



# UC Strategic Objective 1

## **Ensure that the approved University of Canterbury Financial Recovery Plan (FRP) is fully implemented and monitored**

Full and timely restoration of financial viability is the bedrock on which the University of Canterbury's future development rests. This is why it was given priority in the University's strategic planning for 2003. A framework for the restoration of financial viability was set out in the University's Financial Recovery Plan (2002-2006). This Plan was approved by the then Vice Chancellor's Office (VCO), the Finance, Planning and Resources Committee of Council, and the University Council itself. The Plan was also endorsed by the Tertiary Advisory and Monitoring Unit (TAMU), the University's bank and the Minister of Education. Targets set in the Financial Recovery Plan have been achieved to date and the Plan will now be revised in light of 2003 results.

### **Strategic Targets 2003**

**1.** *The University will be in surplus by December 2003 in line with the Financial Recovery Plan (FRP)*

**2.** *The pattern of University funding will be redeveloped to emphasise a percentage increase in funding from external, non-government income in line with the median of the New Zealand University sector*

**3.** *The makeup of the portfolio of external research earnings will start to shift from contracts and consultancy toward a greater diversity of sources having more emphasis on earnings from sales of intellectual properties, and shares in commercialised IP*

### **Achievements**

Key measures here are the operating surplus and cash balance against the Financial Recovery Plan (FRP) and the 2003 Budget. For 2003 the FRP forecast an end-of-year operating surplus of \$2.091 million and a cash balance deficit of \$9.137 million. The University performed well against these measures. The end-of-year surplus was \$3.374 million (\$1.283 million above target) while the cash balance showed a surplus of \$8.330 million (\$17.467 million above target). Against the 2003 Budget, the University has also performed well. The end-of-year result is an operating surplus of \$3.374 million against a full-year budget of \$2.7 million, and the cash position is \$8.330 million against a 2003 Budget of \$9.478 million.

As a key development of its strategic role and financial strategy, the University needs to continue to increase the percentage of its income that comes from external research and consultancy and from other income. Research income for the year was \$11.385 million against a full-year budget of \$12.041 million. This is slightly below the Financial Recovery Plan figure of \$15 million, but is an acceptable achievement as this area is difficult to accurately predict, and spending tends to mirror income. Other income (for example, Continuing Education courses, rental income, sales and services) held up as projected, and the end-of-year result for other income was \$13.712 million against a full-year budget of \$10.733 million. The proportion of income that came from direct government funding in 2003 was down to 46.28% of total University income as compared with 48% for 2002 and 50% in both 2000 and 2001. This is in line not only with trends in other like-institutions, but also with the University's strategies.

The University is working towards closer and more significant links with industry and business, and has a strategy in place to boost the commercialisation of research results. Canterprise is planning to do additional work to identify and screen intellectual property commercialisation opportunities, and to develop the joint ventures or licensing arrangements to transfer these to the commercial sector.<sup>1</sup>

During 2003, external funding streams through business and industry partnerships and research contracts were developed in line with this strategic target. An example of this is the major investment by Meridian Energy in a joint venture with Canterprise to establish a company Canterbury TX Ltd for the development of a novel superconducting transformer for the power industry. During 2003 Canterprise continued to work in the areas of commercialising intellectual property and increasing funding from business and industry partnerships as well as from consultancy. Revenue has increased by 130% over the 3 years since Canterprise was established and the current value of equity in subsidiary companies is more than three times the original capital invested in setting up the company. Canterprise made strong progress during 2003, but the timing of confirming business developments still under discussion has meant that the result shows a slight loss for 2003.

An external review of Canterprise was carried out during 2003 and restructuring plans are under development based on the recommendations of this review. This includes the appointment of additional staff to build closer links between the University and Canterprise and to enhance the ability of Canterprise to commercialise its technology. A new Chairman and three new Board members were appointed during the year. In 2004 there will be a strong focus on developing internal and external client relationships and on increasing the volume of industry linked research contracts and technology commercialisation projects.

<sup>1</sup> Canterprise Ltd is a wholly owned subsidiary of the University of Canterbury set up to work in partnership with industry to maximise the value of the intellectual property of the University.

4. A capital resourcing programme will be developed that has provision for buildings, the Library and management information systems

Capital investment has been curtailed by the Financial Recovery Plan, but investment in Management Information Systems, Library, Information Technology, and property compliance requirements were key elements of the University's budget in 2003. Of the overall capital budget for 2003 of \$18.249 million, the Facilities Management share of the capital programme was \$5 million, the Library's share was \$5.9 million and the Management Information System's share was \$1.8 million. Capital expenditure in 2003 was regulated by the operation of capital expenditure protocols which had been developed in 2002. Total capital expenditure for 2003 was \$18.56 million (including donated assets and accruals) against a budget of \$18.249 million.

5. Costs will be constrained to 2002 levels, and in line with the Financial Recovery Plan

Like other comparable organisations, personnel costs are the single highest expenditure item in the University's budget. During 2003, the policy of "controlled staffing" was continued, and the Staffing Establishment Committee operated to manage continuing staff costs. Nevertheless, two issues impacted on personnel costs during 2003 - a negotiated salary increase of 2.8% (which was above the budget level for increases), and the conversion of a number of temporary/casual positions to continuing positions. 2003 was a successful year for the University and by 31 December most indicators were in line with the planned position and the surplus was slightly ahead of the Financial Recovery Plan.

