of the academic staff of the University elected by the permanent members of that staff

(d) One permanent member of the general staff of the University elected by the permanent members of that staff

(e) one member who is a student of the University elected by the students of the University

(f) One member appointed by the Council, following consultation with Te Runanga o Ngāi Tahu

(g) Three members co-opted by the Council, two of whom must be alumni of the University.

The term of office of members of the Council, vacation of office, disclosure of members' interest and casual vacancies are covered in sections 173–176E of the Education Act 1989. Subject to section 173, the maximum term for any member, other than the Vice-Chancellor, shall be three consecutive four-year terms.

Council Members (other than the Vice-Chancellor) are paid fees at such rates (not exceeding the maximum rates fixed by the Minister in accordance with the fees framework determined by the Government from time to time) as the Council determines.

Delegation of authority

The Council delegates its authority where appropriate to the Vice-Chancellor for the day-to-day affairs of the University. Formal policies and procedures exist that detail the delegated authorities and parameters that the Vice-Chancellor and, in turn, his direct reports are able to operate within.

Continuous disclosure obligations

Continuous disclosure obligations of the NZX require all issuers to advise the market about any material events and developments as soon as they become aware of them. The University complies with these obligations on an ongoing basis.

Operation of the Council

The Council has regular (usually monthly) meetings. Key executives attend Council meetings by invitation. For each meeting, the Vice-Chancellor prepares a report to the Council that includes a summary of the University's activities, together with financial reports and operational updates. In addition, the Council receives regular briefings on key strategic issues from management.

The University offers the usual Council Members' induction for newly appointed Council Members. All Council Members have advice from the Tertiary Education Commission on the governance role they fulfil and are provided with a detailed handbook of University policies, procedures and protocols. The Council Secretary, the University Registrar, is available for advice at any time.

Vice-Chancellor | Tumu Whakarae

The Council is responsible for the evaluation of the Vice-Chancellor against his key performance objectives and is responsible for the setting of these objectives on a periodic basis and ensuring that they are appropriate measurable targets.

Independence of Council Members

It has been determined by the Council that all Council Members are independent except for Dr Rod Carr, Professor Roger Nokes and Mr Malcolm Peterson Scott.

Council Committees

The following standing committees have been established to assist in the execution of the Council's responsibilities. Each of these committees has a charter outlining its responsibilities and objectives.

Finance, Planning and Resources Committee

This committee meets monthly and as at the end of the financial year comprised Ms Catherine Drayton (Chair), Dr John Wood, Ms Sue McCormack, Dr Rod Carr, Mr James Addington, Professor Roger Nokes and Mr Warren Poh.

The Finance, Planning and Resources Committee is responsible for reporting and recommending to Council on financial planning, budgeting and monitoring of expenditure and financial performance matters. The committee will also recommend and report to Council on capital planning, major capital projects and project post-implementation reviews including recommendations on the capital planning, expenditure and monitoring protocols.

The Chair of the Audit and Risk Committee, Deputy Vice-Chancellors, Chief Financial Officer and Registrar (Secretary) are also in attendance.

Audit and Risk Committee

The Audit and Risk Committee at the end of the financial year comprised Mr Peter Ballantyne (Chair), Dr John Wood, Ms Sue McCormack, Ms Catherine Drayton, Mr Bruce Gemmell and Mr Shayne Te Aika.

The Audit and Risk Committee is responsible for monitoring the ongoing effectiveness of risk management activities. The committee monitors trends in the University's risk profile and considers how it manages or mitigates key risk exposures. The University implements risk management through its business processes of planning, budgeting, investment and project analysis, and operations management.

The committee also monitors and oversees the quality of financial reporting and financial management. In order to achieve this the committee considers accounting and audit issues and makes recommendations to the Council as required and monitors the role, responsibility and performance of the internal and external auditors.

The function of the Audit and Risk Committee is to assist the Council in carrying out its responsibilities under the Education Act, Crown Entities Act 2004, Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 on matters relating to the University's accounting practices, policies and controls relevant to the financial position and to liaise with internal and external auditors on behalf of the Council.

The Council student representative, Vice-Chancellor, Deputy Vice-Chancellors, Chief Financial Officer and Registrar (Secretary) are in attendance at Committee meetings as are the internal and external auditors.

Vice-Chancellor Employment Committee

The Vice-Chancellor Employment Committee at the end of the financial year comprised Ms Sue McCormack (Chair), Dr John Wood, Ms Jo Appleyard and Mr Peter Ballantyne.

The primary purpose of the committee is to review the Vice-Chancellor's remuneration package and performance. These reviews form the basis of recommendations to the Council for which concurrence is then sought from the State Services Commissioner.

Honours and Appointments Committee

The Honours and Appointments Committee at the end of the year comprised Dr John Wood (Chair), Ms Sue McCormack, Dr Rod Carr and Mr Peter Ballantyne.

The primary purpose of the committee is to consider expressions of interest and make recommendations to Council on appointments to Council, Council committees and external bodies on which the University is represented. The committee also considers nominations for the award of honorary doctorates and makes recommendations to Council.

Audit governance and independence

The work of the external auditor is limited to audit and related work only. The University is committed to auditor independence.

Reporting and disclosure

Annual and Six Monthly Reports in accordance with the requirements of the Education Act 1989, Crown Entities Act 2004, Financial Markets Conduct Act 2013 and the NZX listing rules are communicated on a periodic basis to all bondholders. The Annual Report is audited.

The University website provides regular updates to bondholders. The Annual Report is available online at our website www.canterbury.ac.nz.

Bondholder relations

The Council's policy is to ensure that bondholders are informed of all major and strategic developments affecting the University's state of affairs. The University releases all material information to the NZX under its continuous disclosure requirements.

Statutory Information | Mōhiohio ture

Bondholder Statistics

NZDX debt securities distribution as at 31 December 2016

5.77% PHILANTHROPIC BONDS

Range	No. of bondholders	Percentage of bondholders	Number of securities held	Percentage of securities held
1 – 5,000	78	9.17%	390,000	0.78%
5,001 – 10,000	192	22.56%	1,880,000	3.76%
10,001 – 100,000	538	63.22%	17,927,000	35.85%
100,001 – over	43	5.05%	29,813,000	59.61%
	851	**100.00%**	**50,010,000**	**100.00%**

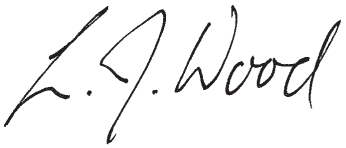
NZDX Waivers

The NZDX listing rules require issuers to disclose in their annual report a summary of all waivers granted and published by the NZX within the 12 months preceding the date two months before the date of the publication of the Annual Report. The waiver, provided later in this report, was granted in the reporting period.

Statement of Responsibility
Te Tauākī Noho Haepapa

In terms of section 155 of the Crown Entities Act 2004, we hereby certify that:

- we have been responsible for the preparation of these financial statements and statement of service performance and for the judgements used therein
- we have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- we are of the opinion that these financial statements and statement of service performance fairly reflect the financial position and operations of the University and group for the year ended 31 December 2016.



Dr L J Wood
Chancellor | Tumu Kaunihera

Dr R M Carr
Vice-Chancellor | Tumu Whakarae
1 March 2017

2016

Statement of Service Performance

Te Tauākī o ngā Whāinga me ngā Taeatanga

Statement of Service Performance
Te Tauākī o ngā Whāinga me ngā Taeatanga

The vision of the University is 'People Prepared to Make a Difference'. The mission of the University is to contribute to society through knowledge in chosen areas of endeavour by promoting a world-class learning environment known for attracting people with the greatest potential to make a difference. We seek to be known as a university where knowledge is created, critiqued, disseminated and protected and where research, teaching and learning take place in ways that are inspirational and innovative. The primary components of our strategy are Challenge, Concentrate and Connect.

The relationship between the University's activities and the wider goals is shown in the table on page 21.

Through achieving the University's mission we will contribute to the wider societal objectives of Economic Development, Social and Community Development and Environmental Enhancement. It has been widely recognised that an educated community will enjoy a longer and more comfortable life than one that does not have access to education. An educated community is likely to have the opportunity to pursue interests and pastimes that add to the perceived quality of life. UC graduates bring critical thinking to bear on problems and issues. They will develop innovative solutions that contribute to the Social and Economic Development of the wider community. Measurement of progress towards these broader societal goals and in particular the proportion that can be attributed to this institution is not an exact science. Accordingly, a variety of surrogate measures used reassure stakeholders that resources are deployed in a manner that supports the achievement of the University's vision and mission and, by implication, the wider societal goals.

The environment in which the University of Canterbury has existed has been dominated by the impact of the 2010 and 2011 earthquakes. The University has engaged in a building remediation programme that will continue until the end of this decade. Critical to the ongoing development of the campus has been the Government commitment of up to $260 million to the development of the Rutherford Regional Science and Innovation Centre and redevelopment of the Engineering facilities, and the successful resolution of the insurance claim for the disruption and damage resulting from the earthquakes. Whilst the redevelopment of the physical infrastructure is an element of the recovery, the rebuilding of student numbers remains critical to the University returning to sustainable financial health. For 2016, there were 12,492 Equivalent Full Time Students (EFTS) enrolled. There was a shortfall in domestic enrolment which was due to several factors including a reduced number of school leavers with university entrance nationally and the resulting increased competition for students. The number of 18-year-olds in the population has been declining for some years and will continue for several more before the trend reverses. The University of Canterbury also faces the challenge of the strong regional economy and the resulting lower unemployment. However, the University has seen an increase in 'new-to-UC students' and record numbers of postgraduate students enrolled. The 2016 Kaikōura earthquake was widely reported in the media and the impact on the 2017 enrolment numbers will be closely monitored.

Outcomes for New Zealand
Sustainable development

Economic Development | Social and Community Development | Environmental Enhancement

Contribute to society through knowledge in chosen areas of endeavour
University of Canterbury Outcomes

Impacts
"People prepared to make a difference"

Value added to society

Educated and skilled workforce | People with critical thinking skills

Outputs that contribute to the Tertiary Education Strategy

Contribution to society

Student Achievement | Research Outputs

A university where research, teaching and learning take place in ways that are inspirational and innovative

University of Canterbury Processes

Deliver high quality, relevant courses and qualifications, and support students | Engage with stakeholders | Carry out high quality research

Promoting a world-class learning environment known for attracting people with the greatest potential to make a difference

Students | Funding | Infrastructure | Staff

University of Canterbury Inputs

University of Canterbury Strategy

Challenge	Concentrate	Connect
Increase participation and improve educational performance of priority learner groups, through enhancing pathway arrangements	Enhance the quality and impact of research outputs	Māori
Increase student (international and domestic) numbers	Increase and diversify external research income	Pacific
	Increase research degree completions	Industry and Business
	Achieve critical mass in research	Government
	Increase postgraduate numbers	Implement international growth strategy
		Connect more effectively with alumni
		Other stakeholders
Raise Standards	Increase Focus	Engage Stakeholders

University of Canterbury Tactics

The Government requirements for tertiary institutions are laid out in the Tertiary Education Strategy 2014–2019. The priorities relevant to universities are to:

- Deliver skills for industry;
- Boost the achievement of Māori and Pasifika Students;
- Strengthen research based institutions;
- Grow international linkages

The University has internalised these priorities as being to:

- Challenge: Recover student numbers, boost student achievement (especially Māori and Pasifika) and to deliver skills for industry.
- Concentrate: Strengthen research
- Connect: Develop relationships internationally and domestically and deliver skills to industry.

Priority Objective 1: Challenge

Improving the educational performance and participation of students

Student Enrolments (EFTS)		Actual 2014	Actual 2015	Actual 2016[1]	Target 2016
Impact	**Input commitments**				
Increased student enrolment	Domestic	11,168	11,053	11,358	11,797
	Full Fee	775	878	1,134	985
	Total	11,943	11,931	12,492	12,782

The over-achievement in recruiting full-fee international students was offset by a shortfall in domestic recruitment, reflecting a more competitive domestic market.

Priority Learner Group Participation		Actual 2013	Actual 2014	Actual 2015	Actual 2016[2]	Target 2016
Impact	**Input commitments**					
Increased participation by priority learner groups	Māori enrolments as a % of total domestic EFTS	7.0%	7.3%	7.3%	7.5%	7.2%
	Pacific enrolments as a % of total domestic EFTS	2.1%	2.6%	3.1%	3.1%	2.7%
	Under-25 enrolments as a % of total domestic EFTS	76.4%	76.7%	76.5%	77.2%	77.5%

Priority learner participation exceeded expectations for Māori and Pasifika. Whilst the under-25 enrolment level was greater than prior years, it was less than forecast due, in part, to the increased proportion of postgraduate enrolment.

Māori and Pacific pathways		Actual 2013	Actual 2014	Actual 2015	Actual 2016[3]	Target 2016
Impact	**Input commitments**					
Enhanced Māori and Pacific pathways into tertiary study	First-year Māori enrolments as a proportion of first-year domestic enrolments in first year of tertiary study	7.2%	7.4%	8.0%	8.1%	8.4%
	First-year Pacific enrolments as a proportion of first-year domestic enrolments in first year of tertiary study	2.8%	3.5%	3.0%	3.0%	3.4%

The population of Māori and Pacific students is small so minor movements in enrolment have disproportionate impact on the performance metrics.

1 *The 2016 Actuals are based on enrolments as at 31 December and may differ slightly to the SDR enrolments subsequently submitted.*
2 *The 2016 Actuals are based on enrolments as at 31 December and may differ slightly to the SDR enrolments subsequently submitted.*
3 *The 2016 Actuals are based on enrolments as at 31 December and may differ slightly to the SDR enrolments subsequently submitted.*

International (Full Fee) Participation		Actual 2013	Actual 2014	Actual 2015	Actual 2016[4]	Target 2016
Impact	**Input commitments**					
Increased and more diversified international (Full Fee) participation	Full Fee enrolments (as a percentage of total enrolments)	6.6%	6.5%	7.4%	9.1%	7.7%
	Concentration ratio (C3)[5]	58.7%	55.8%	56.1%	58.7%	56.1%

Growing the number of international students is a key element of the recovery plan, which will result in a greater proportion of international students. Providing students with opportunities to engage with and understand other cultures, be they indigenous or international, will enable them to succeed as global citizens of the 21st century.

Successful Course Completion[6]		Actual 2013	Actual 2014	Actual 2015[7]	Actual[8] 2016	Target 2016
Impact	**Output commitments**					
Increased successful course completions by priority learner groups	Māori completion rates	80%	81%	81%	80%	83%
	Pacific completion rates	70%	70%	70%	69%	75%
	<25 completion rates	87%	87%	87%	86%	87%
	All SAC eligible students	**87%**	**87%**	**87%**	**87%**	**87%**
	NZ university median	*86%*	*86%*	*86%*		

Course completion rates have exceeded sector medians with an overall course completion rate of 87% (unchanged from the previous year). Completion rates for Māori and Pasifika students have not met the targeted levels. The numbers of Māori and Pasifika students are comparatively small and therefore small movements materially impact performance.

Qualification Completion[9]		Actual 2013	Actual 2014	Actual 2015[10]	Actual[11] 2016	Target 2016
Impact	**Output commitments**					
Increased qualification completions by priority learners	Māori completion rates	68%	68%	67%	65%	69%
	Pacific completion rates	51%	43%	50%	53%	55%
	<25 completion rates	78%	79%	73%	70%	72%
	All SAC eligible students	**88%**	**86%**	**80%**	**78%**	**82%**
	NZ university median	*81%*	*82%*	*80%*		

The calculation represents the proportion of students completing qualifications as a percentage of the EFTS enrolled in the year. As enrolments increase the proportion graduating declines. The decline in new-to-UC students in 2011 materially impacted this indicator. A new completion metric will be implemented in 2017. The number of Māori and Pasifika students is comparatively small and therefore small movements in student numbers materially impact performance.

4 The 2016 Actuals are based on enrolments as at 31 December and may differ slightly to the SDR enrolments subsequently submitted.
5 The C3 Concentration Ratio is a measure of the proportion of the University's international (full-fee) student body contributed by the three largest source countries. Reducing the ratio mitigates the risk of over-exposure to a few source countries. In the period 2013–2016 the three largest contributing countries were China, Malaysia and United States of America.
6 Where possible, confirmed TEC data has been referenced.
7 Updated since 2015 Annual Report published.
8 Interim result to 18 January 2017.
9 Where possible-confirmed TEC data has been referenced.
10 Updated since 2015 Annual Report published.
11 Interim result to 18 January 2017.

Retention[12]		Actual 2013	Actual 2014	Actual[13] 2015	Actual[14] 2016	Target 2016
Impact	**Output commitments**					
Increased retention of priority learner groups	Māori retention rates	81%	81%	83%	83%	81%
	Pacific retention rates	76%	78%	77%	82%	79%
	<25 retention rates	88%	89%	89%	88%	86%
	All SAC eligible students	**86%**	**87%**	**88%**	**87%**	86%
	NZ university median	*86%*	*85%*	*86%*		

Retention rates have exceeded expectations and have historically exceeded the sector median.

Under the heading of Challenge, the University has set targets in conjunction with Government that support the TES goals. The primary objective is to recover the student numbers towards levels achieved prior to the earthquakes (approximately 14,000 EFTS by 2019) and to welcome them to an environment that supports students to achieve their potential.

Domestic Students

The University has invested heavily in advertising and undergraduate scholarships to ensure that potential students are aware of the opportunities available at the University of Canterbury. The current offering known as UC7 identifies the five aspects of the graduate profile (discussed below) and also highlights the recreational opportunities (including over 130 student clubs and societies) and the support services that are available to support students through their programme of study.

Market research has provided valuable insights into the information required by prospective students and their parents. The presentations made to schools have been amended to include more targeted information. A 2.7% increase in total enrolments in 2016 was a positive endorsement of the actions taken and included a 9.5% increase in new-to-UC domestic EFTS.

Competition for student enrolments is expected to intensify in the coming years. The University has responded to the challenge of increasing the number of student enrolments through a number of initiatives. National Certificate of Educational Achievement (NCEA) excellence and merit scholarships were continued on for 2016 as research indicated financial support made a difference to a number of students' decision to study in Christchurch. Targeted regional offerings have been made, such as the Go Canterbury initiative to Auckland students which generated significant interest. A series of UC Bound events was held across the country, bringing together students intending to study at the University, to build cohorts and ensure that connections were established prior to students arriving on campus. The programme also allowed students to start the journey of transitioning to university.

Attracting additional students has put some pressure on the supply of accommodation. Initially, the shortfall was accommodated by leasing properties close to campus. Longer-term plans for the development of additional student accommodation are now being implemented, which will mean a steady stream of additional beds is available from our accommodation partners over the coming years. As a result it is expected that the pressure for the University to lease properties will significantly decrease.

The University has recognised that the aspiration of some students cannot be realised on the basis of their academic results to date. This can be due to poor course selection, lack of base knowledge or inadequate academic results in required areas. TEC has previously indicated that universities should not be providing sub-degree tuition. The University of Canterbury has developed a programme in conjunction with Hagley Community College to allow students to undertake remedial study to prepare them for university. This programme delivered a 72% success rate which was consistent with the prior year's results. The current outcomes are significantly better than those achieved prior to the implementation of the Hagley programme.

12 Where possible, confirmed TEC data has been referenced.
13 Updated since 2015 Annual Report published.
14 Interim result to 18 January 2017.

Māori Students

The South Island has a comparatively small Māori population (83,460 at 2013 census, representing 8.3% of the population) distributed across a number of centres. The major concentration of Māori is in Canterbury (41,910 people living in the region). Taking a more targeted recruitment approach is expected to result in an increased number of students enrolling at the University.

