

Annual Report



10

Directory 2010

Chancellor

Rex Williams, BE(Hons)

Pro-Chancellor

L John Wood, Amb(Rtd), QSO, MA(Cant), MA(Oxon),
LLD(honoris causa)

Vice-Chancellor

Rod Carr, BCom(Hons), LLB(Hons)(Otago), MBA(Col.), MA, PhD
(Wharton School, Penn.)

Deputy Vice-Chancellor

Ian Town, MBChB(Otago), DM(Soton)

University Registrar

Jeff Field, JP, MA, DipJ, DipTColl(ChCh.TColl.), DipTchg(DeptEd),
APR, MFINZ

Assistant Vice-Chancellor (Academic)

Jan Cameron, BSc, MSocSc, DPhil(Waik.) (January)
Richard Duke, BSc, BE(Hons), ME, PhD, DipTchg(Auck.TColl),
MIEEE (from February)

Assistant Vice-Chancellor (Māori)

Sir Tipene O'Regan, Kt, BA(Hons)(Well.), DipTchg(Well.TColl.),
DCom(honoris causa) (Lincoln(NZ)), DCom(honoris causa)(Well.),
LittD(honoris causa)

Assistant Vice-Chancellor (Student Services) Acting

John Vargo, BBA(Mich.), MBA(Santa Clara), CPA(Calif.), PhD
(January to June)

Assistant Vice-Chancellor (Research)

Steve Weaver, BSc(Hons)(Birm.), PhD(Lond.), DSc(Birm.), FNZIC,
FGS, FRSNZ (from May)

Pro-Vice-Chancellor (Arts)

Jarg R. Pettinga, BSc, PhD(Auck.), FGSAm (Acting January to July)
Professor Ed Adelson, BMus(Eastman), MMus(Yale), ASTA (from July)

Pro-Vice-Chancellor (Business and Economics)

Nigel Healey, BA(Nott.), MA(Leeds), MBA(Warw.), FCMI, FHEA,
FNZIM, MIODNZ

Pro-Vice-Chancellor (Education)

Gail T Gillon, BEd(Cant.), PhD(Qld.), DipSpth, DipTchg(ChCh.TColl.),
LTCL, NZSTA, ASHA Fellow

Pro-Vice-Chancellor (Engineering)

Jan Evans-Freeman, BSc(Hons), PhD(Manc.), FlnstP

Pro-Vice-Chancellor (Science)

Paul Fleming, BEd(Belf.), MSc(Leeds Met.), PhD(Ulster), FRIPH,
FHEA, MIHPE

Pro-Vice Chancellor (Student Services and Internatioal)

Dr Nello Angerilli, BSc(SFU), PhD(SFU) (from May)

Pro-Vice Chancellor (Learning Resources)

Professor Sue McKnight, BBus(QIT), MPubAdmin(UQ), PhD(NTU),
AALIA, ALT, FAIM, FCILIP, FHEA, LIANZA (from June)

Chief Financial Officer

Yvonne Shanahan, BBS, DipBA, DipBS(Massey), MSc(Syr.), PhD,
Fellow CPA, CA

Director of Communications and External Relations

Lynn McClelland, MA(Hons) (Well.) (from March)

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Paul O'Flaherty, MBA(Otago), MHRINZ, MInstD

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Note: The statistical tables that in previous years appeared as appendices to the Annual Report are now provided electronically as a Data Handbook on the University's website.

Audit Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

TO THE READERS OF THE UNIVERSITY OF CANTERBURY AND GROUP'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2010

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

We have audited:

- the financial statements of the University and group on pages 43 to 80, that comprise the statement of financial position as at 31 December 2010, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the statement of accounting policies, notes to the financial statements and other explanatory information; and
- the statement of service performance of the University and group on pages 15 to 42.

Opinion on the financial statements and statement of service performance

In our opinion:

- the financial statements of the University and group on pages 43 to 80:
 - comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the University and group's:
 - financial position as at 31 December 2010; and
 - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the University and group on pages 15 to 42:
 - complies with generally accepted accounting practice in New Zealand; and
 - gives a true and fair view of the University and group's service performance achievements measured against the performance targets adopted for the year ended 31 December 2010.

Opinion on other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the University and group as far as appears from an examination of those records.

Our audit was completed on 28 February 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, and the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the University and group's preparation of the financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. In accordance with the Financial Reporting Act 1993 we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the University and group's financial position, financial performance and cash flows; and
- give a true and fair view of the University and group's service performance achievements.

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

The Council's responsibilities arise from the Education Act 1989, the Crown Entities Act 2004 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit, we have carried out other assurance engagements in providing an auditor's report to the University's philanthropic bond trustees, a review report to the United States Department of Education in relation to the Federal Family Education Loan Programme 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.



Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Matters relating to the electronic presentation of the audited financial statements and statement of service performance

This audit report relates to the financial statements and statement of service performance of the University of Canterbury (the University) and group for the year ended 31 December 2010 included on the University website. The University Council is responsible for the maintenance and integrity of the University website. We have not been engaged to report on the integrity of the University website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance as well as the related audit report dated 28 February 2011 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

2010 at a Glance

	2007 ¹	2008	2009	2010
Students enrolled (Headcount) ²	17 966	17 587	18 537	18 764
Equivalent Full-time Students (EFTS) ³	14 646	14 777	15 624	15 674
Full-time Equivalent Academic Staff (FTE)	778	764	769	784
Staff : student ratio	1 : 18.8	1 : 19.3	1 : 20.3	1 : 20.0
EFTStudents				
Undergraduate – sub-degree	642	778	890	670
Undergraduate – degree	12 215	12 285	12 828	12 920
Total undergraduate	12 857	13 063	13 718	13 590
Postgraduate – taught	955	879	982	1 048
Postgraduate – research	834	835	923	1 035
Total postgraduate	1 789	1 714	1 906	2 083
Total returned to Ministry of Education	14 646	14 777	15 624	15 674
EFTS not required to be returned to Ministry of Education	+82	+83	+68	+65
Total Taught EFTS	14 728	14 860	15 692	15 739
International students enrolled in degree courses (EFTStudent)	1 667	1 425	1 446	1 414
PBRF funding received	\$22.0m	\$22.0m	\$25.3m	\$25.48m
Completed PhD theses	99	129	119	110
Completed Masters theses	207	187	178	207
Operating				
(All amounts net of GST)	In \$ 000	In \$ 000	In \$ 000	In \$ 000
Government grant	\$105 730	\$111 405	\$115 009	\$117 236
Tuition fees	\$76 001	\$77 754	\$86 809	\$90 406
Research funding ⁴	\$42 315	\$44 670	\$50 310	\$49 820
Cost per EFTStudent	\$16.7	\$17.4	\$17.5	\$18.4
Capital expenditure	\$30 071	\$49 329	\$45 445 ⁵	\$37 612
Financial position				
Non-current assets	\$700 978	\$729 594	\$747 167	\$783 675
Net current assets	\$25 742	\$16 927	\$58 815	\$60 114

¹ 2007 increases reflect the impact of the merger of the Christchurch College of Education with the University.

² Excludes Continuing and Bridging Education non-assessed students.

³ EFTStudents returned to the Ministry of Education.

⁴ All figures include PBRF funding received.

⁵ Capital Expenditure is taken from the Statement of Cash Flows and is the actual cash amount spent.

Chancellor's Welcome

Welcome to the 2010 Annual Report of the University of Canterbury, covering the 138th year of the University's operation.

2010 was a testing year in many ways – for the global economy, for New Zealand's economy, for the funding of tertiary education, for Christchurch and Canterbury following the 4 September earthquake, and for the University of Canterbury.

Testing times are exactly that – testing – and I am proud of how students and staff have responded to the changes and challenges of the year.

Under the leadership of Vice-Chancellor Dr Rod Carr there have been significant changes at the University. Council members, staff and students have all engaged with the issues in healthy and vigorous debate – and then got on with making the changes needed.

It is heartening for me as Chancellor to be part of such a can-do culture and to see the resilience of the University community as it responds to the vicissitudes and challenges we have faced.

Nowhere was that resilience more evident than in the University's response to the 4 September earthquake and the many aftershocks that have followed.

It is one thing to be aware, from a governance perspective, of the work that had been done on emergency planning and response and on business continuity, but quite another to see in action the systems that had been put in place.

It was reassuring to observe the rigour with which the campus environment was surveyed and the attention paid to the health and safety of the University community.

The early decision to close the campus for a fortnight provided certainty for all and showed a level of maturity and decisiveness in emergency response that reflected the preparation which had gone in. The spontaneous community relief efforts of our students was particularly impressive and set the tone for the city's response to the earthquake.

The Vice-Chancellor writes in more detail about the earthquake experience on campus. For my part, I would like to place on record my appreciation of a magnificent response that was of huge credit to everyone involved – staff, students and our external partners.

As we work to repair the damage, we are taking the opportunity to upgrade facilities, enhance the infrastructure for service delivery and bring forward planned projects. The comprehensive insurance policy covering material damage and business interruption has been of great reassurance, along with the support of our insurance broker and claims preparation staff.

The Statement of Strategic Intent developed in 2009 was given practical expression in 2010 as operational plans were implemented that reflected its three primary components:

“I am proud of how students and staff have responded to the changes and challenges of the year.”

challenge, concentrate and connect. The University community is challenging itself to raise standards further, concentrating its resources by making choices about where they are best deployed, and connecting better and more frequently with its various stakeholder groups.

All this work is being done against the backdrop of a changing environment for government funding. Late in the year the UC Investment Plan 2011-2013 was signed off by the University and the Tertiary Education Commission (TEC), specifying the number of students that will be funded by government in various course categories for the next three years.

Management of student enrolments in an environment where entry is open to those over 20-years-old is a difficult task. The University of Canterbury has chosen to keep first year enrolments as open as possible and to meet the numbers detailed in its Investment Plan by strictly managing progression standards.

This approach poses a risk to the University with respect to its TEC target, and I foreshadow discussion across campus in 2011 on entry criteria for first year students at Canterbury.

It was a considerable achievement for the University to achieve a surplus of \$12.3 million, representing a 4% margin on income of \$302 million. This result was well within TEC guidelines but was not achieved without close scrutiny of budgets and considerable pain in some areas. The budgetary pressure in 2011 and beyond is likely to get greater and growth in international enrolments, external research income and philanthropic support will be increasingly important.

Oversight of the University's budget by the University Council was led most capably by Wendy Ritchie as Chair of the Finance,

Planning and Resources Committee and John Simpson as Chair of the Audit and Risk Committee, with able support from the Financial Services team. I also thank my Deputy, Pro-Chancellor Dr John Wood, who served diligently on the major committees, deputised effortlessly for me on occasion and also served as the University Council representative on the UC Foundation. The Foundation's support of the University is much appreciated and the philanthropic income of \$4.7 million was a fine result.

In terms of major capital projects, the opening of the six-storey Biological Sciences research facility in October by the Prime Minister, UC alumnus the Right Honourable John Key, was a major milestone and a key step in the refurbishment of the 1960s buildings in the science precinct.

The proposal to build a National Conservatorium of Music at the Art Centre did not gain resource consent but the definitive nature of the decision was timely in the context of the Campus Master Planning Project. This year will see major decisions made on the future shape of the campus.

Amongst all the change, the core roles of teaching and research remained the key focus and Council had the pleasure of hosting eight graduation ceremonies and celebrating the achievements of 4100 students during the year. There were four Christchurch Town Hall ceremonies in April and a further three in December, with a highlight in April being the award of an honorary doctorate in commerce to alumnus and former Chancellor Dr Robin Mann.

In addition, there was a graduation ceremony in Rotorua at the end of the year for the North Island graduates from the College of Education and for the first time staff and graduates processed through the city to a ceremony rich in local culture. In conjunction with the April and December ceremonies, special celebrations were held for Māori and Pacific graduates, allowing the time for acknowledgement of scholarly achievements in a fitting cultural setting.

The alumni reunion in October provided another opportunity to talk with alumni from many different disciplines and decades in a relaxed social context. The annual meeting with our partners at Sonoda Women's University took place in Japan this year and I was able to meet with some of our Japanese alumni as well.

The recognition of long serving staff through the awarding of the title Emeritus/Emerita Professor is another rewarding aspect for Council members. In 2010 Professors Emeriti Ken Strongman, Athol Carr, Harsha Sirisena and Koenraad Kuiper were joined by their fellow emeritus professors and by Council members in an end of year celebration. The opportunity for former senior staff and their spouses to socialise together with Council members is a rich occasion enjoyed by all.

The University Council is a large and diverse governance group which has worked effectively and cohesively in 2010. Inevitably, with such a large group, there are a number of farewells and welcomes.

My thanks and appreciation go to Anna Crighton, one of the four graduates elected by Court of Convocation, for her intelligent and independent perspective; and to Professor Steve Weaver and Associate Professor Jim Tully, elected by the Academic Board and academic staff respectively, both of whom managed to impart a staff viewpoint while still maintaining a proper governance position.

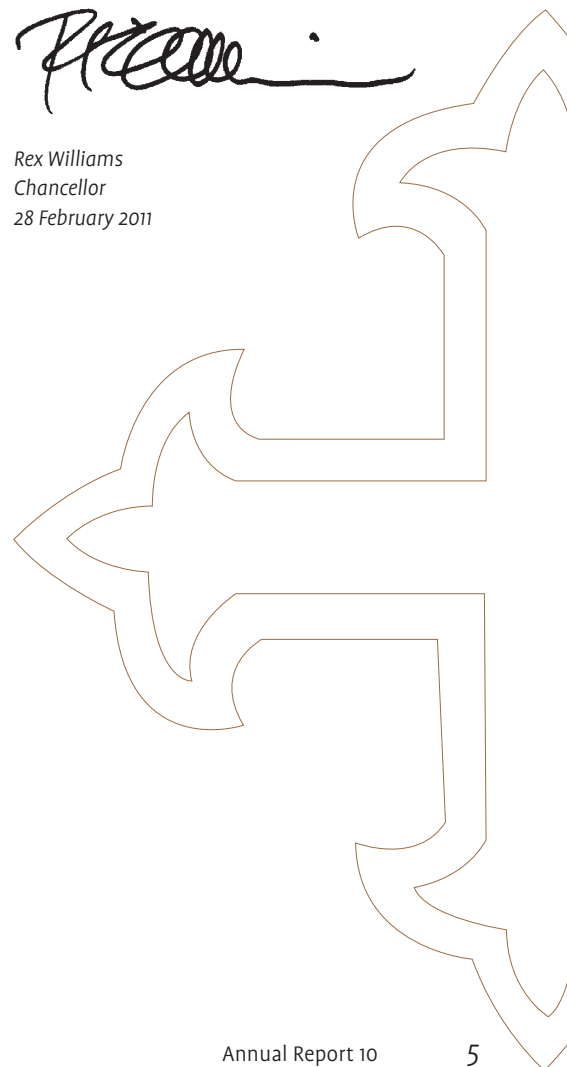
For a number of years the University Council has been extremely well served by its student presidents and Nicholas McDonnell continued that fine tradition. Mr McDonnell was in his second year on Council and his contribution was outstanding. The relationship between the University of Canterbury Students' Association and the University is an extremely healthy one and a major factor in the University's success.

Universities are large and complex organisations and their governance is broad and demanding. During 2010 there were 11 formal meetings of Council, 10 informal workshops, seven meetings of the Audit Committee, 12 meetings of the Finance Committee, two meetings of the Vice-Chancellor's Employment Committee, one meeting of the Honorary Doctorates Committee and the Council Appeals Committee heard 12 student appeals.

In my time on Council and during my two years as Chancellor I have been pleased and impressed with the responsibility and effectiveness of Council members, and have appreciated the commitment they have brought to their roles. I thank them all and acknowledge the effective collaboration of Council, senior management, staff and students that has ensured the University of Canterbury passed all the tests that were assigned in 2010.



Rex Williams
Chancellor
28 February 2011



Vice-Chancellor's Report

2010 was a year of challenges and new beginnings for the University of Canterbury. While some challenges were expected, others were unforeseen.

The opening of four new centres for research excellence and teaching strengthened our commitment to providing a world-class learning environment and took the first steps toward delivering on our Statement of Strategic Intent.

The implementation of Project Star (Supporting Teaching and Research) and the Canterbury earthquake provided challenges, which were met with resilience and determination.

Few people had predicted that an earthquake of 7.1 magnitude would hit Canterbury but the preparations and emergency action plans we had put in place in recent years proved vital in preventing extensive damage and disruption.

Thanks to the hard work and commitment of all staff we were able to minimise the closure of premises and complete much of the clean up process within days, which was an outstanding achievement. Within two months we were largely "back on track". Further work at the James Hight Library continued over summer in preparation for its re-opening in February 2011.

The manner in which staff and students responded to delays and changes to the delivery of programmes was equally impressive and ensured minimal disruption to our students. We ensured that examination results were posted and graduation ceremonies occurred within our original calendar timetable. Students and staff have also benefitted from greatly expanded online resources, thanks to support from our international publishers.

Since 4 September we have played an important role in informing and assisting the wider community to rebuild and progress. The popular earthquake lectures delivered by members of the geology department provided research-based information to the local community and answered the concerns of the public.

The response of students was equally pleasing. In the wake of the earthquake several thousand assisted those in the community that were most affected. Using social networking sites to organise their

efforts, they greatly assisted the clean-up operation, proving to be terrific ambassadors for the University and upholding our status as a significant contributor to the community. Their efforts prompted the Prime Minister, the Right Honourable John Key, to personally thank UC student Sam Johnson for his role in galvanising support and organising others.

The BlueFern supercomputer has also provided significant data that has enabled national emergency response institutions to understand the earthquake's effects and provide a more efficient response in the future. It is greatly satisfying that our cutting-edge research capabilities are benefiting the country as well as improving our standing in international research. To this end, the University is preparing to make further investment in High Performance Computing as part of the National e-science Infrastructure project.

In all, the earthquake provided an unparalleled opportunity for the University, as one of the cornerstones of education in the region, to fulfil its mission of critiquing and disseminating relevant research and information, and in supporting its community. We want to build further on this foundation.

A challenge of equal measure was met with our response to the implementation of Project STAR, which was intended to ensure that the core functions of the University (Finance, HR, Marketing and Communications, Registry, Student Services, Library, ICTS and Facilities Management) were ably led and appropriately resourced.

With the project almost complete, we must acknowledge the hard work, unity and commitment staff have displayed during difficult circumstances.

The University will now see \$2.7 million savings in annual personnel costs. Fragmentation and duplication in service delivery has been reduced and the flattened reporting structures mean we now have a logically structured organisation, with more flexibility and clearly defined accountabilities and roles. More importantly, it allows us to make the most of resources entrusted to us and consequently allows greater investment in teaching and research. I want to acknowledge that, as a result of these changes, a number of dedicated, long-serving staff have left the University.

Our development of Learning Resources is progressing well after a lengthy consultation period in which staff spoke and the University listened. I would like to thank staff, students and other stakeholders for their engagement with this process. We are moving toward an environment where learning materials can be accessed anywhere, at any time, meeting the requirements of tomorrow's students. Integral to this is our partnership agreement announced in August with Microsoft New Zealand, the first in New Zealand, under which Microsoft becomes a partner in NZi3 and the University is able to access a vast array of products, services and collaborations.

The library network will remain our central hub of learning, continuing to provide a safe and inspiring place of study, which is being brought into the 21st century. Innovative staff members recognised that the earthquake provided an opportunity to bring forward plans to install radio frequency identification systems into the library's print and visual collections. This will facilitate greater self-service opportunities for students and greater efficiency in stock management, bringing benefits for staff and students alike.

There were a number of new appointments to the Senior Management Team during the year, including Lynn McClelland (Director of Communications and External Relations), Professor Sue McKnight (Pro-Vice-Chancellor Learning Resources), Dr Nello Angerilli (Pro-Vice-Chancellor Student Services and International) and Professor Ed Adelson (Pro-Vice-Chancellor Arts). Professor Steve Weaver was appointed Assistant Vice-Chancellor (Research) and Professor Richard Duke was appointed Assistant Vice-Chancellor (Academic).

I am delighted that Darryn Russell (Ngai Tahu) has accepted the position of Assistant Vice-Chancellor (Māori) and will join the University in April. The appointment comes as the University welcomed a record number of students who identify as Māori. The Assistant Vice-Chancellor (Māori) and the newly created Senior Pacific Advisor position are part of a wider restructuring, which will improve our cultural connectedness and enhance our ability to provide a first-class education to all students.

I am confident that the sense of purpose we have collectively shown throughout 2010 proves we are able to overcome many obstacles in our quest to deliver a truly world-class experience for students and researchers. It is reflective of our flexibility and adaptability that in a year which provided such challenges, we have grown and developed our research capabilities.

The Biological Sciences Building was officially opened in October by the Prime Minister and has become a flagship facility. It provides six levels of specialist areas for biological research that house state-of-the-art equipment to support the first-class research undertaken by staff and students.

The facility cements the University as the leading research and teaching institute of study in biological sciences in New Zealand. It also reflects our commitment to environmental sustainability with its innovative design concepts that maximise energy efficiency, use of sustainable materials and its inventive water recycling systems.

Also this year, the Biomolecular Interaction Centre benefited from a multi-million dollar investment that propelled it to become one of the premier research institutes on campus. Research projects on new forms of antibiotic design to combat diseases such as tuberculosis and meningitis, and the use of nanotechnology to defend against bioterrorism, have already generated a high profile for the centre in academic circles.

With the study of biology and biological interaction at the forefront of contemporary scientific progress, the calibre of research undertaken by these centres will define the University as an increasingly relevant member of the international science community. The relevance of its research was further proved when New Zealand's major dairy exporter, Fonterra, provided a major research grant.

The Confucius Institute, launched in May, will promote a deeper understanding of Chinese language and culture and place the University at the forefront of cultural exchange between China and New Zealand, further developing our network of international co-operation. It will allow us to prepare students to be just as comfortable doing business in Beijing as they might in London or New York, which reflects

our commitment to helping people make a difference in years to come. Financial and in-kind assistance has been secured to help establish and develop the centre.

The Waterways Centre for Freshwater Management, opened in August by the Minister for the Environment Nick Smith, provides us with another centre of excellence that will continue the University's traditions of providing a standard of quality, independence and objectivity in our research. It will create high calibre graduates to tackle the increasingly prevalent issue of water resource management, providing a knowledge and skills base which will benefit the country's economy and help preserve our iconic water bodies. The research has particular relevance to the Canterbury region, which places a high value on its water resource for social, cultural, recreational and economic use.

Another new institute, The New Zealand Institute of Language, Brain and Behaviour, launched in December, has recently appointed five new post-doctoral fellows and has attracted more than \$2 million of Marsden Fund grants during its first year of operation. It is already achieving international recognition and co-operation.

These initiatives exemplify our intent to provide a learning environment of the highest quality in which talented and motivated staff and students can excel. Although in their infancy, they have already delivered internationally recognised research projects which, alongside our longer established research centres and groups, continue to raise our global profile.