<b>Performance Indicators</b>	<b>2000</b>	<b>2001</b>	<b>2002 Actual</b>	<b>2003 Forecast</b>	<b>2003 Actual</b>
EFTS Increase/(decrease) over prior year- Domestic	10,695 (615)	10,439 (256)	10,364 (75)	10,252 (112)	10,447 83
EFTS Increase/(decrease) over prior year- International	509 58	815 306	1,155 340	1,737 582	1,941 786
Student fee increase – international			10%	0%	0%
Government grant increase			5.1%	4.5%	6.4% [4.5% rate increase 1.9% EFTS increase]
Government Strategic Fund – UC portion (total rec'd excluding GST)			\$2,162,247	Nil	Nil
Increase/(decrease) in total staff budget *			(4.0%) [(4.0% FRP)]	4.7% [3.0% FRP]	5.2%
Operating (Deficit)/ Surplus	\$2,227,000	(\$4,294,000)	\$1,301,000 [\$0.25m FRP]	\$2,720,000 [\$2.1m FRP]	\$3,374,065
Cash Balance (borrowings) at 31 December			\$1,296,000 [(16.6m) FRP]	\$9,478,000 [(9.1m) FRP]	\$8,329,920
Operating Cash Flow			\$19,502,000 [\$22.2m FRP]	\$26,412,000 [23.7m FRP]	\$25,286,000
External research earnings – revenue received from research contracts			\$10,500,000	\$12,041,000	\$11,385,192

## **Risks**

*1. The enrolment targets are not met in line with the Financial Recovery Plan and other Strategic Objectives*

*2. Funding changes are not achieved because of changes in the Government's research funding model that disadvantage the University of Canterbury*

*3. External research earnings not achieved*

## **Commentary**

The 2003 forecast for Domestic EFTStudents was estimated to be 10,252 EFTS, (an expected decrease of 112 over 2002 Actual EFTS) and 1,737 for International EFTStudents, (an expected increase of 582 over 2002 actual EFTS). Both enrolment targets were exceeded in particular the Domestic EFTS in 2003 which have increased to approximately the 2001 enrolment levels. Total EFTS returned to the Ministry of Education in 2003 were 12,388, a 7.5% increase over 2002.

The main government initiative of note here is the introduction of the Performance Based Research Fund (PBRF). The full impact of the change to PBRF funding has yet to be realised. PBRF research portfolios are still being assessed by the Tertiary Education Commission. The outcome of this process will not be known until March 2004.<sup>2</sup>

The 2003 budget for external research earning was \$12.041m. Actual income received as revenue was \$11.385m. Whilst this is below the target set by the Financial Recovery plan, the 2003 expenditure is also down by the corresponding amount as research expenditure tracks income. It should be noted that \$15m worth of external research contracts were awarded to the University in 2003, as recorded by the Research Office.

## **Funding and Budget Implications**

*1. Targeted funding from within existing marketing and liaison budgets will be needed to recruit additional EFTS in programmes of special emphasis*

## **Commentary**

The addition of a new Liaison Officer and some additional funding to the Liaison and Recruitment Unit assisted with increasing the frequency of activities in the North Island, particularly Auckland. More visits were made there in 2003 than in 2002 as a result, including a new Canterbury Tertiary Alliance (CTA) initiative with Careers Advisers in the Auckland area. Schools were ranked according to a number of variables and visiting schedules were dictated by this information, ensuring maximum effectiveness of Liaison staff time and resources.

During 2003 marketing budgets were allocated in a new way, with marketing spend on target groups dictated by their strategic importance to the University. The aim was to work smarter within existing budget constraints. In addition to working on regional and 7th Form strategies, markets targeted this year for the first time with specific advertising included: Māori and Pacific, Nelson/Timaru communities (to support Regional Adviser's strategies), parents and international students in NZ secondary schools. Data collection strategies were implemented, and first initiatives in direct mail developed.

During 2003 the University's Liaison and Recruitment Unit received additional targeted funds to aid the process of recruiting additional EFTS for the University, especially from within the Auckland market. The Liaison and Recruitment Unit spend during 2003 and the mid-year recruitment campaign was successful. The increase in resourcing for this area has been significant over 2003, and the result has been a turn around of the previous reductions in domestic recruitment. Additional investment in this area will be needed to achieve objectives for growth in domestic student enrolments.

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<sup>2</sup> During 2003, 609 PBRF research portfolios were submitted to government on behalf of University of Canterbury academic staff. These portfolios comprised 14,334 research output references, generated between 1997 and 2002, of which 2,237 were "nominated" outputs. Four internal Panels, consisting of 40 members assisted by four administrators, were convened to carry out a preliminary assessment of these nominated outputs. The panels met over 8 days between August 13 and 22, 2003. In addition to this, 11 University of Canterbury staff served on national PBRF assessment panels, 1 as panel chairs and 10 as panel members.

*2. Additional funding and staffing will be needed to seek increased research funding, and will include strategic funding from 2004*

In anticipation of the introduction of the Performance Based Research Fund (PBRF), in 2003 a University project team was established to manage reporting requirements for the initial round. The project team, consisting of a project manager and four full-time project administrators, operated from May to September, 2003. Other staff were employed for shorter periods or on a casual basis during the year, and staff from several University departments were also involved with the project.

In 2003 the Research Office recorded a total of external research grants awarded to the University of \$15.197 million; this is an increase over the previous year's figure of \$11.086 million (minus the one-off Centre of Research Excellence amount of \$6.9 million). Part of this success was due to the \$5.911 million awarded in the 2003 Marsden round; almost double what was secured in 2002. 17.3% of the University's preliminary Marsden proposals were funded; this is above the national average of 14.2%.

2004 will see the Research Office focusing on the need to maintain the momentum of increasing external research income, and working strategically to meet the needs of the new Colleges. The implementation of a Research Management Information System (MIS) will also be undertaken in 2004 to fulfil the ongoing research management needs of the University.

# UC Strategic Objective 2

## **Complete the review of the academic organisational structure of the University**

Proposals to restructure the University's academic organisation were put forward in April and June 2002 by the then Vice-Chancellor, Professor Daryl Le Grew. These proposals were widely discussed within the University community and submissions were received from a large number of groups and individuals. Following this consultation the University Council decided in September 2002 to establish, in principle, six new Faculties. Following this Council decision, the Vice-Chancellor's Office established a project group, under the leadership of Professor Jim Cole, to consider implementation of the proposed new structure. The five principal drivers of the restructuring were identified as: (1) the need to have a strong leadership structure to take the University into the future; (2) a desire to have an efficient and effective administrative structure which would enable resources and efforts to be increasingly directed towards core business; (3) the moving of resources and decision-making closer to where the effects of those decisions will be felt; (4) the establishment of a management structure in which all staff have clear responsibilities and accountabilities; and (5) the strengthening of the financial health of the University through mutually beneficial incentives with transparent and equitable resourcing.