In 2012 Te Rautaki Whakawhanake Kaupapa Māori (UC Strategy for Māori Development) was launched in conjunction with and endorsed by Ngāi Tahu. A significant aim of the Strategy is to increase the number of Māori students enrolling in and successfully completing study at the University of Canterbury.

In implementing Te Rautaki Whakawhanake Kaupapa Māori, the University has continued to engage with the community, schools and students. The University has proactively engaged with the wider community through the sponsorship of Māori student leadership events such as the Waitaha Manu Kōrero Māori speech competition. The UC Foundation has funded the implementation of the Māori Recruitment Strategy, to expand and enhance the recruitment activities targeting rangatahi in Canterbury. This strategy draws together current activity and planned initiatives into a cohesive programme to ensure that Māori participate at the same level as or higher levels than other domestic students.

Ekea! (launched in 2016) is a four-year programme of student engagement commencing in year 10, targeting Māori students and building through to year 13. Through a series of events over the student's secondary schooling, which build their academic achievement and develop familiarity with the University and its environment, the student will be well prepared to enrol in a programme of study of their choosing. A pilot homework programme for year 13 students was run in 2016 school holidays. Based on the very successful UC Me XL programme (targeting Pasifika students), the focus of the programme was to provide students with subject tutoring to strengthen their ability to achieve university entrance standards.

Increased scholarship funding has been made available to talented Māori students through the Emerging Leaders programme and the enhanced NCEA scholarships. Significant resource has also been applied to providing information to Māori high school students. Activities have included scholarship question and answer sessions and information sessions provided by Māori university students for Māori high school students and their whānau. Where appropriate, specialised campus tours have also been provided. All year 13 Māori students who apply to enrol are contacted and provided with personalised advice and assistance with their programmes. This cohort is provided with assistance to ensure that their workload and subject choices are balanced to optimise their academic outcomes.

In 2015, the Māori Development Team (MDT) established a mentoring programme, with all Tuākana[15] taking part in Tauira Tū, Tauira Ora, a version of Tangata Tū, Tangata Ora[16] tailored to their role as mentors. There is also increased collaboration with other University mentoring programmes to ensure improved outcomes for students. MDT initiatives that focus on transition and success have contributed to the increase in Māori student retention, with 83% of Māori students retained in 2016 which compares favourably with the retention for all students at the University.

As a result of the activities, 2016 saw an 8.4% increase in the number of Māori students enrolling, driven in part by an increase in retention rates. Retention rates have exceeded expectations.

University of Canterbury graduates will be distinguished in the workplace as those who can demonstrate the cultural competence and confidence to live and work in a bicultural Aotearoa New Zealand and a multicultural world.

Pasifika Students

The South Island has a very small Pasifika population (21,132 at 2013 census, representing 2.1% of the population) distributed across a number of centres. The major concentration of Pasifika is in Canterbury (12,720 people living in the region). Taking a more targeted recruitment approach is expected to result in an increased number of students enrolling at the University.

The UC Pasifika Strategy 2014–2018 was developed in consultation with the various Pasifika communities and launched in November 2014. This strategy outlines the aspirational goals of the University and the Pasifika community for Pasifika students based on the core themes of Connect, Confidence, Challenge, Concentrate and Contribute.

In 2016 Pasifika domestic enrolments increased by 8.0% over the prior year and exceeded the target enrolment. Pasifika students now comprise 3.1% of the total student population and further growth is expected. Retention of Pasifika students was a priority and the increase in the rate of retention to 82% was celebrated as a validation of the initiatives in place.

15 Mentors.

16 Tangata Tū, Tangata Ora is a programme that seeks to develop the ability of participants to interact respectfully and effectively with persons from a background that is different from one's own. It goes beyond an awareness of/sensitivity to another culture, to include an ability to utilise that knowledge in cross-cultural situations and to develop and implement processes, procedures and practices that support the delivery of culturally competent and appropriate services.

The implementation of the Pasifika Strategy has seen existing initiatives aimed at attracting Pasifika students enhanced, including targeted scholarships and dedicated liaison staff working with university ready students through targeted secondary schools to the UC Me XL outreach programme. The programme was initially developed in the post-earthquake environment, to assist high school students who did not have study space available at home. UC Me XL is a two-week holiday programme on campus designed to support students studying NCEA levels 1–3. There are now students from 19 schools in Christchurch participating in the programme. Auckland is also a target market for the recruitment of additional Pasifika students. The University joined the Pacific Island Leaders of Tomorrow (PILOT) programme based in Auckland. Through PILOT activities, University staff were able to engage with a cohort of students who have not previously been exposed to opportunities at the University of Canterbury.

UC Pacific Mentoring Programme (UCP) is a one-to-one, peer support programme for all Pacific students in their first year of study. By connecting with a mentor, first-year students receive direction, encouragement, motivation and, most important of all, friendship. All mentors are senior students with a strong understanding of university life through their own personal experiences and knowledge. They are committed to providing students with the advice and support they need throughout the year in order to succeed at the University. To access the UCP Mentoring programme, students must be enrolled as a Pasifika student at UC and register with the programme. All first year UC Pasifika students are assigned a mentor on registration.

2015 saw the introduction of the Pasifika Academic Solutions and Success (PASS) programme. Participants in this programme can access individual and group tutorials for specific first year courses. The number of participants increased in 2016 and the feedback from the students was positive. Preliminary results indicate that the academic performance of PASS participants has been higher than would be expected when compared with the achievements of previous cohorts.

International Students

Whilst the proportion of full-fee international students enrolled is important to the financial sustainability of the University, their presence also enables our domestic students to glean an understanding of other cultures through engagement with classmates from other countries and cultures.

The International Growth Strategy details how international students will be attracted to study in Christchurch. The strategy has seven components.

1. Developing programmes with international appeal. Strong demand has been identified for postgraduate education, particularly taught Masters. Programmes such as the Master of Business Information Systems, Master of Computer-Assisted Language Learning and Master of International Relations and Diplomacy have been launched as a response to student and industry demands.
2. Ensuring students have a world-class experience at UC. The University of Canterbury was ranked 214th[17] in the world which is in the top 3%. The University is ranked 49th in the world for Civil and Structural Engineering[18]. A total of 19 subject areas are ranked in the QS top 200. The University was also the first New Zealand institution to achieve five stars in the QS STARS rating that reflects the relative quality of universities.
3. Ensuring that our fees are competitive. UC international fees are benchmarked against those charged by similar institutions domestically and internationally.
4. Developing competitive packages for international students, including accommodation and fee packages in specified areas.
5. Optimising recruitment channels. The collaboration with Navitas (an international education provider working through 120 institutions in 31 countries) has enhanced the University's presence in target markets and is complemented by a group of Christchurch based country managers.
6. Managing the pipeline and conversion of application. The systems and processes relating to student applications are subject to ongoing review and refinement to deliver an improved level of customer service.
7. Enhancing the UC brand. A strong brand will ensure that international students are aware of and will continue to perceive the University of Canterbury as provider of a world class educational experience.

These strategies will form the main thrust of continuing international recruitment in the next three years.

The outlook for 2017 is positive as applications to enrol exceed prior years with an increase of 7.9% applications from new domestic students and 9.3% from new international students over the prior year at the same time (week 16 of the enrolment cycle).

17 QS World University Ranking 2016.
18 QS Subject Rankings 2016.

Graduate Profile

In order to be successful the University must rebuild domestic student enrolments to at least the pre-earthquake levels. To differentiate the University of Canterbury graduate from those who study elsewhere, the University has implemented a graduate profile outlining a package of specific competences that all undergraduates will be able to participate in developing. Each of the attributes is championed by a senior management team member as indicated below.

Competence	Learning Objective	Champion
Critically competent in a core academic discipline of their degree	Students know and can critically evaluate and, where applicable, apply this knowledge to topics/ issues within their majoring subject.	Deputy Vice-Chancellor (Academic) Tumu Tuarua Akoranga
Employable, innovative and enterprising	Students will develop key skills and attributes sought by employers that can be used in a range of applications.	Pro-Vice-Chancellor (Business and Law) Amorangi Umanga me te Ture
Biculturally competent and confident	Students will be aware of, and understand the nature of biculturalism in Aotearoa New Zealand and its relevance to their area of study and/or their degree.	Assistant Vice-Chancellor Māori | Amokapua Māori
Engaged with the community	Students will have observed and understood a culture within a community by reflecting on their own performance and experiences within that community.	Pro-Vice-Chancellor (Education, Health and Human Development) Amorangi Ako me te Hauora
Globally aware	Students will comprehend the influence of global conditions on their discipline and will be competent in engaging with global and multicultural contexts.	Pro-Vice-Chancellor (Arts) Amorangi Toi Tangata

This graduate profile has been developed in conjunction with employers, key stakeholders, academic staff (both internal and external) and student representatives.

Critically competent in a core academic discipline of their degree

In order to ensure that students are competent in their chosen academic discipline, it is essential that students receive quality teaching. Quality assurance of teaching is guided by the following principles (these apply to all quality assurance processes at the University of Canterbury):

- consistency;
- accountability;
- efficiency;
- flexibility; and
- culture and understanding.

Teaching quality is one of the hardest aspects of university activity to measure. In 2016 the independent rankings agency QS ranked the University of Canterbury 206th in the world for academic reputation[19]. This measure provides a 'sense of consensus of opinion amongst the international academic community'[20].

Quality assurance of teaching encompasses all aspects pertaining to the delivery of teaching and course material to students; this includes what is taught, how teaching is undertaken, who teaches and how well, where teaching occurs and how effective it is, and when teaching occurs. Much of this is conducted at a school or departmental level with an expectation of annual and formal quality assurance through the five-year qualification review cycle.

19 QS World University Ranking 2016.
20 www.topuniversities.com/university-rankings-articles/world-university-rankings/qs-world-university-rankings-methodology

Quantitative measures used in the quality assurance processes are conducted or coordinated by Academic Services and include:

- Student Evaluation of Teaching (SET) surveying — course, teaching and programme surveys
- Student Experience Surveying — UCount and UCPEQ surveys, which focus on environmental issues, infrastructural and ancillary teaching support
- Graduate Destination Survey, which is increasingly focusing on skill acquisition and development.

Overall results are provided to the Head of Department/School, the respective Pro-Vice-Chancellors (PVCs) as executive and academic leaders of the colleges, and the Deputy Vice-Chancellor (Academic) who has the institutional responsibility for academic quality. PVCs report on any staff members who score below set cut points, in terms of how their teaching will be improved.

The University Council has sponsored teaching awards that recognise sustained excellence in the area of teaching. The criteria for excellence are strict and as a result an award is not made every year. No award was made in 2016. All colleges and the majority of schools and departments have an external advisory board. These boards provide feedback from the community (employers, professional and other interested bodies). This feedback assists in ensuring that the academic programmes are relevant to the community beyond academia.

Retention of students for further study is a key performance indicator, on which our students continue to rank highly when compared with other institutions by the Tertiary Education Commission. Quality teaching is also reflected in sustained success of our students. The Rhodes Scholarship to study at the University of Oxford is regarded as one of the premier academic awards. A maximum of three Rhodes Scholarships are awarded in any given year. Over the past seven years, students from University of Canterbury have received six Rhodes Scholarships.

Employable, innovative and enterprising

In order to ensure that students are more employable a range of initiatives has been developed and implemented with significant input from employers from a range of industries. From 2015, initially as part of a pilot programme, first-year students have the opportunity to have their non-academic experience and competencies independently validated and documented in a co-curricular record that can be shared with employers. A co-curricular record shows not-for-credit activities, such as leadership roles in clubs and societies that the student has been involved in. It could also include volunteering experience and approved work experience. The initial pilot participants will graduate in 2017. As part of the pilot, feedback from employers will be sought in 2018. In the interim, a number of employers have provided positive ad hoc feedback on the content and layout of the record. There is a general consensus that the linking of the activities to the graduate profile is very useful. The Co-curricular Record had 743 students registered at the end of 2016, with 524 instances of activity engagement. These engagements represented over two years of full-time effort contributed by this group of students[21].

Students also combine learning and application of their skills in programmes, such as the University of Canterbury Motorsport (UCM) team that made history in Melbourne by becoming the first team to win a dynamic event at the Formula SAE Australasia competition with an electric race car. The Formula SAE Australasia is a student-run competition where more than 30 university racing teams from around the world design, construct and race a single-seat race car. In 2016 the team designed and built New Zealand's first four-wheel-drive electric race car and achieved their record-setting win then became the first team ever to win a dynamic event at the Formula SAE Australasia competition with an electric vehicle. Many of the UCM engineering students are taking the fast-track to top-level motorsport careers, with some soaring to new heights in design. A number of former UCM students have raced into professional automotive and motorsport engineering careers around the world. Previous UCM students have been offered jobs in professional motorsport in Australia, the United Kingdom and the United States.

The University supports the development of entrepreneurial thinking through the UC Centre for Entrepreneurship in the College of Business and Law. One of the key programmes is known as entré. In the entré programme, students are encouraged and supported to explore business ideas. Entré is a not-for-profit University of Canterbury company, run by students for all tertiary students in the Canterbury region. Entré exists to foster an entrepreneurial spirit, to encourage innovation and creativity and to educate students on the basic elements of business development. Through competitions, educational workshops and networking events, entré seeks to provide students from all disciplines with real business-world experience. Entré is committed to providing students with hands-on opportunities and industry exposure — things that are not provided in the lecture theatre. Entré also hosts entré for lunch, a series of business seminars designed to cover the basic knowledge essential to an entrepreneur. Presented by industry experts, each seminar provides relevant and practical knowledge for students endeavouring to enter the business world.

21 Total hours applied for divided by 1,950 hours.

The fifth entré $85K Challenge was run in 2016. Entrants go through the process of developing a product or business idea, during which they receive business world experience and guidance and mentoring from industry professionals. The 2016 winning entry was from a business called Anteater. Anteater is working with high-end food producers to make delicious dishes from insects to be served in restaurants throughout the country. Anteater's current product range consists of four core offerings: ants (wild harvested, Canterbury), huhu grubs (wild harvested, Canterbury), locusts (farmed, Otago) and cricket powder (imported, Canada). Anteater's products are currently on the market throughout New Zealand.

Biculturally competent and confident

An overarching goal is that all University of Canterbury programmes will have learning objectives that support cultural confidence and competence in graduates, thus providing a unique skill set valued by employers locally and globally. The University has a memorandum of understanding with Ngāi Tahu and is working cooperatively with the iwi to create many valuable outcomes for both parties. In 2012, Te Rautaki Whakawhanake Kaupapa Māori was developed in consultation with Ngāi Tahu and adopted by the University Council. One of the six areas of development is Hōtaka Kōunga (Quality Programmes). The objective is to incorporate Mātauranga Māori (an indigenous perspective) into all undergraduate programmes of study.

The University has allocated additional resources to support curriculum development, including the appointment of five Kaiārahi Māori. The UC Graduate Profile has been considered and adopted by Council and each college has used this framework to look at the learning objectives across their respective faculty curricula. Mapping current curricula against this profile and learning objectives has been a significant focus for Kaiārahi in their work with colleges. 2016 saw the ongoing mapping and integration of new or enhanced curricula to meet this attribute, alongside the others to ensure the graduates are distinctive in the national and international market.

For the past two years the Certificate of University Preparation (CUP) programme has had a distinctive Māori and Pasifika cohort. In Semester One, this cohort outperformed the CUP students, achieving a 93% CUP completion rate, compared with the overall completion rate of 73%. Building on this success, the entire teaching programme has undergone professional development in embedding bicultural competence into the curriculum. A local artist has also been engaged to assist in developing a more bicultural feel to the physical environment.

Engaged with the community

The community engagement attribute is led by the UC Community Engagement Hub based in the College of Education, Health and Human Development. In the aftermath of the 2011 earthquake, University of Canterbury students played a significant role in meeting the needs of the community through the Student Volunteer Army (SVA). Subsequently, the UC staff and students collectively determined that the SVA ethos should become a formal part of the University's future direction and it was incorporated into the graduate profile. The first step on that pathway was the introduction of the course Strengthening Communities through Social Innovation (CHCH101). This unique course that was inspired by the actions of the Student Volunteer Army following the Canterbury earthquakes in 2010 and 2011 and focuses on the role of social innovation in strengthening communities. Students who have taken CHCH101 not only learn more about their local contexts, they learn a lot about themselves.

In 2016 the SVA was the largest club on campus with over 2,300 members. The SVA provides a vehicle for students to engage with the community through providing assistance to those in need and supporting community groups and projects. More than 50 students turned out when the call went out from the SVA to prepare beds for up to 250 potential Kaikōura evacuees who were to be hosted in campus accommodation following the 14 November earthquake.

The University is also expanding community engagement activities within the academic programmes. The most mature reflection of this intent is the minor in the Bachelor of Arts in Professional and Community Engagement (PACE). The first programme of its kind in New Zealand, PACE has three components: an internship with a business or community organisation, a related academic research element, and weekly group sessions where students reflect on their experience. Students have the opportunity to work with business and community organisations to provide productive and strategic outcomes on real world projects. They gain valuable work experience, academic research experience and training in critical reflection, report writing, presentation and communication skills. These are the skills that employers value and desire to see in new graduates.

In 2016, nearly 60% of the 2015 graduates had completed some form of internship, work or community integrated learning in their degree. The target of over 66% of graduates having real world experience prior to graduation by 2018 now appears conservative.

Globally aware

The College of Arts in conjunction with the International Relationships Office is leading the internationalisation attribute. The objective is to provide an international experience to all UC students irrespective of where they choose to study. The programme provides opportunities for students to do a semester's study abroad to gain experience of working and living in different cultures. The network of more than 60 exchange partnerships is already in place with overseas universities. There is a growing trend to include short-term international study tours as field trips during recess or summer breaks. Depending on the courses taken, students have the opportunity to travel to Asia, Europe, North America, Australia and Antarctica.

The portfolio of international relationships has now been expanded to include a number of opportunities with Mahidol University (Thailand). Mahidol students undertake internships in New Zealand coordinated by the University of Canterbury. University of Canterbury students undertake internships in Thailand coordinated by Mahidol University including the six-week internship programme with local organisations, including businesses and non-governmental organisations, which provides an opportunity to gain valuable experience living and working in an international and intercultural environment. Two students completed an internship with the Foundation for Children, which is a home that looks after neglected, abused or abandoned children with the aim for the mother to eventually become the primary caregiver again. As a result of the experience, two of the participants have undertaken a further fundraising project for the Foundation on their return. They provide but two examples of University of Canterbury students prepared to make a difference.

Planning is progressing on the Oxford@UC exchange which will see more than 20 students from the University of Oxford come to UC for three weeks in September 2017. UC is contributing financial support to host these students, in part in recognition of the extraordinary support Oxford colleges offered UC students by hosting more than 30 UC students at Oxford for the Trinity Semester in 2011. This is an opportunity to thank the University of Oxford but also to promote UC to the world through the eyes and experiences of these students.

Internationalisation and Global Awareness is so much more than drawing full-fee paying students to UC and opportunities creating learning opportunities with academic frameworks for learning and leveraging our partnerships are important parts of delivering this attribute of the graduate profile.

Priority Objective 2: Concentrate

Enhancing the quality and impact of research outputs

Research Outputs		Actual 2013	Actual 2014	Actual 2015[22]	Actual 2016[23]	Target 2016
Impact	**Output commitments**					
Increased research degree completions and external research income	Number of research degree completions	460	415	427	464	460
	External research income excluding PBRF	$26.3m	$26.7m	$27.4m	$30.9m	$26.1m

The delivery in 2013 was higher than expected due to the disruption experienced as a result of the 2011 earthquake and resulting extensions being granted. The post-earthquake environment has provided unique opportunities for research in a number of fields, which has resulted in increased numbers of students enrolling in research degrees.

