

Audit Report

To the readers of University of Canterbury and Group's financial statements for the year ended 31 December 2005

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 of the University and group, on his behalf, for the year ended 31 December 2005.

Unqualified opinion

In our opinion the financial statements of the University and group on pages 14 to 55:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the University and group's financial position as at 31 December 2005;
 - the results of operations and cash flows for the year ended on that date; and
 - the service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 29 March 2006, and 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 the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the University and group as at 31 December 2005. They must also fairly reflect the results of operations and cash flows and service performance achievements for the year ended on that date. The Council's responsibilities arise from the Public Finance Act 1989.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

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

In addition to the annual audit of the University and its subsidiaries, we perform an annual audit of the Vice-Chancellor's declaration on the performance-based research fund external income and complete a compliance report on the Federal Family Loan Program for the Department of Education of the United States of America. These assignments are compatible with those independence requirements. Other than the annual audit and these assignments, we have no relationship with or interests in the University or 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

This audit report relates to the financial statements of the University of Canterbury and group for the year ended 31 December 2005 included on the University's web site. The University's governing body is responsible for the maintenance and integrity of the University's web site. We have not been engaged to report on the integrity of the University's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The report refers only to the financial statements named above. It does not provide an opinion on any other information that may have been hyperlinked to or from these financial statements. 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 financial statements and the related audit report dated 29 March 2006 to confirm the information included in the financial statements presented on this web site.

The preparation and dissemination of the financial statements is governed by New Zealand legislation.

2005 at a Glance

	2002	2003	2004	2005
Students enrolled (Headcount) ¹	12 046	12 748	13 430	13 555
Equivalent Full-time Students (EFTS) ²	11 519	12 388	12 731	12 654
Full-Time Equivalent Academic Staff (FTE)	640	653	656	680
Staff : student ratio	1:18.3	1:18.9	1:19.4	1:18.6
EFTStudents				
Undergraduate – sub-degree	162	668	558	495
Undergraduate – degree	9 696	9 858	10 272	10 304
Total undergraduate	9 858	10 526	10 830	10 799
Postgraduate – taught	800	912	917	868
Postgraduate – research	861	950	984	987
Total postgraduate	1 661	1 862	1 901	1 855
Total returned to Ministry of Education	11 519	12 388	12 731	12 654
Plus contract teaching and unfunded PhDs	+196	+203	+219	+222
Total Taught EFTS	11 715	12 591	12 950	12 876
International students enrolled in degree courses (EFTStudent)	976	1 466	1 947	2 006
PBRF funding received	-	-	\$1.9 m	\$4.683 m
Completed PhD theses	77	83	91	64
Completed Masters theses	213	184	187	188
Operating				
	In \$ 000	In \$ 000	In \$ 000	In \$ 000
<i>(All amounts net of GST)</i>				
Government grant	76 044	80 018	81 482	82 716
Tuition fees	53 719	61 400	68 346	71 017
Research funding	10 509	11 385	10 462 ³	19 153
Cost per EFTS student	13.7	13.7	13.9	14.9
Capital expenditure (as per cashflow)	17 102	17 862	19 550	17 998
Financial position				
Fixed assets	413 920	412 589	420 950	553 601
Net current assets (liabilities)	(10 619)	(4 274)	(3 567)	6 072

¹ Excludes UC Opportunity students

² EFTStudents Returned to the Ministry of Education

³ Figure for 2004 and 2005 includes PBRF funding received

Chancellor's Welcome

"I am pleased to report an excellent year, building on the success of 2004"



Welcome to the 2005 Annual Report of the University of Canterbury. I am pleased to report an excellent year, building on the success of 2004. The Vice-Chancellor reports in detail on some of the year's achievements and I would summarise from the Council's point of view as follows.

Financially the University is now on a sound footing and its planning and reporting regimens are well established. The quality of its research and teaching continues to achieve national and international recognition. Our staff and students have received an unprecedented number of awards and accolades in 2005.

Overall, the University is a more confident, stable institution, which now has a settled base from which to look ahead and plan for an exciting future.

As Chancellor and Chair of the University Council, I am very conscious of the University's relations with its various stakeholders in the community. The University is a substantial community in its own right, of course, with some 16,000 staff and students on its Ilam campus, but it is the University's relationship with its wider community that demonstrates the dynamic role of a university in the 21st century.

I have been very gratified by the growth in the number and the warmth of those relationships in 2005. Last year I had the pleasure of launching the UC Foundation's UK-based charity and this year the US-based charity was launched with functions in New York, Washington and San Francisco. The loyalty and pride of our graduates is something to be treasured as they fulfil multiple roles as employees, employers of our graduates, parents and family of our students, partners in research, advocates in the community, and often financial supporters.

The Vice-Chancellor, in his report, mentions the University's success in achieving funding for both the ICT Innovation Institute and the Provincial Finance Chair in Accountancy. These are prime examples of partnerships with like-minded organisations and individuals, to the benefit of all parties.

I believe the University has a responsibility to feed back into the community the benefits of its scholarship. In that spirit we instituted in 2005 a series of Inaugural Professorial Lectures whereby newly appointed or promoted professors can share their knowledge with the wider community. The seven lectures in the series demonstrated a diversity that showed the University's breadth as well as its depth. The success of this initiative ensured we will repeat it in 2006.

Another community initiative is the Outside the Square Lecture, a successful collaboration with the Christchurch City Council. This year's lecture, presented in conjunction with the Canterbury History Foundation, was delivered by Associate Professor Geoffrey Rice of our History Department on the subject, "How did Christchurch Cope with the 1918 Influenza Pandemic?"

The University's tradition of innovation was also celebrated publicly on a number of occasions. Canterprise, the University's commercialisation arm, achieved double success at the Champion Canterbury Awards, winning the Service Small Enterprise category prize and The Press Supreme Award for Small Enterprise.

The innovation of students was also on show with the inaugural University of Canterbury Entrepreneurship Challenge (entré). This student-driven initiative excited the imagination of a number of major corporate sponsors and was celebrated with the winning ceremony at the Christchurch Art Gallery where awards of \$40,000 were made to student teams with innovative entrepreneurial ideas. I would like to pay tribute to the role of the University Council in its partnership with management and in its ability to provide strong governance within a clear management-governance framework. Special thanks go to the Pro-Chancellor, Mr John Simpson, whose safe and reliable hands at the tiller of the Finance, Planning and Resources Committee and the Audit and Risk Committee ensured steady progress in this critical area.

At the end of the year, we thanked Professor Jim Coxon of the Chemistry Department for his four-year contribution as a member of Council and also the Student President, Mr George Hampton, who ensured the students' voice was heard at the Council table.

Council suffered a major loss during the year with the death of Dr Russell Smith and his wife, Marian D'Eve, in a plane crash in August. Dr Smith and his wife were both Canterbury graduates and Dr Smith's role as Head of Humanware (formerly Pulse Data International) exemplified the high standards of Canterbury's outstanding graduates. His death was sadly mourned.

At the end of July, Council farewelled its Secretary, the University Registrar Mr Alan Hayward, after 18 years as Registrar. His knowledge of the University, his calm and responsible style, and his certainty with University processes made my job as Chancellor much simpler. We wish him well in his much deserved retirement.

Replacing him in the role of Registrar is Jeff Field, a Canterbury graduate who has worked for the University for the last 18 years. He brings to the job a breadth of knowledge within the University and his considerable skills in communication and friend-raising, which will serve us well in supporting the increasingly outward look of the University and its Council.

Council welcomed three new members: Ms Wendy Ritchie, the Chair of the Christchurch College of Education Council, whose knowledge and links with the College will be invaluable as the two institutions prepare for merger; Professor Peter Hempenstall of the History Department, who joined as a member of academic staff; and His Honour Judge Colin Doherty, who was co-opted by Council to ensure continuity of legal expertise following the retirement of His Honour Judge Stephen Erber.

The University's success in 2005 owed a lot to the contribution of a strong Senior Management Team under the decisive leadership of the Vice-Chancellor, Professor Roy Sharp. The University has achieved a great deal under the leadership of Professor Sharp and I express my appreciation and admiration for what he has achieved both within the University and with its relationships outside.

As a graduate of the University of Canterbury, it is a pleasure to see the institution in such good heart and to feel the warm support of our partners in the community. I commend this Annual Report for 2005 to you and hope you enjoy reading something of the University's achievements in this its 132nd year.



*Dr Robin Mann
Chancellor
March 2006*

Vice-Chancellor's Report

“2005 was a year when the University of Canterbury ... increased its standing as a confident, outward looking institution making a significant contribution to New Zealand society”



2005 was a year when the University of Canterbury, with its new college structure and its new pro-vice-chancellors in place - and with its financial recovery process essentially complete - increased its standing as a confident, outward-looking institution making a significant contribution to New Zealand society.

It was a year of considerable achievements. A highlight was, undoubtedly, our successful application to the Government's Partnerships for Excellence Scheme for funding for the proposed new ICT Innovation Institute, which is to be based in the College of Engineering.

The Government awarded the University \$9.7 million on condition that it would be matched with funding from other sources. The fact we had just six months to secure commitments for the matching funding required an ambitious programme of negotiations with possible partners. Christchurch City Holdings Ltd., on behalf of the Christchurch City Council, offered timely support in underwriting the funds we required. As a result, and because of the efforts of our staff, we will meet the deadline and are now moving forward in our detailed planning for the Institute.

We see it being a world-class facility, which will bring together post-graduate researchers from many disciplines to work together on the development of new information and communications technologies. Canterbury is the natural home for this kind of facility, given the quality of our research in this area - and of our researchers, staff and students, many of whom were recognised for their outstanding work during 2005.

For the second year in a row, the University dominated the prestigious MacDiarmid Young Scientists of the Year Awards. Of the seven category prizes awarded in 2005, three went to University of Canterbury post-graduate students - one of whom, Shelley Scott, was also named overall runner-up for her nanotechnology research.