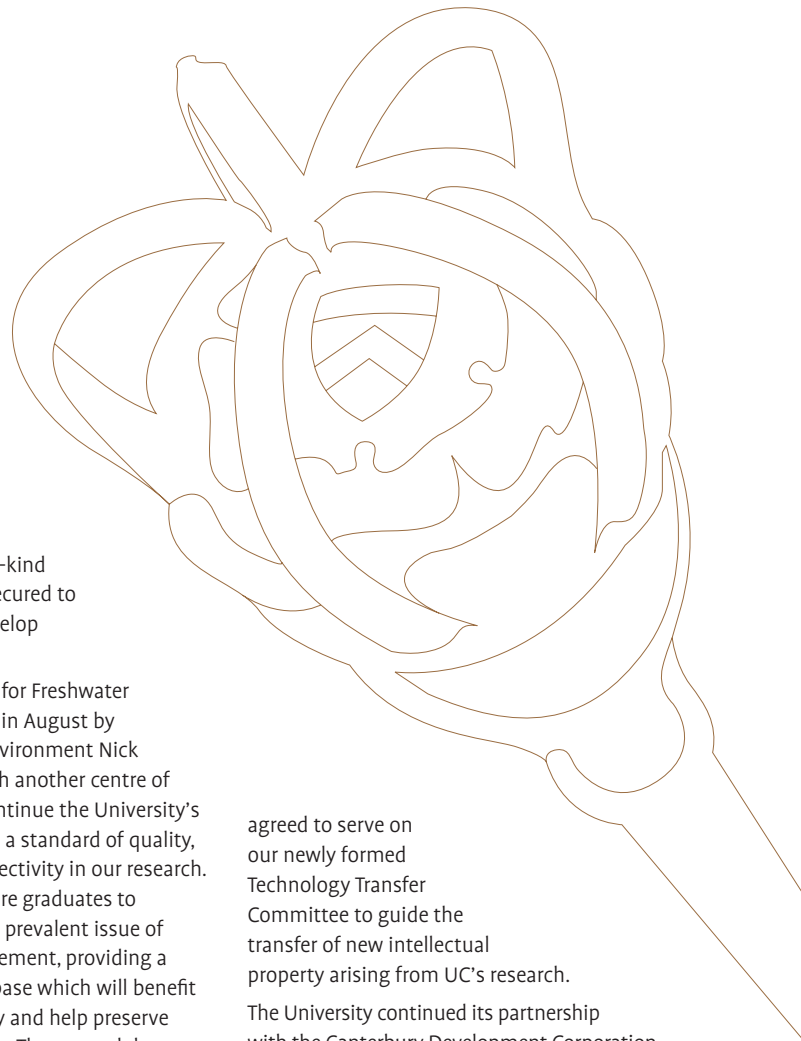
The University launched its new Research & Innovation (R&I) unit, which supports all stages of research and innovation development, from initial funding through to solving industry problems via consultancies and transferring new intellectual property into the market. Building on UC's already strong research reputation, our goal is to enhance the contribution that UC's research makes to New Zealand and our global community. Four prominent business people and entrepreneurs

agreed to serve on our newly formed Technology Transfer Committee to guide the transfer of new intellectual property arising from UC's research.

The University continued its partnership with the Canterbury Development Corporation and the Canterbury Employers' Chamber of Commerce to encourage growth through the V5 initiative. Four projects have been selected that, in the eyes of the independent judges, have the ability to generate significant value to the Canterbury region over the next 20 years. These include an international village focused on learning and advanced applied knowledge, the restoration and sustainable use of Lake Te Ao Hou and two irrigation projects – Central Plains Water and Lake Hurunui. Staff and students have contributed skill and time to advance these opportunities. The University's involvement in V5 is a significant opportunity for us to show our relevance and commitment to making a difference, and to engage with a number of professional and technical people outside the University.

Another example of the University's engagement with industry is the opening of the Electric Power Engineering Centre's (EPECentre) new offices on campus. In the eight years since the centre was established by the University and industry partners to address the shortage of power engineers, the number of students involved in power engineering has almost trebled, and we have significantly grown postgraduate work and created a research group that is known internationally for its innovation and leading research.

Continued on following page



The international regard in which the University is held was recognised with the National Centre for Research on Europe (NCRE) becoming a partner in the Erasmus Mundus doctoral and post-doctoral mobility programme, a prestigious international student exchange programme run by the European Commission. With a total budget of €1.5 million (NZ\$2.65 million), the programme will allow for 99 fully-funded doctoral and postdoctoral exchanges between 10 participating Australasian and European universities over the next four years. The world-class research being carried out by NCRE was further recognised through a €1.2 million funding grant from the European Commission.

Our international standing was also recognised when, towards the end of 2009, the University was added to the list of less than 80 universities in the world at which Chinese students in receipt of China Scholarship Council funding may enrol.

2010 was also a year in which we welcomed record numbers of students and graduates. The number of students enrolled during 2010 was 18,771 compared to 18,537 in 2009. The number enrolled in postgraduate qualifications increased from 2716 in 2009 to 2996 in 2010. A total of 151 new continuing and fixed-term academic staff were appointed and 11 staff were promoted to the rank of professor. In a move designed to enhance the student experience, the University opened the Student Service Centre. This one-stop shop facilitates the academic, social and cultural support of students from pre-enrolment through to graduation.

The University launched the first stage of the Campus Master Plan. The plan is being developed in readiness for a \$1 billion investment in infrastructure over the next 20 years, maintaining the unique and attractive aspects of the campus and creating spaces which are more inviting and supporting of learning in the 21st century.

Research buildings and communal spaces require upgrading to match our changing aspirations and the plan will address issues such as a lack of a central campus hub, inflexible learning spaces and create a recognised main entrance to the university, as well as improving cultural and recreational

facilities, on-campus accommodation for visitors, security, transport connections and car parking. The 20-year investment is a signal of our intent and commitment to making the University of Canterbury an educational space of global renown.

While progression toward our goals has gathered momentum, we have also suffered some setbacks.

We are naturally disappointed that resource consent for our National Conservatorium of Music at the Arts Centre was declined, as we believed it would be a significant opportunity for the University and the wider Canterbury community. I would like to acknowledge the dedication of our staff and the University Council throughout the project and thank the Christchurch City Council and The Arts Centre Trust Board for their commitment to a shared vision. Given the benefits these facilities would bring to the region and our commitment to excellence in the arts, we will continue with plans to incorporate facilities for music into our Campus Master Plan.

The new year brings with it new challenges but with the experience gained in 2010 we will build on the foundation now in place in terms of strategy, people, programmes, plans and processes.

We will continue supporting demonstrable, measurable research outputs, to provide quality assurance in relation to teaching and learning and will focus on providing more effective use of teaching time.

The high calibre output of our research centres continue to grow and our faculty continues to develop. Our present successes and future plans will assist us in promoting the excellent and unique things we do. This will prove invaluable in attaining our goal of attracting a growing proportion and number of postgraduate students in coming years.

I wish to acknowledge and thank all those who have been prepared to join us in pursuing our vision – “People prepared to make a difference”. The UC Council, staff, students, generous alumni, friends and business partners contribute in a number of ways to support our teaching, learning and research, including funding research projects, and providing job and internship opportunities for our students. This year we have received \$4.7 million from donors to fund essential



postgraduate scholarships for students, create exciting new teaching positions and provide wonderful new facilities and equipment. Thank you for your support.

As we evolve into a world-class centre of learning we must challenge ourselves harder, concentrate on what we are good at and connect better to our stakeholders.

In 2009 we clarified our Statement of Strategic Intent; in 2010 we implemented a structure to give effect to that strategy. In 2011 we will continue to progress our agenda to promote a world-class learning environment where research, teaching and learning take place in ways that are inspirational and innovative.

Dr Rod Carr
Vice-Chancellor
28 February 2011

University Statement of Strategic Intent

*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 UC Council, 30 September 2009

Council Membership 2010

The composition of the University Council in 2010 was:

Council Members	First Appointed	Current Term Appointed	Current Term Ending
<i>Four Persons Appointed by the Minister</i>			
Ms Catherine Drayton	2009	2009	05/2013
Mr Kiki Maoate	2009	2009	05/2013
Ms Sue McCormack	2009	2009	05/2013
Ms Wendy Ritchie	2005	2009	03/2013
<i>Vice-Chancellor</i>			
Dr Rod Carr	2009	02/2009	02/2014
<i>Three Members of the Academic Staff</i>			
Associate Professor Jim Tully	2007	2007	12/2010
Associate Professor Euan Mason	2009	2009	12/2012
Professor Steve Weaver	2007	2007	12/2010
<i>One Member of the General Staff</i>			
Mr Michael R Shurety	2003	2003	12/2010
<i>Two Students</i>			
Mr Nick McDonnell	2008	2008	12/2010
Ms Sija Robertson-Stone	2009	2009	12/2010
<i>One Member Appointed in Consultation with the Employers' Federation</i>			
Mr Tony Sewell	2010	2010	12/2010
<i>One Member Appointed in Consultation with the NZ Council of Trade Unions</i>			
Mr David Ivory	2009	11/2009	12/2010
<i>One Member Appointed Following Consultation with Ngāi Tahu</i>			
Ms Sacha McMeeking	07/2008	07/2008	07/2010
<i>Two Members Appointed by the Council</i>			
His Honour Judge Colin Doherty	2005	2005	12/2008
Vacant			
<i>Four Graduates Elected by the Court of Convocation</i>			
Ms Anna Crighton	2007	2007	12/2010
Mr Trevor J McIntyre	2005	2005	12/2012
Mr Rex Williams	2006	2006	12/2012
Dr L John Wood	2008	2008	12/2010

UC Council Executive Committee



(From left) Mr Jeff Field (Registrar and Council Secretary), Dr L John Wood (Pro-Chancellor), Dr Rod Carr (Vice-Chancellor) and Mr Rex Williams (Chancellor).



Governance Statement

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 NZX Corporate Governance Best Practice Code other than to reflect that the University is governed by the Education Act 1989 (Education Act). Further details are provided below. 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 Code of Conduct has been adopted by the Council. The Code 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. Its powers include the oversight of the University's policy, degree, financial and capital matters.

The Council is comprised of:

- (a) Four members appointed by the Minister of Education;
- (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) Two academic staff members of the Academic Board of the University elected by the academic staff members of that Board;
- (e) One permanent member of the general staff of the University elected by the permanent members of that staff;
- (f) Two members who are or have been students of the University appointed by the Executive of the University of Canterbury Students' Association Incorporated;
- (g) One member appointed by the Council after consultation with the central organisation of employers within the meaning of the Labour Relations Act 1987;
- (h) One member appointed by the Council after consultation with the central organisation of workers within the meaning of the Labour Relations Act 1987;

- (i) One member appointed by the Council, following consultation with Te Runanga o Ngāi Tahu;
- (j) Two members co-opted by the Council; and
- (k) Four graduates, not currently employed as permanent members of the University staff, elected by the Court of Convocation 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 173-176 of the Education Act 1990. 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 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 meets regularly (usually monthly) for 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 Council'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 Member's 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

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 Simon Kemp, Associate Professor Euan Mason, Dr Andy Pratt and Mr Michael Shurety.

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 Wendy Ritchie (Chair), Ms Catherine Drayton, Mr Rex Williams, Dr John Wood, Dr Rod Carr and Mr Nick McDonnell.

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 post-project case evaluation including recommendations for the establishment of capital planning, expenditure and monitoring protocols.

The Deputy Vice-Chancellor, 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 John Simpson (Chair), Mr Peter Ballantyne, Ms Sue McCormack, Ms Wendy Ritchie, Mr Rex Williams and Dr John Wood.

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. It 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 and the Financial Reporting Act 1993 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 Vice Chancellor and Chief Financial Officer 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 Mr Trevor McIntyre (Chair), Ms Sue McCormack, Mr Rex Williams and Dr John Wood.

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.

Elections and appointments

Election to Council committees and nomination to external bodies are governed by well documented electoral processes and are made at Council meetings after open nomination processes.

Audit governance and independence

The work of the external auditor is limited to audit and related work only and the University is committed to auditor independence. In addition the lead audit partner must rotate after a maximum of five years.

Reporting and disclosure

Annual and Six Monthly Reports in accordance with the requirements of the Education Act 1989, Crown Entities Act 2004, the Financial Reporting Act 1993 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 – Bondholder Statistics

NZDX debt securities distribution as at 31 December 2010

7.25% PHILANTHROPIC BONDS

Range	No. of Bondholders	Percentage of Bondholders	Number of securities held	Percentage of securities held
1 - 5,000	83	10.04%	415,000	0.83%
5,001 - 10,000	186	22.49%	1,811,000	3.62%
10,001 - 50,000	461	55.74%	13,459,000	26.91%
50,001 - 100,000	52	6.29%	4,578,000	9.15%
100,001 - 500,000	40	4.84%	10,218,000	20.43%
500,001 - 1,000,000	1	0.12%	657,000	1.31%
1,000,000 plus	4	0.48%	18,872,000	37.74%
	827	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 on page 83 was granted in the reporting period.

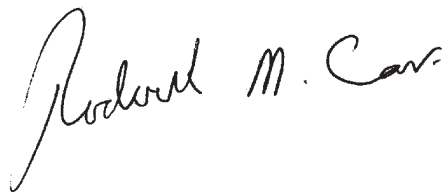
Statement of Responsibility

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; and
- 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; and
- 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 2010.

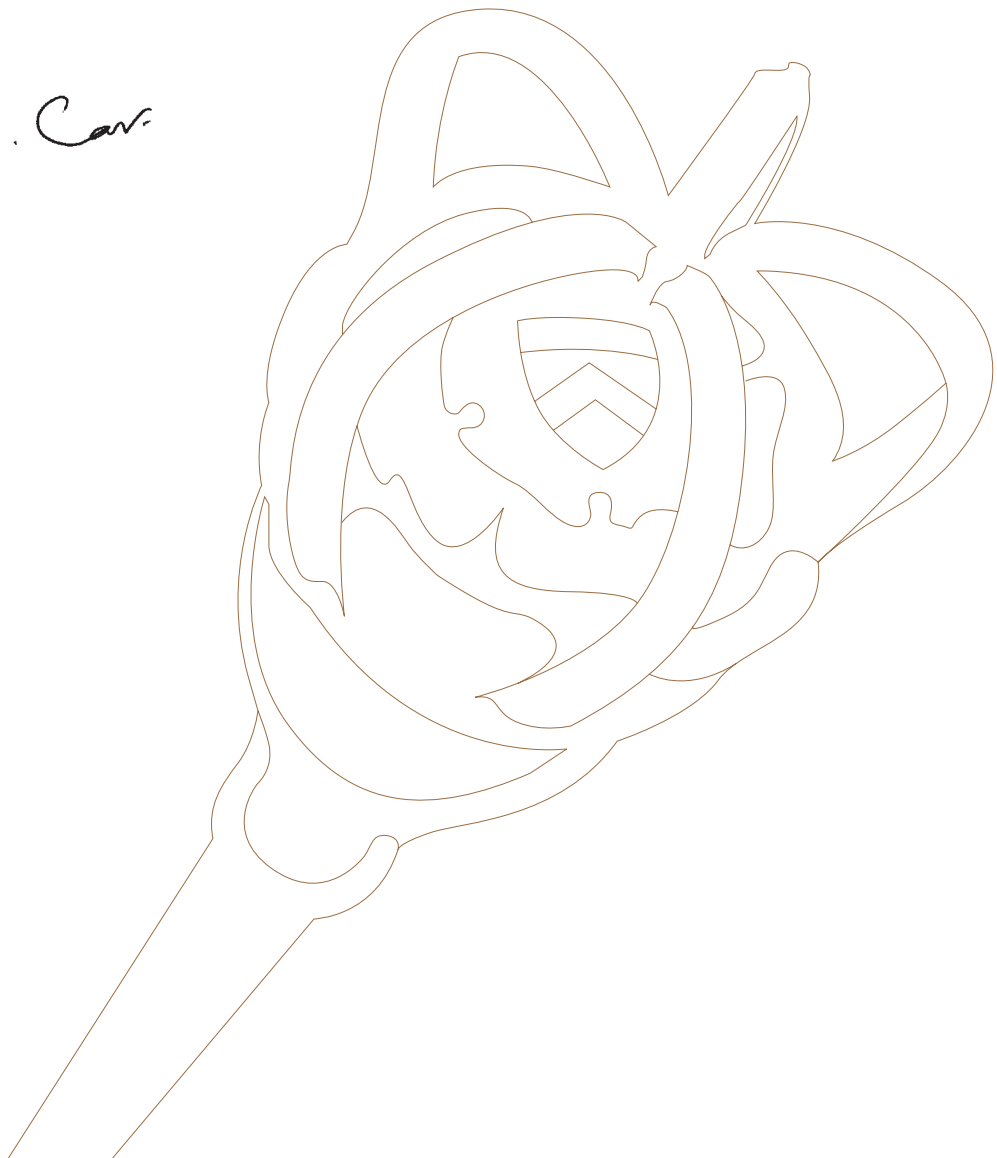


Chancellor



Vice-Chancellor

Date: 28 February 2011





*Statement of
Service Performance*

Key Strategic Area 1: Research and Creative Work

To consolidate and maintain the University's status as a top research-led university

Strategic Target 1.1: Research Quality

Enhance the quality and impact of University research outputs

Planned activities to achieve this target included implementing the University's PBRF strategy and implementing strategies to value, reward and celebrate research excellence within Colleges and the University.

- The University officially launched two new Research Institutes – the Biomolecular Interaction Centre (BIC) and The New Zealand Institute of Language, Brain and Behaviour (NZILBB). The establishment of these two new research institutes reflects a multi-year investment by the University to raise its international profile and promote its reputation as a world-class higher education institution.
- Establishment of the new research institutes was commended in the Academic Audit report, released in mid- September. The University's ability to fund additional research institutes in 2011, however, is in doubt since additional government funding is unlikely to completely compensate for the impact of inflation.
- Preparations continued to be made for the 2012 Performance-Based Research Fund (PBRF) round. The University's aim is to maintain or improve its current top three ranking. A strategy has been developed to achieve this and additional resources committed to assist its implementation. Aligned with this, Pro-Vice-Chancellors have been reviewing the research performance of academic staff as part of the "demonstrable research outputs"⁵ criteria and setting improvement targets prior to the PBRF assessment round.
- In April, Professor Steve Weaver (Dean of Postgraduate Research) was appointed to the newly created position of Assistant Vice-Chancellor (Research). He joined the Senior Management Team in September, thus ensuring that research issues will continue to feature prominently in SMT work plans.
- Research excellence was celebrated at the December graduation when Professor Denis Dutton (Humanities) was presented with the University's Research Medal for 2010. The University was saddened by the death of Professor Dutton on 28 December following a period of illness.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Quality assured research outputs ⁶	3,009	3,150	2,650	The final number will be confirmed in 2011 ⁷
Doctoral thesis completions ⁸	129	119	125	110
Masters thesis completions ⁹	187	178	185	207

⁵ Academic staff are required to produce research outputs of a standard and at a rate appropriate to their discipline and above a designated minimum.

⁶ The definition of quality assured research output is that used for the Performance-Based Research Fund (PBRF): any output that prior to its publication or dissemination has successfully completed a formal quality-assurance process i.e. has been subject to formal, independent scrutiny by those with the necessary expertise and/or skill to assess its quality.

⁷ Research & Innovation does not collate research publication information until the middle of the following year.

⁸ In this context, 'completion' means that all academic requirements have been completed in the year concerned, even though the candidate may not yet have graduated.

⁹ Masters thesis completions exclude dissertations.



A research team led by Dr Richard Green (Computer Science and Software Engineering) has received almost \$3 million in funding from the Foundation for Research, Science and Technology (FRST) for its programme to develop a vine-pruning robot that could save New Zealand's horticulture industry \$275 million a year.

Strategic Target 1.2: Research Activity

Increase research activity throughout the University

Planned activities to achieve this target included implementing strategies to increase research activity within Colleges; increasing the amount and value of external research grants; and continuing to build strong relationships with funding agencies and the private sector.

- In September, 13 University research projects received Marsden funding totalling \$8.3 million. This was an increase of more than \$1 million over similar funding received in 2009. The University's share represented 14% of the total funding available to the sector, a record outcome. In addition, University researchers are also sub-contractors in at least three other projects that received Marsden funding.
- The Waterways Centre for Freshwater Management was officially opened in July. A joint initiative between Canterbury and Lincoln universities, the new centre was established under the leadership of Professor Jenny Webster-Brown in response to calls by local authorities and businesses for more water management specialists and advanced research to inform decision-making. The Centre is supported by a Tertiary Education Commission (TEC) Encouraging and Supporting Innovation Fund award.
- In response to a request from the Finance, Planning and Resources Committee of the University Council, a report on the University's external research income was discussed at a meeting of the Committee in August. The report, which highlighted strategies for improving overall research performance, was also discussed by the Senior Management Team and its recommendations endorsed. Implementation will be overseen by the Deputy Vice-Chancellor, Professor Ian Town, in conjunction with the Assistant Vice-Chancellor (Research), Professor Steve Weaver, and the Director of Research & Innovation, Dr Nigel Johnson.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Total contract value of external research grants awarded	\$37.6m	\$26.1m	\$35.0m	\$26.67m ¹⁰
Postgraduate research EFTS as a percentage of total enrolments	5.7%	5.9%	6.3%	6.6%

¹⁰ The economic downturn continues to impact on the reduced value of grants for 2010. Overall there was a slight increase on 2009 figures.

Strategic Target 1.3: Research Collaboration

Pursue national and international research collaborations with other leading tertiary institutions and research organisations¹¹

Planned activities to achieve this target included encouraging and supporting research collaborations with national tertiary institutions and research organisations as well as leading universities and research institutions worldwide.

- In 2010 the University of Canterbury had a record number of research students.
- In February, the University officially launched Research & Innovation (R&I) to support research and innovation development, from initial funding through to commercialisation. R&I has assumed responsibility for services previously provided by the Research & Consultancy Unit and Canterprise. The stated purpose of R&I is to “Connect UC’s research with the world”. Later in the year NZi3 (the New Zealand ICT Innovation Institute) was brought under the responsibility of the Director of R&I.
- In conjunction with the launch of Research & Innovation the University also established a Technology Transfer Committee with external expertise under the chairmanship of Bill Lee to guide the transfer of new intellectual property arising from the University’s research.
- In June, it was announced that a University engineer is to work with American scientists on the next generation of space vehicle. Associate Professor Susan Krumdieck (Mechanical Engineering) was named as an investigator to work on the new hypersonic vehicle. The project is being carried out by the US National Hypersonic Science Center for Materials and Structures (NHSC) and is funded by the US Air Force and NASA.
- In July, two senior University academics, Pro-Vice-Chancellor (Engineering) Professor Jan Evans-Freeman and Assistant Vice-Chancellor (Research) Professor Steve Weaver were appointed to the boards of two Crown Research Institutes – Industrial Research Ltd and GNS Science respectively.
- A vine-pruning robot that could save New Zealand’s horticulture industry \$27.5 million a year is being developed by a University research team led by Dr Richard Green working in conjunction with a Lincoln University viticulture researcher. The project received \$2.8 million in funding from the Foundation for Research, Science and Technology (FRST) and is being undertaken with the support of Scott Technology Ltd, developers of image-based robot systems, the New Zealand Wine Growers Association and Pernod Ricard NZ Ltd, New Zealand’s largest wine and spirit company.
- The Food Safety Centre, a joint venture between the University of Canterbury and Lincoln University, has been established to respond to the needs of the food industry by creating courses to support the development of New Zealand’s food products. It was set up with funding support from the Tertiary Education Commission. In the long-term the centre will offer a masters degree in food safety with an accompanying research programme.
- In September, the Minister of Science, Research and Technology, Dr Wayne Mapp, opened the EPECentre’s (Electric Power Engineering Centre) new premises in UC’s Electrical and Computer Engineering wing. The University and 35 industry partners have worked together over the past eight-and-a-half years to develop a centre of excellence in power engineering research and innovation in New Zealand.
- In October, the University of Canterbury announced it was helping New Zealand researchers to tackle some of the largest scientific problems by offering a million free hours of use of its BlueFern supercomputer facility. The challenge’s major award went to a project led by Nick Golledge from the Antarctic Research Centre at Victoria University of Wellington, which will utilise BlueFern to analyse changes in New Zealand glaciers.
- Dr Bryan Jenkins was named as the inaugural Professorial Research Fellow at the Waterways Centre for Freshwater Management, a joint venture between Canterbury and Lincoln universities, funded by the Tertiary Education Commission. The fellowship is funded by ECAN for a period of two years starting 1 March 2011.
- Microsoft New Zealand became a Platinum Partner of NZi3, the national ICT Innovation Institute. Valued at \$100,000 per year for three years, this support will help the University drive industry relationships and innovation and maximize the impact its research has on the world.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Number and value of NZ industry research contracts	21 \$2.5m	12 \$3.5m	15 \$1.5m	17 \$1.69m
Number and total contract value of research grants with other NZ tertiary institutions	24 \$2.0m	12 \$1.6m	19 \$1.7m	18 \$2.11m
Number and total contract value of research grants with other NZ research institutions (CRIs)	21 \$2.3m	14 \$1.6m	20 \$2.2m	33 \$3.91m
Number and total contract value of research grants with overseas organisations	16 \$0.8m	21 \$4.55m	15 \$1.5m	21 \$2.13m

¹¹ Figures quoted in this section are GST exclusive.