Postgraduate enrolments		Actual 2013	Actual 2014	Actual 2015	Actual 2016	Target 2016
Impact	**Input commitments**					
Increased postgraduate enrolments as a % of total EFTS	Postgraduate taught EFTS	7.9%	9.3%	12.4%	13.1%	9.3%
	Postgraduate research EFTS	9.4%	9.5%	9.8%	9.1%	9.4%
	Total postgraduate EFTS	**17.3%**	**18.8%**	**22.2%**	**22.2%**	**18.7%**

The number of taught postgraduate enrolments has been primarily driven by international interest in taught masters programmes.

Māori and Pacific Research Students		Actual 2013	Actual 2014	Actual 2015	Actual 2016	Target 2016
Impact	**Input commitments**					
Increased postgraduate enrolments on the part of key priority learner groups	Māori postgraduate research students as a proportion of total Māori EFTS	4.3%	4.7%	4.3%	4.8%	4.6%
	Pacific postgraduate research students as a proportion of total Pacific EFTS	6.6%	4.6%	4.2%	3.8%	4.4%

The population of Māori and Pasifika students is small so minor movements in enrolment have disproportionate impact on the performance metrics.

Research Outputs

The number of research degree completions exceeded the target for 2016 and increased 8.6% on the previous year. The research revenue excluding Performance Based Research Funding continues to grow, with the total earned in 2016 being 12.7% greater than the previous year.

Postgraduate Students

Despite the growth in the total number of students enrolling, the number and proportion of postgraduate students increased at a faster rate over the past three years. Currently, there are over 1,000 doctoral candidates studying at the University. The increase in doctoral enrolments is driven in part by the University's involvement in the National Science Challenges and Centres of Research Excellence.

22 Updated since 2015 Annual Report published.
23 Interim result to 18 January 2017.

In addition to increasing the number of research degree enrolments, the University has developed and promoted new professional master's qualifications. These qualifications have attracted significant interest from international students and increasingly from domestic students, which has seen the overall number of postgraduate enrolments (EFTS) increase by 19% from the previous year.

The proportion of postgraduate students from priority groups is also increasing beyond expectations. In recognition of the increased interest, five additional doctoral scholarships have been created to support Māori candidates. There were 24.4 Māori EFTS engaged in doctoral studies in 2016, a 44% increase on the previous year. A total of 119.3 Māori postgraduate EFTS were enrolled in 2016, an increase of 18% on the previous year. In 2016 all Māori postgraduate students were contacted by Māori Development team members to ensure that they were aware of the support services available. As a result the number of PhD students accessing training workshops and development activities has dramatically exceeded expectations.

Over recent years there have been a number of support systems put in place to encourage more Pasifika students to enrol in postgraduate degrees. In total there were 36.0 Pasifika EFTS enrolled in postgraduate studies, which reflects a modest increase on the previous year. A total of seven Pasifika EFTS were enrolled in doctoral studies at University of Canterbury this year.

Research Developments

The University of Canterbury has been pursuing a collaborative research strategy since 2012. The University has become known as a great collaborator and has come to understand the need and opportunity afforded by a more collaborative model of engagement. The origins of this strategy lie in the response to the 2011 Canterbury earthquake.

The reputation of the University's research staff as valued collaborators and contributors is evidenced by the record levels of research funding received in 2016, financial participation in eight of the 11 National Science Challenges, in roles from the directorate level to research support, and leadership or partnership in the 10 Centres of Research Excellence. The University holds 41 National Science Challenge contracts worth $18.1m and 31 CoRE contracts worth $26.4m.

The international rankings agency QS rated the University of Canterbury in the top 200 research intensive universities in the world and the most research intensive in New Zealand. This ranking follows on from the last Performance Based Research Fund (PBRF) assessment where the University had the highest rate of research income per academic and the highest proportion of academic staff engaged in research and teaching.

Recognition of Research Leaders

The University of Canterbury has awarded the rare honour of the Canterbury Distinguished Professor title — conferred only twice before in UC's 143-year history — to Emeritus Professor Roy Kerr. In 1963, before advanced computers existed, Professor Kerr solved some of the most difficult equations of physics by hand. He found the exact solution of Einstein's equations that describes rotating black holes. Professor Kerr's discovery sparked a revolution in physics. At that time there was no consensus that such objects even existed; the term 'black hole' was only coined in 1967. Stephen Hawking described Professor Kerr's discovery in his book, *A Brief History of Time*. The Royal Society of London described his work as of particular importance to general relativistic astrophysics, and all subsequent detailed work on black holes has depended fundamentally on it. The Royal Swedish Academy of Sciences awarded him the Crafoord Prize in Astronomy 2016 'for fundamental work concerning rotating black holes and their astrophysical consequences'.

The University Council continues to encourage and recognise leading researchers through the awarding of the Innovation Medal for 'the active transformation of academic knowledge and ideas leading to their adoption by the wider community' and the Research Medal for 'excellence in research'.

The Innovation Medal was awarded to Associate Professor Michael Tarren-Sweeney, who developed the Assessment Checklist Series, a set of psychiatric scales that measure a range of mental-health difficulties experienced by severely maltreated children. The series is important for the mental-health assessment of maltreated children, and means they can be provided with the most appropriate psychological treatments. An important breakthrough in the delivery of mental healthcare for vulnerable children in New Zealand and abroad, the acclaimed measures have been used in over 30 published studies.

The Research Medal was awarded to Distinguished Professor David Schiel, who is widely acknowledged as one of New Zealand's pre-eminent marine scientists, for his sustained record of research. A Fellow of the Royal Society of New Zealand, Professor Schiel has also been elevated to the rank of Distinguished Professor at the University of Canterbury. In 26 years at the University, Professor Schiel has worked on a wide range of topics in marine science, with internationally recognised contributions in aquaculture, fisheries, kelp forest ecology and the functioning of nearshore ecosystems. He is one of the architects of the National Science Challenge Sustainable Seas, a long-term funding initiative to solve important marine management problems.

Priority Objective 3: Connect

Maintaining strong, collaborative and mutually beneficial relationships with stakeholders

Relationship with Alumni and Supporters		Actual 2013	Actual 2014	Actual 2015	Actual 2016	Target 2016
Impact	**Input commitments**					
Strengthened relationships with alumni and supporters	Income through UC Foundation to UC	$2.9m	$2.3m	$4.1m	$3.2m	$2.7m
	Proportion of alumni with current addresses (electronic or physical)	47%	52%	53%	61%	48%

Increasing emphasis on philanthropic donations has resulted in the UC Foundation being able to support an increased number of activities across the University. The strategy to engage with alumni has resulted in a significant increase in the proportion of contact details held.

International Engagement		Actual 2013	Actual 2014	Actual 2015	Actual 2016	Target 2016
Impact	**Input commitments**					
Enhanced international connection	Visiting Fellowships awarded	72	69	72	87	75
	Take-up of outgoing awards	29	25	20	29	25

A number of awards made in 2015 were deferred until 2016, resulting in record numbers of exchanges.

Māori

The University of Canterbury is committed to responding to its obligations under Te Tiriti o Waitangi and its role in contemporary Aotearoa. The University has a unique commitment to graduating students who demonstrate bicultural competence and confidence and who will be successful in a bicultural Aotearoa (Māori and non-Māori) and a multicultural world. The University is now focused on cementing the relationship with Ngāi Tahu through the implementation of Te Rautaki Whakawhanake Kaupapa Māori (UC Strategy for Māori Development).

The Bicultural Competence and Confidence Framework was developed in 2015 and supports the University to develop curricula, activities and experiences that relate to the Graduate Profile attribute of Bicultural Competence and Confidence. The implementation of this framework commenced in 2016, facilitating the development of content, pedagogy, activities and experiences integrated into curricula in programmes of study. The overall aim is that the community is confident that our graduates cross the stage having fulfilled the aspirations outlined in our Graduate Profile, and with particular reference to this attribute, having had ample opportunity to develop bicultural competence and confidence as it relates to their chosen discipline and recognise how this will contribute to their future careers, whether in the setting of a bicultural Aotearoa New Zealand or an international context. This is tied to inclusiveness, to enabling multiple perspectives of society and to acknowledging the role of graduates amongst these communities. The knowledge and skills instilled through this attribute will ensure that University of Canterbury graduates are able to engage effectively in our multicultural society and have a distinctive and unique perspective for employment locally, nationally and internationally.

Use of te reo Māori at the University continues to increase, with increasing requests made to Te Ohu Reo (the Language Group). In addition to the College names previously created, Te Ohu Reo has provided a range of te reo Māori names for service units, roles and committees. The Senior Management Team has taken the lead in championing the use of te reo by using part of their regular meeting as an opportunity to practice use of mihi and appropriate pronunciation under the tutelage of the Director of Māori Teaching and Learning | Kaihautū Ako Māori.

Pasifika

The UC Pasifika Strategy 2014–2018 was developed in conjunction with the Pacific communities. Through the process of consultation the University response to the aspirations of the communities was formalised. To ensure that the relationship and progress on the implementation of the strategy continue the Pacific Peoples' Advisory Committee and the Pasifika Strategy Advisory Group were formed. These groups continue to meet regularly and provide a forum where the community and senior University managers are able to address concerns and provide feedback.

Canterbury

The UC Futures programme has provided a broad platform for engagement with a wide range of stakeholders. The relationship with industry has strengthened appreciably as the University has sought to define its role in the Christchurch recovery. The University of Canterbury's role in the recovery of the region is multifaceted:

- a provider of skilled labour
- a source of solutions to problems through research expertise
- a generator of economic activity.

The University has had and will continue to have a close connection to the city of Christchurch. The University will contribute up to $15 billion to the local economy in the period 2014–2024 and is a major source of economic activity in the city. The University will return to remediated space in the Arts Centre and occupy the Chemistry Building in part to contribute to the revitalisation of the central city. The University has also enhanced its presence in the city through participation in the Health Precinct where clinical teaching will be co-located with the clinical services of the Canterbury District Health Board. The University also has a role in the SIGNAL ICT Graduate School located in the Innovation Precinct.

The University attracts thousands of students, staff and visitors to Christchurch every year. As a result the contribution to the economic activity of the city is in excess of $1.5 billion per annum. This figure does not include the hundreds of millions of dollars that will be spent in the capital development and remediation, funded by Government and the University. For 2016, the average capital expenditure was in excess of $3.7 million per week.

Industry

The University is also one of the largest employers in the city. University of Canterbury knowledge has always fuelled Canterbury's economic engine. The University has been involved in the recovery since the earthquakes, helping provide an intelligent and innovative response. The earthquake-related work is ongoing and has expanded as the University now hosts the government-funded centre of research excellence — QuakeCoRE.

The opportunity for further engagement with the ICT industry has arisen as the University has taken a lead role in developing the SIGNAL ICT Graduate School with a range of industry and educational partners (Ara Institute of Canterbury, Otago Polytechnic, Lincoln and Otago Universities). Initial enrolments will commence in 2017. Students from a variety of academic backgrounds will have the opportunity to study a programme that will provide a practical learning experience that will prepare them for employment in the ICT industry. The school is overseen by an independent board (with the majority of members from industry) led by Dr David Band, a professional director with a background in both international business and academia.

The University has a multi faceted relationship with industry based primarily around the research activity and the graduates produced. In 2016, the University of Canterbury was ranked second in New Zealand for employer reputation[24]. This ranking shows that University of Canterbury graduates are readily accepted by employers.

International

The University currently maintains active relationships with over 100 partner universities representing all continents. These relationships can include a wide range of activities and can include research, intellectual property licences, teaching, and student and staff exchanges.

The University of Canterbury is a member of the global AC21 consortium. The consortium members are committed to innovation in education, research and academic governance through collaborative action. The AC21 members are also committed to undertaking projects involving collaboration between industry, academia and government. Drawing on the wider pool of international expertise of the members is expected to provide more effective results than could be achieved through the efforts of individual members.

The 21 Day Challenge is an annual event run by the UC Centre for Entrepreneurship. The event brings teams of students from across the university together to solve a problem in a Pacific nation. The Challenge is a competition like no other, providing students with the opportunity to make a real impact on international communities in need. In 2016, the 21 Day Challenge asked teams of students to help Niue to conserve, protect and sustainably manage its food supply with a view to becoming self-sufficient using a $10,000 budget. The eventual winners Team EduKai worked with the Niuean community in Christchurch and an elder in Niue in preparation for the trip. Once there they worked with family cooks and collaborated with the community to build a taumafa community kitchen. This programme highlights the University's integration of internationalisation, community engagement and experiential learning.

24 QS World University Ranking 2016.

Alumni

The alumni are an increasingly valuable resource to the University. Support from the alumni has ranged from letters of endorsement for the UC Futures project to contributions for scholarship funds and the funding of the homework academies. The University has a current relationship with 61% of its living alumni. With the use of social media and an ongoing recruitment programme it is expected that this number will increase over time. Regular contact is made with as many alumni as possible through face-to-face networking events in New Zealand and overseas, regular email and social media outreach, and the traditional printed publications.

The University of Canterbury Students Association (UCSA), in conjunction with the University, has recently launched an appeal to the alumni to assist in rebuilding the UCSA building. The building was deemed not fit for purpose after the earthquakes and had been unoccupied since February 2011. Demolition was completed in December 2016. Construction of a new fit-for-purpose building will be commenced in 2017.

The UC Foundation in North America has taken the leading role in raising funds to meet the cost of the fitout of the Chemistry Building at the Arts Centre. The building will house the Music performance and Classics programmes. A particular feature of this development will be the creation of a display space which will house The James Logie Memorial Collection of classical antiquities. The Chair of the UC Foundation in North America, Professor David Teece, and his wife Leigh Teece have also personally made a substantial donation to support the fitout of the Chemistry Building. In recognition of the Teece family's generous donation, the museum that houses the James Logie Memorial Collection of classical antiquities will be officially named the Teece Museum of Classical Antiquities at the University of Canterbury.

2016

Appropriation Statement

Te Tauākī Pūtea Tāpui

Appropriation Statement
Te Tauākī Pūtea Tāpui

Vote Tertiary Education — Support for the University of Canterbury

The University of Canterbury is required to present end-of-year performance information for reporting on the 2015/16 Appropriations. This report is presented as at 30 June 2016.

Scope of Appropriation

This appropriation is limited to the rebuild of the Science and Engineering facilities at the University of Canterbury.

Purpose of Appropriation

This appropriation is to achieve effective investment in rebuilding the University of Canterbury's Science and Engineering facilities. The appropriation is for financial support in the rebuilding of those facilities (subject to achievement of agreed targets), with a total of $195 million being appropriated as at 30 June 2016[1]. A further $15 million has been appropriated for the 2016/17 year.

Output performance measures and standards — performance for the period ended 30 June 2016

Performance Measure	Budget standard 2015/16	Actual performance 2015/16	Comment
Funding is allocated in accordance with the funding agreements and conditions.	100%	100%	**Achieved** — The original Funding Agreement provided for the payment to the University of a second instalment of $100 million no earlier than one year after the date on which the first $100 million instalment had been paid (25 September 2014), and was subject to certain conditions. In agreement with the University Council, the Funding Agreement was varied to reduce this payment to $85 million, which was received on 4 December 2015. The remaining $15 million fell to be made available once the Business Case for Stage Two of the RRSIC project was accepted by the Minister.
Achieving business case milestones in building Science and Engineering facilities	100%	90%	**Partially Achieved** — at 30 June 2016 the Science facility construction project was on target and all business case milestones to date had been met. At 30 June 2016 the Engineering facility was on track for financial targets but running behind target programme delivery milestones due to construction difficulties, with a consequential delay in meeting programme dates for Stage One. Stage Two started earlier than planned by two months.

1 *$10 million in 2013/14, $100 million in 2014/15, and $85 million in 2015/16.*

This Appropriation is limited to capital expenditure on the Science and Engineering facilities at the University of Canterbury, shown below as at 30 June 2016:

Components of the Appropriation	Actual 2014/15 $000's	Budgeted 2015/16 $000's	Actual 2015/16 $000's	Note
Construction	100,000	100,000	85,000[2]	1

Note

1 As noted above, the Crown and University Council agreed to a variation to the original Funding Agreement, and the amount paid to the University was reduced to $85 million, with an undertaking to review payment of the remaining $15 million subject to certain further conditions (see 'Subsequent events' below).

Subsequent events

Variation to the Funding Agreement in respect of insurance settlement

On 29 September 2015, the University and the Crown agreed a variation to the original Funding Agreement, in respect of the insurance settlement becoming due on 30 September 2015, and an $8 million repayment was made to the Crown on 30 September 2015.

Payment of $15 million

Further to the variation noted above on the second tranche of $100 million, the University delivered the RRSIC Stage Two Business Case to the Minister for Tertiary Education in August 2016 in line with the agreed timetable. Subsequently, the Ministers for Treasury and for Tertiary Education approved the release of the remaining $15 million, received by the University on 25 November 2016.

Milestones

Part of the University's obligations under the Funding Agreement is to meet a set of key milestones, using its best endeavours. The Governance Oversight Group (GOG — see 'Governance' below) monitors the University's performance against those milestones, and is able to vary them where best endeavours have been demonstrated and matters are beyond the control of the University to influence further.

Subsequent to 30 June 2016, due to the difficulties being experienced (as discussed above) the GOG agreed to vary the milestones for the completion of the Engineering facilities from March 2017 to Semester 2, 2017.

Governance

As noted above, the financial support provided under the appropriation requires the University to report against a series of set targets and milestones as part of the Funding Agreement.

Council receives regular reports on progress against the Funding Agreement targets and milestones. A separate Governance Oversight Group has also been established as part of the Funding Agreement, and is constituted of three members of the University Council and four members from the Crown.

The GOG is responsible under its terms of reference for, *inter alia*: supporting and monitoring the University's implementation and completion of the projects funded by the Crown; receiving Independent Quality Assurance (IQA) and Implementation Business Cases, and resolving with the University any issues identified by the IQA; and considering quarterly status reports provided by the University. The GOG reports directly to the Minister on progress after each quarterly meeting.

2 *The University spend on the Science and Engineering facilities as at 30 June 2016 was a cumulative $169.267 million, and as at 31 December 2016 was a cumulative $246.762 million.*

2016

Annual Financial Accounts

Ngā Tauākī Ahumoni Ā-Tau

Statement of Accounting Policies

For the year ended 31 December 2016

REPORTING ENTITY

The University of Canterbury group is domiciled and operates in New Zealand and consists primarily of the University of Canterbury and its subsidiaries Canterprise Limited and entré Limited (together 'the University'). Full details of the University and its subsidiaries are shown in Note 8.

The relevant legislation governing the University's operations includes the Crown Entities Act 2004, the Education Act 1989, and the Financial Markets Conduct Act 2013.

The University is a Tertiary Education Institution. The primary objective of the University is to provide education services for the benefit of the community, rather than make a financial return. The University has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the University are for the year ended 31 December 2016. The financial statements were authorised for issue by Council on 1 March 2017.

BASIS OF PREPARATION

Statement of compliance

The financial statements of the University have been prepared in accordance with the requirements of the Crown Entities Act 2004, the Education Act 1989 and the Financial Markets Conduct Act 2013, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared on a going concern basis and in accordance with Tier 1 PBE accounting standards, which have been applied consistently throughout the period.

These financial statements comply with PBE accounting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000's).

Budget figures

The budget figures are approved by the Council prior to the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Changes in accounting policies

These accounting policies have been consistently applied in the periods covered by these financial statements.