Other researchers honoured in 2005 included Professor Jack Baggaley (Physics and Astronomy) and Dr Lianne Woodward (School of Education). Professor Baggaley was awarded the University of Canterbury Research Medal for his work, which has raised public awareness of the possibility of objects colliding with Earth. Dr Woodward was awarded the Condliffe Memorial Prize for her work in child development and developmental neuropsychology.

We were also delighted to share in the success of one of our visiting Erskine Fellows who was awarded a Nobel Prize. Professor Robert Grubbs was with us in Canterbury when he learned that he had been awarded the 2005 Nobel Prize in chemistry. It was the second time in two years that an academic visiting the University had been made a Nobel Laureate.

But while research excellence is something we value dearly, teaching excellence is equally important to us. Our commitment to quality teaching was recognised in the 2005 Academic Audit Report, which was released in November by the New Zealand Universities Academic Audit Unit. The report was part of the third cycle of audits undertaken by the unit and focused on teaching quality, programme delivery and the achievement of learning outcomes. Overall the report was very positive and endorsed our own confidence in our teaching programmes.

First-year student enrolments in 2005 provided further endorsement. We recorded a 9 percent increase in domestic first-time enrolments on the year before - an excellent achievement, which followed some years of falls in domestic enrolments.

Financially, the University has essentially completed its recovery phase. In 2005, the University registered a \$9.21 million surplus, \$2.5 million ahead of budget, and the cash position nearly doubled from \$12.9 million in 2004 to \$25.27 million in 2005.

With universities no longer being able to rely solely on traditional funding sources and having to form meaningful relationships outside the tertiary sector, our financial recovery has demonstrated to areas such as the business sector that we are a viable investment proposition.

We were delighted that Christchurch-based Provincial Finance Ltd agreed to provide financial backing for a new professorial chair in the College of Business and Economics. The company, which is headed by UC alumni John Edilson and David Lyall, will contribute \$400,000 over five years towards the running costs of the Provincial Finance Chair in Investment Finance. The arrangement - which was brokered by the University's own charitable trust, the University of Canterbury Foundation - is the first of its kind at Canterbury, allowing Provincial Finance Ltd to contribute funds incrementally instead of the traditional lump sum contribution.

While Provincial Finance's enthusiasm for the new professorship is not just based on sentimentality, given its directors' connections with the University, it does illustrate the benefit of relationships with alumni, friends and supporters of the University.

In 2005, the University extended its official fundraising activities to the United States.

I had the pleasure of joining alumni and prospective financial supporters in New York, Washington and San Francisco at functions to promote the *University of Canterbury Foundation in America, Inc.* And, as well as visiting the United States, I attended alumni events in Malaysia and the United Kingdom.

In 2005 we spent a large amount of time considering issues surrounding the proposed merger of the Christchurch College of Education (CCE) with the University. I hope that, by this time next year, the merger will have received government approval and we will be operating as one institution. I am conscious that we have a significant period of change ahead of us, and I know that the CCE Principal, Dr Graham Stoop, shares my appreciation of the professionalism of staff at both institutions as we consider the practicalities of a merger.

I would like to record the University's appreciation of Alan Hayward, who retired in mid-2005 after 38 years at the University, 18 of them as Registrar. Alan's loyalty was extraordinary and he was a very popular colleague. That was well reflected in the sentiments expressed at the various farewell functions held to mark his retirement.

I also acknowledge the steadfast support of the University Council and Chancellor Dr Robin Mann during what was a significant and successful year for the University of Canterbury.



Professor Roy Sharp
Vice-Chancellor
March 2006

University Mission and Vision

Mission

Whāia te matauranga
Above all, seek after learning

The University of Canterbury comprises its staff, students, graduates and alumni. The University of Canterbury Act 1961 describes the purpose of the University as existing “for the advancement of knowledge and the dissemination and maintenance thereof by teaching and research.” This is carried through to the Education Act 1989 and informs the mission of the University.

Our purpose within the international community of scholars is to advance knowledge by research; to maintain and disseminate this knowledge through teaching, publications and critical debate; to confirm outcomes through the awarding and conferring of degrees, diplomas and certificates; to serve as a repository of knowledge and expertise; and to act as critic and conscience of society.

Our purpose within the New Zealand tertiary sector is to contribute to a tertiary education system that is characterised by excellence, relevance, academic freedom and improved access for all; to work with others to enrich intellectual discourse, educational quality and research activity; and to contribute to the intellectual, cultural, social and economic life and well-being of our city, region and nation.

Our purpose as a university of Aotearoa New Zealand, acknowledging the Treaty of Waitangi in all our activities, is to respond and contribute to the educational, research and development needs and aspirations of Māori, as tangata whenua.

Vision

Tangata tū tangata ora
People prepared to make a difference

Since its founding the University of Canterbury and its people have made a difference locally and globally. Proud of that past, we now look to the future with fresh vision that blends the best of Canterbury tradition with the innovation necessary for success in a changing world. People are crucial to this process – people who are prepared to make a difference.

We will make a difference by the diligence we bring to our studies; the passion and rigour we bring to our teaching and research; the inclusiveness and transparency we bring to our decision-making; the pride we bring to our administrative tasks; the dedication we bring to service; and the courtesy, collegiality and respect we bring to our interactions.

We will make a difference to our city, region and nation by the quality of our graduates; the relevance and excellence of our research; the inspiration of our creative arts; the positive impact of our collaboration with others; the strength of our bonds with community, business, industry, and government; and the leadership we show in Treaty, equity and environmental issues.

We will make a difference internationally by enhancing the Canterbury tradition of world-class research and scholarship; working with selected overseas institutions; providing a welcoming destination for international students, and sending out well-equipped graduates who are prepared to make their mark on the world stage.



2005 University Council Membership

The composition of the 2005 University Council was:

Council Members	First Appointed	Current Term	
		Appointed	Ending
<i>Four persons appointed by the Minister</i>			
Dr B Robin Mann	2001	2005	2008
Mr John C Simpson	2001	2005	2009
Ms Donna Matahaere-Atariki	2004	2004	2009
Ms Wendy Ritchie	2005	2005	2009
<i>Vice-Chancellor</i>			
Professor Roy Sharp	2003	2003	–
<i>Three members of the Academic staff</i>			
Professor Jim M Coxon	2001	2003	2006
Associate Professor Maureen Montgomery	2003	2003	2006
Professor Peter J A Hempenstall	2005	2005	2008
<i>One member of the General staff</i>			
Mr Michael R Shurety	2003	2003	2006
<i>Two students</i>			
Mr Jarrod Gilbert	2000	2003	2004
Mr George Hampton	2005	2005	2005
<i>One member appointed in consultation with the Employer's Federation</i>			
Dr Paddy Austin	2003	2003	2006
<i>One member appointed in consultation with the Combined Trade Unions</i>			
Ms Chris Wilson	2003	2003	2006
<i>One member appointed in consultation with Ngāi Tahu</i>			
Vacancy	2005	2005	2008
<i>Three members appointed by Council</i>			
His Honour Judge Colin Doherty	2005	2005	2008
Vacancy	2005	2005	2008
<i>Four graduates elected by the Court of Convocation</i>			
Dr Colin J Burrows	1999	2003	2006
Superintendent Sandra J Manderson	2003	2003	2006
Mr Trevor J McIntyre	2005	2005	2008
Dr Russell Smith ⁴	2005	2005	2006

⁴ Until his death in August, 2005

Achievements and Awards 2005

ICT Innovation Institute

In August the Government, through its Partnerships for Excellence programme, awarded the University \$9.7 million to establish the ICT Innovation Institute, a national information and communications teaching and research facility. The University needs to match the Government's contribution with funds sourced primarily from the private sector. As well as producing new IT graduates, the Institute will generate new start-up companies, attract skilled personnel from overseas and encourage involvement by multinational corporations.

PBRF Boost

Canterbury's share of the Performance-Based Research Fund increased to 12.08% during 2005, up from its 11.87% share in 2004. This reflected increases in both external research income and research degree completions. The quality of staff research remains the same until the results of the 2006 partial round of the PBRF are known. Canterbury is ranked a close second in the country for research quality.

Academic Audit Report Favourable

The Academic Audit Report on the University of Canterbury was released in November by the New Zealand Universities Academic Audit Unit. The report, the third undertaken by the unit, focused on teaching quality, programme delivery and the achievement of learning outcomes. Overall the report was very positive. It contained 20 key recommendations many of which are already being addressed by the University.

Canterprise Named Regional Champion

Canterprise, the University of Canterbury's commercialisation arm, was a double winner at the 2005 Champion Canterbury Awards picking up the Service Small Enterprise category prize and The Press Supreme Award for Small Enterprise. Among Canterprise's most successful spin-out companies are WhisperTech, which manufactures combined heat and power generation units; Syft Technologies, which is marketing technology capable of detecting volatile substances; and Nano Cluster Devices, which is refining novel methods of manipulating atom clusters and forming them into electrically conducting wire.

The New Zealand Family Violence Clearinghouse

In March 2005 the University's Te Awatea Violence Research Centre and Information Technology Services won a Ministry of Social Development contract worth more than a million dollars to spearhead the establishment of a national centre for collating and sharing information on family violence. The New Zealand Family Violence Clearinghouse will provide resources for people working to eliminate violence within families. The Clearinghouse is being developed in conjunction with a consortium of government and non-government organisations.

New Zealand's First GeoHealth Laboratory

Research into the social and environmental determinants of health and healthcare was given a boost with the opening in February 2005 of New Zealand's first GeoHealth Laboratory at the University of Canterbury. The GeoHealth Laboratory is a joint venture between the University's Department of Geography and the Public Health Intelligence group (PHI) of the Ministry of Health. Research currently being undertaken by the lab includes studies into why New Zealand has the highest incidence of melanoma in the world, assessment of road traffic accident reduction policy initiatives and ethnic differences in New Zealanders' smoking habits.