Strategic Target 1.4: Research Capability

Enhance research capability and productivity through investment in current and future researchers

<p>Planned activities to achieve this target included implementing strategies to enhance research capability and productivity within Colleges; and continuing to increase support for postgraduate research students.</p>	<ul style="list-style-type: none"> • In January, two University of Canterbury researchers, Dr Aaron Le Compte and Dr Fiona Cross, were recognised as being among New Zealand’s brightest young scientists with the awarding of Postdoctoral Fellowships from the Foundation for Research, Science and Technology (FRST). The two were among 15 emerging researchers nationwide to share in a funding pool of nearly \$4 million. • A month-long celebration of postgraduate research took place during May when a series of seminars, discussions, workshops and social events were held that focused on postgraduate research, students and their supervisors. The event was hosted by the Office of the Deputy Vice-Chancellor and the University Postgraduate Students’ Association and was intended to raise the profile of support and services available to postgraduate students as well as to encourage networking. • In July, Professor Lucy Johnston (Psychology) was confirmed as the new Dean of Postgraduate Research. • In July, through its National Centre for Research on Europe (NCRE), led by Professor Martin Holland, the University became a partner in an international student exchange programme that has been run by the European Commission for the past 10 years. With a total budget of NZ\$2.65 million, the programme will support 99 fully funded doctoral and postdoctoral nine-month exchanges between the 10 participating universities over the next four years. Scholarships are open to doctoral or postgraduate students working on European Union-related topics within the social sciences. • In September, University geologist Dr Rose Turnbull received a prestigious Rutherford Foundation postdoctoral research fellowship. Only two such fellowships are awarded by the Royal Society of New Zealand each year to top early-career scientists. Dr Turnbull will receive salary and research costs for two years to undertake further research work at GNS Science’s Dunedin research centre. • In October, Prime Minister John Key officially opened the University’s new Biological Sciences Research building - Pūtaiao Koiora. The state-of-the-art building, designed by Courtney Architects, houses six stories of modern research laboratories, a seawater aquarium, controlled growth room facilities, and an ancient DNA laboratory, all of which will reinforce UC’s position as the premier place in New Zealand to study biological sciences. • Three UC researchers were among the first recipients of a new government-funded scheme designed to support early to mid-career researchers. Dr Jason Tylanakis (Biological Sciences), Professor Jennifer Hay (Languages, Cultures and Linguistics) and incoming staff member Dr Paul Gardner, who will take up a position at UC in April 2011 based in the School of Biological Sciences, were awarded Rutherford Discovery Fellowships. The fellowships provide financial support of up to \$200,000 per year over a five-year period, with funding going towards both their salary and programme of work. • Approximately 150 University summer scholarships, worth more than \$750,000 in total, were on offer over the summer period. Recipients were able to spend ten weeks undertaking supervised research projects. Twenty-three of the scholarships were jointly funded with external partners. The scholarships were available to students considering enrolling at the University at 400-level or in a masters or doctoral programme in 2011.
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Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Number and value of research scholarships funded by the University	229 \$4.1m	301 \$4.9m	230 \$4.1m	319 \$5.3m
Number and value of internal research grants, including equipment	274 grants \$2.4m	288 grants \$1.9m	225 grants \$2.3m	333 grants \$1.64m

Key Strategic Area 2: Teaching and Learning

To consolidate and maintain excellence in curricula, teaching and learning to standards appropriate to an international research-led university

Strategic Target 2.1: Teaching and Learning Quality

Encourage, support and reward excellence in teaching and learning

Planned activities to achieve this target included continuing to develop and implement strategies to value, reward and celebrate excellence in teaching and learning.

- In recognition of their outstanding teaching achievements, seven University academics were awarded 2009 teaching awards at graduation ceremonies in April 2010. Recipients were Dr Rua Murray (Mathematics and Statistics), Dr Jason Tylianakis (Biological Sciences), Dr Paul Ballantine (Management), Dr Chris Gallavin (Law), Professor Bob Reed (Economics and Finance), Associate Professor Emily Parker (Chemistry) and Associate Professor Uwe Ring (Geological Sciences).
- In February, 62 of New Zealand's brightest young students took part in the inaugural UC Emerging Leaders' Development Programme retreat. The students, all recipients of UC Emerging Leaders' Scholarships, spent three days learning about leadership styles and skills, familiarising themselves with the campus and testing their limits. The University introduced the programme as a means of helping prepare tomorrow's leaders.
- The 50th anniversary of the death of alumnus John (Jack) Angus Erskine, whose generous bequest to the University resulted in the Erskine fellowship programme, was marked in May with a special public lecture. The lecture was presented by UC alumnus and Visiting Erskine Fellow Professor Terry Peters of the University of Western Ontario, Canada.
- In July, Associate Professor Emily Parker (Chemistry) was recognised as one of New Zealand's top tertiary teachers when she received one of 11 national Tertiary Teaching Excellence awards. Administered by Ako Aotearoa, New Zealand's National Centre for Tertiary Teaching Excellence, the annual awards recognise and encourage excellence in tertiary teaching.
- A working party of the University Teaching and Learning Committee completed preparation of a report on improving teaching and learning quality at the University. This will be a key focus for development in 2011.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Develop and implement appropriate teaching and learning benchmarks	Benchmarking discussions with University of Adelaide underway	Benchmark project is ongoing	Benchmark strategy evaluated	Approach to benchmarking is being reconsidered
UC Teaching Awards	7	7	10	6
NZVCC and Bright Futures Doctoral Scholarships won	27	16	35	12 ¹²
Erskine Fellowships (visitors)	69	63	70	70 ¹³
Erskine Grants (University staff)	23	30	20	26 ¹⁴

¹² Bright Futures Doctoral Scholarships were discontinued by the Government in 2009.

¹³ Includes three visiting Canterbury Fellows and one visiting Oxford Fellow.

¹⁴ Includes three fellowships to Oxford University and two fellowships to Cambridge University.

Strategic Target 2.2: Teaching and Learning Relevance

Ensure that curricula, teaching and modes of assessment are relevant to learners' needs and reflect accepted academic and professional standards

<p>Planned activities to achieve this target included preparing for the academic audit in 2010; carrying out planned academic programme reviews; implementing the Moodle (Learn) learning management system; and reviewing academic programmes in conjunction with implementation of the Common Course Size project.</p>	<ul style="list-style-type: none"> • As part of the five-yearly cycle of audits of New Zealand universities, an independent academic review of the University was carried out at the end of May by the Academic Audit Unit of Universities New Zealand (formerly NZVCC). The five-person review panel undertook an extensive review of documentation and interviewed more than 100 people, including members of the Senior Management Team, academic staff, student groups, Council and external stakeholders. The resulting audit report was released in mid-September and contained an array of commendations, affirmations and recommendations for action. The recommendations will be responded to over the next twelve months. • The project to convert all undergraduate degree courses to a common course size (15 points or multiples thereof) continued on track. With the exception of some professional programmes, full implementation is expected in 2011. Progress with the project was commended in the recent Academic Audit report. • Following endorsement from Academic Board the Teaching and Learning Committee has been tasked with formulating a means by which the University can systematically assess and measurably improve teaching quality.
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Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Number of new programme proposals approved by CUAP ¹⁵	10	14	8	24 ¹⁶
Number of programmes gaining professional and international accreditation	3	0	4	7
Percentage of programmes that are externally moderated	Methodology undergoing refinement	Work continues on gathering relevant data	Regular reporting	Work underway to gather relevant data
Number of programme reviews carried out	34	6	10	3 ¹⁷

¹⁵ The Committee on University Academic Programmes (CUAP) considers academic matters across the university system.

¹⁶ The large number of new programme proposals is largely accounted for by the restructuring of the BCom as a result of a programme review and a number of new postgraduate qualifications in Te Reo Māori and Māori and Indigenous Studies.

¹⁷ The difference between the planned number of programme reviews carried out and the actual figure is accounted for by the prioritisation of the move to common course sizes ahead of scheduled programme reviews and the lack of resource available to undertake both tasks.



Professor Niki Davis (left) and Jo Fletcher of the College of Education believe e-learning could improve literacy, language and numeracy skills.

Strategic Target 2.3: Teaching and Learning Capability

Support and further enhance key aspects of teaching and learning capabilities

Planned activities to achieve this target included continuing with initiatives and strategies to support and enhance teaching and learning capability; and ensuring that teaching and learning interests are appropriately represented in facilities projects relating to teaching spaces.

- Associate Professor Richard Duke (Electrical and Computer Engineering) was appointed to the Assistant Vice-Chancellor (Academic) position for a one-year term in August (0.8 FTE) and has joined the Senior Management Team.
- Working in partnership with Massey University, the University will provide new specialist qualifications in special education from 2011. The project is part of a significant commitment to building the professional capacity of teachers to ensure the provision of high-quality services to children with disabilities and special needs.
- The uptake of the University's Learning Management System (Learn) by academic staff has been very good, with more than 2,000 courses making use of the system.
- A Learning Technologies Roadshow was staged in Colleges over a week in August. Sponsored by the PVC Learning Resources in association with Electronic Learning Media and Information and Communication Technology Services (ICTS), the roadshow featured a series of presentations designed to showcase ICT-related initiatives being used by academic staff to facilitate teaching and learning and deliver content to classes.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Teaching Development Grants, number and value	13 \$93,083	12 \$118,958	15 \$120,000	12 \$74,400
Number of staff enrolled in tertiary teaching qualifications	13	8	22	11
Proportion of new staff enrolled in teaching induction courses	60%	64%	64%	60%

Key Strategic Area 3: Students

To attract, value, retain and graduate students from a wide diversity of backgrounds, especially those who are dedicated to the pursuit and achievement of excellence

Strategic Target 3.1: Participation

Develop and implement strategies to optimise student participation rates¹⁸

Planned activities to achieve this target included researching and analysing participation rates, and developing and implementing plans to optimise the recruitment of domestic and international students.

- As at 31 December, domestic enrolments totaled 14,107 EFTS, 103.5% of the target agreed with the Tertiary Education Commission for 2010. As at 31 December, the number of “assessed” international (full fee) EFTS totaled 1,265 EFTS, 137 EFTS (-9.8%) short of budget. End-of-year full fee tuition revenue is \$2.3 million below budget (-8.6%) while end-of-year domestic tuition revenue (tuition) is \$1.9m above budget (+3.1%).
- With domestic enrolments forecast to exceed the target agreed with the Tertiary Education Commission, a draft Enrolment Management Plan was prepared and consulted on widely throughout the University. As part of this, a 10 December application to enrol date was set for domestic fresher undergraduate students. This will enable enrolment trends to be monitored and responded to more effectively.
- The shortfall in international (full fee) enrolments was discussed by the Senior Management Team in early June as a result of which an International Student Recruitment Recovery Plan was considered and endorsed.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Participation Rates:				
Domestic students	89%	90%	89%	91%
Domestic students under 25	74%	73%	75%	73%
Domestic students 25 and over	26%	27%	25%	27%
International students (full fee)	11%	10%	11%	9%
Māori students	5.5%	5.7%	5.4%	5.9%
Pacific students	2.3%	2.2%	2.4%	2.2%
Tertiary Students with Disabilities ¹⁹	3.5%	3.7%	3.4%	3.6%

Strategic Target 3.2: Retention

Develop and implement strategies to optimise student retention rates²⁰

Planned activities to achieve this target included researching and analysing retention rates; and developing and implementing student retention plans.

- Educational Performance Indicator data for 2009 were released by the Tertiary Education Commission in early September. These revealed that 84% of the University’s 2009 domestic students (Level 4 and above) were retained in study, as compared with the university sector average of 83% (range 69% to 89%). Discrepancies with the figures reported above relate mainly to differences in definition and methodology. These are being addressed.
- The mid-year review of student academic performance resulted in 72 students being excluded from the University, 211 from a Faculty and 6 from an award, making for 288 exclusions in all. In addition, 1,013 warning letters were sent to under-performing students of whom 16.5% subsequently withdrew from study.
- An Engineering and Science Intermediate Studies initiative was launched mid-year to bring together student support and administrative functions in the two respective Colleges. The purpose is to enhance the student experience, thus boosting retention, success and progression rates.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Retention Rates:				
Domestic students	77%	78%	78%	Final retention
Domestic students under 25	81%	82%	83%	rates for 2010
Domestic students 25 and over	68%	70%	66%	will not be
International students (full fee)	65%	66%	68%	available until
Māori students	72%	74%	71%	early 2011
Pacific students	64%	66%	66%	
Tertiary Students with Disabilities ²¹	75%	77%	73%	

¹⁸ Participation: The number of equivalent full-time students or EFTS in a given year as a proportion of all EFTS.

¹⁹ Tertiary students with disabilities, self-identified at enrolment.

²⁰ Retention: The proportion of undergraduate and postgraduate students (Qualification Register Level 7 to 10) who re-enrol the following year.

²¹ Tertiary students with disabilities, self-identified at enrolment.



Photo by Linton Photography.

UC staff and graduands process in Rotorua ahead of the December graduation ceremony.

Strategic Target 3.3: Successful Course Completion

Develop and implement strategies to optimise successful course completion rates²²

Planned activities to achieve this target included researching and analysing course completion rates; and developing and implementing a coordinated approach to addressing course completion rates.

- Successful course completions is one of the Educational Performance Indicators being used by the Tertiary Education Commission to monitor the performance of tertiary education institutions. Data released by TEC in early September revealed that the University's successful course completion rate for 2009 (Level 4 and above) was 83% as compared with a university sector average of 84% (range 77% to 87%).
- In conjunction with the School of Biological Sciences and the Physics and Astronomy Department, staff from the Academic Development Group continued to work on identifying predictors of first-year success in these respective disciplines. A joint discussion paper with the Physics and Astronomy Department was completed in Quarter Four, 2010. Additionally, work has begun on a similar study with 100-level psychology students.
- Staff from the Academic Development Group worked with Ako Aotearoa (the New Zealand National Centre for Tertiary Teaching Excellence) and staff from other New Zealand universities to develop a comprehensive approach to utilising data from the Australasian Survey of Student Engagement (AUSSE). With participation from academic developers, institutional researchers and staff from all eight of the New Zealand universities, a New Zealand sector AUSSE report is being prepared for release in early 2011.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Course Completion Rates:				
Domestic students	83%	84%	84%	Final course completion rates will not be available until early 2011
Domestic students under 25	83%	84%	84%	
Domestic students 25 and over	83%	83%	83%	
International students (full fee)	79%	81%	79%	
Māori students	77%	76%	77%	
Pacific students	63%	64%	62%	
Tertiary Students with Disabilities ²³	72%	73%	71%	

²² Successful course completion is defined as "the proportion of Qualification Register level 7 course enrolments that are successfully completed in a given year (i.e., that result in a "pass" grade) over the total number of known completions (successful and unsuccessful)".

²³ Tertiary students with disabilities, self-identified at enrolment.

Strategic Target 3.4: First-Year Qualification-Level Attrition

Develop and implement strategies to optimise first-year qualification-level attrition rates²⁴

Planned activities to achieve this target included researching and analysing first-year qualification-level attrition rates; and developing and implementing a coordinated approach to addressing first-year qualification-level attrition rates.

- Student attrition and retention rates continue to be monitored by staff of the new Enterprise Reporting Team (Financial Services) and the Academic Development Group (DVC's Office). Results of these analyses feed into policy discussions and relevant decision-making.
- In an effort to reduce first-year attrition, staff from the Learning Skills Centre within the new Student Services and International portfolio continued to work with the College of Engineering and the College of Business and Economics to provide targeted communication and writing skills assistance to first-year students.
- In a separate initiative, the College of Arts conducted a pilot study focused on improving student retention and achievement in stage 1 (100 level) papers. This 'Ghostbusters' project, carried out in Sociology 111 and Linguistics 101, has highlighted issues involving intervention, attendance, assessment and pastoral care.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
First-year Attrition Rates:				
Domestic students	22%	23%	19%	Final attrition rates will not be available until 2011
Domestic students under 25	18%	21%	17%	
Domestic students 25 and over	30%	29%	33%	
International students (full fee)	14%	23%	21%	
Māori students	27%	30%	36%	
Pacific students	33%	32%	35%	
Tertiary Students with Disabilities ²⁵	29%	30%	29%	

Strategic Target 3.5: Qualification-Level Graduation

Develop and implement strategies to optimise qualification-level graduation rates²⁶

Planned activities to achieve this target included researching and analysing qualification-level graduation rates; and developing and implementing a coordinated approach to addressing qualification-level graduation rates.

- Qualification completions is one of the Educational Performance Indicators being used by the Tertiary Education Commission. Data released by TEC in early September revealed that the University's qualification completion rate for 2009 (Level 4 and above) was 66%, in line with the university sector average of 66% (range 55% to 77%). Any discrepancies with the figures above relate mainly to irresolvable differences in definition and methodology.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Qualification-level:				
Degree and Graduate Diploma [Level 7]	41%	41%	41%	Final graduation results will not be available until 2011
Postgraduate [Levels 8 and 9]	71%	67%	71%	
Doctorate [Level 10]	60%	64%	48%	
Year first enrolled	2003 cohort	2004 cohort	2005 cohort	2005 cohort

²⁴ First-year qualification-level attrition is defined as "the proportion of Qualification Register level 7 to 10 students who start a qualification and are no longer studying at the same qualification level or higher in their second year".

²⁵ Tertiary students with disabilities, self-identified at enrolment.

²⁶ Qualification-level graduation: The proportion of each qualification-level enrolment cohort who graduated within five years of the initial enrolment date (i.e., by 2008, 42% of the 2003 level 7 enrolments had graduated).

Strategic Target 3.6: Support Mechanisms

Develop and enhance mechanisms for attracting, supporting and retaining students, especially those from under-represented groups

Planned activities to achieve this target included developing targets and plans for increasing the participation, retention and success rates of students from under-represented groups.

- In May, Dr Nello Angerilli joined the University to head up the newly-formed Student Services and International portfolio as its Pro-Vice-Chancellor. Dr Angerilli was formerly Associate Vice-President (Students and International) at Simon Fraser University in Vancouver, Canada. The new Student Services and International portfolio brings together services and activities previously provided by Student Administration, the International Office, the Student Recruitment and Development Unit, Health Centre, Sport and Recreation Services and Learning Preparation and Support. Staff moved into refurbished premises in mid-October to provide a well integrated service for students.
- Following the success of the 2009 programme, Human Resources in conjunction with Student Services and International offered a follow-up "Inclusive Student Environments - Awareness of Student Issues" seminar series for staff during August through November.
- A new online service was launched at the end of July to help students search the more than \$13.5 million in scholarships and prizes that are awarded by the University annually. Using a searchable database linked to the student management system, the new system replaces a brochure-like website that was difficult to maintain.
- The Academic Audit report, released in mid-September, commended the University for the commitment of its Pacific Development Team in supporting the transition of Pacific students into university study and in providing an effective mentoring programme for students. The report also commended the University for its initiatives in providing learning support and pastoral care for Māori students.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Number of active articulation agreements related to credit transfer	Measure partially implemented	Reporting commenced	Regular reporting	8
% of TSDs registered with Disability Resource Service ²⁷	55%	44%	60%	55%
% of TSDs accessing the Alternative Format Centre services	17.57%	11%	16.2%	16.0%
Number of students assigned to mentors:				
Māori	62	98	100	80
Pacific	60	66	80	62
International	145	266 ²⁸	200	155
Adults and First year	208	147	400	110 ²⁹
Undergraduate scholarships Number and value ³⁰	114 \$356,000	153 \$376,000	115 \$335,000	137 \$546,000
Targeted scholarships for under-represented groups	24 \$150,000	21 \$142,500	25 \$195,000	24 \$192,750
Preparatory programme EFTS ³¹	537	655	466	452
Number of students transferring with credit from TEOs	430	409	430	383

²⁷ TSD is an acronym for "Tertiary Students with Disabilities." When disability services first appeared in universities they dealt predominantly with physical access issues. As institutions have become more inclusive these students frequently no longer need these services and may not even identify as having a disability.

²⁸ In 2009 mentoring was made compulsory for all first-year-at-UC international students, hence the increase in numbers.

²⁹ The 2010 planned figure did not take into account the discontinuation of the Adult Student Advisor role in 2010. As a consequence the 2010 target was set too high. In 2010 the Adult and First Year mentoring initiatives were combined into one programme as UC Mentoring.

³⁰ These figures relate only to undergraduate scholarships that are centrally administered.

³¹ These include certificates in University Preparation, Foundation Studies and English for Tertiary Studies, plus short courses in English for Academic Purposes, all taught within Continuing and Bridging Education.

Key Strategic Area 4: Staff

To attract, retain and develop high quality, motivated and enthusiastic staff at all levels who contribute to achieving the University’s mission, vision and strategic direction

Strategic Target 4.1: Orientation

Implement effective staff orientation practices³²

Planned activities to achieve this target included monitoring the implementation of the new orientation programme.	<ul style="list-style-type: none"> The University’s Orientation programme consists of a “Starting at UC” programme supplemented by resources from the HR Toolkit, a New Staff website, an annual powhiri for new staff staged in February of each year and induction processes for new academic heads and senior general staff. The programme has continued to be a useful complement to departmental induction processes.
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Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Proportion of new staff completing orientation	80%	85%	100%	99%

Strategic Target 4.2: Learning and Development

Ensure that all staff are receiving the learning opportunities they need to perform their roles and develop their careers

Planned activities to achieve this target included continuing to implement the University’s core learning plan for staff.	<ul style="list-style-type: none"> The range of programmes within the University’s core learning plan continued to be delivered by HR staff during the year. These included: Delivering Service at the University of Canterbury; Thriving Under Fire; Growing Personal Resilience; Coaching; Personal Efficiency; Leading and Managing in an Academic Environment; NZ Women in Leadership; Planning for Retirement; Career Planning for the Early Career Academic; and the Early Career Academic Staff Mentoring programme. Of note has been the continuation of the Te Reo, Tikanga me Te Tiriti - Māori Language, Customs and the Treaty of Waitangi workshop. Three separate programmes are offered each year in May, September and November. Fifty one staff participated in the 2010 programme. This included members of the Senior Management Team who participated in a specially run programme during August and September.
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Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Learning and development “spend” as a proportion of total personnel costs ³³	8.63%	7.0%	8.0%	7.6%

Strategic Target 4.3: Professional Development and Review

Implement effective professional development and review processes

Planned activities to achieve this target included monitoring the implementation of the Professional Development and Review programme.³⁴	<ul style="list-style-type: none"> The Professional Development and Review (PD&R) programme has been successfully implemented across all areas of the University. Training is provided for managers and staff to further improve skill levels and consistency of approach within the programme. A comprehensive website has been developed to assist with this. As part of the University’s commitment to “demonstrable, measurable research outputs” initiative, discussions continued with academic staff during the year to ensure they are aware of University expectations relating to research productivity. This has been done as part of the Professional Development and Review programme.
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Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Proportion of business units actively participating in the PD&R programme	80%	96%	100%	100%

³² These strategic targets reflect themes from the University’s Human Resources planning framework.