Standards issued and not yet effective and not early adopted

Standards issued and not yet effective that may affect the University include PBE IPSAS 34 *Separate financial statements* and PBE IPSAS 35 *Consolidated financial statements*.

These standards are effective for periods on or after 1 January 2019. The University has not yet evaluated the impact of these new standards on its financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The following are the particular accounting policies that have a material effect on the measurement of financial performance and the financial position.

Basis of consolidation

The group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses and cash flows on a line-by-line basis. All significant intra-group balances, transactions, revenue and expenses are eliminated on consolidation.

REVENUE

Revenue recognition

The University recognises revenue from individual categories of transactions as follows.

Government grants

Student Achievement Component (SAC) funding

SAC funding is the University's main source of operational funding from the Tertiary Education Commission (TEC). The University considers SAC funding to be non-exchange.

The University's SAC funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The University recognises its SAC funding at the commencement of the specified funding period, which is the same as the University's financial year.

For the time being, the University has a guaranteed amount of SAC funding agreed with TEC.

Performance-Based Research Fund (PBRF)

The University considers PBRF funding to be non-exchange in nature.

PBRF funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The University recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the University's financial year. PBRF revenue is measured based on the University's funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

Other Grants Received

The University considers other grants received to be non-exchange in nature.

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance when received and recognised as revenue when the conditions of the grant are satisfied.

Tuition fees

Domestic student tuition fees are subsidised by Government funding and are considered non-exchange in nature.

Revenue is recognised when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course.

International student tuition fees are accounted for as exchange transactions and recognised as revenue on a course percentage of

completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days.

Research revenue

The University exercises its judgement in determining whether funding received under a research contract is received in an exchange or non-exchange transaction. In determining whether a research contract is exchange or non-exchange, the University considers factors such as the following:

- Whether the funder has substantive rights to the research output. This is a persuasive indicator of exchange or non-exchange
- How the research funds were obtained. For example, whether through a commercial tender process for specified work or from applying to a more general research funding pool
- Nature of the funder
- Specificity of the research brief or contract.

For an exchange research contract, revenue is recognised on a percentage of completion basis. The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion of total expenditure expected to be incurred.

For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to complete research to the satisfaction of the funder to retain funding or return unspent funds.

Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and the past practice of the funder.

Judgement is often required in determining the timing of revenue recognition for contracts that span a balance date and multi-year research contracts.

Insurance reimbursements

Up until 31 December 2013, insurance reimbursements were recognised as revenue when the claimable expenditure was incurred. This expenditure was verified by the Marsh Risk Consulting forensic accounting team prior to submission to the insurer. At the end of 2014, the University negotiated a final settlement with its insurers. As a result the full amount of the final settlement (less revenue recognised to 31 December 2013) was recognised as revenue in the 31 December 2014 surplus. In these financial statements, the main impact of this settlement is on the comparative Statement of Cash Flows, which records the receipt of the final payments from the insurers in January 2015.

Interest

Interest revenue is recognised on a time proportion basis that takes into account the effective yield on the related asset.

Other revenue

Other revenue includes revenue from the sales of goods and services, which is recognised when the product is sold to the customer, or the service provided.

Other revenue also includes reversionary interest revenue to reflect the Campus Living Villages building assets, which will become University assets in 2040. The interest is calculated using the latest building valuation and a discounted cash flow methodology.

Donations

Donations of money are recognised immediately as revenue unless a condition is attached. If a condition is attached, it would be recognised as a liability until the condition is met, at which time it is recognised as revenue.

Donations of assets are recorded at fair value on receipt and recognised as revenue.

FINANCIAL INSTRUMENTS

Derivative Financial Instruments

The University enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Notes 15 and 16.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into, and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the surplus or deficit immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the surplus or deficit depends on the nature of the hedge relationship. The University designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge Accounting

The University designates certain hedging instruments, which may include derivatives, embedded derivatives and non-derivatives in respect of foreign currency exchange risk and interest rate risk, as cash flow hedges. Hedges of foreign currency exchange risk on firm commitments, forecast transactions, and hedges of interest rate risk on future interest payments, are accounted for as cash flow hedges.

At the inception of the hedge relationship, the University documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the University documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Note 16 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the Statement of Changes in Net Assets / Equity and in Note 17.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive revenue and expense and accumulated as a separate component of equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the surplus or deficit, and is included in other revenue or general expenditure line items, as appropriate.

Amounts recognised in the hedging reserve are reclassified from equity to the surplus or deficit (as a reclassification adjustment) in the periods when the hedged item is recognised in the surplus or deficit, in the same line as the recognised hedged item.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in the hedging reserve are reclassified from equity and included in the initial measurement of the cost of the asset or liability (as a reclassification adjustment).

Hedge accounting is discontinued when the University revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in the hedging reserve at that time remains in equity and is recycled into the surplus or deficit over the remainder of the hedge maturity period. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in the hedging reserve is recognised immediately in the surplus or deficit.

Other Financial Assets and Liabilities

Classification and initial recognition

All financial assets and financial liabilities are initially recognised at fair value. The University determines the classification of its financial assets and liabilities at initial recognition and re-evaluates this designation at every reporting date.

Financial assets

The University has the following non-derivative financial assets:

- Cash and cash equivalents
- Receivables
- Deposits
- Investments — Government Bonds
- Investments — privately held company shares

The University classifies its financial assets into the following four categories: financial assets at fair value through the surplus or deficit; loans and receivables; held to maturity investments; and available-for-sale. The classification depends on the purpose for which the financial assets were acquired.

Loans and receivables include term deposits with maturities greater than three months, classified as current where the remaining duration is less than 12 months, or non-current where the remaining duration is more than 12 months. Held to maturity investments are non-derivative financial assets where the University has the positive intention and ability to hold them to maturity. Available-for-sale assets include investments. There are currently no other financial assets measured at fair value through surplus or deficit.

Financial liabilities

The University has the following non-derivative financial liabilities:

- Accounts payable
- Sonoda Gakuen Corporation of Japan loan
- Philanthropic Bond

The University classifies its other financial liabilities into trade and other payables, and bonds.

Subsequent measurement

After initial recognition at fair value, other financial assets are measured as follows:

- Fair value through surplus or deficit — at fair value
- Loans and receivables — at amortised cost using the effective interest rate method
- Held to maturity investments — at amortised cost using the effective interest rate method
- Available-for-sale — at fair value through other comprehensive revenue and expense.

After initial recognition at fair value, other financial liabilities are measured at amortised cost.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

Trade and other receivables

Receivables are initially measured at face value and then adjusted for amounts not considered recoverable.

PROPERTY, PLANT AND EQUIPMENT

Initial recognition and subsequent measurement

All assets are initially recorded at cost. Assets with a cost value lower than $2,500 are expensed on acquisition, with the exception of computers and data projectors, which are capitalised regardless of cost.

Where an item of property, plant and equipment is acquired through a non-exchange transaction at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Subsequent to acquisition, all items of property, plant and equipment are depreciated over their useful life except for land, artworks, medals, the Logie Collection and the Library Permanent Collection, which are not depreciated. Land, buildings, infrastructure, the Library Permanent Collection, and Artwork, Medals and the Logie Collection are subject to periodic revaluation.

Any gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds, if any, with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are disposed of, the amounts included in the asset revaluation reserves in respect of those assets are transferred to General Equity.

Land

Independent registered valuers undertake revaluations of land every three years in conjunction with that of buildings. As buildings are currently being revalued outside of the three-year cycle, land is also being valued at the same time.

Land has been valued at fair value by CB Richard Ellis Limited as at 31 December 2016. The fair value of land is determined by reference to its highest and best use vacant, and then adjustments are made for possible legal impediments to achieving the fair market value. The fair value of land is normally determined from market-based evidence and a discounted cash flow basis, with no optimisation process applied. Where there is no sales-based market evidence, the valuation is based on a discounted hypothetical development less allowances for legal impediments.

Buildings

Independent registered valuers undertake revaluations of buildings every three years, unless there is reason to suggest that values have changed materially in the intervening years, in which case a revaluation may be undertaken outside of the three-year cycle, which is currently the case.

Buildings, with the exception of residential and commercial property, including the Ilam Homestead (see below), have been valued on a component basis by CB Richard Ellis Limited at depreciated replacement cost as at 31 December 2016, except where there exists a contestable market in which case a comparative sales or discounted cash flow approach is used. The valuation makes no adjustment for any contingent costs associated with strengthening for those buildings that have a seismic rating of less than 67% of the New Building Standard, or for any impairment.

The depreciated replacement cost methodology is based on the current gross replacement cost of buildings less allowances for physical deterioration, and optimisation for obsolescence and relative surplus capacity. The Buildings Valuation completed by CB Richard Ellis Limited has been modified by the University to allow for the impact of the Canterbury earthquakes. This is explained in Note 7.

Additions to Land and Buildings subsequent to the date of valuation are recorded at cost. Where a Land and Buildings are acquired through a non-exchange transaction at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Residential and commercial property, including the Ilam Homestead

Independent and registered valuers undertake revaluations of the University's residential and commercial property every three years, unless there is a reason to suggest that values have changed materially in the intervening years, in which case a revaluation may be undertaken outside of the three-year cycle, which is currently the case.

Residential and commercial property is valued at market value, taking into account recent market activity, and was revalued by CB Richard Ellis Limited as at 31 December 2016.

The University has valued its Ilam Homestead property on a market value basis, as the nature of its use is changing to incorporate more commercial activity. The Ilam Homestead property was valued by CB Richard Ellis Limited as at 31 December 2016.

Infrastructure Assets

Independent registered valuers undertake revaluations of Infrastructure Assets every three years, unless there is reason to suggest that values have changed materially in the intervening years, in which case a revaluation may be undertaken outside of the three-year cycle.

Infrastructure Assets were valued by AECOM as at 31 December 2014 at depreciated replacement cost.

Additions to Infrastructure Assets subsequent to the date of valuation are recorded at cost. Where an Infrastructure asset is acquired through a non-exchange transaction at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Library

The Current Collection of books and serials is valued at historical cost less depreciation.

The Permanent Collection of heritage collections including Macmillan Brown, Māori and Pacific, rare books, archives, architectural drawings, photographs and art of rare books is revalued every three years by an independent registered valuer.

The Permanent Collection was valued on a fair value basis as at 31 December 2016 by Jones Lang Lasalle Limited. The valuation was carried out in accordance with the University's valuation guidelines. Assets have been valued at market value where appropriate or at depreciated replacement cost where an active market does not exist.

Donated books are treated as a non-exchange transaction on acquisition, and have been included at estimated market value.

Additions to Library Assets subsequent to the date of valuation are recorded at cost.

Artworks/Medals/Logie Collection

The collections are revalued by independent valuers on the following cycle.

- Artworks are revalued on a three-yearly cycle
- Medals are revalued on a five-yearly cycle
- The Logie Collection is revalued on a five yearly cycle.

Artwork fair value was determined by reference to market values for comparable works and the size and condition of the piece. They were revalued as at 9 August 2016 by James Parkinson of Art + Object Limited.

Medals were valued at fair value by R J Watt & Associates as at 18 December 2013. Fair value was determined by reference to the New Zealand market and, where appropriate, the global market adjusted for the condition of the medal, rarity and any premium associated with the recipient. The latter particularly applies to the Lord Rutherford medal collection.

The Logie Collection has been valued at the replacement cost by James Ede, Director of Charles Ede Limited in London, at the valuation date of 25 September 2012. James Ede has over 30 years of commercial experience in Classical and Pre-Classical antiquities.

Capital work-in-progress

Capital work-in-progress is valued on the basis of expenditure incurred and certified gross Progress Claim Certificates up to balance date, including any retention amounts. Work-in-progress is not depreciated. The total cost of a project is transferred to the relevant asset class on completion and then depreciated accordingly.

Accounting for Revaluations of Property, Plant and Equipment

The University accounts for revaluations on a class of asset basis.

The results of any revaluation are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase in revaluation that offsets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Impairment of Property, Plant and Equipment and Intangible Assets

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, any impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, any impairment loss is recognised in the surplus or deficit.

The reversal of any impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is recognised first in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Depreciation of Property, Plant and Equipment

All items of property, plant and equipment other than Land, the Permanent Collection, and the Artworks, Medals and Logie Collection are depreciated using the straight-line method, at rates that will write off the cost of assets less their residual values, over their estimated remaining useful lives. Depreciation rates used are as follows:

Buildings Components:	
Structure	1.25–3.3%
Building Services	2.50–3.3%
Fittings and Fit-out	4.00%
Furnishings (chattels)	5.00%
Infrastructure Assets	0.95%–33.3%
Other Plant and Equipment	6.7% to 33.3%
Leased Equipment	33.3%
Current Collection (Library)	10.00%

Artworks, Medals, Logie and the Permanent Collections are not depreciated because they have indefinite or sufficiently long useful lives that any depreciation is considered negligible.

INTANGIBLE ASSETS

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation of Software

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives of the University's software range from 3–10 years.

LEASES

Finance Leases

The University has no finance leases.

Operating Leases

Leases that do not transfer the risks and rewards incidental to ownership are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

The University has entered into a 35 year lease of its student accommodation facilities with Campus Living Villages Limited. The majority of the lease rental was received in advance in 2005, and is being recognised as revenue, apportioned equally over the period of the lease.

The present value of the term receivable for the remaining interim and terminal lease payment from this transaction is reflected in non-current assets. The revenue received in advance is shown in current and non-current liabilities.

PROVISIONS

Provisions are required for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event that makes it probable that expenditure will be required to settle the obligation. Provisions are only recognised when a reliable estimate can be made as to the amount of the obligation. Provisions are not made for future operating losses.

EMPLOYEE ENTITLEMENTS

Provision is made in respect of the University's liability for annual leave, long service leave, retirement leave and sick leave.

Annual leave that has vested in the employee (an entitlement has been established) has been measured at nominal value using remuneration rates current at reporting date. This provision is shown as a current liability.

Long Service leave for all eligible staff is equal to the present value of the estimated future cash flows as a result of employee service, as calculated at balance date by an independent actuary. The portion that has already vested in the employee (an entitlement has been established) is presented as a current liability using remuneration rates current at reporting date. The balance is shown as a non-current liability.

Retirement leave for all eligible staff is equal to the present value of the estimated future cash flows as a result of employee service, as calculated at balance date by an independent actuary. This provision is shown as a non-current liability, except for the estimated amount attributable to retirees for the following financial period, which is shown as a current liability.

Sick leave for all eligible staff is calculated at balance date by an independent actuary and is an actuarial function of the extent to which absences are expected to be greater than sick leave entitlements earned over the next 12 months and future years. The liability balance is split into a current and non-current portion.

SUPERANNUATION

Defined Benefit Plan

The University is party to the Government Superannuation Fund (GSF) but has no underwriting responsibilities as any shortfall is met by the Government.

Insufficient information is available to use defined benefit accounting as it is not possible to determine from the terms of the scheme the extent to which the surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Defined Contribution Plan

Any superannuation defined contributions are undertaken and reflected as normal operating expenses and are included within both the surplus or deficit and Statement of Financial Position as appropriate.

FOREIGN CURRENCIES

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ$ (the functional currency) using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of liability for at least 12 months after balance date or if the borrowings are expected to be settled within 12 months of the balance date.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

EQUITY

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components. The components of equity are:

- general equity
- general equity — Te Pourewa settlement reserve
- general equity — student service levy capital reserve
- cash flow hedge reserve
- property revaluation reserves
- available-for-sale reserve.

General equity — Te Pourewa Settlement Reserve

This reserve has been created to acknowledge the University's undertakings to its insurers on receipt of the Te Pourewa insurance settlement of $17.5 million. Principally, the University undertakes to replace the work space provided to the College of Education, Health and Human Development by the demolished Te Pourewa building. The University has begun the refurbishment of the New Education Building on the Ilam Campus, which is planned to be available for occupation by the College of Education, Health and Human Development in 2017. The reserve will be released back into general equity once this building has been completed.

General equity — student service levy capital reserve

This reserve records the annual allocation of funding of capital items from the student services levy, which is shown as a transfer from general equity. As capital items are purchased, the corresponding balance is deducted from this reserve and transferred back to general equity.

The University is in receipt of insurance proceeds for the repair of the UCSA building on campus, which is jointly owned by UCSA and the University. UCSA has the majority holding. The University will be managing any earthquake remediation work, but has previously credited $6.255 million to this reserve, being the estimated amount of insurance receipts allocated to the UCSA majority ownership.

While the University continues to hold these insurance proceeds, it is crediting the reserve with interest revenue earned on those funds at the University's average long-term interest rates, calculated monthly.

Cash flow hedge reserve

This reserve relates to the movements of fair value of all foreign exchange forward contracts and interest rate swaps, where they qualify as hedge instruments.

Property revaluation reserves

These reserves relate to the revaluation of building, land, infrastructure, library and collections to fair value. The Building Revaluation Reserve was reduced to nil in previous years due to significant impairment in 2011 as a result of earthquake damage. Cumulative repairs and revaluations have resulted in the reinstatement of the Building Revaluation Reserves in 2015.

Available-for-sale reserve

This reserve comprises the cumulative net change in the fair value of 'available-for-sale' instruments.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

TAXATION

The University is exempt from the payment of income tax under section CW55BA (Tertiary education institutions and subsidiaries) of the Income Tax Act 2007. Accordingly, there is no provision for income tax.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these financial statements the University has made judgements on the application of accounting policies and made estimates and assumptions concerning the future. The estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Land and Buildings Valuations

The valuation from CB Richard Ellis Limited assumes that there were no physical consequences of the Canterbury earthquakes that had a detrimental effect on the value of the land and buildings. It also assumes there are no rectification costs that are not covered by insurance and hence no extraordinary costs that will warrant deductions

from the valuation. As in previous years, the University adjusted the valuation to allow for the decrease in value in the buildings asset as at 31 December 2016 for unremediated earthquake damage. Note 7 explains the rationale for this and the methodology used, and highlights risks that estimates of damage to buildings may be different from that reflected in these financial statements.

(a) Land

The land valuation includes an allowance to reflect the possible legal impediments to achieving the fair market value of the land's highest and best use, incorporating assumptions as to the realisation period for the disposal of property sections and the number of sub-divisible sections, which has a direct impact on overall returns and the valuation.

(b) Buildings at Depreciated Replacement Cost

In performing depreciated replacement cost valuations with respect to buildings, there are a number of significant assumptions.

- The depreciated replacement cost comprises construction cost plus any other costs directly attributable to bringing the item to working condition for its intended use. Construction costs are determined by a review of the latest costs indications and review of relevant market data (if any).
- The valuation excludes any capitalisation of borrowing costs that may have been incurred in the construction or acquisition of a component asset.
- Adjustments have been made as appropriate to fairly reflect remaining lives by reference to physical condition and capital expenditure.

(c) Residential Properties at Market Values

The valuation of residential property owned by the University is based on market value. Market value is the estimated amount the property would sell for on the date of valuation, between a willing buyer and willing seller in an arm's length transaction, acting knowledgeably, prudently and without compulsion.

The market value methodology for residential properties takes into account recent sales of comparable properties.

(d) Buildings at Market Value — Ilam Homestead

The valuation of the Ilam Homestead is based on market value and is predicated on a standard commercial lease arrangement for a property of this type.

(e) Campus Living Villages

The valuation of land and improvements that are leased to Campus Living ignores the lease impediment and treats the valuation in the same fashion as the balance of the University campus assets, that is, the leased assets are valued at depreciated replacement cost.

(f) Dovedale Campus

In 2014, the valuation merged the interests of the Crown and the University in respect of the Dovedale Campus. In 2015, the Crown completed the transfer of ownership of this land to the University.