Royal Society Fellowships

Two University of Canterbury academics were elected Fellows of the Royal Society of New Zealand in 2005. Professor Jacob Bercovitch (Political Science and Communication) and Adjunct Professor Paul J Cloke (Geography) were among 10 new fellows recognised by the society in November for their impressive strength and excellence in science and technology.

Honorary Doctorates

A computer scientist sometimes referred to as the "Gridfather", and one of New Zealand's most inventive, forceful and prodigious artists received honorary doctorates at the University's April 2005 graduation ceremonies. American-based Professor Ian Foster, a UC alumnus who has become one of the world's leading computer scientists, received a Doctor of Science (*honoris causa*) degree and leading New Zealand printmaker Barry Cleavin, whose passion for printmaking was first fired at Canterbury University's School of Fine Arts, received a Doctor of Letters (*honoris causa*) degree.

JADE Student Management System

After a year of planning and development, the University's new JADE SMS (student management system) went live on 4 October, 2005. The system has already been handling enrolments for the University's Summer School programme and for the main 2006 enrolment. In mid-2006 the system will be expanded to include enrolments for first-time students and UC Opportunity's community education and professional short courses. The implementation of JADE SMS has been part of a wider \$4 million project, named Catalyst, which has reviewed the business processes involved in the University's student administration and has incorporated the new degree structures arising from the University's change to new points from 2006.

Marsden Success

University of Canterbury researchers were awarded nearly \$6 million in the 2005 Marsden Fund awards, including a share in the round's largest single grant. The successful researchers work in the areas of astronomy, economics, chemistry, mathematics and statistics, political science, philosophy, geological sciences and biological sciences. The largest single grant (\$900,000 over three years) was awarded to a project co-led by Canterbury University Physics and Astronomy researcher Professor John Hearnshaw. He will collaborate with colleagues from Canterbury, Auckland, Massey and Victoria universities to search for planets similar to Earth and carry out the first census of all types of planets within our Galaxy.

University Research Medal for Meteor Specialist

A scientist whose research work has contributed to the movie world's fascination with extraterrestrial bodies colliding with Earth was the 2005 winner of the annual University of Canterbury Research Medal. Professor Jack Baggaley (Physics and Astronomy) was honoured for his innovative research, which has given solar system scientists information on the distribution of small particles in the solar system and increased public awareness of the possibility of objects colliding with Earth. He has developed a unique radar facility which maps the orbits of dust in the solar system. The system is recognised as the world's most sensitive, precise system, providing incisive mapping of the dynamics and sources of small solid material in the solar system.

University Teaching Awards

Six University of Canterbury staff received 2005 Teaching Awards in recognition of outstanding teaching achievements. The recipients were Dr Ian Brooks (Management), Warwick Irwin (Computer Science and Software Engineering), Dr Simon Kingham (Geography), Andrew Maples (Accountancy, Finance and Information Systems), Associate Professor Jarg Pettinga (Geological Sciences) and Dr Jan Wikaira (Chemistry).

Canterbury Law Professor Appointed QC

Canterbury Law Professor John Burrows was one of four new Queen's Counsel appointments in 2005. It is believed to be the first time the honour has been conferred on a full-time academic. Professor Burrows graduated from the University of Canterbury with a Master of Laws (LLM) in 1964 having won the Gold Medal in Law in 1961. Professor Burrows has lectured at the University since 1967 and was made a Professor in 1974. In 2002 he was awarded the inaugural University of Canterbury Teaching Medal. His main areas of research are media law, statute law and the law of contract and he is the author or co-author of three textbooks.

Rare Major Art Honour

University of Canterbury Fine Arts lecturer Julia Morison was one of five artists who received an Arts Foundation of New Zealand Laureate Award during 2005. The award recognises artistic achievements, and is one of the more generous awards available to artists in New Zealand. Ms Morison has been exhibiting her work in galleries in New Zealand and overseas since she graduated from Canterbury University in 1975. She has already won a number of other awards, including the Frances Hodgkins Fellowship (1988) and the Moet and Chandon Fellowship (1990). Ms Morison took up the position of senior lecturer in painting at Canterbury in 1999.

Rhodes Roll of Honour

Canterbury law graduate Rosara Joseph was one of three scholars to be awarded a Rhodes Scholarship during 2005. Ms Joseph, who currently works as a clerk for the President of the Court of Appeal in Wellington, will head to Oxford University in October 2006. Joining the Rhodes Roll of Honour capped a remarkable year of achievements for the 23-year-old who graduated with a BA and LLB (First Class Honours) in April 2005 and was awarded the Butterworth's Gold Medal for the top law graduate.



PhD student Shelley Scott was named runner – up in the MacDiarmid Young Scientists Awards.

NZ Science and Technology Postdoctoral Fellowships

In 2005 the University of Canterbury won five out of 17 FRST NZ Science and Technology Postdoctoral Fellowships, worth a total of more than \$1 million over three years. Matthew Polson (Chemistry), Steve McNabb (Chemistry), Victoria Metcalf (Biological Sciences/Gateway Antarctica), Grant Pearce (Biological Sciences) and Michael Gschwendtner (Mechanical Engineering) will each be mentored during their research tenure by University of Canterbury academics in their respective fields.

Erskine Programme

Ninety-two academic staff received Erskine Fellowships in 2005, 68 visitors to the campus and 24 University staff. Visiting Erskine Fellows came from 12 countries, with the largest representation from the United States of America and the United Kingdom. The current value of the Erskine trust is \$40.5 million and in 2005, total expenditure was \$1,437 million. During tenure of an Erskine Fellowship, Professor Bob Grubbs of the California Institute of Technology (Caltech) was awarded the 2005 Nobel Prize for Chemistry. This was the second time in two years that an academic has won a Nobel Prize while visiting Canterbury. In 2003, Emeritus Professor Clive Granger was awarded the Nobel Prize for Economics while visiting the University on an Erskine Fellowship.

MacDiarmid Young Scientists Awards

For the second year in a row, the prestigious MacDiarmid Young Scientists of the Year Awards were dominated by University of Canterbury students. Of the seven category prizes awarded in 2005, three went to Canterbury University postgraduate students – Shelley Scott (Manufacturing and Materials prize and overall runner-up), Roger Dungan (Environmental Sciences prize) who also received a special commendation from the judging panel for the quality of his research, and Matthew Keir (ICT and Creative Industries prize). This followed the scooping of the 2004 awards by Canterbury University students who won the majority of category prizes and the overall prize.

Students Win Prestigious UK Scholarships

Two Canterbury University science students were among four awarded Woolf Fisher Scholarships to study for doctorates at either Oxford or Cambridge universities. Chemistry Honours student Anna McConnell plans to study coordination and supramolecular chemistry at Oxford and Ecology Honours student Robert Holdaway will investigate energy and carbon fluxes in forest communities at Cambridge. Each student receives a maintenance allowance of \$30,000 per year, full payment of their university and college fees and an annual return airfare from London to New Zealand.

Statement of Responsibility

In terms of Section 42 of the Public Finance Act 1989 we hereby certify that:

- We have been responsible for the preparation of these financial statements and 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 reflect fairly the financial position and operations of the University for the year ended 31 December, 2005.



Chancellor



Vice-Chancellor



Chief Operating Officer

Date: 29 March, 2006



Key Strategic Area 1

Financial Viability

Be a financially healthy university

Strategic Targets 2005

1.1 Continue to develop and improve monitoring, financial management and reporting systems to ensure that in the devolved College structure costs continue to be constrained and income developed in line with the Financial Recovery Plan.

1.2 Ensure that the University makes further progress towards financial viability as measured by Tertiary Advisory Monitoring Unit guidelines and in accordance with the negotiated Financial Recovery Plan (FRP).

1.3 The process of constraining costs and developing income in order to move the University towards a sustainable operating surplus of 5% will be confirmed as a major management role for PVCs and Service Heads in the devolved University structure.

1.4 Maintain staffing costs in line with the Financial Recovery Plan and with Tertiary Advisory Monitoring Unit (TAMU) guidelines throughout 2005 by managing this resource against clear staffing plans.

1.5 Ensure that the University's financial systems and processes continue to be able to deal with any changes to funding and monitoring mechanisms that may be introduced through the Tertiary Education Commission.

Achievements

Three operational steps were taken to ensure that this target was achieved. The first was to carry out ongoing improvements to processes for monitoring and reporting on contribution margin targets for Colleges, Service units and University Trading Enterprises (UTEs). This was done successfully. Contribution margin reports were produced directly from Oracle and monthly reports to Colleges aligned exactly with those going to the Senior Management Team. The second was to review the Financial Recovery Plan and the assumptions it contained. This was completed on schedule and the results incorporated into relevant Key Performance Indicators and forecasts in Profile 2006-2008. The third was to review the process for setting financial targets for Colleges, Service units and University Trading Enterprises prior to the 2006 budget round. The review was carried out along with a post-2006 budget review. The outcome of these reviews will now feed into budget processes in 2006.

During the year, treasury management and capital protocol processes were reviewed with a view to improving efficiency and effectiveness in controlling expenditure levels. In both cases relevant policies were either updated, or developed and approved by Council. Regular monitoring of financial performance continued throughout the year. By year end, all Tertiary Advisory Monitoring Unit guidelines and Financial Recovery Plan targets had either been met, or exceeded and the University had achieved a surplus of \$9.21 million, 4.7% of total income.

Financial delegations for Pro-Vice-Chancellors and Service Heads were agreed to and implemented during the year, as were financial policies for Service units and University Trading Enterprises. An Expenditure Control Policy was developed during the year but implementation was delayed pending the outcome of the review of the budget process. The budget process review was completed in late 2005.