³³ Total personal costs relate to continuing academic and general staff salaries.

³⁴ The Professional Development and Review process involves reviewing a staff member’s contribution over the previous year; setting future professional goals and objectives that are aligned with those of the University, College and Department, and identifying the learning activities, professional development and support that the staff member will need to meet those objectives.



Simplicity Network founders Dr Matt Morris (left) and Chaplain Rev. Tom Innes take time out in the Okeover Community Garden. The network was formed to help staff simplify their lives.

Strategic Target 4.4: Staff Well Being

Continue to develop and maintain a work environment and employee support climate that contributes to the well-being, satisfaction and motivation of all employees and meets statutory requirements

<p>Planned activities to achieve this target included implementing 2009 priority elements from the University's Health and Safety plan.</p>	<ul style="list-style-type: none"> • The University supported staff after the September earthquake by offering counselling services and offered aegrotats to affected students . • Implementation of the University's Health and Safety plan continued on schedule. Reports provided to the Senior Management Team and the Audit and Risk Committee of Council during the year highlighted a number of areas for priority attention that included Learning Resources, the Colleges of Arts, Engineering and Science, and Recreation Services and Sports Sciences. The objective is to change the health and safety culture of the University. • A comprehensive report on outcomes and findings from the 2009 staff surveys was presented to the Senior Management Team in a strategic workshop at the end of July. Responses from the 1,751 staff who participated in the surveys provided a base-line measure of staff opinion and engagement which will be benchmarked against other universities. The main themes from the surveys were highlighted during the workshop and resulting action plans are being drawn up to ensure better communication within the organisation and better cross-unit cooperation. • UC Health, Safety and Wellbeing Awards were awarded to three staff who received funding to purchase equipment, visit other educational institutions or attend conferences. The annual awards, worth up to \$2500, are open to all staff – academic and general. They were launched in 2009 to increase the profile and awareness of health and safety in the workforce and are designed to reward and encourage staff members to initiate innovative health and safety practices within their department, unit or college. Eight Vice-Chancellor's General Staff Development Awards were presented to staff during the year.
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Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Number of lost time injuries ³⁵	11	15	0	13

³⁵ Number of lost time injuries equates to "absence from work for more than one day."



Tui Falwasser (second from left) takes a harakeke (flax) workshop as part of celebrations to mark Te Wiki o Te Reo Māori (Māori Language Week) on campus. Learning the traditional art are (from left) Jo Knudson, Anita Williamson and Shelley McDonald.

Strategic Target 4.5: Equity And Diversity

Continue to set and achieve participation and retention targets for under-represented groups of staff

Planned activities to achieve this target included continuing to promote the University as an employer to Māori and Pacific audiences and implementing priority items from the Equity and Diversity plan.

- Priority items from the Equity and Diversity plan for 2010 continue to be given emphasis by the University's Equity and Diversity Advisory Committee (EDAC) as well as by college and service area equity committees.
- In July, as part of its ongoing monitoring of equity trends within the University, EDAC received a report on student participation and academic performance analysed by gender, ethnicity, disability, age and citizenship. This was part of a regular series of reports prepared for the committee by the Enterprise Reporting team.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Female staff FTEs				
% of Academic FTEs	37%	35%	39%	35%
% of General FTEs	60%	61%	60%	60%
% of all FTEs	52%	52%	52%	51%
Māori staff FTEs				
% of Academic FTEs	4.3%	4.6%	4.4%	4.5%
% of General FTEs	2.8%	2.9%	2.9%	3.4%
% of all FTEs	3.3%	3.5%	3.4%	3.8%
Pacific staff FTEs				
% of Academic FTEs	0.6%	0.7%	0.7%	0.9%
% of General FTEs	1.0%	1.2%	1.1%	1.3%
% of all FTEs	0.9%	1.0%	1.0%	1.1%

Key Strategic Area 5: External Engagement

To maintain strong, collaborative and mutually beneficial relationships with external communities and thus contribute to economic, social and cultural development, regionally and nationally.

strategic target 5.1: community engagement

Foster links and collaborative relationships with a broad range of local, national and international communities of interest

Planned activities to achieve this target included implementing community engagement items from the external communications plan.

- The new Communications and External Relations portfolio was established under the leadership of the Director, Lynn McClelland. A number of reviews have been undertaken to pinpoint areas for further development in communications and marketing.
- Communications staff played a key role following the 4 September earthquake, keeping staff and students up to date with developments through a variety of media and also coordinating the flow of information from the University to the wider community.
- Attention was paid to enhancing the University's media presence through an increase in proactive media activity that featured a wide range of research, awards and achievements by University staff and students.
- The University's College of Arts showcased its wealth of artistic talent during the third biennial Platform arts festival held between 20 and 30 May. Featuring opera, music, recitals, art exhibitions, theatre, lectures and films, the 11-day festival took place at various locations throughout the central city and on the University campus. Festival attendances at the 44 events were higher than they had been in 2008.
- The Academic Audit report, released in mid-September, commended the University for the strength of its engagement with stakeholders in education, industry and the service sector.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Engagement with external stakeholders	For implementation in 2009	KPI to be developed as part of strategic planning	Regular reporting	Stakeholder strategy under development
Number of media releases	187	248	210	267
Number of University events open to the public (public lectures and creative arts activities)	723	776	780	699



Strategic Target 5.2: Relationship with Key Communities

Nurture effective relationships with Pacific, Asian and other key communities and support their educational aspirations

Planned activities to achieve this target included continuing to action priority items from the Pacific Plan and convening regular meetings of the Pacific Peoples' Advisory Group.	<ul style="list-style-type: none"> The review of the Macmillan Brown Centre for Pacific Studies and the Macmillan Brown Library is now expected to be completed by February 2011. Submissions have been received, the panel has met on a number of occasions and findings are being processed prior to preparation of the final report. A series of lectures and exhibitions were held in November and December to celebrate the legacy of John Macmillan Brown. The University's 2011-2013 Pacific Plan was approved by Academic Board in November 2010. Progress of implementation of the plan will be reported half-yearly to the Pacific Peoples' Advisory Group and the Senior Management Team. A key determination from consultation on the AVC Māori portfolio is that oversight of Pacific matters will continue to be provided by the Deputy Vice-Chancellor. The University participated in Samoan Language Week during May/June with events, exhibitions, lectures and social gatherings. The Macmillan Brown Centre and Library played key roles in staging this along with the Samoan Students Association. The University's Confucius Institute officially opened in May. The new institute, led by Director Dr Adam Lam, aims to promote Chinese language learning and understanding of Chinese culture in New Zealand. It is a joint venture with Huazhong University of Science and Technology (HUST) in Wuhan, China, and is financially supported by the Chinese Ministry of Education. There are about 328 Confucius Institutes around the world and the University's institute is just the second in New Zealand and the only one in the South Island. An inaugural Pacific Postgraduate symposium (P@C) was held in September. The symposium provided an opportunity for Pacific postgraduate students to present their work to family and friends as well as their peers and academic staff. The event was staged by the University's Pacific Development Group.
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Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Regular meetings of Pacific Peoples' Advisory Group	Half-yearly meetings held	Half-yearly meetings held	Half-yearly meetings held	Half-yearly meetings held
Implementation of the University's Pacific Plan	Regular reporting	Regular reporting	Regular reporting	Regular reporting

Strategic Target 5.3: Relationship with Schools

Develop strong and mutually beneficial relationships with schools in the Canterbury region and beyond

Planned activities to achieve this target included monitoring access by and performance of STAR students and enhancing the development of strong and mutually beneficial relationships with schools in the Canterbury region and beyond.	<ul style="list-style-type: none"> Two hundred and forty students enrolled in the STAR programme for 2010, across 282 courses. Achievement by STAR students who enrolled in Semester One courses was very satisfying with 84% passing and 29% receiving grades in the A range. A proposal to launch a UC-Schools Partnership programme was endorsed by the Senior Management Team in July. The purpose of this College of Education initiative is to secure school placements for teacher education students in a more systematic and cost effective way by formalising the relationship with participating schools. The University's Information Days were held at the beginning of July. Numbers were up on 2009 with 4,391 students attending sessions over the two days.
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Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Number of Liaison visits to schools	464	435	412	431
Number of on-campus tours and prospective students attending	186 tours 588 students	238 tours 778 students	206 tours 590	205 tours 442
Students in STAR programme ³⁶	195	186	230	240

³⁶ STAR is an acronym for the Secondary Tertiary Alignment Resource programme under which the University offers a range of courses for secondary school students. These provide a challenging and stimulating option for more able secondary school students. Students are nominated by their school and can enrol in a maximum of 36 points in any one year.



Microsoft New Zealand Managing Director Paul Muckleston (left) and Vice-Chancellor Dr Rod Carr sign a three-year education alliance designed to transform education, foster local innovation and enable jobs and opportunities.

Strategic Target 5.4: Relationship with Commercial Entities

Develop strong and mutually beneficial relationships with commercial entities in the Canterbury region and beyond

Planned activities to achieve this target included continuing to build and develop working relationships with key industry and commerce partners and identifying new partnerships and areas for research collaboration with potential for national and international co-funding.

- In August, the University and Microsoft New Zealand announced a three-year partnership that will see the formation of a world-class education centre of excellence in the region. The alliance is the first of its kind in New Zealand and takes its place alongside 50 other world-wide public-private partnerships designed to transform education, foster local innovation and enable the creation of jobs and research opportunities.
- University researchers investigating new ways for users to interact with tablet-style PCs received an Innovation Research Award from Hewlett Packard in August. The project was only one of five in the Asia-Pacific region to receive such an award. The research team drawn from HIT Lab NZ and the Department of Computer Science and Software Engineering will work collaboratively with researchers in HP's research laboratory in India.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Number of internships with local and regional businesses	Delayed until early 2009	KPI still under development	Regular reporting	KPI still being developed ³⁷

³⁷ Discussions have been held with relevant College staff and also with UC Careers and Employment with a view to using CareerHub as a centralised software tool for gathering systematic data that can then form the basis of reports. Reporting against the KPI will commence when this is in place.

Strategic Target 5.5: Relationship with Alumni, Friends and Supporters

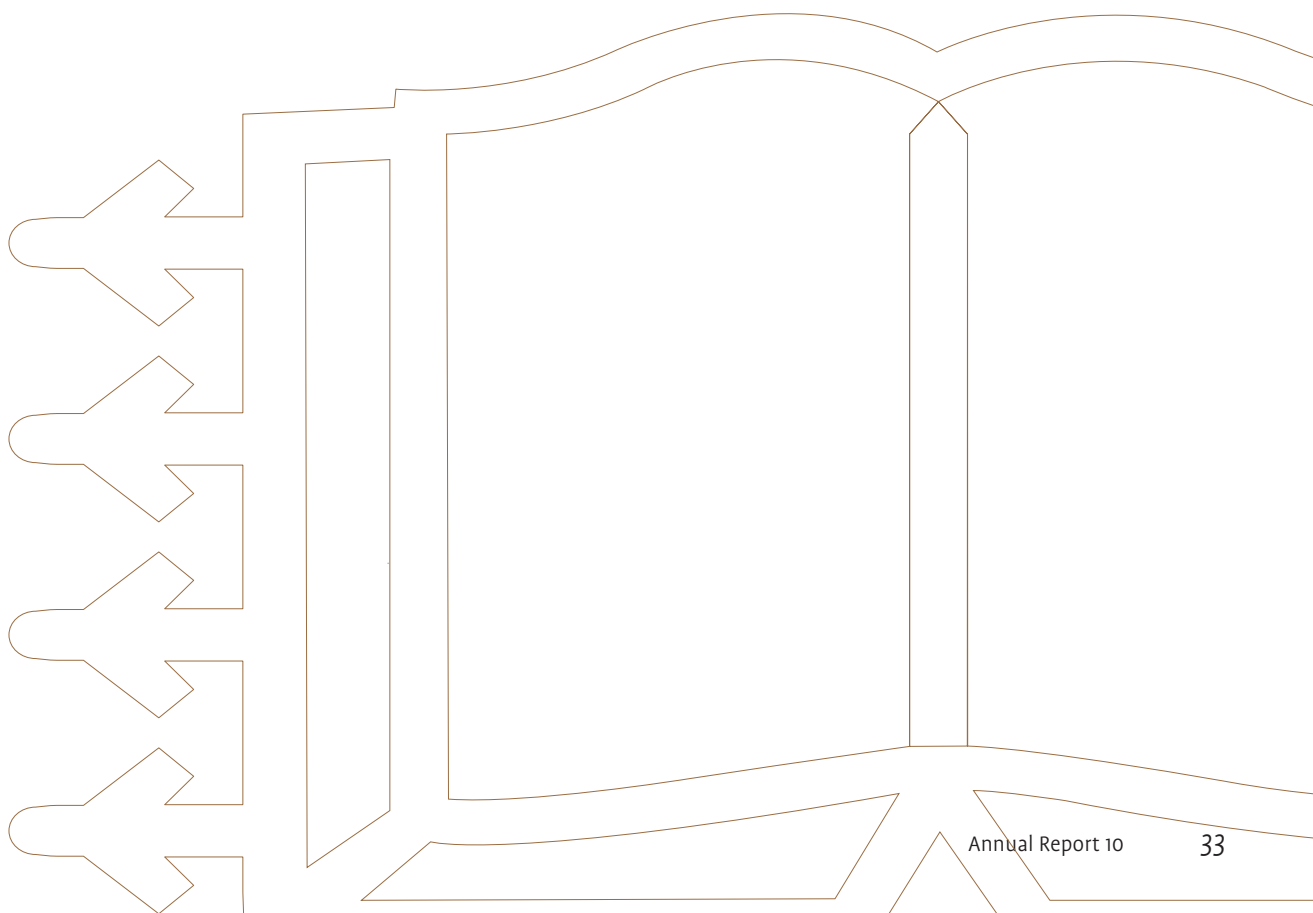
Engage with alumni, friends and supporters nationally and internationally in mutually supportive and productive relationships

Planned activities to achieve this target included implementing priority items from the Development and Alumni plans.	<ul style="list-style-type: none"> • Successful visits to North America, Malaysia, Singapore, Australia and China were undertaken during the year by senior staff to re-connect with alumni in these regions and pursue development opportunities. • A strategy paper on proposed overseas alumni functions for 2011 was considered by the Senior Management Team in August. The strategy has three aims: to strengthen relationships with alumni, to enlist their support for university goals and to optimise development opportunities. The University is also encouraging enhanced recruiting amongst alumni via online and social media technologies. • The University's third annual campus-wide Alumni Reunion was held from 8 to 10 October 2010. The event celebrated the graduating classes of 1970 and preceding years, with special anniversary celebrations also being held to mark the 10th anniversary of the National Centre for Research on Europe and the 160th anniversary of College House.
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Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Total income through UC Foundation	\$4.0m	\$3.9m	\$3.5m	\$4.7m
Total number of alumni on database and percentage with current addresses	108,087 37%	110,067 43%	115,114 46%	111,019 46%
Number and percentage of active/engaged alumni ³⁸	4,793 12% active	9,589 20% active	6,354 12% active	8,343 ³⁹ 16% active

³⁸ 'Active alumni' is defined as alumni for whom the University has a valid postal address. 'Engaged alumni' is defined as alumni that have connected with the University in some way.

³⁹ The variance between the number of active/engaged alumni in 2009 and 2010 reflects mainly a drop in the number of alumni reunion event attendees, and the removal in 2010 of one measure (alumni internet users) as statistics are no longer collected. Against this were significant increases in social media (Facebook and LinkedIn) memberships.



Key Strategic Area 6: Māori and the University

To make a significant and sustained contribution to regional and national Māori development aspirations by working with Māori

Strategic Target 6.1: Relationship with Māori Communities

Maintain strong partner relationships with Te Rūnanga-o-Ngāi Tūāhuriri (*mana whenua*) and Ngāi Tahu (*tangata whenua*), and also with Ngā Mātā Waka and other Māori groups⁴⁰

Planned activities to achieve this target included ensuring that regular consultative meetings are held with Ngāi Tahu and supporting consultative meetings with other Māori groups.

- Regular meetings continued between senior management and governance representatives of the University and Te Rūnanga o Ngāi Tahu (TRONT) to further develop the relationship for mutual benefit. The Vice-Chancellor, Deputy Vice-Chancellor and the Ngāi Tahu nominee on the University Council (Sacha McMeeking) met with the Chief Executive Officer of Te Rūnanga o Ngāi (Tahu Anake Goodall).

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Regular discussions with mana whenua, tangata whenua and other Māori groups	Discussions held	Discussions held	Discussions held	Discussions held

Strategic Target 6.2: Treaty Awareness

Increase understanding among staff and students of tikanga Māori and of the relevance that the Treaty of Waitangi has to the University

Planned activities to achieve this target included developing and implementing a schedule of College and campus-based initiatives to raise awareness of Māori protocols, tikanga and the Treaty; integrating tikanga into graduation ceremonies; and organising and staging campus-wide pōwhiri for new staff.

- Sixty-five new staff were welcomed to the University during a pōwhiri held on 19 February.
- The Awheawehe Pukenga (professional development) programme Te Reo, Tikanga me te Tiriti – Māori Language, Customs and the Treaty of Waitangi continues to be offered throughout the year. Three separate programmes were offered in May, September and November. Fifty-one staff participated in the 2010 programme. This includes members of the Senior Management Team who participated in a specially run programme during August and September.
- In August, the new Head of School of Māori, Social and Cultural Studies in Education, Professor Letitia Fickel, was officially welcomed onto campus with a pōwhiri. Professor Fickel has joined the University after 12 years at the University of Alaska, Anchorage. She has a background in social studies, multicultural education and culturally responsive practice, with a particular focus on indigenous education and Alaskan native educational issues.
- Māori Tikanga continues to play a significant part in the University's graduation ceremonies.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Staff and student attendees at Treaty workshops	Measures subject to reconsideration	Measures implemented	Measures implemented	63

⁴⁰ For the purposes of this document, *mana whenua* refers to the runanga (Ngāi Tūāhuriri) which has responsibility for the area that includes the part of Christchurch City within which the University of Canterbury is located. *Tangata whenua* means (i) specifically – Ngāi Tahu within the takiwā of Ngāi Tahu Whānui; and (ii) generally – iwi katoa (all tribes).

Strategic Target 6.3: Māori Research Programmes

Develop research programmes which will contribute to achieving Māori development aspirations and will advance Māori knowledge, culture and identities, particularly those that reflect Kaupapa Māori aspirations and are led by Māori

<p>Planned activities to achieve this target included exploring new strategies for increasing and enhancing the recruitment, support and success of Māori postgraduate research students; and consulting with Ngāi Tahu and Te Tapuāe o Rehua Tertiary Partnership regarding consultation, community engagement and joint academic-iwi opportunities for collaboration around Māori research and consultancy.</p>	<ul style="list-style-type: none"> • A joint venture project between the School of Māori, Social and Cultural Studies (College of Education) and Aotahi: School of Māori and Indigenous Studies (College of Arts) was successfully completed that investigated and identified channels of communication to increase whānau and iwi authority involvement in the education of Māori students. The project was done under contract as part of the Ministry of Education’s Best Evidence Synthesis (BES) programme. BES is designed to supplement the Māori Education Strategy (Ka Hikitia) by building an evidence base for education policy, research and practice that will improve educational outcomes for Māori. • At an Indigenous Leadership Forum held at Macquarie University in September, a decision was made to form an indigenous studies alliance between Macquarie University and the University. Heads of schools, postgraduate students and Aboriginal leaders attended the forum. The University was represented by senior Māori staff. • A Māori Research seminar (He Kai mā te Hinengaro) was staged as part of the University’s participation in Te Wiki o Te Reo Māori (Māori Language Week) in July. In addition, a successful Māori postgraduate symposium was held on campus in October with input from the Professor of Māori Research, the Dean of Postgraduate Research and Research Consultant Māori from Research & Innovation as well as a number of Masters’ students. • A number of Māori staff from the University attended and provided input to the Ako Aotearoa Māori Tertiary Providers conference, held at Pipitea Marae in Wellington in August. • The Academic Audit report, released in mid-September, commended the University for appointing a Professor of Māori Research with responsibilities across the University, and for the proactive approach taken by the appointee to engaging with the University community.
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Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Māori postgraduate research students as a % of total Māori EFTS	3.0%	3.2%	3.6%	3.3%

Strategic Target 6.4: Māori Content In Curricula

Develop and implement strategies for increasing, extending and enhancing Māori content in the University’s curricula, particularly those that reflect Kaupapa Māori aspirations and are led by Māori

<p>Planned activities to achieve this target included developing and implementing strategies for increasing, extending and enhancing the scope and coverage of Māori content in the curricula.</p>	<ul style="list-style-type: none"> • Twenty-three Māori-led Kaupapa Māori courses were taught in the College of Art’s School of Māori and Indigenous Studies in 2010 and six in the College of Education’s School of Māori, Social and Cultural Studies. • A number of new postgraduate qualifications in Te Reo Māori, and Māori and Indigenous Studies were introduced in 2010. These included Postgraduate Diploma, Bachelor of Honours and Master of Arts qualifications in Te Reo Māori, and Māori and Indigenous Studies and two new Masters of Māori and Indigenous Studies and Masters of Te Reo Māori. A new postgraduate course entitled “Culturally Inclusive Pedagogies” was offered within the College of Education during the January-February 2010 summer programme.
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Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Number of Māori-led Kaupapa Māori courses	Deferred pending the appointment of appropriate staff in early 2009	Reporting commenced	Measures implemented	29

Strategic Target 6.5: Te Reo Māori

Support the preservation and revitalisation of Te Reo through teaching, scholarship and advocacy giving particular emphasis to Māori participation

Planned activities to achieve this target included exploring strategies for enhancing the delivery of academic programme te reo courses on campus and ensuring that effective profile and publicity is given within the University to Māori Language Week.

- The University's participation in Te Wiki o Te Reo Māori (Māori Language Week) celebrations between 26 to 30 July was a collaborative initiative between the School of Māori, Social and Cultural Studies in Education, the Māori Development Team, Te Akatoki Māori Students Association and the University of Canterbury Library. The week, which was themed Mahika Kai: The language of food, consisted of events across campus including a display of Ngāi Tahu taonga, a Māori cooking session, Māori art of tattoo, a school poster competition and a Māori Research seminar - He Kai mā te Hinengaro.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
EFTStudents enrolled in Te Reo courses	161	188	180	161
Successful course completion rates for Te Reo courses	88%	86%	88%	85%

Strategic Target 6.6: Recruitment and Retention of Māori Staff and Students

Develop and implement strategies to recruit, retain and support increasing numbers of Māori staff and students

Planned activities to achieve this target included supporting the development and implementation of initiatives for increasing and enhancing the recruitment, retention and support of Māori staff and students.