### **Strategic Targets 2003**

*1. The investigation and analysis phase of the Organisational Structure Project will be completed by May 2003 when recommendations will be presented*

*2. The planning phase of the Organisational Structure Project will take place between April and July 2003*

*3. The agreed structure for academic units and an agreed staffing profile for the reorganisation will be finalised by August 2003*

*4. The transition to the new structure will begin in August 2003*

*5. Staff will have been appointed to any new positions required, and the structure and roles of the management team for the University will have been determined by December 2003*

### **Achievements**

The Cole report was presented to the new Vice-Chancellor, Professor Roy Sharp, in March 2003. After considering the report, the Vice-Chancellor presented twelve key recommendations to the May 2003 meetings of the Academic Board and Council. The principal thrust of these recommendations was for academic departments to be restructured into four Colleges and an independent School of Law (each to be overseen by a Pro-Vice-Chancellor) and for academic programmes to be reconstituted under a set of Boards of Study within six Faculties. This part of the project was completed by May 2003 as planned.

In June 2003, following acceptance of his recommendations by Council, the Vice-Chancellor established a restructuring implementation team under the leadership of Dr John Vargo (Dean of Commerce and Chair of the Budget Advisory Committee), whose brief was to recommend detailed processes that would see the new colleges established and operating by the beginning of 2004. To aid this planning process a series of project groups were established under the oversight of an Implementation Committee. A Senior Reference Group was also established which included senior University staff as well as union and student representatives.

A preliminary restructuring Implementation Design discussion document was released on August 25, 2003 and the following six weeks were devoted to fine tuning these recommendations, in consultation with the University community and staff unions. Alongside of this, membership of the Senior Management Team (SMT) was expanded to include more direct academic representation (in anticipation of College PVCs becoming members of SMT), departmental amalgamations took place within the Arts Faculty and an audit was carried out of seven academic departments with low contribution margins.

The physical location of College offices was confirmed during October and the final version of the University Restructuring Implementation Plan was released by the Vice Chancellor on October 21. The Implementation Plan was approved by Council at its meeting on October 29. Adverts for new College administrative positions appeared soon thereafter.

The selection process to fill positions within the new College offices took place from mid-November and continued through into the first three months of 2004. This included the interviewing of short-listed candidates for the College PVC positions. Alongside of this preliminary consideration was also given to the structure and role of the Senior Management Team. This will be addressed further in 2004. By December 2003 a number of staff had been appointed to new College positions and the reallocation of personnel and positions within affected departments had also been completed. During 2003 the restructuring exercise went according to plan.

<b>Performance Indicators</b>	<b>2002</b>	<b>2003 Forecast</b>	<b>2003 Actual</b>
Organisational Structure Project	Proposals presented and discussed and planning for restructuring begun by end of year under the leadership of Professor Jim Cole	Recommendations by May 2003 Structure and staffing profile agreed by August 2003 Implementation begun mid-year	All performance indicators were met on time

#### **Risks**

*1. Government funding for the changes in structure and staffing is not available in time for planned developments*

#### **Commentary**

\$2.8 million was made available for implementation of the restructuring project within the University's budget for 2003. Capital costs were slightly over budget in 2003, reflecting the higher than expected costs of physically establishing College offices, but implementation and transition costs were under budget. Further capital, staffing and operational costs will be incurred in 2004 and funds to cover this will be included in the 2004 budget at the May revision. For personnel and operating costs the funding will still be within the total budget originally agreed for 2003.

#### **Funding and Budget Implications**

*1. Initial funding will be required for the new academic structure if that is approved. This will be part of the 2003 budget, and will involve a reallocation of existing resources*

#### **Commentary**

The budget for 2003 included requisite levels of funding. Subsequent spending was in line with this budget. Capital expenditure was slightly over budget because of the higher than expected costs involved in physically establishing College offices but implementation and transition costs were under budget.

*2. Changes to the staffing profile resulting from the reorganisation will involve payments for severance*

A staffing plan was completed as part of the implementation planning process and the internal advertising of positions began in October 2003. Severance agreements were negotiated with the unions. Expected levels of severance were within the planned budget for 2003.

# UC Strategic Objective 3

## *In line with the Government’s Tertiary Education Strategy, develop a combined Canterbury Tertiary Alliance (CTA) Profile*

The Canterbury Tertiary Alliance (CTA) came into being in 2001 with the formal signing of a deed of cooperation between the University of Canterbury, the Christchurch Polytechnic Institute of technology (CPIT) and the Christchurch College of Education (CCE). In 2002 these founding institutions were joined by Lincoln University. While each Alliance member retains its autonomy, the goal is to maximise cooperation in best practice, cost efficiencies and collegiality for the benefit of staff and students. At the time that Strategic Objectives were being drafted for 2003 the University was participating in the Tertiary Education Commission’s trial Charter and Profile exercise, as was the Christchurch College of Education.<sup>1</sup> It seemed appropriate at the time to contemplate drafting a joint Profile for the Canterbury Tertiary Alliance – to complement the Profiles of partner institutions and, in the process, give evidence of regional cooperation. Preliminary discussions with staff of the Tertiary Education Commission early in 2003, however, revealed that developing such a joint Profile was not high on the list of government priorities and so the idea was dropped. Effort was directed instead at developing joint initiatives between the CTA’s participating institutions.