Staffing plans were developed, or refreshed in many areas of the University as part of the planning round for 2006. Monthly reports on personnel were provided to the Senior Management Team and to the Finance, Planning and Resources Committee of Council. College progress against personnel budget targets was monitored throughout the year on a quarterly basis as was progress against the 60% personnel cost target. At the end of the year personnel costs were 62.6% of University operating expenditure and 59.6% of total income.

The Tertiary Education Commission (TEC) and Ministry of Education websites, and other related information sources, were monitored regularly throughout the year for changes to funding and monitoring mechanisms. Changes announced in the Government's 2005 budget for Performance-Based Research Fund (PBRF) and Equivalent Full-Time Student (EFTS) funding were analysed and parameters built into the University's 2006 budget. The content of the new Statement of Tertiary Education Priorities (STEP) document for 2005-2007 was taken into account in the drafting of Profile 2006-2008. In addition to the monitoring of TEC and Ministry sources, attention was also paid during the year to maintaining financial systems and controls in order to ensure reliable financial reporting. This is an ongoing activity. A clear audit opinion was obtained at year-end.

Key Performance Indicators	2003 Actual	2004 Actual	2005 Estimate	2005 Actual
Income Measures				
Income from Government Grant	\$80.0m	\$81.5m	\$82.9m	\$82.7m
Income from tuition fees (domestic, full-fee paying and other)	\$60.0m	\$68.3m	\$66.4m	\$71.0m
Research income (external and PBRF)	\$11.4m	\$10.5m	\$16.3m	\$19.2m
Expenditure Measures				
Total personnel expenditure	\$100.9m	\$107.8m	\$114.6m	\$117.6m
Increase/(decrease) in total personnel expenditure	5.2% [3.0% FRP]	6.8% [3.0% FRP]	6.0% [3.0% FRP]	9.1%
Total personnel costs as a proportion of University operating expenditure	60%	60%	60%	63%
Balance Sheet Measures				
Cash Balance (borrowings) as at 31 December	(\$3.7m) [(\$9.1m) FRP]	\$2.4m [(\$2.7m) FRP]	\$10.4m [\$6.2m FRP]	\$16.3m
Net Operating Cash Flow	\$25.3m [\$23.7m FRP]	26.3m [\$27.5m FRP]	\$28.9m [\$30.8m FRP]	\$56.8m
TAMU Guideline Measures				
Profitability (net operating surplus as a proportion of total income) - Between 3% and 5%	\$3.4m [\$2.1m FRP] 2.0%	\$6.1m [\$4.3m FRP] 3.3%	\$7.2m [\$6.0m FRP] 4%	\$9.2m 4.7%
Gearing (total debt as a percentage of total equity) - Less than 10%	10.6%	9.8%	9.2%	1.9%
Interest coverage (operating surplus plus gross interest/gross interest) - Greater than 3:1	4.5 : 1	7.5 : 1	12.6 : 1	10.8 : 1
Debt repayment (operating surplus to total debt) - 20% to 30% maximum	8.9%	17.0%	25.4%	93.6%
Current assets to Current Liabilities ratio - Greater than 1:1	0.8 : 1	0.9 : 1	1.1 : 1	1.2 : 1

Risks

- 1. Income targets as set in the Financial Recovery Plan (FRP) are not met.*
- 2. Income increases are not achieved because of changes in government funding mechanisms.*
- 3. Costs, especially staff costs, are not constrained within the Financial Recovery Plan guidelines.*
- 4. TAMU guidelines for financial performance are not met.*
- 5. Bank covenants are not met.*

Commentary

The Financial Recovery Plan income target for 2005 was \$181 million. By year end this was exceeded by \$16 million.

During the year, government funding mechanisms did not alter in any way that was unexpected. The risk to income did not eventuate.

Processes have been put in place to ensure that costs are monitored on a monthly basis by the Senior Management Team. Areas of risk were identified during the year and remedial action taken where necessary. Despite this, staffing costs as a proportion of University operating expenditure in 2005 exceeded the 60% target by 2.6%.

TAMU guidelines were consistently met during the year.

All bank covenants were met during the year.

Funding and Budget Implications

- 1. Targeted funding will be needed to recruit additional EFTS.*
- 2. Additional costs may be incurred in meeting funding and monitoring regimes introduced by government.*

Commentary

Funding was made available during the year to open, operate and staff a recruitment and liaison office in Auckland. By the end of 2005, a Liaison Officer had been appointed and the Auckland office was operating. The staff member in Auckland has already had better access to schools than had previously been the case.

Compliance continued to be a cost issue throughout the year and is now a significant budget consideration.

Key Strategic Area 2

Research and Scholarship

Ensure that the University is recognised as a top research-led university

Strategic Targets 2005

2.1 Ensure that by December 2005 the University's research strategy is fully implemented.

2.2 Ensure that by December 2005, Colleges will have research profiles developed and will have strategies in place to increase and diversify their sources of research income.

2.3 Continue to develop and review strategies to improve the University's capability in relation to the Performance-Based Research Fund.

2.4 By December 2005 ensure that the University has at least four new active industry-linked and/or inter-institutional research clusters in place.

Achievements

Action on the development of a University research strategy was held up pending the appointment of a new Deputy Vice-Chancellor in April. At College level, work began on developing College research plans and this was progressed during the year. At a University level, initial attention was focused on articulating high-level research goals and strategic targets. A statement on research strategic direction was included in Part A of the University's 2006-2008 Profile. Building on this, appropriate targets, goals and indicators relating to Research and Scholarship were developed for Part B of the Profile. In addition, the Research Committee made good progress during the latter part of the year on preparing a substantial redraft of the University's research plan. After ratification by College research committees and the University Research Committee, implementation of the plan will commence in 2006. While this is later than anticipated, it reflects the wish of the Deputy Vice-Chancellor that the plan has grassroots support.

Research committees are in place in each College. They are meeting regularly and have been developing College research profiles, policies, plans and resource allocation mechanisms to support and encourage research activity. Discussions have taken place with individual staff members concerning research plans and Performance-Based Research Fund (PBRF) participation. In addition, some Colleges have been working with external stakeholders to identify and prioritise support for key research themes. Strong linkages are being developed between the Research Office and College research committees. Underpinning this is a major initiative to ensure success in the Foundation for Research and Technology (FRST) funding rounds in 2006-2007. This is being led by the Deputy Vice-Chancellor and Pro-Vice-Chancellors with support from the Research Office.

The University's Performance-Based Research Fund Working Party (reconstituted as a sub-group of the Research Committee) met initially under the chairmanship of the Pro-Vice-Chancellor (Science) and developed a strategy to prepare the University for the 2006 PBRF partial round. After being approved by the Senior Management Team and the Research Committee, the strategy was formally launched by the Deputy Vice-Chancellor. Emphasis has been placed on identifying new PBRF-eligible staff and those staff whose grading could be improved. The focus has been on ensuring that such staff receive appropriate mentoring in preparing the technical and content components of their PBRF evidence portfolios. This was done at College level with assistance from Research Office staff. The University's PBRF intranet site was updated during the year, and the UC Research database, which will be used in the collection of PBRF information, was upgraded in an effort to ensure that evidence portfolios were easier to prepare. This was formalised in the second half of the year with the establishment of a PBRF project team to manage PBRF 2006. This is now well underway, led by staff based in the Research Office and will culminate in an internal assessment round for relevant staff in March 2006. Final portfolios will be submitted to the Tertiary Education Commission by 21 July 2006.

The University already has numerous inter-institutional and industry-based research links in place. These were built on and extended during the year. In conjunction with Lincoln University, the University was involved in a successful bid to the TEC Growth and Innovation Pilot Initiative scheme. Alongside this, the Deputy Vice-Chancellor has been working closely with Lincoln and Otago universities to ensure future alignment of other research portfolios and funding bids where appropriate. The Deputy Vice-Chancellor and other members of the Partnerships for Excellence Steering Group have also been working with a number of ICT companies on joint linkages in research. Developments are also taking place in the Colleges. In the College of Arts, the Social Science Research Centre is now being supported by funds from the Building Research Capability in the Social Sciences programme, and new research centres in history and music education have been established. The College of Science is working with the Crown Research Institutes (CRIs) to develop closer links via joint research initiatives and has received funding from the TEC to develop research links with the seafood industry through its membership of the Seafood Cluster. The College of Business and Economics is developing research alliances with key external stakeholders such as Provincial Finance Ltd and Ernst and Young in the private sector and Treasury, Ministry of Economic Development and

the Reserve Bank in the public sector. The College of Business and Economics has also been an active partner in the 'Seafood Cluster,' a consortium of South Island tertiary providers and seafood companies. The College of Engineering has been involved in working with industry partners to develop internships and relationships that will support the Partnerships for Excellence initiative.

2.5 Complete the University's Partnerships for Excellence bid.

On 12 August, the Ministry of Education announced that the University's Partnerships for Excellence bid to establish an ICT Innovation Institute had been provisionally approved. Following this, the Vice-Chancellor established a Steering Group to guide implementation of the project under the Chairmanship of the Deputy Vice-Chancellor. The University has engaged a project management team and marketing company to assist with the development of a detailed business case and to oversee the necessary fund raising. Good progress had been made with both of these by year's end.

2.6 Develop a plan for establishing strong and effective research relationships with high calibre quality institutions internationally.

Attention to this target was delayed pending the appointment of a new Deputy Vice-Chancellor. Subsequent to that appointment, priority had to be given to other research-related matters and, as a result, sustained work on developing an international research linkages plan was deferred. In 2005, the only significant research-related Memorandum of Understanding was signed in December with the Zhongnan University of Economics (Wuhan, China) which provided for teaching and research collaboration between the two institutions in the fields of accountancy, business and management, economics and trade relations. It is hoped that development of a University-level research plan, currently underway, will set an appropriate context in 2006 for identifying targets and goals that will aid the further establishment of strong and effective research relationships with high calibre, quality international institutions. Colleges will be closely involved in this.