Recognition of Buildings Impairments

The University has estimated the extent of damage to its buildings through the use of independent Quantity Surveyors, Inovo Projects Limited. These estimates at 31 December are based on the following:

- each building has been separately considered
- historical data and experience gathered over the last three years of remediation work
- no allowance has been made for cost escalation
- allowances are included for professional fees, contractor's costs and contingencies where appropriate, using industry rates
- certain buildings have detailed information and reports while others have very limited information and where the estimates have been developed using the best information available for each building.

Building impairments are discussed further in Note 7.

Reversionary Interest

A reversionary interest amount is recognised representing the progressive recognition of the value of the Campus Living accommodation which will vest in the University in 2040. The key assumptions used in calculating this revenue are: the independent valuation of the property; the application of the current Capital Goods Price Index as an inflationary factor in determining depreciated replacement cost at vesting; and the discount rate of 5.29% (December 2015: 5.79%), which is derived from published 10-year bond rates with an additional risk premium added. Any changes in these factors will impact on the revenue recognised. Further discussion is in Note 9.

Long Service, Retirement Leave and Sick Leave

The present value of long service, retirement and sick leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The key assumptions used in calculating this liability include the discount rate and the salary growth factor. Any changes in these assumptions will impact on the carrying amount of the liability. The valuation was carried out by an independent actuary, Eriksen & Associates Limited, as at 31 December 2016. It has based its valuation on the model recommended by Treasury for the reporting purposes of Crown Entities.

The estimates and uncertainties surrounding these valuations by Eriksen & Associates Limited at 31 December 2016 include an estimation of salary growth rate of 2.5%, resignation rates (as per Government Superannuation Fund), retirement rates (as per Government Superannuation Fund), and discounting rates based on the yields on Government Bonds ranging from 1.94% to 4.75% (consistent with all entities that form part of the Crown's annual reporting).

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2016

	Notes	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
OPERATING REVENUE						
Government Grant		132,665	130,812	132,665	130,812	133,256
Performance Based Research Funding (PBRF)		28,792	27,656	28,792	27,656	27,463
Student Tuition Fees Domestic Fee Paying		64,884	61,428	64,884	61,428	64,472
Student Tuition Fees Full Fee Paying		27,636	21,482	27,636	21,482	25,723
Student Services Levy		8,376	7,888	8,376	7,888	8,453
Other Student Related Fees		707	701	707	701	952
Research Revenue		30,983	27,433	30,983	27,433	26,959
Interest Revenue		16,968	19,799	16,968	19,799	12,060
Other Revenue	1	26,267	33,076	26,271	33,016	23,877
Insurance reimbursements and settlements		–	160	–	160	–
Increase in revaluation of buildings	7	–	558	–	558	–
TOTAL OPERATING REVENUE		**337,278**	**330,993**	**337,282**	**330,933**	**323,215**
OPERATING EXPENDITURE						
Personnel Expenses	2	173,950	171,384	173,950	171,384	174,700
General / Operating Expenditure	3	116,171	107,854	116,104	107,837	110,678
Finance Charges	4	4,406	4,360	4,406	4,360	3,736
Depreciation and Amortisation	7	44,588	43,982	44,588	43,982	47,757
(Decrease) / Increase in impairment of buildings	7	–	(118)	–	(118)	–
TOTAL OPERATING EXPENDITURE		**339,115**	**327,462**	**339,048**	**327,445**	**336,871**
SURPLUS/(DEFICIT)		**(1,837)**	**3,531**	**(1,766)**	**3,488**	**(13,656)**
Other Comprehensive Revenue and Expense						
Movements in revaluation reserves relating to the Library (Permanent Collection) / Other Collections	7	9,599	–	9,599	–	–
Movements in revaluation reserves relating to Building Assets	7	44,791	70,266	44,791	70,266	–
Movements in revaluation reserves relating to land	7	7,205	(4,910)	7,205	(4,910)	–
Net Movements in revaluation reserves	17	61,595	65,356	61,595	65,356	–
Effective portion of changes in fair value of cash flow hedges	17	933	619	933	619	–
Adjustment to New Zealand Synchrotron Group Limited Valuation	17	4	24	4	24	–
Adjustment to New Zealand South African Large Telescope (SALT) Limited Valuation	17	24	(57)	24	(57)	–
Total Other Comprehensive Revenue and Expense		**62,556**	**65,942**	**62,556**	**65,942**	**–**
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		**60,719**	**69,473**	**60,790**	**69,430**	**(13,656)**

Further details on the impact of the earthquakes and the rebuilding of the University campus are included in the notes as indicated.
Significant variances to budget are explained in Note 25 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2016 BUDGET.
The accompanying policies and notes form an integral part of these financial statements.

Statement of Changes in Net Assets / Equity

For the year ended 31 December 2016

	Notes	*2016 University & Group Actuals ($000's)*	*2015 University & Group Actuals ($000's)*	*2016 University Actuals ($000's)*	*2015 University Actuals ($000's)*	*2016 University & Group Budget ($000's)*
Balance at 1 January		**1,310,985**	**1,164,512**	**1,310,889**	**1,164,459**	**1,253,545**
Comprehensive revenue and expense						
Surplus / (deficit)	**17**	(1,837)	3,531	(1,766)	3,488	(13,656)
Other comprehensive revenue and expense	**17**	62,556	65,942	62,556	65,942	–
Total comprehensive revenue and expense		60,719	69,473	60,790	69,430	(13,656)
Non Comprehensive revenue items						
Capital Contributions from the Crown	**17**	15,000	77,000	15,000	77,000	–
Total Non Comprehensive revenue items		15,000	77,000	15,000	77,000	–
Balance as at period end		**1,386,704**	**1,310,985**	**1,386,679**	**1,310,889**	**1,239,889**

Significant variances to budget are explained in Note 25 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2016 BUDGET.
The accompanying policies and notes form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2016

	Notes	*2016 University & Group Actuals ($000's)*	*2015 University & Group Actuals ($000's)*	*2016 University Actuals ($000's)*	*2015 University Actuals ($000's)*	*2016 University & Group Budget ($000's)*
CURRENT ASSETS						
Cash and Cash Equivalents	5	77,930	41,202	77,903	41,178	26,701
Other Financial Assets / Short Term Deposits	15	111,750	202,000	111,750	202,000	8,000
Investments	8	82,608	–	82,608	–	7,380
Receivables	6	21,213	24,180	21,209	24,180	29,000
Prepayments		9,079	9,589	9,079	9,589	8,500
Inventories		1,324	1,329	1,324	1,329	1,200
Total Current Assets		**303,904**	**278,300**	**303,873**	**278,276**	**80,781**
LESS CURRENT LIABILITIES						
Revenue Received in Advance	10	32,658	27,233	32,658	27,233	37,503
Accounts Payable	11	40,681	27,298	40,675	27,370	24,000
Derivative Financial Instrument Liabilities	15	76	121	76	121	–
Loans	12	32	32	32	32	32
Philanthropic Bond	13	2,000	2,000	2,000	2,000	2,000
Employee Entitlements	14	9,662	8,956	9,662	8,956	8,950
Total Current Liabilities		**85,109**	**65,640**	**85,103**	**65,712**	**72,485**
WORKING CAPITAL		**218,795**	**212,660**	**218,770**	**212,564**	**8,296**
NON CURRENT ASSETS						
Property, Plant and Equipment	7	881,575	801,254	881,575	801,254	701,926
Intangible Assets	7	8,047	9,427	8,047	9,427	9,427
Capital Work-in-progress	7	261,695	131,590	261,695	131,590	419,184
Investments	8	52,747	107,402	52,747	107,402	102,459
Derivative Financial Instrument Assets	15	1,850	1,604	1,850	1,604	–
Other Financial Assets / Long Term Deposits	15	44,500	129,500	44,500	129,500	93,120
Receivables	9	2,010	1,879	2,010	1,879	21,363
Other Non Current Assets	9	18,132	17,827	18,132	17,827	14,228
Total Non Current Assets		**1,270,556**	**1,200,483**	**1,270,556**	**1,200,483**	**1,361,707**

Significant variances to budget are explained in Note 25 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2016 BUDGET.
The accompanying policies and notes form an integral part of these financial statements.

	Notes	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
NON CURRENT LIABILITIES						
Loans	12	832	864	832	864	864
Derivative Financial Instrument Liabilities	15	4,704	5,320	4,704	5,320	–
Philanthropic Bond	13	47,631	47,512	47,631	47,512	47,978
Employee Entitlements	14	28,146	26,297	28,146	26,297	26,400
Revenue Received in Advance	10	21,334	22,165	21,334	22,165	54,872
Total Non Current Liabilities		**102,647**	**102,158**	**102,647**	**102,158**	**130,114**
NET ASSETS		**1,386,704**	**1,310,985**	**1,386,679**	**1,310,889**	**1,239,889**
Represented by:						
General Equity	17	1,092,540	1,074,180	1,092,515	1,074,084	1,065,002
General Equity — Te Pourewa Settlement Reserve	17	17,500	17,500	17,500	17,500	17,500
General Equity — Student Services Levy Capital Reserve	17	5,788	10,671	5,788	10,671	10,787
Revaluation Reserves	17	273,550	212,269	273,550	212,269	146,600
Cash Flow Hedge Reserve	17	(2,710)	(3,643)	(2,710)	(3,643)	–
Available-for-sale Reserve	17	36	8	36	8	–
TOTAL EQUITY		**1,386,704**	**1,310,985**	**1,386,679**	**1,310,889**	**1,239,889**

Significant variances to budget are explained in Note 25 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2016 BUDGET.
The accompanying policies and notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2016

	Notes	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
OPERATING ACTIVITIES						
Cash provided from:						
Government Grant		161,457	158,468	161,457	158,468	160,520
Tuition Fees		92,451	86,518	92,451	86,518	90,195
Other Revenue		70,558	52,845	70,491	52,781	51,180
Agency Funds		5,413	5,044	5,413	5,044	–
Interest Received		23,524	9,879	23,524	9,879	19,591
Earthquake Insurance Receipts — Business Interruption		–	22,689	–	22,689	–
		353,403	**335,443**	**353,336**	**335,379**	**321,486**
Cash applied to:						
Personnel Expenses		170,761	168,010	170,761	168,010	174,700
General / Operating Expenses		107,214	101,797	107,150	101,731	110,678
Agency Funds		5,413	5,044	5,413	5,044	–
Interest Paid		3,925	3,646	3,925	3,646	3,736
Net GST Movement		1,339	5,612	1,339	5,612	2,008
		288,652	**284,109**	**288,588**	**284,043**	**291,122**
Net cash provided by Operating Activities	**18**	**64,751**	**51,334**	**64,748**	**51,336**	**30,364**
INVESTING ACTIVITIES						
Cash provided from:						
Proceeds from disposal of Fixed Assets		109	16,764	109	16,764	–
Earthquake insurance receipts		–	246,493	–	246,493	–
Maturity of deposits with terms greater than 3 months but less than 12 months		202,000	66,846	202,000	66,846	321,026
		202,109	**330,103**	**202,109**	**330,103**	**321,026**
Cash applied to:						
Capital Expenditure		186,354	117,173	186,354	117,173	274,635
Deposits with terms greater than 3 months but less than 12 months		26,750	202,000	26,750	202,000	–
Deposits with terms greater than 12 months		–	90,000	–	90,000	–
Purchase of Investments		31,996	106,786	31,996	106,786	277,026
		245,100	**515,959**	**245,100**	**515,959**	**551,661**
Net cash used in Investing Activities		**(42,991)**	**(185,856)**	**(42,991)**	**(185,856)**	**(230,635)**

Significant variances to budget are explained in Note 25 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2016 BUDGET.
The accompanying policies and notes form an integral part of these financial statements.

	Notes	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
FINANCING ACTIVITIES						
Cash provided from:						
Capital Contribution from the Crown		15,000	85,000	15,000	85,000	–
		15,000	**85,000**	**15,000**	**85,000**	**–**
Cash applied to:						
Repayment of Loans		32	32	32	32	32
Capital Contribution — Repayment under Funding Agreement		–	8,000	–	8,000	–
		32	**8,032**	**32**	**8,032**	**32**
Net cash provided by Financing Activities		**14,968**	**76,968**	**14,968**	**76,968**	**(32)**
Net increase (decrease) in cash held		36,728	(57,554)	36,725	(57,552)	(200,303)
Cash and Cash Equivalents on hand at beginning of period		41,202	98,756	41,178	98,730	227,004
Cash and Cash Equivalents on hand at end of period	5	77,930	41,202	77,903	41,178	26,701

The GST (net) component of operating activities reflects the net GST paid and received with Inland Revenue. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Significant variances to budget are explained in Note 25 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2016 BUDGET.

The accompanying policies and notes form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2016

	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
1 / Revenue					
Other Revenue					
Donations / Koha	129	82	129	82	42
Donations from Trusts	4,153	4,561	4,153	4,561	3,650
Rentals	3,843	3,911	3,843	3,911	3,775
External Sales	3,121	3,597	3,121	3,597	2,752
Consultancy	4,102	3,606	4,102	3,606	2,974
Membership Fees	645	636	645	636	703
Reversionary Interest	305	7,965	305	7,965	1,728
Sundry Revenue	9,969	8,718	9,973	8,658	8,253
TOTAL OTHER REVENUE	**26,267**	**33,076**	**26,271**	**33,016**	**23,877**
Non exchange revenue included in total revenue	**257,839**	**248,062**	**257,839**	**248,062**	**246,154**

2 / Personnel Expenses					
Academic Salaries	77,264	76,059	77,264	76,059	78,385
General Salaries*	81,940	80,379	81,940	80,379	83,607
Superannuation Contributions	6,964	6,807	6,964	6,807	7,024
Councillors' Fees	230	170	230	170	265
Redundancy Costs	1,301	1,289	1,301	1,289	–
Movement in Actuarially Valued Employee Entitlements	1,944	2,829	1,944	2,829	–
Other Salary Related Expenditure	4,307	3,851	4,307	3,851	5,419
TOTAL PERSONNEL EXPENSES	**173,950**	**171,384**	**173,950**	**171,384**	**174,700**
*The General staff classification includes Education Plus staff.	3,624	3,912	3,624	3,912	4,342

	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
3 / General / Operating Expenditure — Disclosures					
General / Operating Expenditure includes the following:					
Audit New Zealand — External Financial Statements Audit	218	210	218	210	227
Audit New Zealand — External Financial Statements Audit Subsidiaries	–	7	–	7	–
Audit New Zealand – Other Assurance Work: Report to Bond Trustees and PBRF	15	14	15	14	–
Asset Impairment	1,998	42	1,998	42	–
Bad Debts Written Off	71	58	71	58	7
Building Write Offs	167	5,042	167	5,042	–
Demolition Costs	1,499	1,464	1,499	1,464	–
Equipment Rentals	341	323	341	323	638
Exchange Losses	159	597	159	597	–
Fair Value Movement in Interest Rate Swaps	125	125	25	125	–
Increase / (Decrease) in Provision for Doubtful Debts	(81)	157	(81)	157	–
Loss on Disposal of Property, Plant & Equipment	871	2,962	871	2,962	10
Property Rentals	7,720	5,034	7,720	5,034	7,602
Student Association Service Provision	2,099	2,010	2,099	2,010	2,120
UCSA: Building Insurance Contribution	6,254	–	6,254	–	–

4 / Finance Charges					
Finance Charges — Interest Paid	4,406	4,360	4,406	4,360	3,736
TOTAL FINANCE CHARGES	**4,406**	**4,360**	**4,406**	**4,360**	**3,736**

5 / Cash and Cash Equivalents					
Cash at Bank	4,169	2,230	4,142	2,206	26,701
Call Deposits	27,021	17,635	27,021	17,635	–
Term Deposits with maturities less than 3 months at acquisition	46,740	21,337	46,740	21,337	–
TOTAL CASH AND CASH EQUIVALENTS	**77,930**	**41,202**	**77,903**	**41,178**	**26,701**

The weighted average interest rate as at 31 December 2016 is 2.45% (31 December 2015 is 3.14%).

The carrying amount of cash at bank, call deposits and term deposits with maturities less than three months at acquisition approximates their fair value.

	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
6 / Receivables					
Receivables (gross)	21,380	24,428	21,376	24,428	29,000
Less Provision for Doubtful Debts	(167)	(248)	(167)	(248)	–
TOTAL RECEIVABLES	**21,213**	**24,180**	**21,209**	**24,180**	**29,000**
Total Receivables comprise:					
Receivables from exchange transactions	16,887	21,970	16,883	21,970	29,000
Receivables from non exchange transactions	4,326	2,210	4,326	2,210	–
TOTAL RECEIVABLES	**21,213**	**24,180**	**21,209**	**24,180**	**29,000**

Fair Value
Receivables are generally short-term and non-interest bearing. The carrying value of receivables approximates their fair value.

Impairment
Receivables that are 180 days past due date are considered unrecoverable unless there is a clear agreement for repayment. Receivables over $1,000 that are 90–180 days overdue are also assessed for recoverability based on the type of debtor, relationship to the University, communications with the debtor and predicted chances of recovery and costs associated with recovery. The provision for doubtful debts represents receivables assessed as irrecoverable aged greater than 91 days past due (31 December 2015: greater than 91 days past due). The majority of receivables are not past due.

Credit Risk
There is no concentration of credit risk with respect to Receivables as the balances are made up of a large number of customers.