### **Strategic Targets 2003**

*1. Coordination of key support services among CTA partners commenced in January 2003*

*2. Gain agreement among CTA members by February 2003 for the concept of joint CTA Profile development*

*3. Successfully develop a CTA Profile for submission to TEC by October 2003*

### **Achievements**

Meetings of CTA partners were held regularly throughout 2003. Discussions were held around coordinating key support services such as Library, Marketing, Security Services, Printery, and IT purchasing. IT purchasing is now being carried out by a CTA consortium. During 2003 work was also begun on establishing protocols for credit transfer between institutions that are part of the Canterbury Tertiary Alliance. Discussions were also held with the Christchurch College of Education on the coordination of Facilities Management services between the two institutions (see also Strategic Objective 8). A decision was taken in October 2003 to amalgamate the Facilities Management services of both institutions following a feasibility study carried out between October and December 2003. The amalgamation will take place early in 2004.

Early in 2003, following discussions with Tertiary Education Commission staff, it became obvious that a combined Canterbury Tertiary Alliance Profile as had originally been envisaged was no longer practicable. However, an agreed paragraph relating to cooperation and coordination between CTA partners was drafted and became part of all partner Charters. Draft Charters and Interim Profiles were shared between partners prior to them being submitted to TEC at the end of September 2003.

For reasons explained above, no work was done on this during 2003 since it was no longer considered appropriate to develop a joint CTA Profile.

<b>Performance Indicators</b>	<b>2002</b>	<b>2003 Forecast</b>	<b>2003 Actual</b>
Support for joint Profile development from Government Strategic Change Fund (SCF)	\$2,162,247 (total SCF received excluding GST)	\$100,000	No government funding was forthcoming for this work in 2003

<sup>1</sup> The Charter is a high-level governance document which is intended to show how the provider contributes to the government’s Tertiary Education Strategy. It is a key accountability document with the Tertiary Education Commission. The other accountability document is the Profile which provides practical detail of how a provider will give effect to its Charter. The Profile provides a summary of strategic direction, highlights proposed changes in key activities and outlines plans, objectives and performance targets. While the Charter is intended to be an enduring document, Profiles are to be submitted to TEC on an annual basis.

**Risks**

1. A negative attitude on the part of TEC to the concept of a regional Canterbury Tertiary Alliance Profile

2. Failure to get agreement of all Canterbury Tertiary Alliance partners to the concept of a harmonised Profile

3. Failure to get agreement of all Canterbury Tertiary Alliance partners to the rationalisation of key support services

**Commentary**

Plans for a joint Canterbury Tertiary Alliance Profile were drawn up in response to the fact that the Tertiary Education Commission was encouraging regional cooperation. While TEC is still supportive of the concept of regional cooperation among tertiary providers it has now become clear that TEC's focus is on obtaining Profile material from individual institutions rather than as joint submissions.

While plans for a joint Profile had to be shelved, agreement was reached among Canterbury Tertiary Alliance partners that each would make use of similar wording in their individual Charters when highlighting the significance of the cooperation that was taking place within the Alliance. This was done prior to Charters being submitted to TEC in late September 2003.

During 2003 CTA partners worked toward rationalising key support services and significant progress was achieved. Of key significance here was the rationalisation of Facilities Management services between the University and Christchurch College of Education and the completion and implementation of a joint CTA purchasing agreement for IT hardware, signed on September 26, 2003.

**Funding and Budget Implications**

1. Money will need to be set aside for Profile development

2. \$100,000 of Government Strategic Change funding will have been applied to rationalising key support services, as per Indicators

**Commentary**

While no funding was required during 2003 for the development of a CTA Profile (for reasons set out above), internal resource had to be allocated to Charter and Profile development on the part of the University. This was formalised mid-year through the establishment of a Planning and Institutional Research Unit (PIRU). This was a relatively cost neutral initiative. Among its other responsibilities, PIRU is responsible for Charter and Profile development on behalf of the University and for reporting against strategic goals and targets.

No additional government Strategic Change funding was available during 2003 to support the rationalisation of key support services among CTA partners. These costs were borne within the University's budget provisions. Profile development work on behalf of the University was completed within normal University budget provisions.

# UC Strategic Objective 4

## **Articulate a distinctive portfolio of teaching and research programmes for the University of Canterbury**

At the University of Canterbury students pursue broad courses of study for generic degrees rather than the highly specialised degrees offered by some other institutions. This is an aspect of Canterbury's academic profile that was affirmed in the Charter and Interim Profile exercise carried out during 2003. Alongside of this, though, the University has particularly significant world-class strengths in a number of areas such as engineering, physical, biological and field-based environmental sciences as well as computer science. As a means of establishing a distinctive portfolio of teaching and research programmes within the new Tertiary Education Strategy environment, programmes such as these need to be rebranded as programmes of special emphasis.<sup>1</sup> These strengths are crucial to the role of the University as a power house for regional industry and economic development. In these and a range of other disciplines the University is connecting increasingly with partners in business, industry and the community through educational programmes and student internships.

### **Strategic Targets 2003**

*1. Consultation on the portfolio of teaching and research programmes (including the identification of programmes of special emphasis and their relationship to other programmes and disciplines) undertaken with the University of Canterbury community, stakeholders and Academic Board*

*2. Initial Council approval of this portfolio of teaching and research programmes by December 2003*

*3. Develop and adopt a Research Strategy which affirms the research-teaching nexus across the University while promoting greater collaboration with industry and providing greater concentration on areas of research strength*

### **Achievements**

Full consultation with key internal and external stakeholders took place as part of the development of the University's pilot Charter and Profile in 2002. That consultation was built on and repeated during the development of the draft Charter and Interim Profile leading up to submission of those documents to the Tertiary Education Commission in September 2003. Over 60 submissions on the University's draft Charter were received. The content of the draft Charter was discussed at meetings of Faculties, the Academic Board, the Senior Management Team and Council during August and September and a consultation meeting with external stakeholders was held in early September. As part of this consultative process, the need for programmes of special emphasis was highlighted. The continuing significance to the University of its broad array of subject disciplines was also affirmed.