2.7 Strengthen research links with local, regional and national bodies and institutions - specifically Christchurch City Council and Environment Canterbury (ECan).

Preliminary discussions have been held with Environment Canterbury (ECan) and Lincoln University to discuss possible joint research initiatives. These are likely to be focused around a range of environmental issues such as air pollution and water quality. Strong linkages have been established with the Christchurch City Council and the Canterbury Development Corporation in conjunction with the Partnerships for Excellence initiative. As with international research linkages, it is hoped that development of a University-level research plan will set an appropriate context for giving attention in 2006 to identifying targets and goals that will aid the establishment of strong and effective research relationships with local, regional and national bodies and institutions. Again, Colleges will be closely involved in this.

2.8 Develop collaborative research links with iwi including at least one with Ngāi Tahu.

The development of collaborative research links with Māori has been progressed under the auspices of Te Tapuāe o Rehua. In order to facilitate this, Associate Professor Gail Gillon (Ngāi Tahu) was appointed to the Research Committee. A stocktake of research of direct relevance to Māori was completed during the year and a research hui is planned for March 2006. Development of a preliminary draft Māori research linkages plan will be attended to by a sub-committee of the Research Committee in early 2006.

2.9 Develop strategies to increase and diversify the University's external research income.

With work progressing on a revised University research plan (see 2.1 above), due emphasis has been placed on ensuring that the University's external research income is increased and diversified. Colleges are crucial to the success of this and this has been a matter of discussion between the Deputy Vice-Chancellor and the Pro-Vice-Chancellors. The Research Committee of the College of Business and Economics has introduced a number of initiatives to encourage and support staff applying for external research grants, especially Marsden grants. The College of Engineering is encouraging collaborative research and considering ways to increase external research income. The College of Science has introduced a Postdoctoral Fellowship Funding programme specifically designed to encourage cross-departmental and external collaborative research, and will introduce an initiative to increase the chance of success of Marsden funding applications in future rounds by seed funding first time applicants who progress to round two but are not funded. Similar initiatives are taking place in other Colleges. The University achieved significant success in the 2005 round of Marsden Fund awards receiving \$4.3 million in research grants, including a share in the round's largest single grant. Successful applicants came from astronomy, economics, chemistry, mathematics and statistics, political science, philosophy, geological sciences and biological sciences. The Deputy Vice-Chancellor has been working with Research Office staff to co-ordinate applications for external funding. Looking forward to 2006, the main target here will be the Foundation for Research, Science and Technology (FRST) funding round.

Key Performance Indicators	2003 Actual	2004 Actual	2005 Estimate	2005 Actual
Number of substantial joint university/industry research centres and research consortia	3	3	4	5
External research income awarded ¹	\$15.2m	\$15m	\$13.4m	\$12.7m
Postgraduate research (thesis) EFTS	950 +89 7.7% EFTS Total	984 +34 7.7% EFTS Total	991 +7 7.5% EFTS Total	987 +3 7.8% EFTS Total

Risks

1. Performance by University researchers in PBRF exercise is not maintained at previous levels.

2. Not achieving industry/local government research-related links.

3. The University's Partnerships for Excellence bid is not successful.

4. College research profiles are not developed.

5. External research income targets are not met.

Commentary

Significant work has been done to enhance the prospects of a sound PBRF result with a managed approach to the next "partial round" in 2006. Structures have been put in place to ensure the University's PBRF performance is maintained. The merger of the Christchurch College of Education with the University is expected to have an impact. This will be monitored and managed.

Forging research-based links with industry is now a responsibility of Colleges. Sound structures are in place to ensure these are developed and maintained.

On 12 August 2005, the Ministry of Education announced that the University's Partnerships for Excellence bid had been provisionally approved. The Vice-Chancellor has established a Steering Group to guide implementation of the project.

College research profiles are being developed.

External research income targets for 2005 were met. It was projected that for the year this would be \$14.011 million. The actual result was \$14.47 million.

Funding and Budget Implications

1. A commitment to full engagement in joint research projects with local government and industry will require the allocation of resources.

2. Additional funding and staffing will be needed in the Research Office to secure increased research funding.

3. On a positive note, the University may attract increased PBRF, FRST and Marsden research income as well as joint research contracts with local government and industry.

Commentary

The Research MIS project was put on hold during the year. A document handling system is being considered as an alternative.

The requisite resources were made available.

The University did well in attracting research funding during 2005, particularly in the Marsden Fund round when it received \$4.3 million in research grants, including a share in the round's largest single grant.

¹This represents the total contract value of external research grants awarded to the University. In contrast to the \$12.7 million awarded in 2005, external research income brought to charge in the 2005 financial year was \$14.47 million.

Key Strategic Area 3

Teaching and Learning

Achieve excellence in curricula, teaching and learning to a standard befitting an international research-led university

Strategic Targets 2005

3.1 In conjunction with Colleges, document teaching programmes related to areas of research strength and identify research emphases where teaching programmes need development.

3.2 Introduce new qualifications or majors and carry out teaching programme reviews for 2005 according to the agreed schedule in the University's Academic Programme Plan.

3.3 Develop and implement Teaching and Learning plans for the University and for Colleges.

3.4 Complete credit transfer agreements with partner institutions and define curriculum pathways from school through polytechnics to university in some areas.

3.5 Review the activities of the University Centre for Teaching and Learning (UCTL) and restructure the Centre as necessary.

Achievements

During the year, Colleges identified academic programmes related to their particular research strengths, as well as areas of research strengths where new academic programmes might be developed. Business cases for proposed new academic programmes were developed. Key foci for the College of Science were the development of a new Seafood Science Masters in collaboration with the Seafood Industry, the introduction of a new course, Science, Technology, Māori and Indigenous Knowledge, and introducing business as a component of science teaching to fit graduates to their future careers. In the College of Business and Economics, the B.Com curriculum was reviewed and new endorsed degrees will be introduced from 2006 in areas of particular research strength e.g., operations research. In the College of Engineering, proposals for a new Masters of Engineering in Bioengineering and a new Bachelor of Engineering in Computer Engineering were developed. Curriculum review and development also took place in the College of Arts.

Development of an Academic Programme plan has been deferred until College curriculum plans are completed. A schedule of programme reviews was approved by the Senior Management Team but action on these has been delayed pending completion of the Academic Programme plan. Round two programme proposals were submitted to the Committee on University Academic Programmes (CUAP) for approval in November. Major new developments include a Master of Fine Arts in Creative Writing, changes to the structure of Engineering masters, endorsements for the Bachelor of Commerce degree, and the introduction of postgraduate qualifications in Spanish, Human Services and Bioengineering. New teaching programmes for 2006 and beyond can be found in Part B of the University's Profile for 2006-2008 where twenty-eight separate changes to the teaching programme for 2006 are identified.

A small working group was brought together early in the year by the Assistant Vice-Chancellor (Academic) to develop a University Teaching and Learning plan. A framework for the plan was established, a range of relevant issues discussed and a start was made on developing a set of principles to guide teaching and learning at the University. A draft plan was considered by the Academic Board at its September meeting when it was referred to Faculties for comment. Full development of College plans awaits confirmation of the University plan in early 2006. In the meantime, a number of Colleges have established Teaching and Learning Committees and work has begun on drafting Teaching and Learning plans for some of the Colleges.

Formalisation of a credit transfer agreement with the Christchurch College of Education has been deferred pending the outcome of the merger proposal. Planning for credit transfer discussions with selected polytechnics continued during the year. Visits to relevant polytechnics were scheduled and discussions were held with College Academic Managers regarding potential pathways. A draft schedule of credit transfers is being prepared for inclusion in University publications.

A review of UCTL staffing was carried out. This was done against the background of strategic and operational plans developed for the Centre and also the content and recommendations of the Report of the University of Canterbury e-Learning Review (S. Marshall, February 2005). A case has been developed for additional e-Learning support. Closer collaboration with the Christchurch College of Education staff on e-Learning initiatives has been put on hold pending the outcome of the merger proposal.

3.6 Continue to identify areas of flexible delivery need and assist the development of WebCT provision, including giving consideration to establishing an e-Learning Centre to assist this.

Following the recent review of e-Learning, a proposal for an e-Learning Centre was developed. This took account of the implications for e-Learning of the possible merger of the Christchurch College of Education with the University. Although progress with the proposal has been delayed pending the outcome of the merger, the initiative itself has been bolstered by recommendations contained in the Cycle 3 Audit report (Teaching and Learning). Plans for submitting a proposal to CUAP to jointly award a Diploma and Graduate Diploma in e-Learning developed by Canterbury Tertiary Alliance (CTA) partners have also been deferred pending the outcome of the merger proposal involving Christchurch College of Education. In other related developments during the year, consideration was given to creating online courses within the UC Opportunity programme; the Web team's planning for 2006-2008 included an emphasis on support for web-based teaching initiatives in line with the move to the flexible delivery of courses; and market research on course and degree offerings was commissioned on behalf of the College of Business and Economics. A distance learning working group is exploring courses that might be appropriate for further flexible delivery enhancement with a view to offering them in distance mode. This includes some courses in the STAR (Secondary Tertiary Alignment Resource) programme.

3.7 Extend the use of course and teaching surveys to include postgraduate exit and experience surveys.

During the year, the Postgraduate Committee considered recommendations from the 2004 Postgraduate Survey. A survey of PhD supervisors was carried out to provide a staff perspective on the supervision process and supervision workshops were organised by the University Centre for Teaching and Learning. The significance of the Postgraduate Survey was highlighted during the development of the University Postgraduate Student plan where the need to extend the survey to Masters students was recognised. Further developments from the postgraduate survey will be attended to in 2006. It is expected that course experience surveys will need to be carried out in due course at the request of the Tertiary Education Commission. Information on this is still awaited.