- College of Education academics Associate Professor Janinka Greenwood and Lynne-Harata Te Aika were instrumental in developing a guide to key factors that foster success for Māori in tertiary settings. The guide, *Hei Tauira*, was officially launched by Dr Pita Sharples, Minister for Māori Affairs during a visit to the University in February. The publication has been disseminated by Ako Aotearoa, New Zealand's national centre for tertiary teaching excellence, as part of its broader strategy for supporting Māori learners.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Māori staff FTEs				
% of Academic FTEs	4.3%	4.6%	4.4%	4.5%
% of General FTEs	2.8%	2.9%	2.9%	3.4%
% of all FTEs	3.3%	3.5%	3.3%	3.8%
Māori EFTStudents as a percentage of total domestic EFTS	6.1%	6.3%	6.3%	6.4%
First-year Māori EFTStudents as a percentage of first-year domestic EFTS	7.1%	7.6%	7.1%	7.9%

Strategic Target 6.7: Māori Academic Leadership

Actively support the development of Māori academic leadership within the University

<p>Planned activities to achieve this target included developing consultation processes with Māori staff that balance the needs of academic and general staff on the Ilam and Dovedale sites.</p>	<ul style="list-style-type: none"> • In December, Mr Darryn Russell (Ngāi Tahu) accepted the position of Assistant Vice-Chancellor Māori (AVC Māori). He has been the Director of Māori Development at the University of Otago since 2001 and brings a wealth of experience in all areas of Māori development within the tertiary context including a very active role with Te Tapuae o Rehua. Mr Russell takes up his new role in April 2011. • Professor of Māori Research Angus Macfarlane was honoured for his commitment to Māori education and prolonged research achievement by winning the New Zealand Association for Research in Education's Te Tohu Pae Tawhiti Award. The award recognises researchers who have made a significant contribution to Māori research through conducting high-quality research over an extended period.
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Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Development of a Māori Plan for the University	Deferred until 2009	Deferred pending further consultation	Regular reporting	Deferred pending commencement of new AVC Māori
Leadership positions within the University held by Māori staff	5 6.7%	5 6.7%	6 8.0%	6 8.0%



Key Strategic Area 7: Financial Viability

To safeguard the long-term viability and autonomy of the University through excellent financial management

Strategic Target 7.1: Operating Surplus

Generate and maintain a consistent annual operating surplus greater than four percent

Planned activities to achieve this target included reporting monthly progress against budget and updating the forecast as necessary; reporting specific financial risks to SMT, the Finance, Planning and Resources Committee, and Audit and Risk Committee of Council; reporting quarterly to Council; and ensuring that actions are taken to address issues of financial risk that are raised in reports.

- The University's draft budget for 2011 was considered by Council at its November meeting. Draft budgets for Colleges and service portfolios were prepared in August, discussed in a preliminary way by the Senior Management Team in September and finalised in October prior to consolidation for consideration by the Finance, Planning and Resources Committee and Council in November.
- The 10-year financial forecast model was further updated in conjunction with preparation of the University's TEC Investment Plan for 2011-2013 and the setting of hedging cover for the Philanthropic Bond.
- Tuition fee increases for 2011 were approved by Council at its August meeting (a 4% increase for all domestic fees and a range of increases from 4% to 7% for international postgraduate and undergraduate fees, with some exceptions). At the same meeting the Student Services Levy was increased by 2.5% for 2011, reflecting only the increase in GST.
- Monthly progress reports and forecasts continued to be provided to the Senior Management Team and the Finance, Planning and Resources Committee of Council. Financial reports are now provided to Council on a quarterly basis. Progress reports on the Philanthropic Bond are also provided regularly.
- For the year to 31 December 2010 the University surplus of revenue over expenditure of \$12.9m was in line with budget.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Operating Surplus to Income (>3%)	5.7%	3.2%	5%	4.1%
Surplus plus Depreciation to Income (>12%)	15.1%	12.9%	15%	13.2%
Surplus plus Depreciation to Capital Expenditure (≥80%) ⁴¹	83.4%	81.9%	100%	106%

Strategic Target 7.2: Staffing Costs

Maintain staffing costs within predetermined and agreed levels

Planned activities to achieve this target included providing regular reports to SMT on the percentage cost of staffing; ensuring that personnel budget targets are met; and ensuring that actions are taken to address issues of over-staffing.

- The end-of-year personnel cost results will be \$6.7 million ahead of budget (103.8%). This includes redundancy costs arising from Project STAR and General Salaries exceeding budget.
- The 10-year financial forecast model contains a target to reduce the ratio of general to academic staff from current levels of around 1:1.46 to 1:1.1 by 2019. The STAR Project is expected to make a significant contribution to this but the full impact is unlikely to become discernible until 2011.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Increase/(decrease) in total personnel expenditure (<6%)	5.5%	5.3%	3%	4.5%
Total personnel costs as a proportion of University revenue (≤60%)	59.7%	60.3%	<60%	59.2%
Total personnel costs as a proportion of University expenditure (<64%)	63.3%	62.3%	62%	61.7%

⁴¹ Capital expenditure is taken from the Statement of Cash Flows and is the actual cash amount spent.

Strategic Target 7.3: Financial Viability Measures

Consistently meet financial viability measures set by Government and the Council⁴²

Planned activities to achieve this target included providing regular reports to SMT, monthly reports to the Finance, Planning and Resources Committee, and Audit and Risk Committee of Council, and quarterly reports to Council on results against University and Government financial viability measures; working with SMT members to ensure budget targets are met; ensuring that requests for capital expenditure are reviewed by Financial Services and an external auditor for financial impact prior to approval; ensuring that debt levels are monitored; and ensuring that the management of cash is in line with the University's treasury policy.

- All financial viability measures continue to be met. Strong controls relating to treasury activities continue to be applied within Financial Services. An updated Treasury Policy was endorsed by Finance, Planning and Resources Committee and Council in June.
- As at 31 December, all Bond covenants and TEC financial requirements are being met.
- Regular Financial Risk Assessment reports were provided to the Audit and Risk Committee of Council. These reports cover the University's current and future financial risks, College-level risks, processes for mitigating these risks and also risks associated with application of the New Zealand International Financial Reporting Standards (NZIFRS).

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Government financial viability measures				
Net Surplus as a proportion of total operating income (> 3%)	5.7%	3.2%	5.0%	4.1%
Operating Cash Inflows as a proportion of Operating Cash Outflows (> 111%)	117.0%	117.3%	115%	112.7%
Interest Cover Ratio (> 3.75 x) ⁴³	60.1 x	41.8 x	30 x	11.5 x
Liquid funds ratio (> 12%) ⁴⁴	22.0%	43.3%	17.0%	39.1%
Debt as a proportion of Debt plus Equity (<10%)	1.24%	6.95%	2.0%	6.4%
Council financial viability measures				
Depreciation to Capital Expenditure (>70%)	51.9%	61.5%	70%	73.3%
Current Assets to Current Liabilities ratio (>100%)	134.0%	205.4%	130%	216.4%
Total Liabilities to Total Tangible assets (< 20%)	12.3%	17.8%	13%	16.7%
Cash reserve in months (≥2 months)	2.4 months	4.5 months	2 months	4.1 months
Return on Assets (> 1.2%)	2.0%	1.1%	1.6%	1.4%

⁴² Government financial viability guidelines are set by TEC's Tertiary Investment and Monitoring group (formerly the Tertiary Advisory Monitoring Unit, TAMU). Progress against these measures was reported on monthly to the University's Council.

⁴³ Calculated as (Earnings before Interest, Taxation, Depreciation and Amortisation) / Finance charges.

⁴⁴ Liquid Funds Ratio is calculated as follows: (Cash at bank + Short term investments + Liquid investments) / Total operating cash paid, expressed as a percentage.

Key Strategic Area 8: Governance, Leadership and Management

To have governance, leadership and management capabilities and processes that ensure the achievement of strategic goals

Strategic Target 8.1: Governance, Leadership and Management Capability

Develop and implement effective strategies to build governance, leadership and management capability across the University

Planned activities to achieve this target included developing and implementing a schedule of attendance at TAMU governance and management workshops; continuing to offer leadership workshops to University staff; reviewing the University's risk management framework, redeveloping the Master Risk Register, testing the Emergency Management Plan and developing and testing Business Continuity plans.

- The University's Risk Management and Compliance Framework was updated and endorsed by Council in August. The internal audit plan continued to be progressed and reports were received relating to Business Continuity Planning and IT Disaster Recovery Planning, the HRMS Upgrade project and a Fixed Assets Review.
- The University's emergency management systems, processes and personnel were fully tested as a result of the 4 September earthquake. Response and recovery progressed according to plan. No major structural damage to buildings or equipment occurred, the clean-up process was handled systematically and the restart of classes was delayed by two weeks with consequential adjustments to the academic timetable. Insurance claims on behalf of the University are being prepared. This will be a lengthy process. As well as responding to challenges on campus, staff and students also played significant roles in monitoring and explaining seismic events as well as aiding community recovery.
- The STAR Project (Supporting Teaching and Research) was largely completed by year end and preparations are in hand for implementation of the Links Project with its focus on continuous improvement.
- The University's Investment Plan for 2011-2013 was submitted to the Tertiary Education Commission on schedule at the end of September and was subsequently approved.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Number of UC attendees at TAMU governance and management workshops	16	5	15	0 ⁴⁵
Number of attendees at UC leadership workshops	11	15	15	14 ⁴⁶

⁴⁵ TAMU did not offer any courses in 2010.

⁴⁶ The disestablishment of the Professional and Executive Development Unit and the 4 September earthquake resulted in the later running of the leadership programme. Fourteen people enrolled in the 2010/2011 programme.



An artist's impression of a possible new gateway building at the University of Canterbury.

strategic target 8.2: Infrastructural Support

Further develop and maintain high quality infrastructural support appropriate to research, teaching, learning and administrative needs across the University

Planned activities to achieve this target included reviewing, revising and preparing an annual report on the University's Asset Management Plan; continuing development of a Campus Master Plan; and reviewing and updating the 10-year Capital Plan.

- Preparation work has continued on the development of a Campus Master Plan for the University that will entail a \$1 billion investment in new buildings and refurbished infrastructure over the next 20 years. Preliminary details of the plan were released in August and will be discussed further in February 2011.
- Reprioritisation of CapEx spending in light of the 4 September earthquake damage is underway and will be informed by the University's likely insurance claim, the Campus Master Plan and commitments already made for investments in the Science and Engineering precincts. Enhanced access to e-resources for a limited period has somewhat mitigated disruption caused by earthquake damage of library resources.
- The HRMS project which had been initiated in July 2009 finally went live at the beginning of August 2010. The project entailed an upgrade to the University's PeopleSoft Payroll and Human Resources System and the introduction of a new electronic recruitment system. The transition to the new system was successful and the old HRMS system has since been retired.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Facilities as a % of total Capex	61.9%	56.5%	56.7%	51.6%
Library as a % of total Capex	15.7%	17.3%	18.4%	22.1%
IT as a % of total Capex	3.0%	3.1%	4.4%	1.1%



Prime Minister John Key is introduced to Gertrude, the Mexican red-kneed tarantula, during the opening of the Biological Sciences building.



Associate Professor Susan Krumdieck (Mechanical Engineering) is working on the next hypersonic space vehicle.



Professor Peter Steel (Chemistry) will receive Marsden funding to investigate new metallosupramolecular synthons.

Strategic Target 8.3: Internal Communication

Devise and implement robust and effective communication processes that will assist in building and sustaining an internal culture that supports the achievement of strategic goals

Planned activities to achieve this target included enhancing the effectiveness of communication within the University to support the achievement of strategic goals.

- The new Communications and External Relations portfolio was consolidated under the leadership of its new director, Lynn McClelland. The portfolio brings together in an integrated way a range of otherwise dispersed responsibilities including communications and public relations, alumni and development activities, strategic marketing and branding, publications, web development, careers, the contact centre, conferences and events management and community education.
- In the wake of the 4 September earthquake, Communications staff kept the University community up to date in a timely way with all-staff emails, electronic and video messages from the Vice-Chancellor and other members of the Senior Management Team as well as placing content on the University's web pages and communicating through social media (FaceBook and Twitter).
- A broad programme of continuing communication was implemented including monthly staff forums, tailored briefings to key groups, 19 issues of the staff magazine Chronicle, and ongoing email communications. The mix and focus of the communications was reviewed and will change in 2011.

Key Performance Indicators	2008 Actual	2009 Actual	2010 Planned	2010 Actual
Number of issues of UC Diary	48	50	48	49
UC Chronicle				
Number of issues	20	20	20	19
Distribution	3,200	3,200	3,400	3,200
Intranet announcements	128	150	180	136
UC Intranet page views	944,404	1,199,168	500,000	1,010,585 ⁴⁷

⁴⁷ The increased amount of intranet traffic from planned was due to increased internal communications and new initiatives such as the HR Toolkit.

The background of the page is a monochromatic, sepia-toned photograph of a university campus. In the upper left, a large, multi-story building with a grid-like facade is visible. In the lower right, a group of people, possibly students, are walking on a path, their figures slightly blurred to suggest movement. The overall atmosphere is academic and serene.

University Annual Financial Statements

Statement of Accounting Policies

For the year ended 31 December 2010

REPORTING ENTITY

The University of Canterbury Group is domiciled in New Zealand and consists of the University of Canterbury and its subsidiary, Canterprise Limited (100% owned). Canterprise Limited is incorporated in New Zealand. Both the Group and the University's financial results are disclosed.

The University is a Tertiary Education Institution governed by the Education Act 1989.

The primary objective of the University of Canterbury is to provide education and as such has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the University of Canterbury and group are for the year ended 31 December 2010. The financial statements are authorised for issue by Council on 23 February 2011.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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, Financial Reporting Act 1993 and the Education Act 1989, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP)

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on an historical cost basis, adjusted by the revaluation of certain assets and derivatives.

Functional and presentation currency

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

Changes in accounting policies

There have been no changes in accounting policy.

Standards, amendments and interpretations issued that are not yet effective and have not been adopted early

Standards, amendments, and interpretations issued but not yet effective and have not been adopted early, and are relevant to the University are:

NZ IFRS 9 Financial Instruments will eventually replace *NZ IAS 39 Financial Instruments: Recognition and Measurement*. *NZ IAS 39* is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on classification and measurement of financial assets has been completed and has been published in the new financial instrument standard *NZ IFRS 9*. *NZ IFRS 9* uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing many different rules in *NZ IAS 39*. The approach in *NZ IFRS 9* is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in *NZ IAS 39*. The new standard is

required to be adopted for the year ending 2013. The University has not yet assessed the impact of the new standard and expects it will not be adopted early.

NZ IAS 24 Related Party Disclosures (Revised 2009) replaces *NZ IAS 24 Related Party Disclosures (Issued 2004)* and will be applied for the first time in the University and group's 31 December 2011 financial statements. The revised standard:

- i) Removes the previous disclosure concessions applied by the University for arms-length transactions between the University and entities controlled or significantly influenced by the Crown. The effect of the revised standard is that more information is required to be disclosed about transactions between the University and entities controlled or significantly influenced by the Crown.
- ii) Clarifies that related party transactions include commitments with related parties.

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 purchase method is used to prepare the group financial statements, which involves adding together like items of assets, liabilities, equity, income, expenses and cash flows on a line-by-line basis. All significant intra-group balances, transactions, income and expenses are eliminated on consolidation.

Subsidiaries

The University consolidates in the group financial statements all entities where the University has the capacity to control the financing and operating policies of an entity so as to obtain benefits from the activities of the entity. This power exists where the University controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the University or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

Investments in subsidiaries are carried at cost, less impairment, in the University's parent entity financial statements.

Associates

The University's associate investment is accounted in the group financial statements using the equity method. An associate is an entity over which the Institute has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition.

The group's share of the surplus or deficit of the associate is recognised in the group surplus or deficit. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of an associate equals or exceeds an interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made

payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surplus or deficits are eliminated to the extent of the group's interest in the relevant associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

Investments in associates are carried at fair value in the University's parent entity financial statements.

Revenue

- Government grants are recognised as revenue on entitlement.
- Student tuition fees are primarily recognised as revenue over the twelve month period.
- Research grants are recognised as revenue on a percentage completion method, which is based on the proportion of costs incurred as a percentage of the total costs. Research grant revenue not expended is shown in the Statement of Financial Position as 'Funds Received in Advance'. Research grants that are milestone specific are treated as revenue as milestones are achieved.
- Donations of money are recognised as revenue upon entitlement. Where an obligation is attached a liability is recognised. Once any obligation has been fulfilled the donation is recognised as revenue.
- Donations of assets are recorded at fair value on receipt and recognised as revenue.
- Reversionary interest income is recognised to reflect the Campus Living building assets which will become University assets in 2040. The interest is calculated using the latest building valuation and a discounted cashflow methodology.

Borrowing costs

The University has elected to defer the adoption of the revised NZ IAS 23 *Borrowing Costs (Revised 2007)* in accordance with the transitional provisions of NZ IAS 23 that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Financial Instruments

The University is party to financial instruments as part of its ordinary operations. These financial instruments include bank accounts, short term deposits, receivables, investments, derivatives, accounts payable and loans, all of which are recognised in the Statement of Financial Position. Revenue and expenses in relation to these instruments are recognised in the Statement of Financial Performance.

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 16 and 17.

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 profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The University designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), 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 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 entity 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 17 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 equity.

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 income 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 profit or loss, and is included in the other income or general expenditure line items.

Amounts recognised in the hedging reserve are reclassified from equity to profit or loss (as a reclassification adjustment) in the periods when the hedged item is recognised in profit or loss, 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 recognised when the forecast transaction is ultimately recognised in profit or loss. 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 profit or loss.

Cash and Cash Equivalents

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

Trade and Other Receivables

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

All 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.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Any obsolete inventories have been written off.

Other Financial Assets & Liabilities

The University classifies its financial assets into the following three categories: financial assets at fair value through the Statement of Financial Performance (being foreign exchange forward exchange contracts); loans and receivables; and financial assets at fair value through equity (being investments). The classification depends on the purpose for which the investments were acquired. The University determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Term deposits are classed as loans and receivables and are accounted for at amortised cost less any impairment.

Investments in subsidiaries are stated at cost less any impairments writedowns. Any write-downs are recognised in the Statement of Financial Performance.

The University's interest in companies is primarily for educational purposes rather than monetary gain. The University adopts a fair value approach for its interests in these companies. Fair value is determined by the University's share of the company's equity and any movements are recognised in the statement of comprehensive income.

In November 2009 the University issued a \$50 million fixed-rate (7.25%) unsubordinated unsecured bond. The bond is recognised on an amortised cost basis.

All financial assets and financial liabilities are initially recognised at fair value.

Property Plant and Equipment

Land and Buildings

- Land has been valued at fair value by CB Richard Ellis Limited as at 31 December 2010. The fair value of land is normally 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 of the land highest and best use. The fair value of land is normally determined from market based evidence and a discounted cash flow basis and there is no optimisation process applied. As there is no sales based market evidence the valuation is based on a discounted hypothetical development less allowances for legal impediments.
- Buildings, on a component basis, have been valued by CB Richard Ellis Limited at depreciated replacement cost as at 31 December 2010 except where there exists a contestable market and in which case a comparative sales or discounted cash flow approach is used. The depreciated replacement cost methodology is based on the fair value of the land plus the current gross replacement cost of improvements less allowances for physical deterioration, and optimisation for obsolescence and relative surplus capacity. This valuation has been modified by the University to allow for the impact of the Canterbury earthquakes. This is explained in Note 24.
- Independent registered valuers undertake revaluations of Land and 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.

Library

- The Current Collection is valued at historical cost less depreciation.
- The Permanent Collection is valued on a fair value basis as at 31 December 2010 by Jones Lang Lasalle Limited. The valuation was carried out in accordance with The Treasury valuation guidelines. Non-specialised assets have been valued at market value and specialised assets have been valued on a depreciated replacement cost basis. The Permanent Collection is revalued every three years by an independent registered valuer.
- Donated books have been included at estimated market value.

Artworks/Medals

- Artworks are initially recorded at cost and then revalued on a three-yearly cycle. They were valued at fair value by Independent Art Valuations Ltd as at 31 December 2010. Artworks with a cost lower than \$2,500 are expensed on acquisition. Fair value was determined by reference to market values for comparable works and the size and condition of the piece.
- Donated artworks have been included at fair value and will be subject to the three-yearly revaluation cycle.
- Medals are initially recorded at cost and then revalued on a three-yearly cycle. They were valued at fair value by R. J Watt & Associates as at 18 December 2008. 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.
- Both Medals and Artworks valuations are carried out by independent valuers.

Plant and Equipment

- Assets including plant, equipment, motor vehicles and furniture are recorded at cost less accumulated depreciation. 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.

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. 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.

Additions to Property Plant and Equipment

- Additions to all assets subsequent to the date of valuation are recorded at cost.

Disposals of Property Plant and Equipment

- Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Financial Performance. When re-valued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to General Equity.

Development and website costs

- Course development costs are not capitalised. Any costs involved in the development of new courses are expensed in the year incurred. Website development costs are normally expensed unless the development has resulted in new functionality in which case the cost is capitalised.

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 Statement of Financial Performance.
- The useful lives of the University's software ranges from 3-10 years.

Accounting for Revaluations of Property, Plant and Equipment

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

The results of revaluing 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 Statement of Financial Performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Impairment of Property, Plant and Equipment

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 Statement of Financial Performance.

For assets not carried at a revalued amount, any impairment loss is recognised in the Statement of Financial Performance.

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 Statement of Financial Performance, a reversal of the impairment loss is also recognised in the Statement of Financial Performance.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the Statement of Financial Performance.

Depreciation of Property, Plant and Equipment

All items of property, plant and equipment other than Land, the Permanent Collection, and the Artworks Collection are depreciated using the straight-line (SL) method (except for the Current Collection for the Library which uses the diminishing value (DV) 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% SL
 - Building Services 2.50% SL
 - Fittings and Fit-out 4.00% SL
 - Furnishings (chattels) 5.00% SL
- Other Plant and Equipment 6.7% to 33.3% SL
- Leased Equipment 20% to 50% SL
- Current Collection (Library) 6% to 15% DV

Leases

Finance Leases

- Leases which effectively transfer substantially all the risks and benefits of ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. The leased assets are depreciated over the period of expected benefit from the asset's use on a straight line basis.

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 thirty-five year lease of its student accommodation facilities with Campus Living Villages Ltd. Lease rental was received in advance in 2005, and will be recognised as income equally over the period of the lease.

The present value of Term – Revenue Owing from this transaction is reflected as a separate Non Current Asset and corresponding Non Current Liability.

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 which 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 which 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 amount attributable to known retirees for the following financial period – this 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 twelve months and future years. The liability balance is split into a current and non-current portion.

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 Ltd, and they have based their valuation on the model recommended by Treasury for reporting purposes of Crown Entities.

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. As such the scheme is accounted for as a defined contribution plan.

Defined Contribution Plan

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

Foreign Currencies

- Foreign currency transactions throughout the period have been translated to New Zealand currency at the ruling rates of exchange at date of payment.
- Realised and unrealised exchange gains or losses are accounted for in the Statement of Financial Performance.
- Any unrealised gains and losses on forward currency exchange contracts, are recognised in the Statement of Financial Performance. The corresponding receivable or payable position at the balance sheet date is recognised in the Statement of Financial Position as either 'Other Financial Assets' or 'Other Financial Liabilities'.

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 funds;
- Cash flow hedge reserves;
- Property revaluation reserves; and
- Fair value through other comprehensive income reserves.

Cash flow hedge reserves

This reserve relates to the movements of fair value of all foreign exchange forward contracts and interest rate swaps.

Property revaluation reserves

This reserve relates to the revaluation of building, land, library and collections to fair value.

Fair value through other comprehensive income reserves

This reserve comprises the cumulative net change in the fair value of "fair value through other comprehensive income" 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 GST inclusive. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense. GST owing to the Inland Revenue Department as at 31 December 2010 is included in Accounts Payable.

Taxation

The University is exempt from the payment of income tax as it is treated by the Inland Revenue Department as a charitable organisation. Accordingly, there is no provision for income tax.

