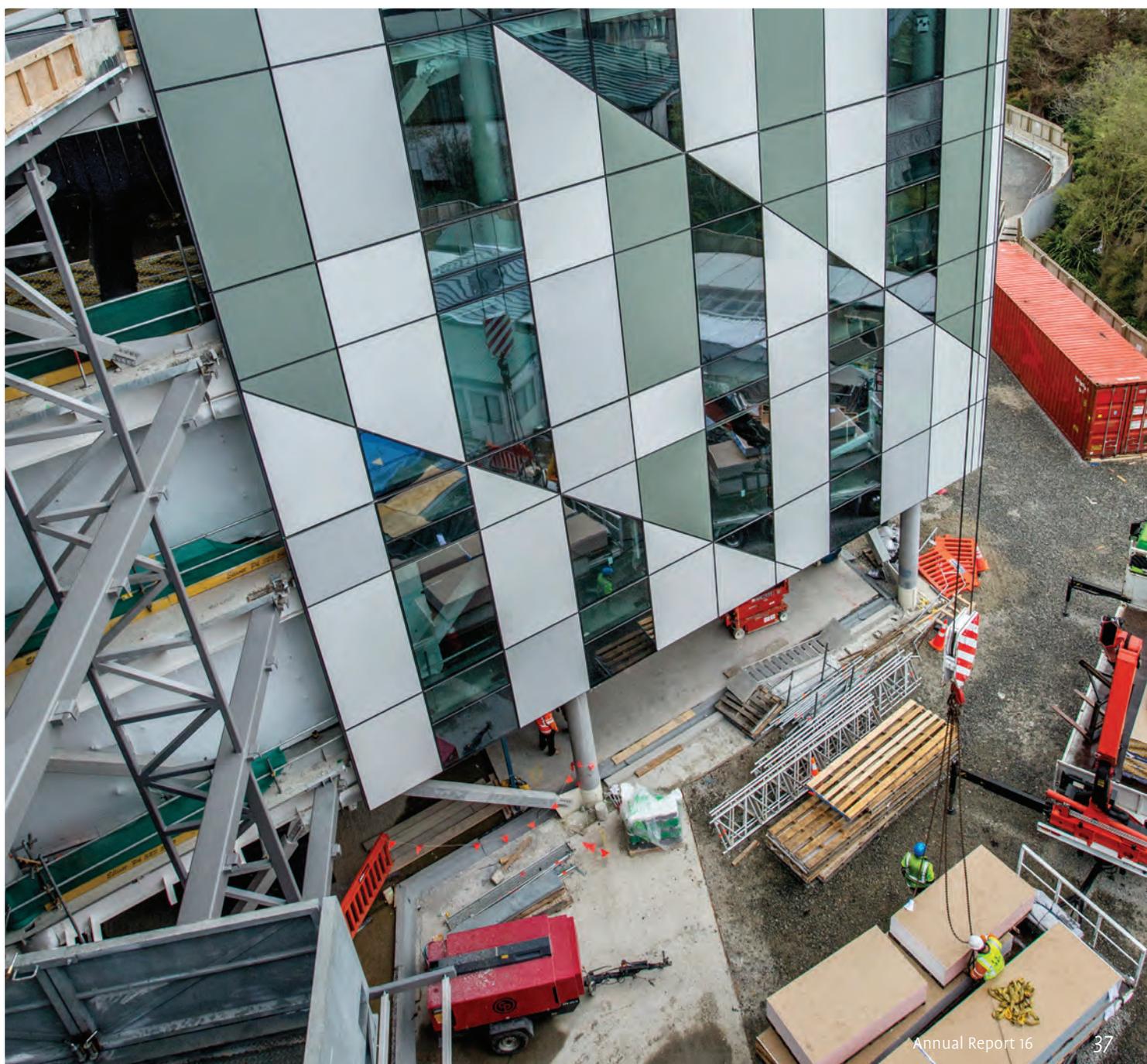


2016

Appropriation Statement Te Tauākī Pūtea Tāpui



Appropriation Statement

Te Tauākī Pūtea Tāpui

Vote Tertiary Education – Support for the University of Canterbury

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

Scope of Appropriation

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

Purpose of Appropriation

This appropriation is to achieve effective investment in rebuilding the University of Canterbury's Science and Engineering facilities. The appropriation is for financial support in the rebuilding of those facilities (subject to achievement of agreed targets), with a total of \$195 million being appropriated as at 30 June 2016¹. A further \$15 million has been appropriated for the 2016/17 year.

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

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

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

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

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

Note

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

Subsequent events

Variation to the Funding Agreement in respect of insurance settlement

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

Payment of \$15 million

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

Milestones

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

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

Governance

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

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

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

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