3.8 Enhance the University's foundation, bridging and study skills programmes in order to ensure that they are effectively meeting the needs of students, especially Māori and Pacific.

A review of the UC Opportunity English Language Centre and Bridging programmes was carried out and changes implemented to align structure and staffing to future needs and to ensure a sustainable future for the programmes. An academic review of the Foundation Studies programme was also carried out to ensure the programme continues to meet the needs of students and Colleges. Student Services embarked on a review of transition and study skills programmes to ensure that they too are meeting the needs of students and to identify gaps in provision. A computer literacy skills gap in relation to Adult Entry students has already been identified and a remedial initiative for 2006 has been explored with the Christchurch College of Education.

3.9 Continue to develop and implement plans for broadening the provision of adult, community and professional education through the University's Centre for Continuing Education (since renamed UC Opportunity).

The UC Opportunity Business Plan for 2005 identified eleven projects in the areas of Community Education and Professional Short Courses that addressed this target. These included: completion of the development phase of the Graduate Diploma in Management (Industry Stream), broadening the range of community education courses, reviewing the Creative Summer programme, building new linkages with universities in Asia for group study abroad programmes, and consolidating international training programmes. By year's end, most of the eleven projects had been completed satisfactorily. Those not completed were in non-critical areas or in areas where the context had changed and the projects were no longer directly relevant.

3.10 Undertake developmental work to ensure that the University's Adult and Community Education programmes are suitably aligned with ACE priorities established by government and that the University retains its share of community education funding.

UC Opportunity courses have been subject to ongoing review in order to ensure and confirm their alignment with the government's Adult and Community Education (ACE) priorities. The government's July 2005 announcement on Community Education funding confirmed that while ACE funding has been secured for 2006 (at the same level as for 2005), priorities for universities will not be agreed by Cabinet until early 2006. The Director of UC Opportunity has been a member of the reference group that has been advising the Tertiary Education Commission on ACE developments and has been involved in the drafting of ACE priorities for universities.

Key Performance Indicators	2003 Actual	2004 Actual	2005 Estimate	2005 Actual
Offering of Undergraduate courses:				
First semester	367	466	385	364
Second semester	380	512	385	391
Whole year	323	345	335	196
Summer programme	80	80	60	96
Total offered	1 150	1 403	1 165	1 047
Web-based or partly web-based courses	280	460	400	650
New awards and majors	3	7	19	16
Number of programme reviews carried out	-	4	4	0
Course survey mean score (scale 1-5, where 5 = strong satisfaction)	4.1	4.1	4.1	4.1
Teaching survey score (scale 1-5, where 5 = strong satisfaction)	4.1	4.1	4.1	4.1
Teaching Development Grants (number and \$'s)	7 \$13 400	8 \$60 982	6 \$60 000	7 \$63 983
Teaching Conference Awards (number and \$'s)	11 \$16 480	12 \$23 220	10 \$30 000	10 \$27 000
Teaching Awards	9	7	10	6

Risks

1. *Loss of staff in key programme areas through retirement or resignation leading to EFTS loss through not being able to offer courses.*

2. *Lack of funding for development of flexible delivery options.*

Commentary

There was no increase in losses of key staff during the year. This risk did not eventuate.

Funding continues to be under consideration.

Funding and Budget Implications

1. *Investment required to fund the development of flexible delivery mechanisms.*

2. *Sound protocols for credit transfer required to protect the University's income.*

Commentary

The investment required is being quantified.

Credit transfer protocols and agreements continue to be developed.

Key Strategic Area 4

Community Engagement

Support the economic, social and cultural development of the region through strong collaborative and mutually beneficial links with external stakeholders ²

Strategic Targets 2005

4.1 Develop and implement a Stakeholder Engagement plan for the University that will guide the development of strong and mutually beneficial links with external stakeholders and communities.

4.2 Develop an action plan that will focus on the implementation of the protocol signed between the University and the Christchurch City Council in 2004.

4.3 Take a lead in the further development of the Canterbury Tertiary Alliance around the coordination of support services, marketing and academic developments.

4.4 Continue to monitor aligned services with the Christchurch College of Education (CCE), and look to implement additional alignment between the University and the College as appropriate.

4.5 Ensure that the Pacific Advisory Group is meeting regularly and is functioning effectively to the mutual benefit of the University and Pacific communities.

Achievements

Development of a University Stakeholder Engagement plan was deferred until 2006. A relevant strategic target to this effect has been included in Profile 2006-2008.

A meeting was held with Christchurch City Council staff on 9 February 2005 when progress with the implementation of the UC/CCC protocol was reviewed. Priorities for the year were identified. Staff members from the City Council were added to the Advisory Boards of some Colleges. On 29 November 2005, the second in the joint "Outside the Square" lectures was delivered by Associate Professor Geoffrey Rice (History). This was part of an annual series designed to feature prominent speakers addressing a range of issues of major importance to Christchurch. The topic of the lecture was "How did Christchurch cope with the 1918 Influenza Pandemic?" Towards the end of the year, the City Council's support in underwriting the University's Partnerships for Excellence initiative was a priority item in discussions.

Meetings of Canterbury Tertiary Alliance (CTA) members took place in March and June. The proposed merger of the Christchurch College of Education with the University could have an impact on the future role of the Canterbury Tertiary Alliance. Further CTA meetings have therefore been put on hold pending the outcome of the merger proposal.

Following discussions by the respective Councils, a formal project to progress a proposed full merger of the Christchurch College of Education with the University was launched in March. Working groups were set up and a business case prepared for submission to government. Following approval and endorsement by the Councils of both institutions, the business case was submitted to the Minister of Education. Alongside of this, a project was set up to incorporate selected service functions of the College into their University equivalents. As a result of significant delays in the consideration of the merger case by Wellington agencies, the business case for the merger has still to be fully considered by the Minister and put out to public consultation. In the meantime, the Councils of the two institutions continue to liaise on the merger issues and management continues to work through merger plans in anticipation of Ministerial approval of the merger.

The Pacific Peoples' Advisory Group (PPAG) met in May, July and December under the chairmanship of the Deputy Vice-Chancellor. Discussion revolved around developing strategies and plans for the University's recruitment, retention and support of Pacific staff and students and also ensuring that appropriate consultation with Pacific communities took place during preparation of the University's Profile. The PPAG provided support for the University's successful Special Supplementary Grant (Pacific Peoples) application to the Tertiary Education Commission. The Advisory Group has agreed to revised terms of reference which provide for 2-3 meetings per year focusing on specific University issues with sub-groups working on projects as needed. Members of the group are involved with other Tertiary Educational Institutions in a similar capacity.

²Stakeholders are institutions, organisations and individuals whose operations, interests and expectations impact or influence the University's core business or, may do so in the future. They include tertiary partners, industry, iwi, community members, students and ethnic groups as well as local and regional government. Within such institutions and organisations, the University will consult with those individuals who have authority and responsibility for the strategic directions of the institution or organisation.

4.6 Engage in preliminary discussions with members of Asian communities in Christchurch with a view to setting up advisory groups as necessary.

4.7 Continue with the coordinated plan for the interaction with schools in the region and nationally, with special emphasis on the Auckland area.

Following discussions with Asian community leaders, the concept of establishing a single consultation group for Asian communities has been abandoned. Other avenues are being explored to ensure engagement takes place with a range of Asian communities.

A Domestic Student Recruitment plan was developed by the Liaison team and implemented during 2005. Within this, a key emphasis was placed on campus tours. This resulted in increased numbers of students visiting the campus, particularly during school holidays. Course planning visits to schools were held during the year. Additional visits in Auckland and the upper North Island have become possible with the addition of a Senior Liaison Officer in Auckland. The Liaison Manager conducted successful meetings with school Careers Advisers to assist in feedback and relationship building. In addition to the work of the Liaison team, Colleges have their own marketing/outreach coordinators and have well coordinated schools activities and marketing plans in place resulting in substantial contact with schools nationwide through outreach programmes, subject presentations, competitions, exam preparation sessions, scholarships days, professional development days for teachers and so on. A number of Colleges have attractive scholarship programmes in place. In addition to this, Dux scholarships have been established as part of the UC Emerging Leaders awards. Regional visits to school principals were planned for the Vice-Chancellor but have been deferred to 2006 pending the outcome of the merger proposal. The School Links policy and the Adopt-a-School programme will both be reviewed in 2006.

<i>Key Performance Indicators</i>	<i>2003 Actual</i>	<i>2004 Actual</i>	<i>2005 Estimate</i>	<i>2005 Actual</i>
<i>Stakeholder Engagement plan</i>	-	-	Stakeholder Engagement plan developed and a start made on implementation.	Development of a Stakeholder Engagement plan has been deferred until 2006.
<i>Relationship with Christchurch City Council</i>	Protocol agreed with Christchurch City Council (UC-CCC Protocol).	-	Action continued on priority items from the UC-CCC protocol.	Priorities for 2005 were identified and action taken.
<i>Relationship with Canterbury Tertiary Alliance partners</i>	Coordination of key support services among CTA partners commenced in January 2003.	This was achieved, particularly in the areas of Information Technology and Facilities Management.	Coordination of key support services among CTA partners completed by December 2005.	Action on this has been put on hold pending the outcome of the proposed merger of Christchurch College of Education with the University.
<i>Relationship with Christchurch College of Education</i>	Negotiations on BTchLn contract completed during 2003. An opportunities paper relating to joint Facilities Management services produced in 2003.	The BTchLn contract was renewed. Enhanced alignment of services and academic programmes has been pursued.	Selected service functions aligned to mutual advantage.	A merger business case is with the Minister of Education but a decision is still awaited. The alignment of selected services has continued.
<i>Relationship with Pacific communities</i>	-	-	Ongoing liaison with Pacific community advisory group.	The Pacific Peoples' Advisory Group (PPAG) is now in place.