7 / Property, Plant and Equipment and Intangibles

	COST / VALN DEC 14 ($000's)	ACCUM DEPN & AMORTISATION DEC 14 ($000's)	NET BOOK VALUE DEC 14 ($000's)	CURRENT YEAR ADDITIONS DEC 15 ($000's)	CURRENT YEAR DISPOSALS COST DEC 15 ($000's)	CURRENT YEAR DISPOSALS ACCUM DEPN DEC 15 ($000's)	CURRENT YEAR DEPN & AMORTISATION DEC 15 ($000's)	CURRENT YEAR REVALUATION/ MOVEMENTS DEC 15 ($000's)	CURRENT YEAR REVALUATION/ ACCUM DEPN DEC 15 ($000's)	CURRENT YEAR IMPAIRMENT MOVEMENTS DEC 15 ($000's)	COST / VALN DEC 15 ($000's)	ACCUM DEPN & AMORTISATION DEC 15 ($000's)	NET BOOK VALUE DEC 15 ($000's)
UNIVERSITY & GROUP													
Land at Valuation	105,740	–	105,740	560	(325)	–	–	(4,910)	–	–	101,065	–	101,065
Buildings at Valuation	492,806	–	492,806	45,779	(25,065)	809	(26,236)	43,558	25,428	1,957	559,037	–	559,037
Infrastructure Assets	34,663	–	34,663	6,495	–	–	(1,710)	–	–	–	41,158	(1,710)	39,448
Plant & Equipment at Cost	120,655	(82,248)	38,407	8,517	(2,627)	2,607	(9,864)	–	–	–	126,545	(89,505)	37,040
Leased Equipment at Cost	11,050	(11,050)	–	–	–	–	–	–	–	–	11,050	(11,050)	–
Library (Current Collection) at Cost	90,042	(70,197)	19,845	3,297	–	–	(4,061)	–	–	–	93,339	(74,258)	19,081
Library (Permanent Collection) / Other Collections at Valuation	45,503	–	45,503	80	–	–	–	–	–	–	45,583	–	45,583
Property, plant & equipment	**900,459**	**(163,495)**	**736,964**	**64,728**	**(28,017)**	**3,416**	**(41,871)**	**38,648**	**25,428**	**1,957**	**977,777**	**(176,523)**	**801,254**
Intangible Assets — Software	**25,359**	**(17,153)**	**8,206**	**3,333**	**(4,519)**	**4,518**	**(2,111)**	**–**	**–**	**–**	**24,173**	**(14,746)**	**9,427**

	COST / VALN DEC 15 ($000's)	ACCUM DEPN & AMORTISATION DEC 15 ($000's)	NET BOOK VALUE DEC 15 ($000's)	CURRENT YEAR ADDITIONS DEC 16 ($000's)	CURRENT YEAR DISPOSALS COST DEC 16 ($000's)	CURRENT YEAR DISPOSALS ACCUM DEPN DEC 16 ($000's)	CURRENT YEAR DEPN & AMORTISATION DEC 16 ($000's)	CURRENT YEAR REVALUATION/ MOVEMENTS DEC 16 ($000's)	CURRENT YEAR REVALUATION/ ACCUM DEPN DEC 16 ($000's)	CURRENT YEAR IMPAIRMENT MOVEMENTS DEC 16 ($000's)	COST / VALN DEC 16 ($000's)	ACCUM DEPN & AMORTISATION DEC 16 ($000's)	NET BOOK VALUE DEC 16 ($000's)
UNIVERSITY & GROUP													
Land at Valuation	101,065	–	101,065	–	–	–	–	8,085	–	(880)	108,270	–	108,270
Buildings at Valuation	559,037	–	559,037	39,615	(838)	671	(25,428)	9,092	24,757	10,942	617,848	–	617,848
Infrastructure Assets	41,158	(1,710)	39,448	5,303	–	–	(2,185)	–	–	–	46,461	(3,895)	42,566
Plant & Equipment at Cost	126,545	(89,505)	37,040	12,675	(3,790)	3,159	(9,945)	–	–	–	135,430	(96,291)	39,139
Leased Equipment at Cost	11,050	(11,050)	–	–	–	–	–	–	–	–	11,050	(11,050)	–
Library (Current Collection) at Cost	93,339	(74,258)	19,081	3,303	–	–	(3,787)	–	–	–	96,642	(78,045)	18,597
Library (Permanent Collection) / Other Collections at Valuation	45,583	–	45,583	180	(207)	–	–	9,599	–	–	55,155	–	55,155
Property, plant & equipment	**977,777**	**(176,523)**	**801,254**	**61,076**	**(4,835)**	**3,830**	**(41,345)**	**26,776**	**24,757**	**10,062**	**1,070,856**	**(189,281)**	**881,575**
Intangible Assets — Software	**24,173**	**(14,746)**	**9,427**	**1,893**	**(1,299)**	**1,270**	**(3,244)**	–	–	–	**24,767**	**(16,720)**	**8,047**

There is no difference between "University" and "University and Group" balances

7 / Property, Plant and Equipment and Intangibles (continued)

Capital Work In Progress

The University continues to carry a significant amount of Capital Work In Progress. This balance has increased in recent years as the University has followed a programme of significant building repairs following the earthquakes and, latterly, new building projects that take some time to complete. The University expects this balance to reduce in 2017 as projects come to an end and completed buildings are capitalised.

Capital Work in Progress	*Dec 2016 $000's*	*Dec 2015 $000's*
Buildings	259,804	128,129
Plant and Equipment	112	62
Intangible Assets — Software	1,779	3,399
	261,695	131,590

Revaluation Movement

The building revaluation at 31 December 2016 was an increase of $44.791 million (31 December 2015; $70.942 million).

Crown Land

The Crown transferred the land at Dovedale Campus, Solway Avenue, Christchurch to the University in August 2015.

Previously, the Crown had legal title to the land and a portion of the buildings. However, the University had 'in substance' ownership of the land and buildings and reported these assets as if owned by the University. The University had a 99 year lease of these land and buildings at a peppercorn rent, subject to the rights of renewal being exercised.

Restrictions and Security

There are no restrictions over the title of the University's Property, Plant and Equipment or Intangibles, nor are any pledged as security for liabilities. See the accounting policies for further critical accounting assumptions regarding Land and Buildings.

Revaluations

Included in the Library (Permanent Collection) / Other Collections at Valuation line item are the University's Art Work Collections, Medal Collection and Logie Collection.

Land and Buildings, including residential and commercial property and the Ilam Homestead were revalued at 31 December 2016 by Chris Barraclough, Registered Valuer of CBRE, Christchurch.

Infrastructure Assets at Valuation have been established as a separate category within Property, Plant and Equipment, and revalued at 31 December 2014 by AECOM New Zealand Limited.

The Library Permanent Collection, included in the Library (Permanent Collections) / Other Collections at Valuation category, was revalued at 31 December 2016 by Basil J Roberts, registered Plant and Machinery Valuer of Jones Lang LaSalle Limited.

The Logie Collection was revalued at 25 September 2012 by James Ede of Charles Ede Limited.

The Medal Collection was revalued at 18 December 2013 by R J Watt and Associates, independent valuers.

The Art Collection was revalued at 31 July 2016 by James Parkinson, Director of Valuations, Art + Object Limited, Auckland.

Building Revaluation Reserve

The University has been obtaining annual revaluations of its land and buildings since 2011 because of the serious impact of the earthquakes on the building stock and the consequential financial impact that exhausted all revaluation reserves and caused all impairment and revaluation movements to be reflected in the University's operating result. The University is now in a position where previous impairments have been restored by remediation work and subsequent revaluations. Accordingly, the University is now able to reflect revaluation increases in its revaluation reserves, and is reviewing whether annual revaluations will be needed in the future.

The damage incurred from the earthquakes was not factored into this valuation. Accordingly, as in previous years, the University adjusted the carrying value of buildings that have yet to be remediated as at 31 December 2016 to reflect the estimated cost of repairing the buildings back to the state that existed prior to the earthquakes. This impairment does not reflect the full cost of making buildings compliant with the new building code.

The University has accounted for impairments to all damaged buildings at a value equal to each building's estimated damage per Inovo Projects Limited (unless the estimated damage repair cost is more than Net Book Value (NBV), in which case the building is impaired to $nil), adjusting also for remediation work completed.

Impairment estimates

The impairment of buildings at 31 December 2016 was a decrease of $10.942 million (2015: $1.957 million decrease).

There has been no appreciable damage to land recorded to date.

The extensive damage to the University's buildings is being made good, and actual costs being incurred indicate the original estimates were well-founded. However, the incorporation of the impairment estimates into the University's financial statements has proved to be complex both in deriving estimates and in doing the calculations and assessment on an individual building basis across some 140 buildings. The decrease in the overall impairment estimate this year shows the University continues to refine and reassess the costs involved. However, for unremediated buildings, and for the totality of the building stock, the risk remains that the final cost to the University will be in excess of estimate, although the University considers that any further increase in damage assessment will continue to demonstrate a similar pattern to that already experienced. The total impairment recognised in the financial statements was $113 million (2015: $154 million).

The University has employed Inovo Projects Limited to provide the estimate of total repairs, which is set at $497.6 million at 31 December 2016 (31 December 2015: $511.2 million), and continues to improve the quality and accuracy of the information available to support its estimates. The estimate of damage remains subject to considerable potential variability and consequently the cost of repair estimated in these financial statements could change. Additionally, while these estimates have been updated for inflation there is no allowance in these estimates for future inflation. The University has written down many of its buildings to $nil, and as a consequence any increase in assessed remediation cost for those buildings has minimal effect — there can be no further reduction in NBV.

	Dec 2016 $000's	*Dec 2015 $000's*
Fair Value of buildings as at 1 January	559,037	492,806
Building Additions	39,615	45,779
Depreciation	(25,428)	(26,236)
	573,224	512,349
Increase in valuation of buildings	33,849	68,986
Building write-offs	(167)	(5,041)
Building disposals	–	(19,214)
Decrease / (Increase) in impairment of buildings	10,942	1,957
Fair Value of buildings as at balance date	**617,848**	**559,037**

Of the overall impairment estimate of $497.6 million, $205 million (31 December 2015: $218 million) relates to buildings that are yet to be remediated. The University continues to develop its remediation and wider capital asset management plans, which it anticipates will be completed in five to 10 years.

8 / Investments

	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
Investment Category					
Investments at Amortised Cost — Current					
New Zealand Government Bonds	82,608	–	82,608	–	7,380
Total Investments — Current	82,608	–	82,608	–	7,380
Investments at Fair Value through other Comprehensive Revenue and Expense — Non Current					
Investment in South African Large Telescope (SALT)	–	702	–	702	790
Investment in New Zealand Synchrotron Group Limited	55	51	55	51	20
	55	753	55	753	810
Investments at Amortised Cost — Non Current					
New Zealand Government Bonds	52,692	106,649	52,692	106,649	101,649
Total Investments — Non Current	**52,747**	**107,402**	**52,747**	**107,402**	**102,459**
TOTAL INVESTMENTS	**135,355**	**107,402**	**135,355**	**107,402**	**109,839**

Investment in South African Large Telescope (SALT)

The South African Large Telescope Foundation is a collaboration of various universities and research organisations, to design, construct and operate a 10-metre telescope for the advancement of science and the promotion of astronomy and astrophysics. The University had a 3.1% shareholding in the South African Large Telescope Foundation, but has recently surrendered its shareholding to SALT, and the investment value, representing the University's share of the SALT company equity, has been written off.

Investment in New Zealand Synchrotron Group Limited

The New Zealand Synchrotron Group Limited is made up of eight universities and currently four Crown Research Institutes. The University has a 9.48% shareholding (31 December 2015; 10.12%).

The New Zealand Synchrotron Group Limited invests as a shareholder in Australian Synchrotron Holding Company Proprietary Limited, and in return receives access rights to usage of the Synchrotron Instrument.

Government Bonds

The Government bonds classified as held to maturity investments have been revalued at amortised cost using the effective interest rate method. The effective interest rate amortisation is included in finance revenue.

There is no material difference between carrying value and fair value.

The University also has equity investments of minimal or nil value as follows as at 31 December 2016:

Name	
Subsidiaries	**Percentage Held**
Canterprise Limited	100%
Entré Limited	100%
UC International College Limited	100%
Other Investments	
Te Tapuae O Rehua Limited	17%
Stratified Concrete Technologies Limited	15%
Unisaver Limited	14%
Veritide Limited	8%
Kiwi Innovation Network Limited	8%
Tiro Medical Limited (formerly Tiro Life Sciences Limited)	8%

9 / Term Receivable and Other Non Current Assets

	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
Campus Living Villages — Term Receivable	2,010	1,879	2,010	1,879	21,363
Other non current assets					
Reversionary interest	18,132	17,827	18,132	17,827	14,228

Campus Living Villages — Term Receivable

In December 2005 the University entered into a 35-year arrangement to lease the student accommodation facilities to Campus Living Villages (CLV) for $35 million.

A portion of revenue was received in advance ($28 million) for the current facilities and is being spread over the term of the lease on a straight-line basis (Note 10).

The term receivable represents the present value of the amount still owing by CLV. This amount will increase over the term of the lease and a final payment will be made by CLV on maturity.

The University has reviewed the various accounting standards that might apply to the arrangement with CLV, including PBE IPSAS 32 Service Concession Arrangements. The University has no direct control over or management responsibility for CLV's operations and finances on the University site, including pricing, or responsibility for building maintenance. Accordingly, the University does not believe it is correct to treat this transaction as a service concession arrangement, and has adopted a reversionary interest model, as outlined below.

Reversionary Interest

In line with the CLV lease agreement, additional buildings have been constructed at Campus Living's cost. Ownership of these buildings will vest with the University at the end of the lease.

The reversionary interest represents the value of the University's interest in these buildings which will generally increase over time, dependent on the discount rate used and the valuation of the buildings, and is valued on a present value basis.

10 / Revenue Received in Advance

Current Revenue Received in Advance					
Student Fees	9,349	9,236	9,349	9,236	6,167
Research Revenue	14,315	13,403	14,315	13,403	23,337
Future minimum operating lease revenue not later than one year	868	868	868	868	868
Other	8,126	3,726	8,126	3,726	7,131
	32,658	**27,233**	**32,658**	**27,233**	**37,503**
Non Current Revenue Received in Advance					
Future minimum operating lease revenue:					
Later than one year and not later than five years	3,471	3,471	3,471	3,471	3,472
Later than five years	17,863	18,694	17,863	18,694	51,400
	21,334	**22,165**	**21,334**	**22,165**	**54,872**
TOTAL REVENUE RECEIVED IN ADVANCE	**53,992**	**49,398**	**53,992**	**49,398**	**92,375**

	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
11 / Accounts Payable					
Payables under exchange transactions					
Trade Payables	5,136	3,989	5,136	3,989	3,470
UCSA Payable	6,944	23	6,944	23	–
Other Payables	26,451	20,741	26,445	20,813	18,360
Total Payables under exchange transactions	**38,531**	**24,753**	**38,525**	**24,825**	**21,830**
Payables under non-exchange transactions					
Taxes payable (PAYE and rates)	2,150	2,545	2,150	2,545	2,170
Total Payables under non-exchange transactions	**2,150**	**2,545**	**2,150**	**2,545**	**2,170**
TOTAL ACCOUNTS PAYABLE	**40,681**	**27,298**	**40,675**	**27,370**	**24,000**

Trade Payables and Other Payables are non-interest bearing and are normally settled on 30-day terms; therefore their carrying value approximates to their fair value.

12 / Loans					
Current Loans					
Sonoda Gakuen Corporation of Japan Loan	32	32	32	32	32
Non Current Loans					
Sonoda Gakuen Corporation of Japan Loan	832	864	832	864	864
TOTAL LOANS	**864**	**896**	**864**	**896**	**896**
Analysis of Loan					
Analysis of Loan Liabilities					
Within one year	32	32	32	32	32
One to five years	128	128	128	128	128
Greater than five years	704	736	704	736	736
	864	**896**	**864**	**896**	**896**

Sonoda Gakuen Corporation of Japan advanced $1.6 million in March 1992 to assist with the funding of the construction of the Sonoda Christchurch Campus.

The loan is for a term of 50 years at an interest rate of 3% per annum.

The carrying amount for loans approximates their fair value.

The University operates a purchasing card facility and had a credit limit of $11 million as at 31 December 2016 (31 December 2015: $11 million).

	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
13 / Philanthropic Bond					
Philanthropic Bond — Current	2,000	2,000	2,000	2,000	2,000
Philanthropic Bond — Long Term	47,978	47,978	47,978	47,978	47,978
Capitalised bond issue costs	(347)	(466)	(347)	(466)	–
	47,631	**47,512**	**47,631**	**47,512**	**47,978**
TOTAL PHILANTHROPIC BOND	**49,631**	**49,512**	**49,631**	**49,512**	**49,978**

In 2009, the University launched a $50 million, 10-year, fixed rate, unsubordinated, unsecured Bond at an interest rate of 7.25% per annum fixed for five years to be reset for a further five years at a 1.75% margin over the then prevailing five-year swap rate. The issue was fully subscribed at an issue price of $1 per Bond with a maturity date of 15 December 2019.

On 15 December 2014 the interest rate was reset at 5.77% for the next five-years in line with the original offer terms.

The Bond is a philanthropic bond which gives the bondholder the ability to donate either the principal or interest or both throughout the 10-year period of the bond.

Principal donated will be irrevocable, but donations of interest are revocable by the bondholder interest period to interest period. All donations of principal are required to be given to the Philanthropic Bond Trust.

Any donations received by the Philanthropic Bond Trust must be used for advancing and promoting the University's capital works programme.

On 29 November 2012 an amendment to the bond trust deed was made to limit the amount of donations, immediately payable to UC Foundation, within a rolling 12-month period at $2 million.

This portion of the Bond is regarded as a Current Liability and disclosed separately on the face of the Statement of Financial Position.

On 30 November 2016, the University registered a further amended Trust Deed with the Financial Markets Authority, reflecting solely the consequential changes required following the introduction of the Financial Markets Conduct Act 2013. None of the previous amendments or rights of the bondholders was affected.

Capitalised bond issue costs

Expenses incurred in the issue of the 10-year Fixed Rate Unsubordinated Unsecured Philanthropic Bond were capitalised and are being amortised over the period of the bond.

Bond Covenants

The Bond trust deed requires the University to ensure that the following financial covenant ratios are achieved during the year:

- Secured debt will not exceed 5% of the aggregate of debt plus equity
- Debt will not exceed 25% of the aggregate of debt plus equity.

There was no breach of the covenants in the year (2015: no breach).

Ministry of Education (MOE) Borrowing Consent

The borrowing consent from the Secretary for Education requires appointment of an independent advisor as soon as practicable after the University Council forms the view that it will be required to have outstanding borrowings of more than $65 million; and for the provision of Financial Planning and Resourcing Committee and Council papers; limits on use of assets as security; and provision of capital asset management planning and capital expenditure reporting. There are no financial covenants.

The MOE consent requirements were fully complied with for the 2016 year (2015: full compliance).

The fair value of the bonds as at 31 December 2016 was $52.5 million (31 December 2015: $53.0 million). The fair values of the bonds are determined by reference to the quoted market price on the NZDX at 31 December.

	2016 University & Group Actuals ($000's)	*2015 University & Group Actuals ($000's)*	*2016 University Actuals ($000's)*	*2015 University Actuals ($000's)*	*2016 University & Group Budget ($000's)*
14 / Employee Entitlements					
Sick Leave	765	722	765	722	750
Annual Leave	6,414	5,851	6,414	5,851	6,500
Long Service Leave	1,720	1,702	1,720	1,702	1,970
Retirement Leave	28,615	26,661	28,615	26,661	26,130
Total	37,514	34,936	37,514	34,936	35,350
Redundancy Provision[1]	294	317	294	317	–
Total Employee Entitlements	**37,808**	**35,253**	**37,808**	**35,253**	**35,350**
Made up of:					
Current	9,662	8,956	9,662	8,956	8,950
Non Current	28,146	26,297	28,146	26,297	26,400
Total	**37,808**	**35,253**	**37,808**	**35,253**	**35,350**

[1]Redundancy Provision — University & Group

Redundancy Provision Opening Balance	317	167
Provision made	294	317
Amounts used	(317)	(167)
Redundancy Provision Closing Balance	**294**	**317**

The Redundancy Provision was created for confirmed redundancies at year end.

15/ Other Financial Assets and Liabilities

	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
Other Financial Assets / Term Deposits					
Short-term deposits with maturities over three months but less than 12-months	111,750	202,000	111,750	202,000	8,000
Other Financial Assets / Long-Term Deposits					
Long-term deposits with maturities greater than 12-months	44,500	129,500	44,500	129,500	93,120

The carrying amount of both short and long-term deposits approximates their fair value.

Short-term deposits maturing over three months but less than 12 months from date of acquisition are all at fixed rates. The weighted average rate secured as at 31 December 2016 is 3.18% per annum (31 December 2015: 4.70% per annum).

Long-term deposits maturing over 3-months and with remaining duration more than 12-months from date of acquisition are all at fixed rates. The weighted average interest rate as at 31 December 2016 is 4.18% per annum (31 December 2015: 4.18% per annum).

Other Financial Assets and Liabilities — Derivative Financial Instruments					
Derivative Financial Instrument Assets — Non Current					
Interest Rate Swap Derivative	1,850	1,604	1,850	1,604	–
Total Derivative Financial Instrument Assets	**1,850**	**1,604**	**1,850**	**1,604**	–
Derivative Financial Instrument Liabilities — Current					
Forward Currency Exchange Contracts — Current	76	121	76	121	–
Derivative Financial Instrument Liabilities — Non Current					
Forward Currency Exchange Contracts — Non Current	–	10	–	10	–
Interest Rate Swap Derivative	4,704	5,310	4,704	5,310	–
Total Derivative Financial Instrument Liabilities	**4,780**	**5,441**	**4,780**	**5,441**	**–**
Total Derivative Financial Instruments	**(2,930)**	**(3,837)**	**(2,930)**	**(3,837)**	**–**
Analysis of Derivative Financial Instruments	(2,854)	(3,706)	(2,854)	(3,706)	–
Net Settled Derivatives (Interest Rate Swaps)	(76)	(131)	(76)	(131)	–
Gross Settled Derivatives (Forward Exchange Contracts)	**(2,930)**	**(3,837)**	**(2,930)**	**(3,837)**	**–**

Fair Value

The fair value of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

The fair values of forward exchange contracts have been determined using a discounted cash flow valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from forward foreign exchange contract prices.