Critical Accounting Estimates and Assumptions

In preparing these financial statements the University has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments 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 assumes that there were no physical consequences of the 4 September Canterbury Earthquake that had a detrimental effect on the value of the land and buildings. It also assumes there are no rectification costs which are not covered by insurance and hence no extraordinary costs that will warrant deductions from the valuation. The University has modified the valuation to allow for the decrease in value in the buildings asset as at 31 December. Note 24 explains the rationale for this and the methodology used.

- In performing depreciated replacement cost valuations with respect to buildings, estimates are made when determining the remaining useful lives over which the asset will be depreciated. If useful lives do not reflect the actual consumption of the benefits of the asset, then the University could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Financial Performance. The cost element is determined by indexing to building cost indexes.
- A key assumption of the land valuation was that an allowance was made to reflect the possible legal impediments to achieving the fair market value of the land's highest and best use. The assumption used was a 10% reduction in market value.
- The valuation excludes any capitalization for any borrowing costs that may have been incurred in the construction or acquisition of a component asset.
- The valuation excludes any optimization adjustment in respect of obsolescence or surplus capacity. However, adjustments have been made as appropriate to fairly reflect remaining lives by reference to physical condition and capital expenditure.
- The valuation of land and improvements that are leased to Campus Living ignores the lease encumbrance and treats the valuation in the same fashion as the balance of the University Campus assets.
- The valuation merges the interests of the Crown and the University in respect of the Dovedale campus.

Long Service, Retirement and Sick Leave

- The estimates and uncertainties surrounding these valuations include estimations of salary growth rates (2.75% to 4.50%), resignation rates (as per Government Superannuation Fund), retirement rates (as per Government Superannuation Fund) and discounting rates (as per those adopted by Treasury for reporting purposes of Crown Entities – 3.59% to 6.10%).

Reversionary Interest

- A reversionary interest is recognised representing the progressive recognition of the value of the Campus Living accommodation which reverts to University ownership in 2040. The key assumption used in calculating this revenue is the discount rate at 8.12% (2009: 8.32%). Any changes in this rate will impact on the revenue recognised.

Statement of Financial Performance

For the year ended 31 December 2010

	Notes	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actuals (\$000's)	2009 University Actuals (\$000's)	2010 University Budget (\$000's)
OPERATING INCOME						
Government Grant		117,236	115,009	117,236	115,009	116,923
Performance-Based Research Funding (PBRF)		25,480	25,262	25,480	25,262	25,955
Student Tuition Fees Domestic Fee Paying		63,444	58,531	63,444	58,531	61,481
Student Tuition Fees Full Fee Paying	25	24,322	24,315	24,322	24,315	26,528
Student Tuition Fees Other		2,640	3,963	2,640	3,963	4,225
Student Services Levy		9,293	1,297	9,293	1,297	8,400
Other Student Related Fees		923	2,225	923	2,225	1,857
Research Income		24,340	25,048	24,340	25,048	23,159
Interest Income		5,525	3,888	5,525	3,886	5,200
Other Income	1, 25	26,564	24,635	26,306	24,435	20,401
Canterbury Earthquake Related Income	24, 25	2,917	-	2,917	-	-
TOTAL OPERATING INCOME		302,684	284,173	302,426	283,971	294,129
OPERATING EXPENDITURE						
Personnel Expenses	2	178,921	171,217	178,921	171,170	172,177
Site & Property Costs		8,979	9,329	8,979	9,325	8,764
General / Operating Expenditure	3	68,364	66,173	68,199	65,956	68,515
Finance Charges	4	3,795	908	3,795	897	3,773
Depreciation and Amortisation	8, 24	27,585	27,491	27,585	27,487	27,638
Canterbury Earthquake Related Expenditure	24, 25	2,647	-	2,647	-	-
TOTAL OPERATING EXPENDITURE		290,291	275,118	290,126	274,835	280,867
NET SURPLUS		12,393	9,055	12,300	9,136	13,262

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

Statement of Comprehensive Income

For the year ended 31 December 2010

Notes	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actuals (\$000's)	2009 University Actuals (\$000's)	2010 University Budget (\$000's)
NET SURPLUS	12,393	9,055	12,300	9,136	13,262
Other comprehensive income					
Movements in revaluation reserves relating to asset valuations	25	36	26,036	36	-
Movement in revaluation reserves due to Canterbury Earthquake	8, 24, 25	-	(26,465)	-	-
Net movement in revaluation reserves		-	(429)	-	-
Movements in fair value through other comprehensive income financial assets		-	(1,383)	-	-
Total other comprehensive income	(1,812)	36	(1,812)	36	-
TOTAL COMPREHENSIVE INCOME	10,581	9,091	10,488	9,172	13,262

Statement of Changes in Equity

For the year ended 31 December 2010

Notes	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actuals (\$000's)	2009 University Actuals (\$000's)	2010 University Budget (\$000's)
Balance as at 1 January	708,895	698,104	709,475	698,603	705,908
Comprehensive income					
Surplus/(deficit)	12,393	9,055	12,300	9,136	13,262
Other comprehensive income	25	36	(1,812)	36	-
Total comprehensive income	10,581	9,091	10,488	9,172	13,262
Amounts recognised directly in equity					
Crown Contributions for Partnerships for Excellence & CORE	18	1,700	-	1,700	1,233
Total amounts recognised directly in equity	-	1,700	-	1,700	1,233
Balance as at year end	719,476	708,895	719,963	709,475	720,403

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

Statement of Financial Position

As at 31 December 2010

	Notes	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actuals (\$000's)	2009 University Actuals (\$000's)	2010 University Budget (\$000's)
CURRENT ASSETS						
Cash and Cash Equivalents	5, 25	37,608	81,737	37,540	81,652	84,305
Other Financial Assets	16, 25	53,459	12,960	53,459	12,960	–
Receivables	6	13,791	11,084	13,855	11,040	9,690
Prepayments		7,472	6,512	7,472	6,512	7,114
Inventories	7	1,513	1,480	1,513	1,480	2,214
Total Current Assets		113,843	113,773	113,839	113,644	103,323
LESS CURRENT LIABILITIES						
Funds Received in Advance	11	20,422	24,631	20,422	24,631	19,267
Accounts Payable	12	21,799	16,114	21,753	16,152	23,762
Other Financial Liabilities	16	681	840	681	840	–
Current Loans & Leases	13	828	780	828	780	32
Current Provisions – Employee Entitlements	15	10,041	13,390	10,041	13,390	11,379
Total Current Liabilities		53,771	55,755	53,725	55,793	54,440
WORKING CAPITAL		60,072	58,018	60,114	57,851	48,883
NON CURRENT ASSETS						
Land	8	96,760	98,301	96,760	98,301	98,301
Buildings	8, 24, 25	502,848	483,771	502,848	483,771	499,376
Plant & Equipment	8, 24	33,009	33,541	33,004	33,538	39,611
Leased Equipment	8	392	1,090	392	1,090	1,019
Library	8, 24, 25	103,708	86,642	103,708	86,642	90,414
Intangible Assets	8	4,150	4,939	4,150	4,939	–
Capital Work-In-Progress	8	10,364	31,717	10,364	31,717	33,184
Investments	9	1,351	2,053	1,801	2,803	2,053
Term – Receivable	10	1,339	1,252	1,339	1,252	–
Other Non Current Assets	10	2,844	3,114	2,844	3,114	4,760
Total Non Current Assets		756,765	746,420	757,210	747,167	768,718
NON CURRENT LIABILITIES						
Loans & Leases	13	1,379	2,206	1,379	2,206	2,974
Philanthropic Bond	14	49,067	49,046	49,067	49,046	50,000
Term Provisions – Employee Entitlements	15	20,605	17,168	20,605	17,168	17,969
Term – Funds Received in Advance	11	26,310	27,123	26,310	27,123	26,255
Total Non Current Liabilities		97,361	95,543	97,361	95,543	97,198
TOTAL NET ASSETS		719,476	708,895	719,963	709,475	720,403
REPRESENTED BY :						
General Equity	18	456,306	443,728	456,794	444,308	456,342
Revaluation Reserves	18, 25	264,553	265,167	264,553	265,167	264,061
Cashflow Hedge Reserve	18	(681)	–	(681)	–	–
Fair Value Through Other Comprehensive Income Reserve	18	(702)	–	(702)	–	–
TOTAL EQUITY		719,476	708,895	719,963	709,475	720,403

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

Statement of Cash Flows

For the year ended 31 December 2010

Notes	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actuals (\$000's)	2009 University Actuals (\$000's)	2010 University Budget (\$000's)
OPERATING ACTIVITIES					
Cash provided from:					
Government Grant	142,799	140,271	142,799	140,271	142,878
Tuition Fees	90,004	87,648	90,004	87,648	92,719
Other Income	56,709	56,228	56,204	56,008	52,402
Agency Funds	3,938	5,264	3,938	5,264	–
Interest Received	4,859	3,614	4,859	3,612	5,200
	298,309	293,025	297,804	292,803	293,199
Cash applied to:					
Personnel Expenses	178,112	168,214	178,112	168,167	171,209
Site & Property Expenses	8,688	9,138	8,688	9,134	8,765
General / Operating Expenses	70,775	65,945	70,611	65,500	67,503
Agency Funds	3,938	5,387	3,938	5,387	–
Interest Paid	4,175	332	4,175	332	3,774
Net GST Movement	(1,611)	1,070	(1,611)	1,070	–
	264,077	250,086	263,913	249,590	251,251
Net cash provided by Operating Activities	19 34,232	42,939	33,891	43,213	41,948
INVESTING ACTIVITIES					
Cash provided from:					
Proceeds from disposal of Fixed Assets	49	31	49	31	–
Maturity of Deposits with terms greater than 3 months but less than 12 months	40,970	25,350	40,970	25,350	–
	41,019	25,381	41,019	25,381	–
Cash applied to:					
Capital Expenditure	37,612	45,444	37,612	45,445	47,576
Deposits with terms greater than 3 months but less than 12 months	81,468	12,960	81,468	12,960	–
Deposits with terms greater than 12 months	–	–	–	–	–
	119,080	58,404	119,080	58,405	47,576
Net cash used in Investing Activities	(78,061)	(33,023)	(78,061)	(33,024)	(47,576)

Notes	DEC-10 University & Group (\$000's)	DEC-10 University Actual (\$000's)	DEC-09 University & Group (\$000's)	DEC-09 University Actual (\$000's)	DEC-10 University 12 Months (\$000's)
FINANCING ACTIVITIES					
Cash provided from:					
Philanthropic Bond Issuance	-	50,010	-	50,010	-
Crown Contribution for Partnerships for Excellence and CORE	18	1,700	-	1,700	1,280
Closure of Canterprise Ltd bank account				123	-
		51,710		51,833	1,280
Cash applied to:					
Repayment of Loans		5,752		5,752	32
Net cash provided by Financing Activities	-	45,958	-	46,081	1,248
Net increase (decrease) in cash held	(44,258)	55,874	(44,170)	56,271	(4,380)
Cash and Cash Equivalents on hand at beginning of year	81,808	26,117	81,652	25,635	138,685
Effects of exchange rate changes on the balance of cash held in foreign currencies	58	(254)	58	(254)	-
Cash and Cash Equivalents on hand at end of year	37,608	81,737	37,540	81,652	134,305
Represented by:					
Cash and Cash Equivalents	37,608	81,737	37,540	81,652	134,305
	37,608	81,737	37,540	81,652	134,305

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

The Budgeted Opening Cash and Cash Equivalents balance in the Statement has been adjusted to account for the timing difference in the recognition of the \$50 million Philanthropic Bond, which was not included in the Council approved 2010 University Budget.

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

Statement of Commitments

As at 31 December 2010

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. Capital commitments listed below represent contractual commitments.

Non-cancellable Operating Lease Commitments

The University leases property in the normal course of business.

These leases are predominantly for premises which have non-cancellable leasing periods ranging from six months to 35 years.

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

Notes	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
Capital Commitments					
Not later than one year	15,000	11,538	15,000	11,538	17,944
Two to five years	1,662	–	1,662	–	4,422
Total Capital Commitments	16,662	11,538	16,662	11,538	22,366

Notes	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
Non-cancellable Operating Lease Commitments					
Not later than one year	604	689	604	689	886
Two to five years	526	925	526	925	1,920
Later than five years	176	192	176	192	332
Total Non-cancellable Operating Lease Commitments	1,306	1,806	1,306	1,806	3,138

Statement of Contingencies

As at 31 December 2010

The University has a contingent asset for future insurance recoveries in relation to the Canterbury Earthquake. See note 24.

The University has no other contingent liabilities or assets at 31 December 2010 (2009: Nil).

Notes to the Financial Accounts

For the year ended 31 December 2010

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
1 OTHER INCOME					
Donations / Koha	943	351	943	351	411
Donations from Trusts	1,813	2,721	1,813	2,721	1,200
Rentals	2,027	2,023	2,027	2,023	1,979
External Sales	3,364	2,906	3,122	2,906	3,124
Consultancy	3,977	2,899	3,977	2,899	3,234
Membership Fees	1,170	1,170	1,170	1,170	1,574
Sundry Income	13,270	12,565	13,254	13,284	8,879
TOTAL OTHER INCOME	26,564	24,635	26,306	25,354	20,401
2 PERSONNEL EXPENSES					
Academic Salaries	80,465	77,089	80,465	77,089	81,813
General Salaries*	82,681	80,174	82,681	80,174	78,540
Superannuation Contributions	6,311	5,522	6,311	5,522	5,283
Councillors' Honoraria	83	93	83	93	121
Redundancy Costs	4,847	1,314	4,847	1,314	2,400
Other Salary Related Expenditure	4,534	7,025	4,534	6,978	4,020
TOTAL PERSONNEL EXPENSES	178,921	171,217	178,921	171,170	172,177
* The General staff classification includes Education Plus staff.					
3 GENERAL / OPERATING EXPENDITURE					
Auditor's Remuneration – External Financial Audit	188	156	175	156	296
Auditor's Remuneration – audit of subsidiaries, FFELP, PBRF and report to bond trustees	14	36	27	36	48
Bad Debts Written Off	142	149	142	149	–
Increase / (Decrease) in Provision for Doubtful Debts	128	–	128	–	26
Write-down of Canterprise Investments	–	–	300	–	–
Loss on Disposal of Property, Plant & Equipment	375	133	371	133	1
Write-down of Inventories	33	50	33	50	–
Equipment Rentals	977	551	977	551	673
Scholarships & Prizes	14,744	12,102	14,744	12,102	14,955
Exchange Losses	490	124	490	124	–
Reversionary Interest	270	919	270	919	–
Other General/Operating Costs	51,003	51,953	50,542	51,736	52,516
TOTAL GENERAL / OPERATING EXPENDITURE	68,364	66,173	68,199	65,956	68,515

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
4 FINANCE CHARGES					
Finance Charges – Interest Paid	3,686	737	3,686	737	3,660
Finance Charges – Interest on Finance Leases	109	171	109	160	113
TOTAL FINANCE CHARGES	3,795	908	3,795	897	3,773
5 CASH AND CASH EQUIVALENTS					
Cash at bank and in hand	4,518	8,139	4,450	8,254	–
Short term deposits maturing three months or less from date of acquisition	33,090	73,598	33,090	73,398	84,305
TOTAL CASH AND CASH EQUIVALENTS	37,608	81,737	37,540	81,652	84,305

Short term deposits maturing three months or less from date of acquisition are all at fixed rates.

The weighted average rate secured as at 31 December 2010 is 4.16% (2009: 3.74%).

The carrying amount approximates the fair value.

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
6 RECEIVABLES					
Trade Receivables less Provision for Doubtful Debts	9,235	7,306	9,302	9,479	8,806
Other Receivables	4,556	3,778	4,553	1,561	884
TOTAL RECEIVABLES	13,791	11,084	13,055	11,040	9,690

The carrying value of Trade Receivables and Other Receivables approximates their fair value.

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

As at 31 December 2010 and 2009, overdue receivables have been assessed for impairment and appropriate provisions applied as detailed below:

	DEC-10 (\$000's)			DEC-09 (\$000's)		
	Gross	Impairment	Net	Gross	Impairment	Net
UNIVERSITY						
Not past due	6,928	–	6,928	6,394	–	6,394
1–30 Days Past Due	1,100	–	1,100	1,411	–	1,411
31–60 Days Past Due	194	–	194	298	–	298
61–90 Days Past Due	111	–	111	411	–	411
Greater than 91 Days Past Due	1,123	(154)	969	992	(26)	966
	9,456	(154)	9,302	9,505	(26)	9,479

	DEC-10 (\$000's)			DEC-09 (\$000's)		
	Gross	Impairment	Net	Gross	Impairment	Net
University & Group						
Not past due	6,861	–	6,861	5,373	–	5,373
1-30 Days Past Due	1,100	–	1,100	888	–	888
31-60 Days Past Due	194	–	194	188	–	188
61-90 Days Past Due	111	–	111	259	–	259
Greater than 91 Days Past Due	1,123	(154)	969	625	(26)	599
	9,389	(154)	9,235	7,332	(26)	7,306

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
7 INVENTORIES					
<i>Held for distribution</i>					
Materials and consumables	1,256	1,162	1,256	1,162	1,951
Commercial inventory					
Canterbury University Press	249	258	249	258	255
Other	8	60	8	60	8
Total Inventory	1,513	1,480	1,513	1,480	2,214

The write-down of inventories held for distribution or consumption amounted to \$24,805 as at 31 December 2010 (31 December 2009: \$39,791).

The write-down of commercial inventories amounted to \$8,534 as at 31 December 2010 (31 December 2009: \$9,726).

No inventories are pledged as security for liabilities.

8 PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES

	COST / VALN	ACCUM	NET BOOK	CURRENT	CURRENT	REVALUATION	COST / VALN	ACCUM	NET BOOK
	DEC 08 (\$000's)	DEPN & AMORTISATION DEC 08 (\$000's)	VALUE DEC 08 (\$000's)	YEAR ADDITIONS DEC 09 (\$000's)	YEAR DISPOSALS DEC 09 (\$000's)	MOVEMENTS DEC 09 (\$000's)	DEC 09 (\$000's)	DEPN & AMORTISATION DEC 09 (\$000's)	VALUE DEC 09 (\$000's)
UNIVERSITY									
Land at Valuation	98,301	-	98,301	-	-	-	98,301	-	98,301
Buildings at Valuation	479,784	(12,083)	467,701	28,263	-	-	508,047	(24,276)	483,771
Plant & Equipment at Cost	95,311	(63,518)	31,793	9,953	(148)	-	99,047	(65,509)	33,538
Leased Equipment at Cost	4,337	(1,738)	2,599	-	(2)	-	4,292	(3,202)	1,090
Library / Other Collections at Cost	106,940	(48,636)	58,304	7,696	-	-	114,636	(53,070)	61,566
Library / Other Collections at Valuation	24,852	-	24,852	262	(49)	11	25,076	-	25,076
Intangible Assets - Software	11,433	(6,580)	4,853	1,379	-	-	12,812	(7,873)	4,939
TOTAL UNIVERSITY PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES	820,958	(132,555)	688,403	47,553	(199)	11	862,211	(153,930)	708,281
UNIVERSITY									
Land at Valuation	98,301	-	98,301	-	-	(1,541)	96,760	-	96,760
Buildings at Valuation	508,047	(24,276)	483,771	44,573	-	(12,714)	502,848	-	502,848
Plant & Equipment at Cost	99,047	(65,509)	33,538	8,756	(1,089)	-	105,290	(72,286)	33,004
Leased Equipment at Cost	4,292	(3,202)	1,090	-	(2)	-	3,655	(3,263)	392
Library / Other Collections at Cost	114,636	(53,070)	61,566	6,567	-	-	121,202	(57,765)	63,437
Library / Other Collections at Valuation	25,076	-	25,076	1,368	-	13,826	40,271	-	40,271
Intangible Assets - Software	12,812	(7,873)	4,939	423	-	-	13,235	(9,085)	4,150
TOTAL UNIVERSITY PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES	862,211	(153,930)	708,281	61,687	(1,091)	(429)	883,261	(142,399)	740,862

As a result of the merger with the Christchurch College of Education the University occupies land and buildings at Solway Ave, Christchurch. The Crown has legal title of the land and a portion of the buildings. However, the University has 'in substance' ownership of the land and buildings and reports these assets as if owned by the University.

The University has a 99 year lease of these land and buildings at a peppercorn rent, subject to the rights of renewal being exercised.

The total amount of Property, Plant and Equipment in the course of construction is \$10,360,000 (2009: \$31,717,000).

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.

Included in the "Library / Other Collections at Cost" line item are the University's Medal Collection and Logie Collection.

As at 31 December 2010, Library/ Other Collections at Cost were transferred to the Library /Other Collections at Valuation to the value of \$0.412 million. This transfer is included in the "Current Year Additions Dec 10" column for each Asset Category.

The Medal Collection was revalued on 18 December 2008 by R J Wyatt and Associates, independent valuers.

The University intends to have the Logie Collection valued when a suitable independent valuer can be found to value this specialist collection.

The Revaluation movement for buildings includes \$26.46 million for impairment due to the Canterbury Earthquake. Refer to Note 24.

Current year disposals are reported net of accumulated depreciation.

The University includes \$4,084 of Plant and Equipment Group assets.

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
9 INVESTMENTS					
Investment Category					
<i>Investments at Cost less any impairment</i>					
Investment in Canterprise Limited	–	–	450	750	–
<i>Investments at Fair Value Through the Statement of Comprehensive Income</i>					
Investment in South African Large Telescope (SALT)	968	1,774	968	1,774	1,774
Investment in New Zealand Synchrotron Group Limited	383	279	383	279	279
	1,351	2,053	1,801	2,803	2,053

Canterprise Limited is registered under the Companies Act 1993 and is a wholly owned subsidiary of the University of Canterbury.

Canterprise Limited is the commercial arm of the University whose principal business is the management and commercialisation of the intellectual property of the University.

The South African Large Telescope Foundation is a collaboration of various universities and research organisations, to design, construct and operate a ten metre telescope for the advancement of science and the promotion of astronomy and astrophysics. Share capital was obtained over five years as per an agreed payment schedule.

The New Zealand Synchrotron Group Limited is made up of 7 universities and currently 4 Crown Research Institutes.

The New Zealand Synchrotron Group Limited invests as a shareholder in Australian Synchrotron Holding Company, and in return receives access rights.