Key Performance Indicators	2003 Actual	2004 Actual	2005 Estimate	2005 Actual
Relationship with Asian communities	-	-	Embark on preliminary discussions with members of Asian communities with a view to setting up advisory groups as necessary.	The concept of a single Asian consultation group has been abandoned. Other consultation avenues are being explored.

Risks

1. Failure to get agreement from key Canterbury Tertiary Alliance partners on the rationalisation of support services.

2. Failure to progress joint academic initiatives with Canterbury Tertiary Alliance partners.

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

Commentary

A main focus here has been the rationalisation of Service units with Christchurch College of Education. This progressed on schedule during the year.

Further joint academic initiatives with Canterbury Tertiary Alliance (CTA) partners were held up pending the outcome of the proposed merger of the Christchurch College of Education with the University. These academic initiatives are still on hold.

Following approval by the Councils of both institutions, the business case for the merger of the College of Education with the University was submitted to the Minister of Education. Consideration of the matter by government has been delayed, however, and a formal outcome is still awaited.

Funding and Budget Implications

1. Funding needed for Canterbury Tertiary Alliance support.

2. University management time will need to be set aside to further develop the relationship with Christchurch College of Education.

Commentary

CTA funding was included in the University's budget for 2005.

The University management team has been fully engaged with the CCE merger work throughout the year.

Key Strategic Area 5

Treaty of Waitangi

By working with Māori, make a significant and sustained contribution to regional and national Māori development aspirations

Strategic Targets 2005

5.1 Through the Treaty of Waitangi Advisory Committee, further develop links and cooperation with Ngāi Tuahuriri and Ngāi Tahu.

5.2 Implement programmes to enhance the understanding of the significance of the Treaty of Waitangi among staff and students of the University.

5.3 After appropriate consultation with Ngāi Tahu make an appointment to the University Council.

5.4 Develop and implement strategies to encourage and facilitate the recruitment, retention and development of Māori staff.

5.5 Develop and implement strategies to encourage and facilitate the recruitment and retention of Māori students, especially at postgraduate level.

Achievements

On the advice of the Assistant Vice-Chancellor (Māori), the concept of a Treaty Advisory Committee has been placed under review. Discussions have been held with the kaiwhakahaere and chief executive of Ngāi Tahu as to the best way of further developing links and cooperation with Ngāi Tuahuriri and Ngāi Tahu. The matter is as yet unresolved.

Sir Tipene O'Regan took up the position of Assistant Vice-Chancellor (Māori) in February. Following his arrival, plans were drawn up for holding Treaty workshops within the University. Six workshops were held during the year with members of the Council and senior managers. These were also extended to other staff within the University. In a new development, the Assistant Vice-Chancellor (Māori) and other senior University staff officially welcomed on to the campus sixty academic and general staff who had joined the University in the previous 15 months. This was done at a special powhiri in late June 2005. These developments will be built upon in 2006.

The matter of an appropriate appointment to the University Council was the subject of discussion with Ngāi Tahu during the year. With the formalities of consultation and approval completed, a nomination from Ngāi Tahu is now awaited.

Consideration of strategies to encourage and facilitate the recruitment, retention and development of Māori staff was initially held up pending the appointment of an Assistant Vice-Chancellor (Māori) and finalisation of the review of Human Resources (Central). It then took time for the structure of the HR department to be confirmed and staff to be appointed. By the end of the year, however, preliminary discussions on strategies to encourage and facilitate the recruitment, retention and development of Māori staff had been held and consideration given to plans for 2006. In February 2005 Associate Professor Gail Gillon (Communication Disorders) was appointed to the position of Kaiarahi Māori (Māori Advisor) within the College of Science.

During the year, the 'Information for Māori Students' brochure was updated and distributed to schools. Targeted advertising for Māori students was also initiated. New Māori models were used in the 2005 recruitment campaigns and targeted advertising was placed in *Mana* magazine and *Te Karaka*. Tribal information and contacts were collated and posted on the Māori Liaison website. The Māori Liaison *Brownphone* newsletter is now posted on the Liaison Team's website and is updated weekly. A Māori Graduation photo gallery was posted on the web and is updated annually. In addition to this, a new Māori web portal is being developed. A Māori school visit programme has been put in place in conjunction with Canterbury Tertiary Alliance partners and Te Tapuāe o Rehua. Liaison staff engaged with Māori students in Tauranga, the Bay of Plenty, Rotorua, Gisborne, Whangarei and Northland. Course planning visits to all local schools took place in October, including collaborative visits with Equal Educational Opportunity (EEdO) staff to targeted schools. A Workshop for Māori students was run during the UC Information Day in early July. Additional advertising for the School of Māori and Indigenous Studies was also produced through coordinated action between central marketing, the College of Arts Marketing Coordinator and the School.

5.6 Work with Māori to identify research programmes which will make a significant contribution to regional and national Māori development aspirations.

Work on identifying research programmes relevant to Māori began after the arrival of the Assistant Vice-Chancellor (Māori) in February and the new Deputy Vice-Chancellor in April. The matter was eventually progressed under the auspices of Te Tapuāe o Rehua. After completion of a stocktake of research of direct relevance to Māori, a meeting was held with all the Te Tapuāe partners on 5 December, 2005 to present the results. A research hui is planned for March 2006. Development of a preliminary version of a Māori research linkages plan will be attended to by a sub-committee of the Research Committee in early 2006.

5.7 Identify Māori staff with leadership potential and, in consultation and partnership, work to develop this to the mutual benefit of those staff and the University.

As with strategies to encourage and facilitate the recruitment, retention and development of Māori staff (see 5.4 above), so too the matter of identifying Māori staff with leadership potential was delayed pending the appointment of an Assistant Vice-Chancellor (Māori) and finalisation of the review of Human Resources (Central). Preliminary thought has now been given to what it will take to facilitate this. Implementation will take place in 2006.

Key Performance Indicators	2003 Actual	2004 Actual	2005 Estimate	2005 Actual
FTE Māori staff:				
Academic	1.0%	2.0%	2.0%	1.8%
General	2.0%	3.0%	3.0%	2.3%
Total	1.6%	2.5%	3.0%	2.2%
Leadership positions held by Māori ³	5 6%	3 4.2%	3 4%	4 5.6%
Māori EFTS	518 4.7% EFTS Total	479 3.8% EFTS Total	545 4.5% EFTS Total	575 4.5% EFTS Total
Māori postgraduate research EFTS	34.5 6.6% Māori EFTS	35.6 7.4% Māori EFTS	38.2 7.0% Māori EFTS	36.7 6.0% Māori EFTS
Retention rates for first-year Māori students	66%	69%	67%	69%
Retention rates for all Māori students	65%	67%	66%	65%
Completion rates for Māori students	89%	89%	89%	86%

Risks

1. *The relationship between the University and Ngāi Tahu does not reach the required level of partnership.*

Commentary

The risk did not eventuate. The new Assistant Vice-Chancellor (Māori), Sir Tipene O'Regan, has been working with internal and external groups to enhance relationships.

Funding and Budget Implications

1. *Funding will be required for the appointment of an Assistant Vice-Chancellor (Māori).*

Commentary

The appointment of a new Assistant Vice-Chancellor (Māori) took place in February 2005. Funding for the position was included in the 2005 budget.

³In this context positions of leadership are taken to include members of the Senior Management Team, Heads of Academic units, Heads of Service units and UTEs, Academic Deans, Chairs of major University committees and Directors of Level 3 Research Centres – 71 positions in all.

Key Strategic Area 6

Staff

Recruit, retain and develop high quality, motivated and enthusiastic staff at all levels who contribute to fulfilling the research, teaching, curriculum and administrative aspirations of the University

Strategic Targets 2005

6.1 Review and implement Human Resource systems and processes to see what can be enhanced or introduced to attract, retain and reward high quality staff.

6.2 Review and put in place high-quality professional development programmes to meet the University's needs, especially in the area of leadership development and succession planning for heads of academic and Service units.

6.3 Design and review performance management systems to ensure that staff efforts and organisational goals and objectives are aligned and that relevant development opportunities are made available to all staff.

6.4 Implement the first phase of staff initiatives in the University's Equity and Diversity Plan.

6.5 Review and revise the University's Human Resource (HR) information and reporting systems by December 2005.

6.6 Within the established resource levels available for personnel costs in 2005, focus management attention on the identification of clear staffing requirements, especially through the development of University, College and departmental staffing plans.

Achievements

A review of HR (Central) was carried out early in the year. The new structure was confirmed and recruitment to new positions took place. Following this, plans were developed to produce Success Profiles for roles, to review recruitment and selection processes in the light of those profiles and to develop new information packs to support these enhancements. The Success Profiles project has begun. However, the emergence of other priorities meant that further progress has had to be delayed. A new project plan was developed in light of this that will see further work carried out in 2006. In the meantime, a new interim information pack has been developed for staff.

As part of the review of HR (Central), the University's approach to organisational development was significantly reshaped. A Learning and Development Facilitator was appointed and work began on developing and implementing a new professional development programme. The first initiative in this new programme, a Leadership Development programme for Academic and Service Heads, was commenced in October. An orientation programme for new staff has also been developed and was being trialled at year's end.

A new University plan for performance management has been developed. A project leader was appointed who has been working with many areas within the University. Full implementation will take place in 2006. In the meantime, a Professional Development and Review policy has been developed and signed off.

As holder of the Equity and Diversity portfolio the Pro-Vice-Chancellor (Arts) initiated discussions with the Senior Management Team and the Equity and Diversity Advisory Committee on possible ways of implementing staff initiatives in the University's Equity and Diversity plan. Out of this discussion Pro-Vice-Chancellors were requested to set up appropriate committees within their Colleges. Late in the year a meeting was held with chairs of all the Equity and Diversity committees of the Colleges to discuss and coordinate information about issues that particularly relate to them. The Equity and Diversity Advisory Committee met monthly during the year and held discussions with the Assistant Vice-Chancellor (Māori) on equity and diversity issues.