16 / Financial Instruments

The University has a series of policies to manage the risks associated with financial instruments in line with statutory and Council guidelines. The University is risk averse and seeks to minimise exposure from its treasury activities.

FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price — financial instruments with quoted prices for identical instruments in active markets
- Valuation techniques using observable inputs — financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- Valuation techniques with significant non-observable inputs — financial instruments valued using models where one or more significant inputs are not observable.

Derivative financial instruments (both current and non-current) are valued with valuation techniques using observable inputs.

Investments have been valued with valuation techniques with significant non-observable inputs.

RISK MANAGEMENT

Price Risk

The equity investments that are held by the University are reflected within the financial statements either at cost, less impairment, or at fair value. It is deemed that there is limited price risk since at balance date no events had occurred to counter the view that their fair values were significantly different to their respective capitalisation figures.

Foreign Exchange Risk

The University's sensitivity to foreign currency has decreased during the current year as a result of foreign currency forward contracts taken to reduce exposure to currency fluctuations. The University's exposure remains immaterial for these financial statements.

Forward Foreign Currency Exchange Contracts

It is the policy of the University to enter into forward foreign currency exchange contracts to cover specific significant foreign currency payments.

As at 31 December 2016, the aggregate amount of unrealised gains/(losses) under forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on these anticipated future transactions is $(75,983) (31 December 2015: $(130,996)).

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Cash and Cash Equivalents and short-term deposits issued at variable interest rates create exposure to cash flow interest rate risk.

Fair Value Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments that potentially subject the University to concentrations of interest rate risk consist principally of Cash and Cash Equivalents, Short and Long Term Deposits and Loans.

Although overall interest rate risk has been reduced due to the utilisation of fixed interest rates for both borrowing and investment in deposits, this does expose the University to a degree of 'fair value interest rate risk' should market conditions move significantly in an adverse direction.

Note 12 and Note 13 provide an analysis in relation to these financial instruments.

Interest Rate Swap Contracts

The University uses interest rate swaps to reduce its exposure to cash flow interest rate risk resulting from resetting the fixed interest rates on bond borrowings.

Under an interest rate swap contract, the University agreed to exchange the difference between floating and fixed rate interest amounts calculated on an agreed notional principal amount. This was designated as a cash flow hedge. This contract enables the University to mitigate future cash flow exposures on the interest rate reset (which was set for 15 December 2014) of the issued fixed rate bond debt. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curve at reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at 31 December.

On 15 December 2014 the Philanthropic Bond Interest rate was reset at 5.77% and the hedging relationship between the original swap and the bond was de-designated. At the time the accumulated losses on this hedge relationship held in reserves were $4,390,000. In accordance with NZ PBE IPSAS 29 Financial Instruments: Recognition and Measurement, this balance will be recycled through the surplus and deficit from the hedge reserve on a straight-line basis over the remaining five-years of the bond.

A second Interest rate swap contract was entered into at the same time as the Philanthropic Bond interest rate reset, effectively locking in the interest payable by the University over the remaining term of the Philanthropic Bond.

Both interest rate swaps will settle on a quarterly basis from December 2014. The floating rate on the interest rate swap is the floating rate in New Zealand. The University will settle the difference between the fixed and floating rate on a net basis.

The interest payments on the bond are made half yearly and the interest payments on the interest rate swaps are made quarterly. The Bond rate is 5.77% but with the swap arrangement, the University's effective interest rate is 7.77%

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at 31 December.

Interest Rate Swaps

Swap 1 Outstanding pay fixed receive floating contract

Swap 2 Outstanding pay floating receive fixed contract

	Average contracted fixed interest rate		Notional Principal Amount	
University & Group	2016 %	2015 %	2016 (NZ$000's)	2015 (NZ$000's)
Swap 1:				
2 to 5 years	5.95	5.95	50,010	50,010
Swap 2:				
2 to 5 years	Floating	Floating	50,010	50,010

Interest Rate Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at 31 December.

For floating rate liabilities and assets, the analysis is prepared assuming the exposure outstanding at 31 December was outstanding for the whole year.

For interest rate swap contracts, the analysis is prepared assuming that the interest rate swap contracts are revalued to fair value at 31 December, and that the 31 December contracts were in place for the whole year.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

As at 31 December, if interest rates had been 50 basis points higher/(lower) and all other variables were held constant, the following would occur.

	2016 University & Group Actuals ($000's)	*2015 University & Group Actuals ($000's)*	*2016 University Actuals ($000's)*	*2015 University Actuals ($000's)*
Surplus/Equity				
Surplus/Equity — increase (i)	1,586	2,082	1,586	2,082
Surplus/Equity — (decrease) (i)	(1,586)	(2,082)	(1,586)	(2,082)

(i) This is mainly attributable to the University's exposure to interest rates on its cash deposits.

Credit Risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The University is subject to an element of credit risk principally within Receivables, Cash and Cash Equivalents and Term Deposits. To mitigate risk, the University's treasury management framework is adhered to. Cash, Cash Equivalents and Term deposits are diversified through placements with a number of different New Zealand financial institutions and the University also invests in Government bonds. Credit exposure is further reduced by monitoring individual weightings.

Due to the large number of individual trade debtors, the concentration of credit risk with respect to Trade Receivables is greatly reduced.

The University invests in line with the requirements of the Education Act 1989, and its Treasury Management Framework only permits investment grade counterparties of Standard & Poor's rating A+ or greater. All investments in New Zealand Government Bonds and New Zealand Financial Institutions are rated A+ or greater.

The University's exposure to credit risk is reflected by the carrying amount in the Statement of Financial Position for cash and cash equivalents, receivables, term deposits, Government bonds and forward foreign exchange contract assets.

Liquidity Risk

Liquidity risk is the risk that the University will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The maturity profiles of the University's interest-bearing financial instruments and investments are disclosed in Notes 12, 13 and 15 respectively.

Liquidity ratio measurement analysis and forecasting are undertaken in order that liquidity risk is reduced.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses financial liabilities (excluding derivatives) into relevant maturity groupings based on the period remaining to the contractual maturity date as at 31 December. Future interest payments on floating rate debt are based on the floating rate applicable to the instruments at 31 December.

The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount ($000's)	*Contractual cash flows ($000's)*	*Less than 1 year ($000's)*	*Between years 1–2 ($000's)*	*Between years 2–3 ($000's)*	*From year 3 ($000's)*
University & Group December 2016						
Accounts Payable	40,681	40,681	40,681	–	–	–
Sonoda Gakuen Corporation of Japan Loan	864	1,227	58	57	56	1,056
Philanthropic Bond	49,631	58,636	2,886	2,886	52,864	–
Total	**91,176**	**100,544**	**43,625**	**2,943**	**52,920**	**1,056**
University December 2016						
Accounts Payable	40,675	40,675	40,675	–	–	–
Sonoda Gakuen Corporation of Japan Loan	864	1,227	58	57	56	1,056
Philanthropic Bond	49,631	58,636	2,886	2,886	52,864	–
Total	**91,170**	**100,538**	**43,619**	**2,943**	**52,920**	**1,056**
University & Group December 2015						
Accounts Payable	27,298	27,298	27,298	–	–	–
Sonoda Gakuen Corporation of Japan Loan	896	1,286	59	58	57	1,112
Philanthropic Bond	49,512	64,439	2,886	2,886	2,886	55,781
Total	**77,706**	**93,023**	**30,243**	**2,944**	**2,943**	**56,893**
University December 2015						
Accounts Payable	27,370	27,370	27,370	–	–	–
Sonoda Gakuen Corporation of Japan Loan	896	1,286	59	58	57	1,112
Philanthropic Bond	49,512	64,439	2,886	2,886	2,886	55,781
Total	**77,778**	**93,095**	**30,315**	**2,944**	**2,943**	**56,893**

Contractual maturity analysis of derivative financial liabilities

The table below analyses derivative financial liabilities into those that are settled net and those that will be settled on a gross basis into their relevant maturity groupings based on their remaining period from 31 December to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability Carrying Amount ($000's)	*Contractual cash flows ($000's)*	*Less than 1 year ($000's)*	*Between years 1–2 ($000's)*	*Between years 2–3 ($000's)*	*From year 3 ($000's)*
University & Group December 2016						
Net settled derivatives	2,854	2,967	989	989	989	–
University & Group December 2015						
Net settled derivatives	3,706	3,956	989	989	989	989

Contractual maturity analysis of financial assets

The table below analyses financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	Carrying Amount ($000's)	*Contractual cash flows ($000's)*	*Less than 1 year ($000's)*	*Between years 1–2 ($000's)*	*Between years 2–3 ($000's)*	*From year 3 ($000's)*
University & Group December 2016						
Cash and Cash Equivalents	77,930	77,930	77,930	–	–	–
Receivables	21,213	21,213	21,213	–	–	–
Other Financial Assets	156,250	168,690	117,234	51,456	–	–
Government Bonds	135,355	141,260	88,253	2,500	50,507	–
Term Receivable	2,010	7,000	–	–	–	7,000
Total	**392,758**	**416,093**	**304,630**	**53,956**	**50,507**	**7,000**
University December 2016						
Cash and Cash Equivalents	77,903	77,903	77,903	–	–	–
Receivables	21,209	21,209	21,209	–	–	–
Other Financial Assets	156,250	168,690	117,234	51,456	–	–
Government Bonds	135,355	141,260	88,253	2,500	50,507	–
Term Receivable	2,010	7,000	–	–	–	7,000
Total	**392,727**	**416,062**	**304,599**	**53,956**	**50,507**	**7,000**
University & Group December 2015						
Cash and Cash Equivalents	41,202	41,202	41,202	–	–	–
Receivables	24,180	24,180	24,180	–	–	–
Other Financial Assets	331,500	357,710	216,165	90,089	51,456	–
Government Bonds	106,649	116,625	5,500	58,000	2,500	50,625
Term Receivable	1,879	7,000	–	–	–	7,000
Total	**505,410**	**546,717**	**287,047**	**148,089**	**53,956**	**57,625**
University December 2015						
Cash and Cash Equivalents	41,178	41,178	41,178	–	–	–
Receivables	24,180	24,180	24,180	–	–	–
Other Financial Assets	331,500	357,710	216,165	90,089	51,456	–
Government Bonds	106,649	116,625	5,500	58,000	2,500	50,625
Term Receivable	1,879	7,000	–	–	–	7,000
Total	**505,386**	**546,693**	**287,023**	**148,089**	**53,956**	**57,625**

17 / Equity

	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
General Equity					
Balance as at 1 January	1,074,180	996,152	1,074,084	996,099	1,078,658
Net Surplus / (Deficit) for the year	(1,837)	3,531	(1,766)	3,488	(13,656)
Contributions from the Crown[1]	15,000	85,000	15,000	85,000	–
Contributions from the Crown — Repayment under Funding Agreement[1]	–	(8,000)	–	(8,000)	–
Transfer (from) / to General Equity — Student Services Levy Capital Reserve	4,883	(2,503)	4,883	(2,503)	–
Transfer from revaluation reserve on retirement of assets	314	–	314	–	–
Balance as at 31 December	**1,092,540**	**1,074,180**	**1,092,515**	**1,074,084**	**1,065,002**
General Equity — Te Pourewa Settlement Reserve					
Balance as at 1 January	17,500	17,500	17,500	17,500	17,500
Transfer from General Equity	–	–	–	–	
Balance as at 31 December	**17,500**	**17,500**	**17,500**	**17,500**	**17,500**
General Equity — Student Services Levy Capital Reserve					
Balance as at 1 January	10,671	8,168	10,671	8,168	10,787
Current year allocation of Levy	1,698	1,962	1,698	1,962	–
Insurance Settlement — UCSA Building	–	254	–	254	–
Insurance Settlement — UCSA Building — Transfer to General Equity	(6,581)		(6,581)		
Interest on Insurance Settlement	–	327	–	327	–
Current year usage	–	(40)	–	(40)	–
Balance as at 31 December	**5,788**	**10,671**	**5,788**	**10,671**	**10,787**
Cash Flow Hedge Reserve					
Balance as at 1 January	(3,643)	(4,262)	(3,643)	(4,262)	–
Fair Value Movement in Derivatives — Forward Foreign Exchange Contracts	55	(259)	55	(259)	–
Fair Value Movement in Derivatives — Interest Rate Swaps	878	878	878	878	–
Balance as at 31 December	**(2,710)**	**(3,643)**	**(2,710)**	**(3,643)**	**–**
Available-for-sale Reserve					
Balance as at 1 January	8	41	8	41	–
Adjustment to South African Large Telescope (SALT)	–	(57)	–	(57)	–
Adjustment to New Zealand Synchrotron Group Limited valuation	4	24	4	24	–
Write-off Fair Value through Other Comprehensive Income Reserve to Net Surplus / (Deficit) (SALT)	24	–	24	–	
Balance as at 31 December	**36**	**8**	**36**	**8**	**–**
Revaluation Reserves					
Balance as at 1 January	212,269	146,913	212,269	146,913	146,600
Transfer Between Equity and Revaluation Reserves	(314)	–	(314)	–	–
Revaluations and Impairment	61,595	65,356	61,595	65,356	–
Balance as at 31 December	**273,550**	**212,269**	**273,550**	**212,269**	**146,600**

1 *Further details on the Crown Contributions are contained in note 22.*

	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)	2016 University & Group Budget ($000's)
17 / Equity (continued)					
Revaluation Reserves consist of:					
Buildings	115,057	70,266	115,057	70,266	–
Infrastructure Assets	28,824	28,824	28,824	28,824	28,824
Land	83,167	76,275	83,167	76,275	80,873
Library / Collections	46,502	36,904	46,502	36,904	36,903
Balance as at 31 December	**273,550**	**212,269**	**273,550**	**212,269**	**146,600**

	2016 University & Group Actuals ($000's)	2015 University & Group Actuals ($000's)	2016 University Actuals ($000's)	2015 University Actuals ($000's)
18 / Reconciliation of Net Surplus with Net Cash from Operating Activities				
OPERATING ACTIVITIES				
Net Surplus / (Deficit)	(1,837)	3,531	(1,766)	3,488
Add (less) non-cash items:				
Depreciation and Amortisation	44,588	43,982	44,588	43,982
Donated Assets	(125)	74	(125)	74
Movement in Reversionary Interest	(305)	(7,965)	(305)	(7,965)
Movement in Long Term Revenue Owing	(131)	(123)	(131)	(123)
Movement in Total Employee Entitlements	2,555	2,725	2,555	2,725
Unrealised Foreign Exchange Variations	522	493	522	493
Amortise Premiums on Government Stock Investments	3,104	–	3,104	–
Net Movement in Fair Value of Interest Rate Swaps	26	(125)	26	(125)
Asset Impairments	3,737	–	3,737	–
Increase in revaluation of Buildings	–	(676)	–	(676)
Add (less) movements in other working capital items:				
Accounts Payable	13,383	1,180	13,305	1,228
Revenue in Advance	5,425	3,011	5,425	3,011
Accounts Receivable and Prepayments	3,477	251,320	3,481	251,317
Inventories	5	(190)	5	(190)
Add (less) items classified as Investing / Financing Activities:				
Net Loss on Disposal included in Investing Activities	19	7,561	19	7,561
Movement in Lease Revenue in Advance	(831)	(830)	(831)	(830)
Movement in Library Serials Prepayment	(2,797)	(2,461)	(2,797)	(2,461)
Movement in Fixed Asset Related Payables / Accruals	(6,064)	(3,680)	(6,064)	(3,680)
Insurance Receipts related to PPE	–	(246,493)	–	(246,493)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**64,751**	**51,334**	**64,748**	**51,336**

19 / Related Party Transactions

Transactions with related parties

The University transacts with other Government owned or related entities independently and on an arms' length basis. Transactions cover a variety of services including funding and grants for education and research services and purchases of electricity, postage, travel and tax.

The University Council and Senior Management Team may be directors or officers of other companies or organisations with whom the University may transact. Such transactions are all carried out independently on an arms' length basis, except for the following.

- Commencing 1 August 2016, the University has leased property to the UCSA on the Dovedale Campus for the provision of childcare facilities. The lease is for 30 years at a peppercorn rent
- The University has also extended a facility of $350,000 to the UCSA to assist in funding the necessary refurbishment required to the leased property. The loan is interest free and is repayable in 30 equal annual instalments

The UCSA had not drawn any amount on this facility at 31 December 2016 but has subsequently done so.

- Commencing in 2015, the University has leased property to Bishop Julius Hall. The lease is for 34 years and 360 days at a peppercorn rent.

Transactions cover a variety of services including funding and grants for education and research services and purchases of electricity, postage, travel and tax.

During the year the University entered into an arrangement with the UCSA for the demolition of the existing UCSA building and the construction of the new one, including the financing of the project. This arrangement included a commitment to apply the global insurance settlement funding as it applies to the old UCSA building in partially settling the amount receivable from the UCSA. This crystallises a liability in the University's financial reporting for the year ended 31 December 2016 for this amount, whereas previously the size and incidence of the new UCSA building was uncertain and funding in this way uncommitted. As a result, the reserve has been reduced by the amount of the insurance proceeds and related interest.

During the year to 31 December 2016 the University had the following inter-group transactions with Canterprise and its Subsidiaries.

	2016 University Actuals ($000's)	*2015 University Actuals ($000's)*
Payable to Canterprise Limited	–	75

In addition to the above transactions that Canterprise Limited had with the University, Canterprise had a number of small transactions with its subsidiaries. All transactions were conducted on an arms' length basis.

Note all related party transaction figures are stated exclusive of GST.

Transactions with Key Management Personnel

Rod Carr was a director of Canterprise Limited and UC International College Limited during the period. Directors' fees paid were $nil (December 2015: $nil).

Senior Management

The compensation of Councillors and senior management, being the key management personnel of the University, is as follows.

	2016 University Actuals ($000's)	*2015 University Actuals ($000's)*
Council Members — Council Fee	230	170
Senior Management Team, including the Vice-Chancellor — Remuneration	4,065	3,989
	Number	*Number*
Council Members — Full-time equivalent members[1]	12	12
Senior Management Team, including the Vice-Chancellor — Full-time equivalent members	14	14

Senior Management comprises the Vice-Chancellor, Deputy Vice-Chancellors, Assistant Vice-Chancellor (Māori), Registrar and Assistant Vice-Chancellor, Executive Director / Chief Financial Officer, Pro-Vice-Chancellors for the colleges and the Directors and Executive Directors of the Service Areas.

1 *Due to the difficulty in determining the full-time equivalent for Council Members, the full-time equivalent figure is taken as the number of Council Members.*

20 / Early Childhood Education

The purpose of this note is to meet the disclosure requirements of the Ministry of Education for operators of funded childcare facilities.