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
10 TERM RECEIVABLE AND OTHER NON CURRENT ASSETS					
Term – Receivable	1,339	1,252	1,339	1,252	–
	1,339	1,252	1,339	1,252	–
<i>Other non current assets</i>	2,844	3,114	2,844	3,114	4,760
Reversionary interest	2,844	3,114	2,844	3,114	4,760

Term – Receivable

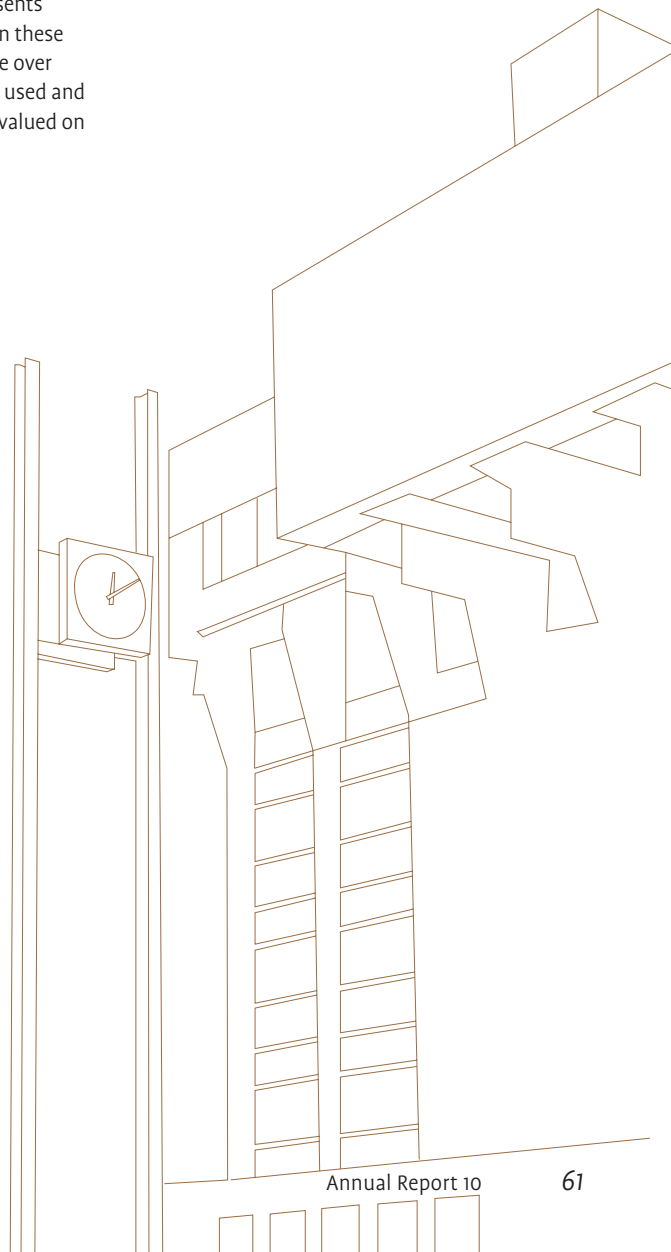
In December 2005 the University entered into a 35 year arrangement to lease the student accommodation facilities to Campus Living Village for \$35 million.

A portion of revenue was received in advance (\$28 million) for the current facilities and will be spread over the term of the lease on a straight line basis (note 11).

The term receivable represents the present value of the amount still owing by Campus Living Village. This amount will increase over the term of the lease until payments are made by Campus Living Village.

Reversionary interest

In line with the CLV lease agreement additional buildings have been constructed at Campus Living's cost. Ownership of these buildings will revert to 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, dependant on the discount rate used and the valuation of the buildings, and is valued on a present value basis.



	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
11 FUNDS RECEIVED IN ADVANCE					
Current Funds Received in Advance					
Student Fees	7,949	10,525	7,949	10,525	8,547
Research Income	7,377	6,918	7,377	6,918	6,341
Future minimum operating lease revenue not later than one year	868	916	868	916	868
Other	4,228	6,272	4,228	6,272	3,511
	20,422	24,631	20,422	24,631	19,267
Term – Funds Received in Advance					
Future minimum operating lease revenue:					
Later than one year and not later than five years	3,471	3,732	3,471	3,732	3,472
Later than five years	22,839	23,391	22,839	23,391	22,783
	26,310	27,123	26,310	27,123	26,255
TOTAL FUNDS RECEIVED IN ADVANCE	46,732	51,754	46,732	51,754	45,522
12 ACCOUNTS PAYABLE					
Trade Payables	6,595	4,891	6,549	4,891	6,645
Other Payables	15,204	11,223	15,204	11,261	17,117
TOTAL ACCOUNTS PAYABLE	21,799	16,114	21,753	16,152	23,762

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

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
13 LOANS AND LEASES					
Current Loans and Leases					
Sonoda Gakuen Corporation of Japan Loan	32	32	32	32	32
Finance Leases	796	748	796	748	–
	828	780	828	780	32
Non current Loans and Leases					
Sonoda Gakuen Corporation of Japan Loan	1,024	1,056	1,024	1,056	1,024
Finance Leases	355	1,150	355	1,150	1,950
	1,379	2,206	1,379	2,206	2,974
TOTAL LOANS AND LEASES	2,207	2,986	2,207	2,986	3,006

The University operates a purchasing card facility and had a credit limit of \$11 million as at 31 December 2010.

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%.

The carrying amount for loans and leases approximates their fair value.

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
Analysis of Loan and Lease Liabilities					
Analysis of Loan Liabilities					
Within one year	32	32	32	32	32
Two – five years	128	128	128	128	128
Greater than five years	896	928	896	928	896
	1,056	1,088	1,056	1,088	1,056
Analysis of Finance Lease Liabilities					
Total minimum lease payments that are payable					
Within one year	853	856	853	856	–
Two – five years	364	1,217	364	1,217	2,016
Total minimum lease payments	1,217	2,073	1,217	2,073	2,016
Future finance charges	(66)	(175)	(66)	(175)	(66)
Present value of minimum lease payments	1,151	1,898	1,151	1,898	1,950
Present value of minimum lease payments that are payable					
Within one year	796	748	796	748	–
Two – five years	355	1,150	355	1,150	1,950
Total	1,151	1,898	1,151	1,898	1,950

The University has entered into finance leases for various items of equipment.

The finance leases can be renewed at the University's option but given the type of equipment leased it is more likely a new lease would be entered into for different equipment.

The finance leases for the Blue Gene and P575 series are lease to own. For all other leases ownership of the item reverts back to the lessor at the lease expiration date.

There are no restrictions placed on the University by any of the finance leasing arrangements.

14 PHILANTHROPIC BOND

Philanthropic Bond
Capitalised bond issue costs

2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
50,010	50,010	50,010	50,010	50,000
(943)	(964)	(943)	(964)	-
49,067	49,046	49,067	49,046	50,000



In 2009, the University successfully launched a \$50M, 10 Year, fixed Rate, unsubordinated, unsecured Bond at an interest rate of 7.25% per annum fixed for 5 years; reset for a further 5 years at a 1.75% margin over the then prevailing 5 year swap rate. The issue was fully subscribed at an issue price of \$1 per Bond with a maturity date of 15 December 2019.

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

Principal donated will be irrevocable, however, donations of interest are revocable by the bond holder interest period to interest period.

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

Capitalised bond issue costs

Expenses incurred in the issue of the 10 year Fixed Rate Unsubordinated Unsecured Philanthropic Bond were capitalised and are to be 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

In addition, the Tertiary Education Commission has required the following further covenants to be met:

- Surplus to total operating income to be not less than 3% (measured over a financial year)
- Net debt to be no more than 1.8 times net cash from operating activities (measured over a financial year)
- A minimum free cash balance should be maintained equivalent to no less than 1.5 months annual net cash costs (measured at month end)
- The ratio of operating cash receipts to operating cash payments should be 111% or more (measured over a financial year)
- The ratio of net surplus before interest to net interest should be no less than 3.0 (measured over a financial year)

All loan covenants were complied with for the 2010 year.

Fair value of the bonds as at 31 December 2010 was \$50.497M. The fair value calculation is based on the average price of the bonds from trades carried out during December 2010.

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
15 EMPLOYEE ENTITLEMENTS					
Sick Leave	773	1,105	773	1,105	1,048
Annual Leave	7,059	6,328	7,059	6,328	5,578
Long Service Leave	1,304	1,588	1,304	1,588	1,549
Retirement Leave	21,510	20,500	21,510	20,500	21,173
Total	30,646	29,521	30,646	29,521	29,348
Restructuring Provision¹	-	1,037	-	1,037	-
Total Employee entitlement and Restructuring provision	30,646	30,558	30,646	30,558	29,348
Made up of:					
Current	10,041	13,390	10,041	13,390	11,379
Non Current	20,605	17,168	20,605	17,168	17,969
Total	30,646	30,558	30,646	30,558	29,348

¹ Restructuring Provision balance at 1 January 2010.
Less redundancy payments made in relation to the provision during 2010.

1,037

1,188

Over/(under) provided

(151)

The University started a project in 2009 to restructure services that support teaching and research (project STAR). The first tranche of change proposals were issued to effective staff and public announcements made in December 2009. Estimates were made for the financial impact of these change proposals based on assumptions regarding the positions involved and redeployment success. These redundancies were paid out in 2010 along with many other change proposals issued and paid out in 2010.

The amount paid out in 2010 which relate to the change proposals announced in 2009 was \$1.188M.

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
16 OTHER FINANCIAL ASSETS AND LIABILITIES					
Other Financial Assets					
Short term deposits with maturities over 3 months but less than 12 months from date of acquisition	53,459	12,960	53,459	12,960	-
Long term deposits with maturities greater than 12 months from date of acquisition	-	-	-	-	-
Forward Currency Exchange Contracts	-	-	-	-	-
	53,459	12,960	53,459	12,960	-
Other Financial Liabilities					
Derivative Financial Instrument Liabilities					
Foreign Currency Derivative	19	840	19	840	-
Interest Rate Swap Derivative	662	-	662	-	-
	681	840	681	840	-
17 FINANCIAL INSTRUMENTS					
The accounting policies for financial instruments have been applied to the line items below:					
FINANCIAL ASSETS					
Loans and receivables					
Cash and Cash Equivalents	37,608	81,737	37,540	81,652	84,305
Receivables	13,791	11,084	13,855	11,040	9,690
Other Financial Assets					
• Short-term deposits with maturities over 3 months but less than 12 months from date of acquisition	53,459	12,960	53,459	12,960	-
• Long-term deposits with maturities greater than 12 months from date of acquisition	-	-	-	-	-
Term Receivable	1,339	1,252	1,339	1,252	-
Total loans and receivables	106,197	107,033	106,193	106,904	93,995
Fair value through the Statement of Financial Performance – at initial recognition					
Forward Currency Exchange Contracts	-	-	-	-	412
Total fair value through the Statement of Financial Performance	-	-	-	-	412
Fair value through the Statement of Comprehensive Income					
Investments	1,351	2,053	1,351	2,053	2,053
Total fair value through the Statement of Comprehensive Income	1,351	2,053	1,351	2,053	2,053

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
FINANCIAL LIABILITIES					
Financial Liabilities at amortised cost					
Accounts payable	21,799	16,114	21,753	16,152	23,762
Sonoda Gakuen Corporation of Japan Loan	1,056	1,088	1,056	1,088	1,056
Philanthropic Bond	49,067	49,046	49,067	49,046	50,000
Total Financial Liabilities at amortised cost	71,922	66,248	71,876	66,286	74,818
Fair value through the Statement of Comprehensive Income					
Other Financial Liabilities					
Foreign Currency Derivative	19	840	19	840	78
Interest Rate Swap Derivative	662	-	662	-	-
Total fair value through the Statement of Comprehensive Income	681	840	681	840	78

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 2010 is 5.19%, (2009: 4.0%)

As at 31 December 2010 and 31 December 2009 there are no long-term deposits with maturities greater than 12 months from date of acquisition.

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.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the statement of financial position:

	DEC-10				DEC-09			
	Total (000's)	Quoted market price (000's)	Observable inputs (000's)	Significant non-observable inputs (000's)	Total (000's)	Quoted market price (000's)	Observable inputs (000's)	Significant non-observable inputs (000's)
30 June 2010 – University								
Financial Assets								
Fair Value through equity investments	1,351	–	1,351	–	2,053	–	2,053	–
Financial Liabilities								
Derivative Financial Instruments	681	–	681	–	840	–	840	–
TOTAL	2,032	–	2,032	–	2,893	–	2,893	–

Price Risk

The equity investments that are held by the University are reflected within the financial statements either at cost less any impairment or 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

For exposure to foreign currency movements refer to the table below. This shows the effect of a ten per cent increase or decrease in exchange rates.

	2010	2009	2010	2009
	University NZ\$'000's	University NZ\$'000's	University & Group NZ\$'000's	University & Group NZ\$'000's
Currency impact USD				
Profit or loss – strengthening in NZ\$ (i)	(48)	(299)	(48)	(299)
Profit or loss – weakening in NZ\$ (i)	59	366	59	366
Equity – strengthening in NZ\$ (ii)	(83)	–	(83)	–
Equity – weakening in NZ\$ (ii)	101	–	101	–
Currency impact EUR				
Profit or loss – strengthening in NZ\$ (iii)	(68)	(133)	(68)	(133)
Profit or loss – weakening in NZ\$ (iii)	83	163	83	163
Equity – strengthening in NZ\$ (iv)	(16)	–	(16)	–
Equity – weakening in NZ\$ (iv)	19	–	19	–
Currency impact AUD				
Profit or loss – strengthening in NZ\$ (v)	–	(59)	–	(59)
Profit or loss – weakening in NZ\$ (v)	–	72	–	72
Equity – strengthening in NZ\$ (vi)	–	–	–	–
Equity – weakening in NZ\$ (vi)	–	–	–	–
Currency impact GBP				
Profit or loss – strengthening in NZ\$ (vii)	–	(181)	–	(181)
Profit or loss – weakening in NZ\$ (vii)	–	221	–	221
Equity – strengthening in NZ\$ (viii)	(15)	–	(15)	–
Equity – weakening in NZ\$ (viii)	18	–	18	–

(i) This is attributable to the exposure outstanding on USD bank balances at year end.

(ii) This is principally as a result of the changes in fair value of derivative instruments designated as cash flow hedges.

(iii) This is attributable to the exposure to outstanding EUR bank balances at year end.

(iv) This is principally as a result of the changes in fair value of derivative instruments designated as cash flow hedges.

(v) This is attributable to the exposure to outstanding AUD bank balances at year end.

(vi) This is principally as a result of the changes in fair value of derivative instruments designated as cash flow hedges.

(vii) This is attributable to the exposure to outstanding GBP bank balances at year end.

(viii) This is principally as a result of the changes in fair value of derivative instruments designated as cash flow hedges.

The University's sensitivity to foreign currency has decreased during the current year due to a decrease in foreign currency account balances and a decrease in foreign currency forward contracts.

Forward Foreign Currency Exchange Contracts

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

As at 31 December, the aggregate amount of unrealised losses under forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on these anticipated future transactions is \$18,962 (2009: \$nil). It is anticipated that the purchases will take place during the second half of next financial year at which stage the amount deferred in equity will be released against the non-financial asset or profit or loss, depending on the nature of the hedged item.

Cash Flow Hedges

Outstanding pay fixed, receive floating contracts

	Average contracted fixed interest rate		Notional principal amount		Fair value of hedge	
	2010 %	2009 %	2010 NZ\$'000's	2009 NZ\$'000's	2010 NZ\$'000's	2009 NZ\$'000's
University						
Less than 1 year	-	-	-	-	-	-
1 to 2 years	-	-	-	-	-	-
2 to 5 years	5.92	-	50,000	-	(662)	-
5 years+	-	-	-	-	-	-
			50,000	-	(662)	-

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the floating rate in New Zealand.

The University will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the University's cash flow exposure resulting from fixed interest rates resets on bond borrowings. The interest rate swaps and the interest payments on the bond occur simultaneously and the amount deferred in equity is recognised in profit or loss over the period that the reset fixed rate interest payments on debt impact profit or loss.

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 which potentially subject the University to concentrations of interest rate risk consist principally of Cash and Cash Equivalents, Loans and Leases.

Fair Value Interest Rate Risk

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 5 provides further details regarding Cash and Cash Equivalents while Note 13 gives analysis in relation to borrowing.

Interest Rate Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives 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 reasonably possible change in interest rates.

Interest Rate Swap Contracts

Under an interest rate swap contract, the University agrees to exchange the difference between floating and fixed rate interest amounts calculated on an agreed notional principal amount. This contract enables the University to mitigate future cash flow exposures on the interest rate reset (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 curves 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 2010.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at 31 December 2010.

At 31 December if interest rates had been 50 basis points higher/lower and all other variables were held constant, the University's: (i) surplus for the year ended 31 December would increase/decrease by \$425,000 (2009: increase/decrease by: \$474,000). This is mainly attributable to the University's exposure to 2010 interest rates on its cash deposits and floating rate borrowings; and (ii) other equity reserves would increase/decrease by \$119,000 (2009: increase/decrease by \$nil) mainly as a result of the University's exposure to interest rates on interest rate swaps designated as cash flow hedges.

The University's sensitivity to interest rates has decreased during the current year mainly due to the reduction in floating rate debt instruments, the increase in cash deposits and the longer term interest rate swaps.

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, term deposits and forward currency exchange contracts.

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. Credit exposure is further reduced by monitoring individual weightings. Due to the large number of individual debtors, the concentration of credit risk with respect to Receivables is greatly reduced.

The University exposure to credit risk is reflected by the carrying amount in the statement of financial position for cash and cash equivalents, receivables, term deposits, and forward foreign exchange contract assets.

Credit Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates.

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actuals (\$000's)	2009 University Actuals (\$000's)	2010 University Budget (\$000's)
Counterparties with Credit ratings					
Cash at Bank and term deposits:					
AA (All other banks)	75,999	84,612	75,999	84,612	38,397
AA- (Kiwibank)	15,000	10,000	15,000	10,000	13,000
Total cash and bank and term deposits	90,999	94,612	90,999	94,612	51,397
Counterparties without Credit ratings					
Existing counterparty with no defaults in the past	13,855	12,004	13,855	12,004	7,321
Total counterparties without Credit ratings	13,855	12,004	13,855	12,004	7,321

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 borrowings and investments are disclosed in Notes 13, 14 and 16 respectively.

Liquidity ratio measurement analysis and forecasting is 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 2010. Future interest payments on floating rate debt are based on the floating rate applicable to the instruments at 31 December 2010. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount (\$000's)	Contractual cash flows (\$000's)	Less than 6 months (\$000's)	6-12 months (\$000's)	1-2 years (\$000's)	2-3 years (\$000's)	More than 3 years (\$000's)
University 2010							
Accounts payable	21,753	21,753	21,753	-	-	-	-
Sonoda Gakuen Corporation of Japan Loan	1,056	1,596	-	64	63	62	1,407
Philanthropic Bond	49,067	82,642	1,813	1,813	3,626	3,626	71,764
Total	71,876	105,991	23,566	1,877	3,689	3,688	73,171
University & Group 2010							
Accounts payable	21,799	21,799	21,799	-	-	-	-
Sonoda Gakuen Corporation of Japan Loan	1,056	1,596	-	64	63	62	1,407
Philanthropic Bond	49,067	82,642	1,813	1,813	3,626	3,626	71,764
Total	71,922	106,037	23,612	1,877	3,689	3,688	73,171
University 2009							
Accounts payable	16,152	16,152	16,152	-	-	-	-
Sonoda Gakuen Corporation of Japan Loan	1,088	1,660	-	65	64	63	1,468
Philanthropic Bond	49,046	86,267	1,813	1,813	3,626	3,626	75,390
Total	66,286	104,079	17,965	1,878	3,690	3,689	76,858
University & Group 2009							
Accounts payable	16,114	16,114	16,114	-	-	-	-
Sonoda Gakuen Corporation of Japan Loan	1,088	1,660	-	65	64	63	1,468
Philanthropic Bond	49,046	86,267	1,813	1,813	3,626	3,626	75,390
Total	66,248	104,041	17,927	1,878	3,690	3,689	76,858

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 to 31 December 2010 to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability Carrying Amount (\$000's)	Asset Carrying Amount (\$000's)	Contractual cash flows (\$000's)	Less than 6 months (\$000's)	6-12 months (\$000's)	1-2 years (\$000's)	More than 2 years (\$000's)
University & Group 2010							
Net settled derivatives	681	-	681	-	-	19	662
University & Group 2009							
Net settled derivatives	840	-	840	649	191	-	-

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 6 months (\$000's)	6-12 months (\$000's)	1-2 years (\$000's)	2-3 years (\$000's)	More than 3 years (\$000's)
University 2010							
Cash and Cash Equivalents	37,540	37,540	37,540	-	-	-	-
Receivables	13,855	13,855	13,855	-	-	-	-
Other Financial Assets							
• Short-term deposits with maturities over 3 months but less than 12 months from date of acquisition	53,459	53,459	53,459	-	-	-	-
• Long-term deposits with maturities greater than 12 months from date of acquisition	-	-	-	-	-	-	-
Term Receivable	1,339	7,000	-	-	-	-	7,000
Total	106,193	111,854	104,854	-	-	-	7,000
University & Group 2010							
Cash and Cash Equivalents	37,608	37,608	37,608	-	-	-	-
Receivables	13,791	13,791	13,791	-	-	-	-
Other Financial Assets							
• Short-term deposits with maturities over 3 months but less than 12 months from date of acquisition	53,459	53,459	53,459	-	-	-	-
• Long-term deposits with maturities greater than 12 months from date of acquisition	-	-	-	-	-	-	-
Term Receivable	1,339	7,000	-	-	-	-	7,000
Total	106,197	111,858	104,858	-	-	-	7,000
University 2009							
Cash and Cash Equivalents	81,652	81,652	81,652	-	-	-	-
Receivables	11,040	11,040	11,040	-	-	-	-
Other Financial Assets							
• Short-term deposits with maturities over 3 months but less than 12 months from date of acquisition	12,960	12,960	12,960	-	-	-	-
• Long-term deposits with maturities greater than 12 months from date of acquisition	-	-	-	-	-	-	-
Term Receivable	1,252	7,000	-	-	-	-	7,000
Total	106,904	112,652	105,652	-	-	-	7,000
University & Group 2009							
Cash and Cash Equivalents	81,737	81,737	81,737	-	-	-	-
Receivables	11,084	11,084	11,084	-	-	-	-
Other Financial Assets							
• Short-term deposits with maturities over 3 months but less than 12 months from date of acquisition	12,960	12,960	12,960	-	-	-	-
• Long-term deposits with maturities greater than 12 months from date of acquisition	-	-	-	-	-	-	-
Term Receivable	1,252	7,000	-	-	-	-	7,000
Total	107,033	112,781	105,781	-	-	-	7,000

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
18 EQUITY					
General Equity					
Balance as at 1 January	443,728	432,973	444,308	433,472	441,847
Miscellaneous Transfer Between Equity and Revaluation Reserves	186	-	186	-	-
Net Surplus for the year	12,393	9,055	12,300	9,136	13,262
Crown Contributions for Partnerships for Excellence and CORE	-	1,700	-	1,700	1,233
Balance as at year end	456,306	443,728	456,794	444,308	456,342
Cashflow Hedge Reserve					
Balance as at 1 January	-	-	-	-	-
Fair Value Movement in Derivatives	(681)	-	(681)	-	-
Balance as at year end	(681)	-	(681)	-	-
Fair Value through Other Comprehensive Income:					
Balance as at 1 January	-	-	-	-	-
Adjustment to SALT and Synchrotron valuations	(702)	-	(702)	-	-
Balance as at year end	(702)	-	(702)	-	-
Revaluation Reserves					
Balance as at 1 January	265,167	265,131	265,167	265,131	264,198
Miscellaneous Transfer Between Equity and Revaluation Reserves	(186)	-	(186)	-	-
Transfers to General Equity on revalued Buildings	(12,714)	-	(12,714)	-	-
Transfers to General Equity on revalued Land	(1,541)	-	(1,541)	-	-
Revaluations	13,827	36	13,827	36	(137)
Balance as at year end	264,553	265,167	264,553	265,167	264,061
Revaluation Reserves consists of:					
Buildings	159,681	172,581	159,681	172,581	171,486
Land	72,205	73,746	72,205	73,746	73,746
Library / Collections	32,667	18,840	32,667	18,840	18,829
Total	264,553	265,167	264,553	265,167	264,061

During 2010, Crown contributions of \$nil were received in relation to Partnerships for Excellence (2009: \$1,700,000).