During development of the University's Charter and Interim Profile in July and August 2003, the University Council was regularly briefed on progress and had opportunities for input. This culminated in a special Council planning session on September 13 when the content of the documents was confirmed. Council signed off the draft Charter and Interim Profile at a meeting on September 24, 2003.

Arising from its forward-planning activities and from ongoing dialogue with stakeholders the University, through its Research Committee, began work in 2002 on developing a Research Strategy. The project was continued into 2003 with all staff being invited to a series of discussion sessions held across campus. It is intended that the Research Strategy will be ready for implementation in 2004. Four key drivers have provided the impetus for developing a Research Strategy: (1) the wish to diversify and increase income from research; (2) the importance of "distinctiveness" and competitive advantage in positioning the University nationally and internationally; (3) the differentiation of teaching from research in government funding, as is occurring with the Performance Based Research Fund; and (4) the need to map the way in which the research strengths of the University relate to the Government's Tertiary Education Strategy (TES) and Statement of Tertiary Education Priorities (STEP).

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<sup>1</sup> Objective 2 of the government's Tertiary Education Strategy (2002-2007) is focused on achieving "increased differentiation and specialisation" across the tertiary sector. In amplifying on this objective the TES document states: "All providers accessing public funds, whether public or private, will, with the support of TEC, be making prudent and strategically-driven investment decisions as they position for excellence in areas of distinctive strength which reflect regional and national needs" (Tertiary Education Strategy, 2002-2007. Ministry of Education, Wellington, May 2002, page 23).

<b>Performance Indicators</b>	<b>2002</b>	<b>2003 Forecast</b>	<b>2003 Actual</b>
<i>Focused spending on strategic academic initiatives</i>	0	0	0 Resource prioritisation is part of the new College-based academic structure and budget development. Prioritisation for 2004 expenditure has been completed.
<i>Successful CoRE bids</i>		1 The MacDiarmid Institute for Advanced Materials and Nanotechnology to be operational by the end of the year	1 The MacDiarmid Institute for Advanced Materials and Nanotechnology became operational towards the end of 2002
<i>Number of substantial joint university/industry research centres and research consortia</i>		2 1. Wood Quality Consortium 2. HitLab NZ	3 As for the forecast plus the Seafood Cluster (with Otago University and Nelson-Marlborough Institute of Technology)

#### **Risks**

1. *Actual and indicative strategic resources not available in 2003 to 2005 period*

#### **Commentary**

Resources for strategic development were applied within the 2003 budget and have been included in the 2004 budget.

#### **Funding and Budget Implications**

1. *\$0.5 m provided for focused spending on strategic academic initiatives in 2004, increasing to \$2 m in 2005*

#### **Commentary**

This was not applicable for 2003. Strategic academic initiatives have been included as part of the budget for 2004.

# UC Strategic Objective 5

## *Focus marketing and liaison effort on the recruitment and retention of students in selected categories<sup>1</sup>*

The recruitment and retention of Māori and Pacific students requires special emphasis within the University's strategic planning. For reasons related to demographics and location, it is difficult to increase the recruitment of Māori and Pacific students at the University in a sustained way. However, the use of Special Supplementary Grant funding assisted efforts in this area during 2003. In addition to this, staffing resources were generated and applied to the recruitment and support of Māori and Pacific students at the University.

### **Strategic Targets 2003**

- 1. The recruitment unit will have negotiated specific recruitment targets for 2003 to meet enrolments targets*
- 2. Policy and system development for international student participation and support will have been completed by mid-2003*
- 3. Undergraduate scholarships will be targeted to schools in the University's home region*
- 4. Continue work through Te Tapuāe O Rehua and with Ngāi Tahu and Nga Maata Waka on increased levels of participation in teaching, learning and research by Māori throughout 2003*
- 5. Continue work on participation by Pacific Island people in the region throughout 2003*

### **Achievements**

The University's Liaison and Recruitment Unit was revitalised and refocused during 2003 as a combined unit under one management structure and given specific recruitment objectives for domestic students based on budget projections. These objectives were exceeded for 2003. This has been a successful development and the results are pleasing.

The University's Internal Auditors (KPMG) completed an internal audit of the International Office and the Liaison and Recruitment Unit during 2003. This audit recommended changes in staffing levels, and additional strategic investment in marketing and recruitment. These recommendations are being acted upon. It is expected that this will be done within budget. A policy on recruitment of international students has been through several stages of drafting, with widespread staff consultation. A working party is producing recommendations on the future percentages of international students at the University as well as on international student support and accommodation. Mechanisms are being put in place to manage international enrolments towards agreed target figures, both as an overall percentage of total enrolments and in terms of the distribution from countries of origin and the distribution across courses of study at the University.

Four annual full-fee undergraduate Equal Educational Opportunity (EEoO) scholarships were targeted to specific schools in the University's home region during 2003. Only three of the scholarships were awarded and taken up, however, since there were no applications from one of the target schools.<sup>2</sup>

During 2003 the University continued to take an active role in Te Tapuāe O Rehua,<sup>3</sup> and consulted with Ngāi Tahu and Nga Maata Waka on a range of issues including increasing levels of participation for Māori students. A bid for funding for an on-campus pre-school Māori Immersion Centre was resubmitted to the Ministry of Education with a successful outcome achieved.

An internal review of support structures for Māori students was carried out and changes to support services resulted. A full-time Māori Liaison Officer position was approved and a separate Māori Student Advisor position created for student support and retention. The University was successful in gaining and applying Special Supplementary Grant funding for Māori student support and implemented its first mentoring programme for Māori students.<sup>4</sup>

During 2003 the Pacific Island Liaison position was renamed the Pacific Liaison position following discussions with Pacific staff and was confirmed on a full-time basis. Work commenced on increasing the participation and retention of Pacific students at Canterbury. This was aided by a Special Supplementary Grant from government.

<sup>1</sup> The categories in question are undergraduate and postgraduate programmes of special emphasis, international students, Māori and Pacific Island students, and students from under-represented groups.