	2016 University Actuals ($000's)	*2015 University Actuals ($000's)*
EARLY CHILDHOOD LEARNING CENTRE		
Statement of Comprehensive Revenue and Expense		
OPERATING REVENUE		
Government Grant — Child Funded Hours	643	693
Other Revenue	411	432
TOTAL OPERATING REVENUE	**1,054**	**1,125**
OPERATING EXPENDITURE		
Personnel Expenses	987	967
Site & Property Costs	91	60
General / Operating Expenditure	8	25
Depreciation	1	1
TOTAL OPERATING EXPENDITURE	**1,087**	**1,053**
NET SURPLUS / (DEFICIT) FOR THE YEAR AND TOTAL COMPREHENSIVE REVENUE AND EXPENSE	**(33)**	**72**

21 / Commitments

Capital Commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date.

Non-cancellable Operating Lease Commitments

The University leases property in the normal course of business.

These leases are predominantly for premises which have remaining non-cancellable leasing periods ranging from six-months to 26-years.

The leases have varying terms and renewal rights. There are no restrictions placed on the University by any of its leasing arrangements.

	2016 University & Group Actuals ($000's)	*2015 University & Group Actuals ($000's)*
Capital Commitments		
Not later than one-year	73,391	177,266
Later than one-year and not longer than five-years	3,341	22,761
TOTAL CAPITAL COMMITMENTS[1]	**76,732**	**200,027**
Non-cancellable Operating Lease Commitments as Lessee		
Not later than one-year	7,916	7,401
Later than one-year and not longer than five-years	7,314	12,487
Later than five-years	3,553	1,444
TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS	**18,783**	**21,332**
The University has rights of renewal of varying periods in some of its leases.		
Non-cancellable Operating Lease Commitments as Lessor		
Not later than one-year	1,452	822
Later than one-year and not longer than five-years	2,714	1,407
Later than five-years	313	317
TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS	**4,479**	**2,546**

The University entered into a 35-year lease arrangement with Campus Living Villages for the University's student accommodation in 2005 and the prepaid lease amounts related to this arrangement have been excluded from the above commitments.

No contingent rents have been recognised in revenue during the year.

1 *Capital Commitments relate to buildings.*

22 / Contingencies

Earthquake and insurance related contingencies

The University entered into a funding agreement with the Crown in September 2014, which commits the Crown to funding UC up to $260 million for the construction of the Rutherford Regional Science and Innovation Centre (RRSIC) and the Canterbury Engineering the Future (CETF) project. The University has received $210 million so far under this agreement, and has repaid $8 million in line with the terms of the funding agreement. There are a number of conditions in the funding agreement that may either delay receipt or result in the University receiving less than the remaining amount in full, including EFTS numbers not exceeding the forecasts made by the University in its business cases to the Government and meeting certain construction milestones.

As a result, the University has a contingent asset of up to $50 million, dependent on the successful completion of the required plans and other dependencies.

The University is exposed to potential sharing of its insurance settlement with other claimants. Negotiations continue, and involve allocation of receipts to damage in specified buildings, and to claim recovery costs. In certain cases this may result in no requirement to share the insurance receipts at all. Accordingly, the University is unable to quantify any amount that might become payable.

The University is also exploring the potential for further claims on Earthquake Comission for damage to its halls of residence. These are continuing and the University is unable to quantify any contingent asset relating to these potential claims.

Construction

In common with many large construction projects, the University and its large project construction contractors are involved in regular review of contract variations due *inter alia* to developments in working conditions, design changes and finalisation of provisional sums in the original contract. These discussions are often complex and technical and do not always result in a financial outcome. Accordingly, the University is unable to estimate any amount payable in relation to current variations or other risk sharing arrangements under review.

Other contingencies

The University has provided a bond of $30,000 to the NZX to secure amounts payable under the NZX Listing Rules for Debt-only Issuers Listed on the NZX Main Board. This bond is held by the University's bankers, ANZ.

The University has provided a bond of $3,500 to the New Zealand Automobile Association for a vehicle trailer. This bond is held by the University's bankers, ANZ and will expire in September 2020.

The University has also provided two Carnet Indemnities for $46,000 and $15,013 to the Wellington Regional Chamber of Commerce for the export of a Formula 1 car to Australia for testing. The Carnet for $46,000 will expire in June 2017 and the Carnet for $15,013 will expire in April 2019.

The University has no other contingent liabilities or assets at 31 December 2016 (2015: $nil).

23 / Capital Management

The University's capital is its equity, which comprises general funds, and property revaluations and fair value adjustments through comprehensive revenue reserves. Equity is represented by net assets.

The University is subject to the financial management and accountability provisions of the Education Act 1989, which include restrictions in relation to: disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings, and borrowing.

The University manages its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

The University's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing the University's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which the University was established, while remaining financially viable.

In 2009, the University issued a $50 million, 10-year, fixed rate, unsubordinated, unsecured Bond (refer Note 13) to assist with capital investment.

In 2014, the University entered into a funding agreement with the Crown to provide a capital contribution of up to $260 million as part of the University's $357 million investment in new facilities for its Science and Engineering colleges.

The balance of funding will be drawn in part from insurance settlements, and in part from the University's own resources, coupled with careful management of its capital programme, deferring investments to future years where operationally possible without damaging the potential for recovery.

24 / Events After Balance Date

There have been no significant events after balance date (31 December 2015: minor additional damage following the 14 February 2016 earthquake).

25 / Explanations of Major Variances Against the 2016 Budget

Statement of Comprehensive Revenue and Expenses

Revenue

The University has increased tuition fee revenue over budget due to better than predicted EFTS being achieved, particularly in full-fee paying students. Research revenue benefitted from the winning of additional external research contracts, and a higher than anticipated share of the PBRF pool. Investment revenue increased over budget due to a reduced capital programme than budgeted, leaving additional funds to be invested. Improvements in consultancy revenue against budget were offset by movements in the reversionary interest calculation. There were no other significant negative revenue variances against budget.

Expenditure

Overall, personnel costs were slightly under budget, but with offsetting savings in salary costs against actuarial increases in long-term staff benefits. In general/operating expenditure, delays in completing certain phases in the new building projects led to deferral of significant decanting costs to 2017, but where there have been additional costs recognised for the demolition of existing buildings such as the UCSA, and further building impairment write-offs. General/operating expenditure also includes a charge of $6.25 million for the University's contribution from its insurance settlement to the UCSA for the construction of the new UCSA facility. Finally, depreciation is significantly less than budget due to delays in completion and capitalisation of building projects.

Other Comprehensive Revenue and Expense

The main movements are the net increase in land and building and permanent collection valuations, with changes in the University's cash flow hedges. None of these is budgeted for as being difficult to predict with any accuracy as they depend on market-driven data only available at the time of preparing these financial statements.

Statement of Changes in Net Assets / Equity

Other than total comprehensive revenue and expense as explained above, the University has received the $15 million capital contribution from the Crown which was not budgeted for in 2016.

Statement of Financial Position

Current

The University continues to maintain significant current cash and Government Stock holdings to meet its capital investment programme in the next 12 months. This is in excess of budget where a significantly higher level of capital and related operating expenditure had been anticipated in the budget. Similarly, current liabilities include additional capital items due at 31 December 2016 as construction delays are made good. Both these factors have a consequential impact on working capital, which is in excess of budget.

Non-current

Overall, in non-current assets, capital assets are less than budgeted, due to delays in building projects, but with approximately $100 million of investments being classified as current that were budgeted to be non-current. Non-current liabilities are less than budgeted due to the budget being prepared to include higher revenue in advance balances based on an interpretation of the transition to PBE IPSAS that was later revised for the 31 December 2015 financial statements.

Equity

The main variance is the increase in revaluation reserves, which are not budgeted for, as explained above.

Statement of Cash Flows

Net cash provided by Operating Activities

This is over twice the budgeted amount, which anticipated lower EFTS-related revenue and higher operating expenditure, as noted above.

Net cash used in Investing Activities

This is significantly less than budget, reflecting the reductions in capital spend against budget noted earlier, and with a different investment profile consequential to having additional cash to invest as a result.

Net cash provided by Financing Activities

The University received the $15 million capital contribution from the Crown which was not budgeted for in 2016.

NZDX Waivers
Ngā Tukunga NZDX

The University of Canterbury ("UOC") has in the 12 month period preceding the date two months before publication of the annual report relied upon the following waivers from the NZDX Listing Rules ("Rules"):

i. A waiver from Rule 10.5.1 (which was granted on 2 November 2009 prior to its initial listing), being the requirement to deliver to NZX, and to make available to each Quoted Security Holder, an annual report within three months of financial year end. The waiver was granted on the condition that the annual report is delivered by the later of: a) Three months after financial year end, and b) the earlier of the time of presentation of the annual report to Parliament, or five weeks after the annual report is received by the responsible minister pursuant to section 220(1) of the Education Act 1989.

ii. A waiver from Rule 10.4.1(a) (which was granted on 21 September 2010), being the requirement to provide a preliminary announcement to the market not later than 60 days after the end of its financial year-end. The waiver was granted on condition that:

- the annual report is delivered at the earlier of the time of presentation of the annual report to Parliament; the time at which UOC's annual report ceases to be confidential; or five weeks after the annual report is received by the responsible minister pursuant to section 220(1) of the Education Act 1989;
- that UOC make an announcement, as soon as it is known, and in any event within 60 days of each of UOC's financial year ends, disclosing the date on which UOC's annual report and UOC's preliminary announcement are expected to be released to the market; and
- that, not later than 60 days after the end of each of UOC's financial years, UOC provide to the market a certificate from the Chancellor or the Vice Chancellor; and the Chief Financial Officer of UOC, that all relevant financial information required to be disclosed to the market, pursuant to NZDX Listing Rule 10.1.1, has been provided.

2016

Compulsory Student Services Levy

Ngā Utu Ratonga Ākonga me Utu

Compulsory Student Services Levy
Ngā Utu Ratonga Ākonga me Utu

For the year ended 31 December 2016

The University of Canterbury consults with student representatives through the Joint Operations Advisory Board (JOAB) to make the following decisions related to Compulsory Student Services Levy:

(a) The maximum amount that students will be charged for student services

(b) The types of services to be delivered

(c) The procurement of these services

(d) The method for authorising expenditure on these services.

JOAB is the primary body for managing the partnership between the UC and the UCSA. It is made up on an even balance of UC staff and UCSA as representatives and as full members. Among its responsibilities the board makes recommendations to the Vice-Chancellor on allocations of funds from the levy and for setting the Levy.

It provides a formal forum for UCSA representatives to present the view of the student body to the management of UC related to activities wholly or partially funded by the 'Student Services Levy'. Students also have representation on the University Council, which is responsible for the governance of the University, including oversight of the institution's policy, degree, financial and capital matters.

In conjunction with the UCSA, in the years 2011 through to 2016 surveys of student preferences on the allocations of operational and student space capital fund allocation have been carried out through JOAB. The findings from these surveys have been reviewed and debated in various meetings with recommendations being made to inform operations and allocations from the Student Services Levy funds.

For 2016 the Compulsory Student Services Levy per Equivalent Full Time student was $770.00. These fees are separately accounted for in the University of Canterbury's accounting system. Details of Student Services Fees expenditure are provided to students in the Guide to Enrolment publication, on the Enrol at UC website, in student publication *Canta* and via campus poster campaigns.

UC Student Services Levy Allocations for 2016	***Actual ($000's)***	***Budget ($000's)***	***Variance ($000's)***
Compulsory Student Services Levy Collected	8,377	8,453	(76)
Services Funded by the Compulsory Student Services Fees			
1. Advocacy, legal and financial advice	620	612	(8)
2. Careers & employment information, advice & guidance	570	590	20
3. Counselling services and pastoral care	889	839	(50)
4. Health services	915	935	20
5. Media	328	328	
6. Sports, recreation & cultural activities; Clubs & societies	3,276	3,222	(54)
7. Balance to Student Space Capital Fund	1,779	1,927	149
Total	**8,377**	**8,453**	**76**
Surplus/(Deficit)	**(0)**	**0**	**(0)**

From categories of student services outlined in Education (Compulsory Student Services Fees) Notice 2014:

- Cat. 1 above merges Advocacy and legal advice and Financial support
- Cat. 2 above merges Careers information, advice and guidance and Employment information.

Other allocation categories match

- The balance not allocated is transferred to the Student Space Capital Reserve
- No funding is provided for Childcare services or Accommodation services.

Student Space Capital Reserve for 2016	***($000's)***
Opening Balance 01 Jan 2016	***4,090***
Capital Reserve allocation from 2016 Levy budget	1,778
Minor Capital Works expenditure	(80)
Closing Balance 31 Dec 2016	**5,788**

	($000's)	
Amounts allocated towards future year spending		
Recreation Centre Development	500	From 2013 allocations
Capital Works Building Projects	1,168	From 2014 allocations
Recreation Centre Development	500	From 2014 allocations
Capital Works Building Projects	1,922	From 2015 allocation
Capital Works Building Projects	1,698	From 2016 allocation
Future Year Allocations	**5,788**	

UC Student Services Levy Allocations for 2016 ($000's)
Actual expenditure of Student Services Levy by UC and UCSA Departments

	1. Advocacy & Financial	*2. Careers & Employment*	*3. Counselling*	*4. Health services*	*5. Media*	*6. Sport, Cultural, Clubs*	*7. Capital*	*8. Total*
1. **UC Student Support:** a team of eight staff develop and deliver a range of student-focused support services that facilitate the academic, social and cultural development of students from diverse backgrounds.	72	108	358	36		143		**717**
2. **UC Disability Resource Services:** delivers specialist advice and resources to disabled students with this funding to cover the additional expenses for servicing temporary disabilities and international students. Almost all of their funding comes from TEC Equity Funding. Note[1]				15				**15**
3. **UC Health Centre Counselling:** a team of five counsellors deal with all sorts of problems eg loneliness, grief, anxiety, depression, stress, homesickness, relationship problems, gender worries. Most counselling is short-to-medium term.			310					**310**
4. **UC Health Centre:** a team of 25 doctors, nurses and support staff provide high-quality, responsive and cost-effective services to its clients, to enable students to pursue their academic endeavours with minimal hindrance from medical and psychological problems, by providing affordable, accessible and comprehensive health services.				692				**692**
5. **UC Rec Centre:** a team of 15 plus an array of group fitness and exercise instructors manage UC Recreation Centre membership, programmes and facilities, to registered members.						1,334		**1,334**
6. **UC Sport:** a team of four and support staff deliver high-quality sport, fitness, health and education opportunities that enable students and the wider UC community to be more effective in their study and work and add value to their UC experience. The services are provided in partnership with UCSA with their separate allocation shown below.						408		**408**
7. **UC Careers, Internship and Employment:** a team of four engage with students and graduates by providing quality career education informed through effective connections with employers and industry.		448						**448**
8. **UC Māori Development:** a team of six deliver integrated support programmes for Māori students, focusing on skill development, community connections and pathways to academic success. A significant portion of their funding comes from TEC Equity Funding. Note[1]	88		72			106		**266**
9. **UC Pacific Development:** a team of six provide leadership in identifying and meeting Pacific educational aspirations, focusing on skill development, community connections and pathways to academic success. A significant portion of their funding comes from TEC Equity Funding. Note[1]	45	15	149			89		**298**
10. **UCSA Advocacy & Welfare:** provide advice, dispute resolution services, and welfare (free legal advice, budgeting help and a food bank); they also administer the Class Reps system.	416							**416**
11. **UCSA Media & Comms:** handle UCSA's communication channels to inspire debate, make you laugh, cry, angry, informed, ambivalent, nonplussed or otherwise.					328			**328**
12. **UCSA Activities & Events:** provide direct support to clubs, weekly student events and organise the big events of the year including Orientation, Grad Ball and the like.						899		**899**
13. **UCSA Dental:** provides access to basic dental care (check-up; x-ray; fillings; extractions) utilising the Canterbury District Health Board's Community Dental Clinic in Memorial Avenue for 20 hours/week.				172				**172**
14. **UCSA Sport:** the services are provided in partnership with the UC Sport and UC Recreation Services, with their separate allocation shown above.						295		**295**
15. **Student Space Capital:** the balance of the Student Services Levy transferred to the Student Space Capital Fund.							1,779	**1,779**
Total	**620**	**570**	**889**	**915**	**328**	**3,276**	**1,779**	**8,377**

Note 1: UC Disability Resource Services, UC Māori Development and UC Pacific Development funding for academic, recruitment and other non-prescribed CSSF Ministerial Direction category activities are funded directly by UC or from TEC Equity Funding. The table above identifies the cost activities that meet the prescribed CSSF Ministerial Direction categories.

2016

Equity and Diversity

Te Mana Taurite me te Kanorautanga

Equity and Diversity
Te Mana Taurite me te Kanorautanga

Te Tiriti o Waitangi provides the context and foundation for equity and diversity at the University of Canterbury. In line with the Human Rights Act 1993 and Education Act 1989, UC is committed to ensuring equity of opportunity in employment and education for all its staff and students, irrespective of their background.

The aim of the University's equity and diversity programmes is to foster a campus environment of inclusion, knowledge and understanding in which students and staff feel a sense of belonging, learn to value diversity and respect individual differences that enrich the University community and student experience.

A Central Equity and Diversity Advisory Committee (CEDAC) composed of UC students, general staff and academic staff from each of the five UC colleges meets regularly to discuss initiatives and best practice.

Key initiatives progressed in 2016 included:

- The development of a Campus Master Plan incorporating a cultural narrative, to ensure the values and aspirations of Mana Whenua are visible and accessible in any future development, and incorporating universal design principles, both of which will shape the UC campus to 2045
- Continuing work across each programme of study to ensure the UC curriculum meets the UC Graduate Profile requirement of ensuring each graduating student from UC is biculturally competent and confident to work in a bicultural Aotearoa and multicultural world
- The launch of an easily accessible "rights and responsibilities" charter for students, to set clear expectations of behaviour in conjunction with the Student Code of Conduct
- Review of the UCSA representation model, including the addition of a new equity and wellbeing portfolio
- A range of events promoting diversity themes including Mental Health Awareness Week, Sexuality Awareness Week and the seminar 'Women Behind the Law'
- Peer notetakers were introduced to support students who cannot take notes for disability-related reasons across 51% of courses offered across the University in Semester One and 62% in Semester Two
- The UC RecCentre trialled a Women Only space in response to requests from women who were looking for a space to train privately.

Fifty percent of employees at the University are women. The Senior Management Team is 47% female (7 out of 15). As well, the University of Canterbury's 2016 academic promotions saw eight women (out of ten) newly promoted to the position of professor, while six of the 13 new associate professors are women. Of 21 academics promoted to the rank of Senior Lecturer Above the Bar, nine are women.

To support bicultural skills development and practice, the introduction of Te Ohu Reo enables staff to lodge a request for te reo content, including translations, cultural content in English and te reo Māori and naming requests.

The Māori Development Team provided significant support and development for Māori students across the University. Mentoring and development with tuākana (senior) students remains a critical element of supporting their role in mentoring tēina (new-to-UC students).

In 2016, more UC groups received Pasifika competence training from the Pacific Development Team. Embedded Pasifika cohorts were introduced into the LAWS101 course following findings from UC-funded research, the School of Law created a dedicated study space and UC Pasifika students formed the first UC Pasifika Law students association in 10 years. A Kaiārahi Pasifika position was established in the College of Education, Health and Human Development | Te Rāngai Ako me te Hauora.

Due to current and planned future growth in international student numbers, UC has identified the ongoing need to ensure its international communities are appropriately supported. To this end, in 2016 UC worked to improve orientation materials and experience, English language support and enhanced career education for international students to support their success in internships and employment.

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Annual Report 2016 was produced by staff from Financial Services, the Vice-Chancellor's Office, and Student Services and Communications

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Design
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Photography
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Printer
UC Print Published March 2017

ISSN 1171-5774 (Print)
ISSN 1177-8156 (Online)

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