	2010 University & Group (\$000's)	2009 University & Group (\$000's)	2010 University Actual (\$000's)	2009 University Actual (\$000's)	2010 University Budget (\$000's)
19 RECONCILIATION OF NET SURPLUS WITH NET CASH FROM OPERATING ACTIVITIES					
OPERATING ACTIVITIES					
Net Surplus / (Deficit)	12,393	9,055	12,300	9,136	13,262
Add (less) non-cash items:					
Depreciation / Amortisation	27,585	27,491	27,585	27,487	27,638
Donated Assets	(911)	(594)	(911)	(594)	(420)
Movement in Reversionary Interest	270	919	270	919	(1,646)
Movement in Long Term Revenue Owing	(88)	(82)	(88)	(82)	(77)
Movement in Total Employee Entitlements	88	2,894	88	2,916	(1,210)
Unrealised Foreign Exchange Variations	(58)	1,428	(58)	1,428	467
Add (less) movements in other working capital items:					
Accounts Payable	5,128	(640)	4,761	(174)	343
Revenue in Advance	(4,209)	5,101	(4,209)	5,101	6,232
Accounts Receivable and Prepayments	(3,573)	(2,103)	(3,754)	(2,394)	(1,350)
Inventories	(33)	200	(33)	200	(166)
Add (less) items classified as Investing / Financing Activities:					
Net Loss on Disposal included in Investing Activities	1,261	133	1,261	133	153
Movement in Lease Revenue in Advance	(813)	(867)	(813)	(867)	(868)
Movement in Library Serials Prepayment	413	-	413	-	-
Movement in Fixed Asset Related Payables / Accruals	(3,222)	4	(3,222)	4	(410)
Writedown of Canterbury Investment	-	-	300	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	34,232	42,939	33,891	43,213	41,948

20 RELATED PARTY TRANSACTIONS

There were two University Council members who were also Directors of Canterprise Limited during 2010. Directors' Fees paid were \$nil (2009: \$23,763).

Senior Management

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

	2010 University Actuals (\$000's)	2009 University Actuals (\$000's)
Short Term Employment Benefits	3,674	3,330
Termination Benefits	243	152
Other Long Term Benefits	–	–
Post Employment Benefits	32	138
	3,949	3,620

The following transactions occurred between the University and the interested parties during the 12 months to December 2010. All goods and services supplied by these companies/organisations were on normal commercial terms in the ordinary course of business. During 2010, Dr Rod Carr, University Vice-Chancellor and Ian Town, University Deputy Vice-Chancellor, held Directorships with Te Tapuae o Rehua Limited. During 2010, the University made payments to Te Tapuae o Rehua Limited of \$49,500 (2009 \$49,500). The University has a balance of \$nil (2009 \$3,201) for accounts receivable from Te Tapuae o Rehua Limited at year end. Dr Rod Carr is also a board member of the Canterbury Employers Chamber of Commerce. The University paid \$20,737 (2009: \$15,510) to the Canterbury Employers Chamber of Commerce during 2010. All goods and services supplied by these companies/organisations were on normal commercial terms.

Mr Rex Williams, University Chancellor, Dr Rod Carr, University Vice Chancellor, and Dr John Wood, Pro-Chancellor are board members of the University of Canterbury Foundation. During 2010 the Foundation donated \$1,813,861 (2009: \$2,720,969) to the University.

Nick McDonnell, University Council member and UCSA President, is a board member of the University Bookshop. During 2010 the University purchased \$24,593 (2009: \$36,585) of goods from the University Bookshop. These goods were supplied on normal commercial terms. The University has a balance of \$1,102 (2009 \$4,519) outstanding for unpaid invoices to the University Bookshop at year end.

The University has a balance of \$10,240 (2009 \$5,025) for accounts receivable from the University Bookshop at year end.

Anna Crighton, a University Council member, is on the board of the Canterbury District Health Board (CDHB) and during 2010 the University paid CDHB \$56,571 (2009: \$133,362). The University has a balance of \$18,669 (2009 \$45,105) outstanding for unpaid invoices to CDHB at year end. The University has a balance of \$8,892 (2009 \$7,152) for accounts receivable from CDHB at year end.

Nigel Healey, a member of the University senior management, is a Director of Entre Limited. During 2010 the University paid Entre Limited \$13,800 (2009: \$40,000).

Sue McCormack, University Council member, is a Director of Mortlock McCormack Law Limited and during 2010 the University paid \$3,907 (2009: \$nil) to Mortlock McCormack Law Limited. These services were supplied on normal commercial terms.

During 2009 the University entered into a joint venture with the Arts Centre Trust Board named the National Conservatorium of Music JV Limited. The company was wound up on 2 December 2010.

There have been no transactions with this company in 2009 and 2010.

Catherine Drayton, University Council member, is a director of Meridian Energy Limited. For the year ended 31 December 2010, the University paid Meridian Energy Limited \$3,633,380 (2009: \$3,845,877) for the supply of electricity. Jan Evans-Freeman, SMT member and PVC Engineering, and Catherine Drayton held Director positions on the board of Industrial Research Limited (IRL) and for the year ended 31 December 2010, the University paid IRL \$57,616 (2009: \$34,057) in the normal course of business. The University has a balance of \$81,346 (2009 \$118,913) for accounts receivable from IRL at year end.

Related Party Transactions	<i>2010 University Actuals (\$000's)</i>	<i>2009 University Actuals (\$000's)</i>
During the financial year to 31 December 2010 the University had the following inter-group transactions with Canterprise and its Subsidiaries:		
Agency Sales collected from University of Canterbury	–	8
Donation Provided to Entre Programme from University of Canterbury	14	40
Payments from the University of Canterbury	51	15
Payments to University of Canterbury	2	234
Suppliers Costs paid to University of Canterbury	–	2
Payable to University of Canterbury	73	–

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

The University sold its interest in HIT Lab NZ in 2010. During 2010 the University had \$nil purchases (2009: \$5,625 credit). Sales of \$8,591 (\$2009: \$nil) were made. These goods and services were supplied on normal commercial terms.

During 2010 the University purchased inventory from the Alumni Association for \$19,234.

The University also supplied the Alumni Association with \$200,000 worth of services.

As at 31 December 2010, the University has a balance of \$103,227 (2009 \$104,947) for accounts receivable from Geospatial Research Centre (NZ) Limited.

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

21 EARLY CHILDHOOD EDUCATION	2010 University Actuals (\$000's)	2009 University Actuals (\$000's)
Early Childhood Learning Centre		
Statement of Financial Performance		
OPERATING INCOME		
Government Grant – Child Funded Hours	472	454
Government Grant – Support Grant	11	11
Other Income	201	170
TOTAL OPERATING INCOME	684	635
OPERATING EXPENDITURE		
Personnel Expenses	526	540
Site & Property Costs	50	50
General / Operating Expenditure	56	48
Depreciation	1	2
TOTAL OPERATING EXPENDITURE	633	640
NET SURPLUS / (DEFICIT) FOR THE YEAR	51	(5)

The support grants were mainly utilised for staff development, equipment and maintenance resources.

Te Ao Tamariki		
Statement of Financial Performance		
OPERATING INCOME		
Government Grant – Child Funded Hours	541	461
Government Grant – Support Grant	14	10
Other Income	192	191
TOTAL OPERATING INCOME	747	662
OPERATING EXPENDITURE		
Personnel Expenses	652	578
Site & Property Costs	59	56
General / Operating Expenditure	35	28
TOTAL OPERATING EXPENDITURE	746	662
NET SURPLUS / (DEFICIT) FOR THE YEAR	1	-

The support grants were mainly utilised for staff development, equipment and maintenance resources.

The Sheila Walker Unit		
Statement of Financial Performance		
OPERATING INCOME		
Government Grant – Child Funded Hours	202	194
Government Grant – Support Grant	10	8
Other Income	103	99
TOTAL OPERATING INCOME	315	301
OPERATING EXPENDITURE		
Personnel Expenses	336	319
Site & Property Costs	3	1
General / Operating Expenditure	5	8
TOTAL OPERATING EXPENDITURE	344	328
NET SURPLUS / (DEFICIT) FOR THE YEAR	(29)	(27)

The support grants were mainly utilised for staff development, equipment and maintenance resources.

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

The University operates three childcare facilities - the Early Childhood Learning Centre, Te Ao Tamariki and the Sheila Walker Unit.

22 CAPITAL MANAGEMENT

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

The University is subject to the financial management and accountability provisions of the Education Act 1989, which includes 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.

23 EVENTS AFTER BALANCE DATE

On Tuesday 22 February 2011 an earthquake registering 6.3 on the Richter scale occurred in Canterbury. There has been further damage to the University's built infrastructure. The extent of the damage and its implications are yet to be assessed.

24 EFFECTS OF THE 4 SEPTEMBER CANTERBURY EARTHQUAKE

The Event

A 7.1 magnitude earthquake hit the University on 4 September 2010. This event, and subsequent large aftershocks, prior to balance date, have caused damage to many of the University's buildings and assets.

The University received a valuation for the fair value of land and buildings from CB Richard Ellis as at 31 December 2010 however the damage incurred from the earthquake was not factored into this valuation.

The University has therefore decided to adjust the fair value of buildings to reflect the estimated cost of repairs to put the buildings back in the state that existed prior to the September earthquake.

Assumptions Made

The University has had structural engineers on-site since the initial earthquake on 4 September. While reports on general levels of damage have been received by the University that confirm that there has been no major structural damage, the University has received no definite estimates as to the extent of the damage incurred. However, the University has been given a broad estimated range of reparation costs between \$15 million and \$58 million. Structural engineers are now performing a very detailed building by building assessment which will be followed by a Quantity Surveyor quantification of the reparation costs.

As at 3 February 2011, 24 out of a total of 160 buildings have been assessed for damage. The University has based this fair value adjustment estimate on the damage identified to date, the costs incurred to date, the available estimates of the likely costs to 'make good' and the total carrying amount of the buildings involved and decided that a calculation based on 5% of the carrying cost of the buildings asset is appropriate. And we note that our estimate based on the 5% falls within the above noted range provided by the structural engineers. This gives a revised fair value for the buildings asset of:

	(\$000's)
Fair Value per valuation from CB Richard Ellis	529,313
less University adjustment to fair value to reflect earthquake cost of repairs	26,465
Fair Value of buildings as at 31 December 2010	502,848

The \$26.465 million valuation change is recognised separately in the Statement of Comprehensive Income and results in a decrease to the buildings asset revaluation reserve in the Statement of Financial Position.

Insurance

Insurance claims to 31 December 2010 total \$2.062 million excluding GST. Included in this amount is \$0.583 million for property, plant and equipment. There will be further claims for material damage as a detailed assessment of buildings is completed throughout 2011 by structural engineers and other costs resulting from the earthquake are identified and incurred. There will be further claims for business interruption which have not yet been quantified. Insurers are aware that our submitted claim is an interim claim only. The University has been receiving progress payments from insurers on a regular basis.

Nature of Assets Affected

Land

There has been no material damage or impairment to the land owned by the University.

Buildings

All University buildings were cleared for use in accordance with the procedures of the Civil Defence Emergency Management Act 2002 and in conjunction with the Christchurch City Council. An Initial assessment of the buildings was undertaken by Holmes Consulting Group and further assessments are continuing as stated above. Buildings most affected were the James Hight Library Tower and the Commerce Building.

Plant & Equipment

The following items were most affected; a maxis mass spectrometer (carrying amount \$0.624 million) purchased in July 2010 was irreparably damaged and was replaced at a cost of \$0.648 million.

Library shelving estimated replacement costs to date are \$0.517 million and the James Logie Collection with estimated costs to repair of \$0.117 million.

Treatment

Expenditure incurred to date of \$2.647 million relating to the costs of remediating the damage caused by the earthquake has been recognised as an expense and separately disclosed in the Statement of Financial Performance. Any expenditure which results in an increase in service potential has been capitalised to the relevant asset class. The University is confident that any expenditure incurred (less insurance excess) will be successfully claimable from the insurers. Insurance recoveries are disclosed separately as income in the Statement of Financial Performance and included in receivables in the Statement of Financial Position.

25 EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Statement of Financial Performance

Student Tuition Fees Full Fee Paying

This income stream is \$2.2 million unfavourable to budget as a result of 100 fewer Equivalent Full Time students than budgeted for.

Other Income

As a total category this is \$5.9 million favourable to budget. Items contributing to this are: Tri-partite personnel recovery costs. This funding is budgeted for but an unbudgeted adjustment was received late in the year of \$2.3 million. A further \$0.6 million of unbudgeted personnel recoveries were received, this income should however be offset by unbudgeted personnel costs under expenses; Donations to the Permanent Collection, not previously recognised, of \$0.7 million brought to light in the revaluation exercise; Unbudgeted Consultancy income of \$0.6 million most of which relates to unanticipated Pre Seed Accelerated Fund contracts, which will have corresponding unbudgeted expenditure; Additional Scholarships income of \$0.5 million, again with offsetting expenditure resulting in a neutral affect on the overall result;

Personnel costs are \$6.7 million unfavourable to budget. This has been a result of higher redundancy costs than anticipated, with a variance to budget of \$2.4 million, and General Salaries exceeding budget by \$4.1 million due to some anticipated savings not being achieved or taking longer to implement than originally budgeted for.

Canterbury Earthquake Related Income and Expenditure

See Note 24. This was an event that could not be budgeted for.

Statement of Comprehensive Income *Movements in Revaluation Reserves Relating to Asset Valuations*

The movement of \$26.0 million was not budgeted for. A movement was anticipated as the revaluation of Land, Buildings, the Library Permanent and Art Collections were all due as per our 3 yearly cycle in line with the accounting policies. However the magnitude of the movement is not predictable with any accuracy making it difficult to budget for.

Movement in Revaluation Reserve due to Canterbury Earthquake

The movement of \$26.5 million due to the Canterbury Earthquake was not budgeted for, as this was a one-off unanticipated event.

Statement of Movements in Equity

Other Comprehensive Income

See explanation under the Statement of Comprehensive Income.

Statement of Financial Position

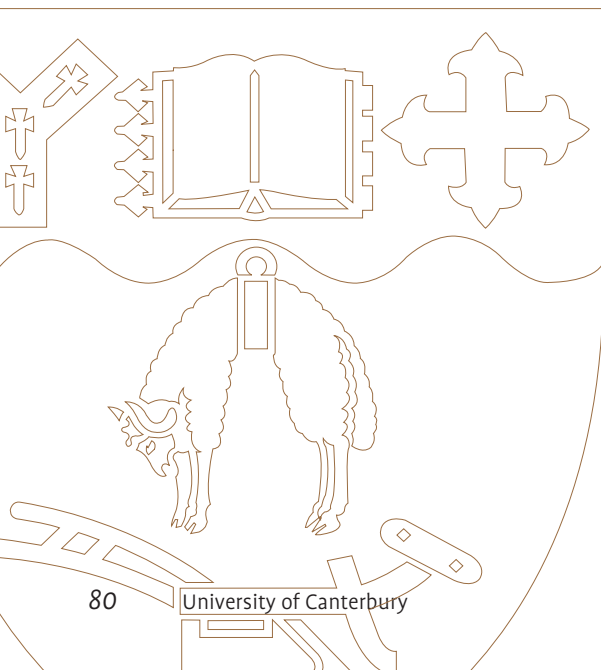
Cash and Other Financial Assets

These combined categories are favourable to budget by \$6.7 million and are a result of a favourable capital spend against budget of approximately \$7.0 million.

Buildings, Library and Revaluation Reserves

The revaluation exercise resulted in an upwards movement of \$26.0 million, as per the explanation under the Statement of Comprehensive Income.

The movement of \$26.5 million due to the Canterbury Earthquake was not budgeted for, as per the explanation under the Statement of Comprehensive Income.





Equity and Diversity

Equity and Diversity

In line with the Human Rights Act (1993), the University considers it to be axiomatic that there should be equality of opportunity in employment and education for all of its staff and students, irrespective of background. Thus it is accepted that age, gender, ethnicity, or disability should not disadvantage or hinder appointment, professional development, promotion, advancement or successful study.

Formal oversight of equity and diversity rests with the Pro-Vice-Chancellor (Education) who holds the Equity and Diversity portfolio within the Senior Management Team. In fulfilling these responsibilities, she is advised in policy making and operational matters by members of the Equity and Diversity Advisory Committee (EDAC) and the Human Resources team. Colleges and Service Units also have their own Equity and Diversity Committees. Equity and diversity issues underpin the core business of the University and hence are considered to be of concern to every member of the University community. The overall aim of Equity and Diversity is to make the University a place where equity is an integral part of the culture and in which diversity is celebrated.

During 2010, attention was paid to a variety of equity and diversity issues. These included:

Annual reporting from equity observers regarding the UC promotions process. Positive trends have been observed especially success rates for female applicants;

- The University's Pacific Plan was revised, updated and approved by the Academic Board;
- As part of Project STAR (Supporting Teaching and Research) a new role was created for a Senior Pacific Advisor (0.5FTE) and the role was filled in December 2010;
- The University recruited a full-time Assistant Vice-Chancellor Māori, Mr Darryn Russell, who will take up his appointment in April 2011;
- Increasing the number of targeted scholarships for students from under-represented groups;
- Regular meetings of University EDAC and individual College EDACs;
- Student (UCSA) representation on all EDAC committees;
- The chairs of College EDACs are members of the University EDAC, thus supporting dissemination of equity and diversity initiatives throughout the University;
- Formal annual reporting of College EDACs to University EDAC;
- Monitoring of enrolment and progress of Māori, Pacific and women students and those with disabilities;
- Introduction of staff seminars on issues in relation to students in minority groups and those with disabilities;



Trish Shaw (centre) shows students Em Haley Walker (left) and Latifah Almanea the art of stone carving in a workshop held as part of celebrations on campus to mark Te Wiki o Te Reo Maori (Maori Language Week).

- Monitoring of women in senior academic positions;
- Members of EDAC committees are equity observers on academic promotions committees;
- Members of EDAC are equity member on some recruitment panels for senior academic positions;
- EDAC advice on promotions processes for part-time academic staff and those with significant employment gaps;
- EDAC submissions to Project STAR in relation to student services for Māori, Pacific, Adult students and those with disabilities;
- Equity and diversity issues raised in relation to Student Services Levy for part-time students;
- Continuing involvement in the Women In Leadership programme of the New Zealand Vice-Chancellors' Committee (NZVCC);
- Continuing involvement in mentoring programme for early career academic staff;
- Continuing to assess and respond to learning support needs of students with disabilities.

NZDX Waivers – Para 10.4.1(a) Preliminary Announcements

The University of Canterbury (“UOC”) applied for, and was granted, several waivers on 2 November 2009 (prior to its initial Listing), including waivers from NZDX Listing Rules (“Rules”) 10.5.3 and 10.5.4, being the requirement to prepare and provide a half-yearly report to the market and to make half-yearly and annual reports available to Bond holders, respectively.

The waiver granted from Rule 10.5.3 was granted on the condition that, among other things, UOC release a copy of the report prepared by TEI Financial Monitoring, being a division of the Tertiary Education Commission, on UOC’s finances, governance and management practises (“TEI FM Report”), to NZX at the same time as it is made publicly available.

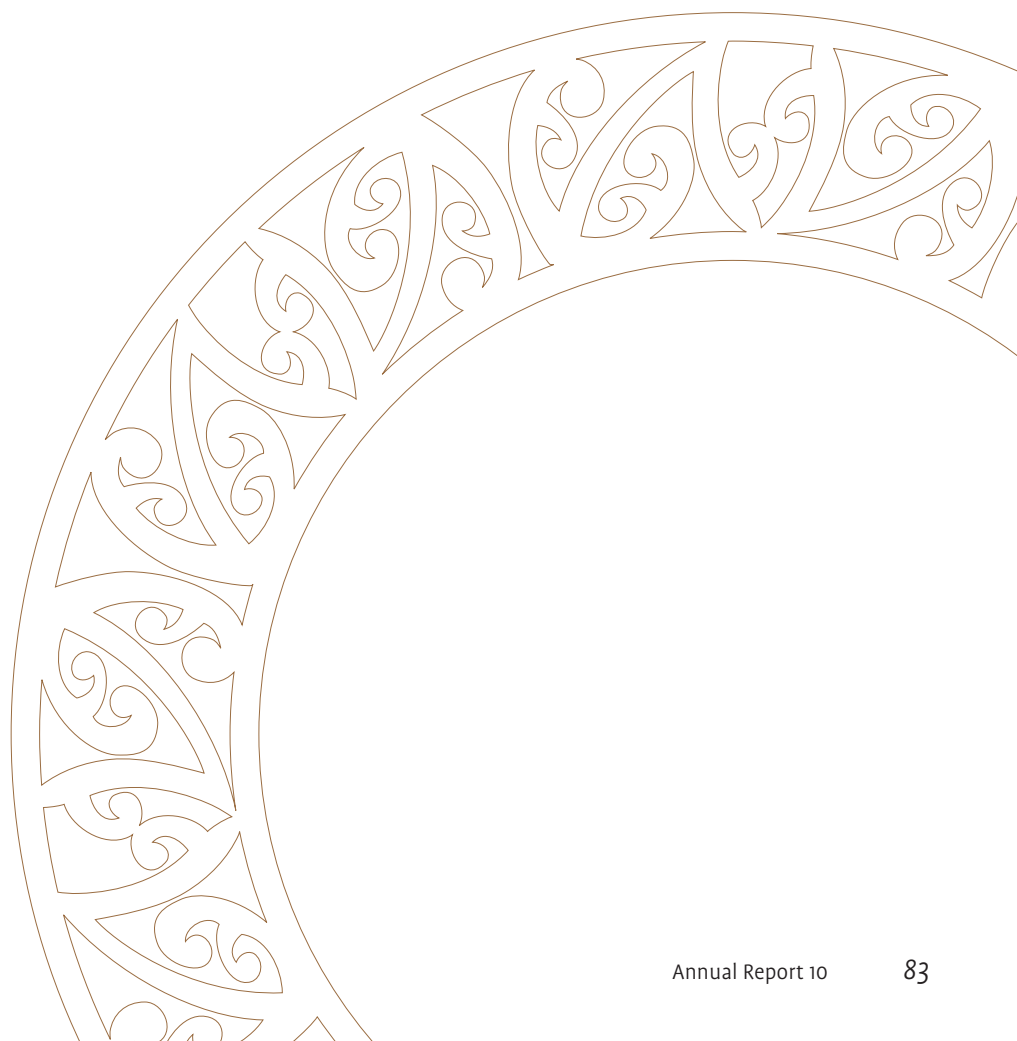
UOC is now of the view that it is in a position to provide half-yearly reports to the market and that, as the release of the TEI FM Report in this manner could potentially be misinterpreted as an endorsement by the Ministry of Education, it is more appropriate that it comply with the requirements of Rule 10.5.3.

Additionally, UOC sought a waiver from Rule 10.4.1(a), being the requirement to provide a preliminary announcement to the market not later than 60 days after the end of its financial year-end, on the basis of the existing financial reporting obligations it has to the Minister of the Crown (“Minister”) under the Education Act 1989 (“Education Act”).

The waiver for Rule 10.4.1(a) was granted on the following conditions:

On the basis that the information provided to NZXMS is full and accurate in all material respects, NZXMS grants UOC a waiver from Rule 10.4.1(a), on the following conditions:

- that UOC make an announcement pursuant to Rule 10.4.2, in the manner prescribed by Rule 10.2, at the earlier of:
 - i. the time at which UOC’s annual report is presented to the House or Representatives;
 - ii. the time at which UOC’s annual report ceases to be confidential; and
 - iii. 5 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, in the manner prescribed by Rule 10.2, as soon as it is known, and in any event, within 60 days of each of UOC’s financial year ends, an announcement disclosing the date on which UOC’s annual report and UOC’s preliminary announcement are expected to be released to the market;
- that, not later than 60 days after the end of each of UOC’s financial years, UOC provide to the market, in the manner prescribed by Rule 10.2, a certificate from:
 - i. the Chancellor or the Vice Chancellor; and
 - ii. 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.
- NZXMS revoked the waivers granted from Rules 10.5.3 and 10.5.4 on 2 November 2009.



Notes

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