<sup>2</sup> Targeted schools were Linwood College, Aranui High School, Catholic Cathedral College, and Hornby High School.

<sup>3</sup> Te Tapuāe o Rehua Ltd. is a tertiary education joint venture of Ngāi Tahu and a number of regional tertiary education providers. The University of Canterbury is a shareholder in the company and the Vice-Chancellor is a trustee and serves on the Board.

<sup>4</sup> In addition to this a first-year fees scholarship for Māori students was created under the Canterbury Undergraduate Scholarship umbrella - to be awarded on academic and cultural achievement and commitment. One application was received but the applicant subsequently decided to take up a targeted school equity scholarship.

Throughout the year the Pacific Liaison Officer was active in working with Pacific peoples, and the Pacific Island Liaison Group, a group comprising representatives of the local Pacific community, met with University management to discuss matters of mutual interest. A central campus room was made available to Pacific students for study and as a drop-in centre.

The University signed a Tupulaga Le Lumana'i agreement with the Tertiary Education Commission under which eight Pacific Island students in Arts and Commerce received first year fees as well as academic and cultural support.

A targeted scholarship for Pacific students was created under the Canterbury Undergraduate Scholarships programme, and was awarded to a student displaying good academic and cultural achievement and commitment.

An internal review was carried out at the end of 2003 focusing on how the recruitment and retention of Pacific students at the University could be improved. The results of the review will be available early in 2004.

*6. Continue work on increasing participation by people from under-represented groups (Equal Educational Opportunities) throughout 2003*

Work on increasing the participation by students from under-represented groups was ongoing throughout the year. As mentioned earlier (see strategic target 3), four undergraduate Equal Educational Opportunity (EEdO) scholarships were targeted to specific schools in the University's home region. Three of these scholarships were subsequently awarded and taken up. An Equal Educational Opportunities (EEdO) working group, involving local schools, continued to meet regularly throughout 2003. This work was given special emphasis in the University's Interim Profile.

*7. Strengthen the role of the University as a major provider of Community Education for Lifelong Learning and of professional development courses in the region*

The Centre for Continuing Education has continued to grow with a 21% growth in enrolments across its programmes in 2003. Course offerings in Community Education have been broadened to cover a greater range of disciplines. Linkages with companies have grown in the provision of professional courses. Internationally the International Training Programme got under way with training courses for officials from China. The Educational Travel and customised study abroad programme has run new programmes for a number of US universities. Conferencing has included a major international congress in Wildlife Management. Foundation Studies enrolments were capped at 250. The English Language programme has maintained numbers at an acceptable level despite the downturn in the wider industry. This is due to successfully diversifying marketing and the reputation of the university. A number of staff within the Centre have played a significant role in the revitalisation of the Adult Community Education (ACE) sector.

<b>Performance Indicators</b>	<b>2000</b>	<b>2001</b>	<b>2002 Actual</b>	<b>2003 Forecast</b>	<b>2003 Actual</b>
<i>New UC centrally funded scholarships:</i>					
Masters*	46 (34)	63 (45)	56 (45)	60	59 (43)
Doctoral*	65 (41)	85 (62)	91 (66)	90	88 (68)
Undergraduate*	0	0	0	24	21 (20)
<i>EFTS Increase/ (decrease) Domestic**</i>	10,695 (615)	10,439 (256)	10,364 (75)	10,252 (112)	10,447 83
<i>EFTS Increase/ (decrease) Postgraduate Total**</i>	1,749 (19)	1,679 (70)	1,661 (18)	1,639 (22)	1,862 202
- PG Taught**	801 (43)	798 (3)	800 2	798 (2)	912 112
- PG Thesis**	948 24	881 (67)	861 (20)	841 (20)	950 89
<i>EFTS Increase/ (decrease) Internationals**</i>	509 58	815 306	1,155 340	1,737 582	1,941 786
<i>EFTS Increase/ (decrease) - Māori students**</i>	557 (42)	546 (11)	543 (3)	543 0	518 (25)
<i>EFTS Increase/ (decrease) - Pacific Island students**</i>	186 (3)	178 (8)	154 (24)	156 2	166 12
<i>Increase in Marketing and Liaison staff positions</i>	0	0	0	+1	+3

\*Number taken up in brackets  
\*\*Previous year is the base.

### **Risks**

1. *A lack of resources under a new funding regime prevents the investment needed in recruitment into the selected areas*

### **Commentary**

Additional investment was able to be made into the Liaison and Recruitment Unit to aid their efforts in recruiting students from particular areas and schools. This included some strategic investment in equipment including display stands for schools and presentation equipment and resources. The Recruitment Unit operated within a refocused budget for 2003, weighting resources to key target groups. The 2004 budget has been developed with the same pattern in mind.

### **Funding and Budget Implications**

1. *The investment in recruitment in 2003 must come from refocusing existing resources, and reviewing advertising spending with support from strategic funds*

### **Commentary**

During 2003 existing resources were refocused, and work was done on developing a 'brand architecture' for the University. In conjunction with this all advertising spending was reviewed and focussed on areas where best results could be achieved. Additional staffing resources have also been provided to aid this and some strategic fund spending on equipment brand development and assets took place.

2. *From January 2004 to December 2005, there will be an increase in investment in Marketing and Liaison equal to two additional staff positions*

For strategic reasons related to the need for increased domestic EFTS, this increased investment in Marketing and Liaison was moved forward to 2003. A new Marketing Assistant and Course Advisor were appointed to the Liaison and Recruitment Unit as well as a new Liaison Officer. Plans were also made for the Liaison and Marketing Unit to move to a more accessible location on Ilam Road. This move is expected to take place early in 2004.

# UC Strategic Objective 6

## *Review and refine the University's staffing profile*

During 2003 the University moved into the implementation phase of a substantial internal restructuring project which has involved reorganising academic units into four Colleges and an independent School of Law (see Strategic Objective 2). In addition, the University also carried out an audit of seven departments with low contribution margins and consolidated a number of smaller academic units into larger units.<sup>1</sup> The intention was to move towards having a smaller number of larger financially viable academic units that would help pave the way for the introduction of the new College structure. Also of concern was the need for a restructured University that would display, among other things, greater flexibility in the mix of core academic roles (teaching, research and administration). These actions were linked to the need to provide strong leadership for Colleges and their constituent units and to continue to improve the quality of staff – within the requirements of the University's Financial Recovery Plan.

Anticipated changes to the pattern of income derived from government as a result of the Tertiary Education Strategy carry their own imperatives. Developments in 2003 confirmed that whatever form of internal allocation of resources is arrived at, the extent to which staff resources match teaching, learning and research needs across the University will have to be made more equitable, and more responsive to the achievement of strategic objectives. There is ongoing recognition of the fact that the University's staffing profile must become more responsive to social changes as well as Government policies. We need to increase the number of Māori and Pacific staff and encourage a better gender balance at senior levels. All of these requirements were acknowledged and highlighted in the Interim Profile that was developed for the Tertiary Education Commission in 2003.

### **Strategic Targets 2003**

- 1. Implementation of the negotiated staffing profile will begin from January 2003*
- 2. Ensure that the proposed staffing profile and the strategic funding will meet the needs of particular programmes of special emphasis*
- 3. Staffing profile redevelopment will have begun by December 2003*
- 4. Formula-based funding for staffing will have been established as part of the annual budgets for academic units. Implementation will have been achieved by December 2003*

### **Achievements**

During 2003 all staffing was subject to the Controlled Staffing Policy and was managed by the Staffing Establishment Committee. An audit process of departments with a low contribution margin was carried out, and the Vice-Chancellor met with the Heads of the affected departments to discuss the implementation of the results of that audit. Adjustments to the staffing profile of these departments were part of these discussions.

During 2003 the Staff Establishment Committee ensured that strategic investments were made in areas where a return from that investment was highly likely, and where departments and Faculties had moved to semesterise courses. This was successful and resulted in the University moving towards a greater semesterisation of courses. New courses which were introduced mid-year as a result of additional staffing being provided were successful in attracting enrolments in excess of predictions.

Staffing profile redevelopment has been part of the restructuring of the University. By the end of the year this was under way and was well on track. From 2004 staffing of the new Colleges will become the responsibility of College Pro-Vice-Chancellors in consultation with College Executive committees, although responsibility for academic staffing within Colleges will remain the responsibility of the Staffing Establishment Committee (SEC) until 1st July, 2004.

Following the audit of seven departments in 2003 it was decided to use the Contribution Margin model as a budget-delivery and reporting mechanism. Budget-setting for 2004 therefore used an interim process based on the formula system with the academic staffing component added in. This will be applied from July 2004. Until then, staffing in academic areas will be managed under the same process as for 2003.

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<sup>1</sup>This consolidation mainly took place within the Faculty of Arts.

<b>Performance Indicators</b>	<b>2000</b>	<b>2001</b>	<b>2002 Actual</b>	<b>2003 Forecast</b>	<b>2003 Actual</b>
Research-only positions	0	0	0	1	1
External Research income			\$10.5 mill	\$12 mill	\$11.4 mill
Strategic Funding			\$2,162,247 (total rec'd excl GST)	\$200,000	Nil
Increase/(decrease) in total staff budget			(4.0)%	4.7%	5.2%

#### **Risks**

1. *The lack of planned strategic funding to establish the new staffing profile and the research-only positions required*

2. *Changes in the subject profile of school leavers do not meet entry requirements for target groups in Engineering and Sciences*

#### **Commentary**

Funding for the new staffing profile was made available as required during 2003 with personnel spending at \$100.9 million.

Recruitment into Engineering and Sciences held up in 2003 against what has been a recent trend for reduced enrolments in those key areas. This was encouraging. Direct entry requirements for Engineering and Sciences were reviewed during 2003 to take account of National Certificate of Education Achievement (NCEA) provisions.

#### **Funding and Budget Implications**

1. *Additional strategic funding of \$1 million required to establish the staffing profile and research-only positions by December 2005*

2. *Budgets for whatever academic units are in place will be redeveloped to include formula-based funding for staffing. This will involve the reallocation of an existing resource*

#### **Commentary**

During 2003 it was recognised that this should become part of the University's restructuring process, and, as such, should be collapsed into the Restructuring budget of 2.8 million.

As commented earlier, following the audit of seven departments in 2003 it was decided to use the Contribution Margin model as a budget-delivery and reporting mechanism. Budget-setting for 2004 therefore used an interim process based on the formula system with the academic staffing component added in. This will be applied from July 2004. Until then, staffing in academic areas will be managed under the same process as for 2003.

# UC Strategic Objective 7

## *Progressively improve salary and other aspects of reward systems for academic staff*

The quality and reputation of a university is dependent, in the first instance, on the quality of its academic staff. In a highly competitive international labour market, quality staff expect appropriate levels of rewards. A distinctive mark of a strong research-led university is that it will be competitive in its reward packages, staff development provisions and promotion systems. To achieve this the University has to increase its income, building on the base provided by the Financial Recovery Plan. This has been the focus of considerable attention in 2003 and will continue through into 2004.

### **Strategic Targets 2003**

*1. Develop and implement performance management systems for academic staff*

*2. Develop reward systems that continue to emphasise demonstrated excellence in research and teaching while more explicitly recognising a wider range of excellence in all forms of service including collaborative achievements in linkage with industry and the community*

### **Achievements**

During 2003 performance management systems for academic staff were reviewed and developed in anticipation of the implementation of the University's new College structure. A policy statement on a proposed performance management system was completed and agreed in consultation with the Association of University Staff (AUS). It is expected that implementation of these performance management systems will take place in 2004/2005.

A beginning was made on reviewing reward systems as part of the restructuring exercise. Although schemes of market payments, job sharing, and phased retirement have been in operation at the University for some time, the intention was that remuneration and flexible employment policies would be referred to the unions for consultation by August 2003. This has had to be delayed until the beginning of 2004.

A review of the general staff job evaluation system was completed by Price Waterhouse during 2003. The review found that the system was working well. A small number of recommendations were made as a result of the review and some have already been put into effect.

<b>Performance Indicators</b>	<b>2002</b>	<b>2003 Forecast</b>	<b>2003 Actual</b>
Reward system	-	New reward system developed Performance management system implemented	Referral of remuneration and flexible employment policies to unions delayed until 2004  Preliminary work completed on performance management system for academic staff

**Risks**

1. *Significant decline in the value of the New Zealand dollar*

2. *Government failure to adequately address chronic under funding of university education*

**Commentary**

The New Zealand dollar increased significantly in value against all other related currencies during 2003.

The chronic and continuing under funding of university education was not addressed by the Government in 2003 other than through an attempt to meet the immediate cost-of-living increase. However, this was done from a low base of funding per student and so had little impact on the tertiary sector's financial position.

**Funding and Budget Implications**

1. *Improvements in these areas will depend on increases in external research earnings, University income in general and an increase in income from non-government sources in particular*

2. *Each 1% increase in academic salary scales will cost \$500,000 per annum*

**Commentary**

Research income tracked slightly below budget during the year. A University-wide research policy is being developed for implementation in 2004. Government income was 46.28% of total University income for 2003.

The 2.8% negotiated for salary increases early in 2003 was ahead of the University budget of 2% for such increases. During 2003 the Association of University Staff (AUS) applied for a 10% increase in salary for each of the next three years (2004-2006). Without a significant increase in funding from Government sources such increases would be unsustainable within current and projected budgets for the University.

# UC Strategic Objective 8

## **Advance the existing bilateral links with Christchurch College of Education with a view to establishing a closer relationship**

Among its Canterbury Tertiary Alliance partners the University has a special relationship with Christchurch College of Education. Unlike other universities, the University of Canterbury has not attempted to develop its own teacher training programme. Instead, the University has collaborated with the College in a joint approach by which each contributes to degree courses in Education offered by the other. Closer relations with the College in service delivery and the development of a collaborative and complementary approach to teaching and research will bring further benefits to both institutions, allow service delivery to be rationalised, reduce unnecessary competition and provide a strong impetus to postgraduate work in education-related fields. This was the focus for collaborative activity during 2003.

### **Strategic Targets 2003**

*1. Discussions continue between management and councils of Christchurch College of Education and the University of Canterbury on closer cooperation and coordination. This will include the development of structures to further link Education and Teacher Education*

*2. Complete negotiations on the contract between Christchurch College of Education and the University of Canterbury for the teaching of the Bachelor of Teaching and Learning degree (BTchLn)*

*3. Agreement is reached on the process for establishing combined/ coordinated services between Christchurch College of Education and the University of Canterbury*

*4. Concurrently, negotiations are conducted on combined/ coordinated services between the University, the College of Education and other Canterbury Tertiary Alliance partners*

### **Achievements**

It was concluded early in the year that direct discussions between the Councils of the University and Christchurch College of Education were not yet appropriate. In the meantime, though, discussions between management were ongoing throughout the year and proved to be both cordial and fruitful. Discussions focused mainly around the coordination of Facilities Management activities, and the joint Bachelor of Teaching and Learning (BTchLn) programme. By the end of the year an agreement had been concluded on the continued teaching by the University of the Bachelor of Teaching and Learning (BTchLn) for the next five years. In addition, discussions are taking place on merging the Facilities Management functions of the University and the College.

In August 2003 a Protocol was agreed with the College of Education relating to the initiation of new course developments. The Protocol applies to Education programmes in the first instance, but may also have more general application in due course.

Contract negotiations between the University and the College of Education on the Bachelor of Teaching and Learning (BTchLn) programme were concluded by the end of the year and a contract put in place that will see the University continue to teach this programme for the next five years.

During 2003 coordinated services between the University and the College of Education included the Library, Marketing, the Security Systems, and the Printeries (which have been merged). Discussions were begun on moving towards a merged Facilities Management structure. It is expected that this will be added to the list of coordinated services during 2004. In addition, the University and the College were part of a combined Canterbury Tertiary Alliance purchasing agreement for IT hardware and services that was concluded in September 2003. During 2003 the University and the College also concluded a separate agreement for the provision of Internet access for the College.

Negotiations and discussions between the University and all other Canterbury Tertiary Alliance partners continued throughout the year, and led to tangible results in the areas of Library access, IT purchasing, Internet access, and joint marketing. Joint marketing (which was to have been done in conjunction with Christchurch City Council) unfortunately has been delayed until the City Council can provide its agreed share of the funding. The aim is to market Christchurch as an education destination, and the project will be implemented as soon as the funding agreement is in place between the City Council and the CTA.

<b>Performance Indicators</b>	<b>2002</b>	<b>2003 Forecast</b>	<b>2003 Actual</b>
<i>Relationship with Christchurch College of Education</i>	Ongoing discussions with the College of Education	Further links established between the University and the Christchurch College of Education  Negotiations on the Bachelor of Teaching and Learning (BTchLn) contract will have been completed by the end of the year	A recommendation on merged FM functions between the University and the College was completed by the end of the year. An implementation plan has been developed in consultation with staff and unions.  Negotiations on the BTchLn contract were completed by the end of July 2003.

**Risks**

1. *Events beyond the control of either the College of Education or the University overtake the move towards greater cooperation and coordination*

**Commentary**

This risk did not eventuate. During 2003 the University and the College of Education continued to move towards greater cooperation and coordination, largely in the service areas.

**Other Implications**

1. *UC Council and management time will need to be set aside for the review of the relationship with Christchurch College of Education*

**Commentary**

During 2003 significant University of Canterbury management time was taken up in further developing the relationship with the Christchurch College of Education. The University continues to be interested in further discussions on a closer formal relationship. If any developments become possible or achievable, they will require additional staff and management time, as well as Council involvement.