As part of the review of HR (Central) that was carried out early in the year, the department's Human Resource Information System (HRIS) section was restructured. Arising from this, attention was directed towards identifying "customer" needs in relation to HRIS and to providing solutions to address those needs. This has been ongoing. Systems are being reviewed and revised in response to feedback received.

As reported earlier (see Target 1.4), staffing plans are being developed and/or refreshed in many areas of the University. This was done as part of the University's planning round for 2006 and fed into budgeting for staffing. Regular monthly reports on personnel were provided to the Senior Management Team and to the Finance, Planning and Resources Committee of Council throughout the year. College progress against personnel budget targets was monitored and responded to on a quarterly basis. Variance reporting on staffing was further developed during the year and is being used as a key reporting element for Pro-Vice-Chancellors and Directors of Service units. Monthly variance discussions on staffing are now a regular part of Senior Management Team meetings.

Key Performance Indicators	2003 Actual	2004 Actual	2005 Estimate	2005 Actual
Academic FTEs				
Continuing	505	500	512	509
Fixed Term	149	156	120	171
General/Technical FTEs				
Continuing	784	812	865	837
Fixed Term	108	120	105	120
Total FTEs	1 546	1 588	1 602	1 637
Women...				
as a % of Academic FTEs	27%	29%	30%	29%
as a % of General/Technical FTEs	54%	54%	53%	56%
as a % of all FTEs	49%	49%	46%	46%
Māori staff (% headcount)	1.6%	2.2%	3%	2.6%
Pacific staff (% headcount)	0.5%	0.6%	1.0%	0.9%

Risks

- 1. Failure to maintain staffing costs at required levels.**
- 2. In response to PBRF, increased competition between universities for high performing staff and some pressures on staff to reduce teaching as a way of enhancing research output may lead to requests for more teaching staff.**
- 3. Failure to update Human Resource policies and procedures will have a negative impact on the University's ability to recruit, retain and develop high-quality staff at all levels.**
- 4. Remuneration levels will not be sufficient to attract and retain top performing staff.**

Funding and Budget Implications

- 1. Maintaining the quality of staff will depend on increases in external research earnings, University income in general and an increase in income from non-government sources in particular. ⁴**

Commentary

Staffing costs are the responsibility of Pro-Vice-Chancellors and Service unit Heads, and are monitored by the Senior Management Team on a monthly basis. Risk areas are identified in monthly reports to Council. The staffing target for 2005 was 60% of total spending. The actual result was 62.6%. The target will be reviewed.

This risk has not eventuated to date. The situation is regularly monitored.

A review of the HR (Central) structure and functions was completed during 2005 and relevant policies and procedures are under review. The new structure is taking time to bed down. Likewise it is taking time to develop effective Human Resource systems.

Remuneration levels have been under review, and there are no signs of an inability to retain key staff.

Commentary

The Financial Recovery Plan income target for 2005 was \$181 million. The actual income for 2005 exceeded this by \$13 million. The 2005 target for external research income was \$14.011 million. The actual result was \$14.47 million.

⁴As at September 30, 2004 government grant income amounted to 44% of the University's total operating income.

Key Strategic Area 7

Students

Attract and value good students from a wide diversity of backgrounds

Strategic Targets 2005

7.1 Develop and implement an Undergraduate Student plan for the University, incorporating aspects of educational outreach.

7.2 Develop and implement a Postgraduate Student plan for the University which incorporates appropriate recruitment, retention and support strategies and goals for postgraduate students.

7.3 Develop and implement an International Student plan for the University that incorporates appropriate recruitment, retention and support strategies and goals, and includes relevant risk management strategies.

7.4 Implement the first phases of the University's Equity and Diversity plan as it applies to students ensuring that this links strategically with the other Student Plans (7.1 to 7.3 above).

7.5 Ensure that opportunities for Canterbury students to take up for-credit study abroad options are increased and are promoted more actively.

Achievements

A working group was brought together to begin work on developing an Undergraduate Student plan for the University. Early discussions focused on issues related to attracting, retaining and supporting undergraduate students and the framework that was developed for the plan reflected this. Attention was also paid to identifying different categories of undergraduate students and exploring the different challenges that each group represented in relation to recruitment, retention and support. The outcome of the group's deliberations was a draft plan containing goals, targets and strategic priorities that will be further developed early in 2006 prior to it being circulated for comment, feedback and implementation.

As with the other pan-university plans that were in preparation during the year, a working group was brought together to develop a Postgraduate Student plan. A framework was established around the issues of profile and recruitment, student experience and the quality and relevance of postgraduate qualifications. Before starting the task of developing goals, targets and strategic priorities, preliminary discussion of content took place with the Postgraduate Committee in mid-April. A final draft of the plan then went back to the Postgraduate Committee for feedback and comment in mid-July. Comment and feedback was also received from other interested parties prior to the plan being discussed and endorsed at the September meeting of the Academic Board. Subject to a few minor amendments, the plan was endorsed by the Board and implementation will now commence in 2006.

The working group that was brought together to develop a pan-university International Student plan comprised staff from the International Office and International Student Support Services (Student Services). The framework for the plan was developed around a set of interlinked issues – marketing and profile, programmes and courses, and the provision of pastoral care and academic support for international students. A recurrent theme in each of these areas was the identification of current strengths, areas for improvement and challenges to be faced. These were translated into goals, targets and strategic priorities. The draft plan was endorsed by the Chief Operating Officer and approval given for further consultation to take place across the University prior to initial implementation. Some feedback has been received and other input will be incorporated into the plan prior to formal implementation commencing in 2006.

The Pro-Vice-Chancellor (Arts) has responsibility for overseeing implementation of the University's Equity and Diversity plan. This is being done in conjunction with the Equity and Diversity Advisory Committee, Pro-Vice-Chancellors and Heads of Academic and Service units. Progress was made during the year on implementing student initiatives in the Equity and Diversity plan. Late in the year a meeting was held with chairs of all the Equity and Diversity committees of the Colleges to discuss and coordinate information about issues that particularly relate to them.

Outgoing student numbers increased by 30% in 2005. A careful monitoring process has been put in place to ensure that the number of incoming students much more closely matches outgoing students than was previously the case. A revised policy for the approval and annual monitoring of exchanges is now in place and has been circulated to Colleges. Several new exchanges are in the discussion or approval stage, and another is being extended in scope and in the number of students involved.

7.6 Make the necessary changes to ensure that degree and programme pathways are clearly identified and marketed to prospective and continuing students and meet their study needs.

The "Think Canterbury: Undergraduate Prospectus" was published and distributed to secondary schools in mid-February. It contained expanded course and degree information. Degree/Faculty brochures were also published and distributed to secondary schools by the end of March. These brochures had an increased focus on student profiles, subjects and career options and were available on campus for Discovery Day in March. As part of the transition to the new degree structure, all undergraduate degrees were reviewed and resulting changes were incorporated into the Course Information System database. Academic Deans were also involved in clarifying programme pathways. Course information deadlines were able to be met for the 2006 Student Handbook, which was produced nearly a month earlier than in the previous year. All course and subject pages on the University's website were updated to reflect the content of the 2006 Student Guide, which was also published ahead of schedule. Liaison presentations were updated to reflect these changes and course and undergraduate qualifications pages on the web were redesigned and updated accordingly. All school presentations were consistently branded, delivering key messages that were supported by appropriate publications. Course planning visits to schools commenced in mid-September. School visits took place nationally with the bulk of these being completed by early November. A brochure for Australian students, and information for adult students was also developed.

7.7 Investigate alternative models of delivery to attract and retain mature age students into University programmes and develop targets and goals to achieve this.

It was felt that an appropriate way of achieving this target was to develop a University plan focusing on the recruitment, retention and support of Adult Students. After preliminary discussions, however, it was concluded that the content of such a plan would be dependent on the content of the Undergraduate, Postgraduate and International Student plans that were also being developed. Further work on an Adult Student plan was therefore deferred until such time as the content of these other plans became clearer. In the meantime, Student Services has put in place a number of initiatives designed to enhance the recruitment and support of adult students, including the appointment of a dedicated Adult Student Advisor, the setting up on campus of a Family House for Adult Students (Te Whare Whanau), an adult student mentoring programme, preparatory and transition programmes for adult students (as part of UC Pathways), the "50 Free Papers" programme for part-time study and an adult student orientation programme.

7.8 Develop and administer annual surveys of levels of student satisfaction with support services.

Early in 2005, Student Services staff carried out a preliminary review of student satisfaction surveys currently undertaken by support services of the University. The purpose was to identify issues emerging from these surveys and to use them in framing up a student support satisfaction survey to be carried out later in the year. The survey was subsequently carried out in July with 2,626 randomly selected students. The survey produced 811 valid responses of which 475 had used one or more of the services provided by Student Services. A report that summarised the survey findings was produced in August. It is being used to fine tune the provision of student services. In the meantime, plans have been developed to carry out a comprehensive review of methods used to evaluate student experience in general and to revise these as necessary. This review will take place in 2006.

Key Performance Indicators	2003 Actual	2004 Actual	2005 Estimate	2005 Actual
All EFTS Returned to the Ministry of Education	12 388 +869 100% EFTS Total	12 731 +343 100% EFTS Total	13 163 +432 100% EFTS Total	12 654 (77) 100% EFTS Total
Proportionate growth over previous year	8%	3%	3%	(0.6%)
Domestic Fee Paying EFTS (including Australian EFTS)	10 387 +114 84% EFTS Total	10 347 (40) 81% EFTS Total	10 531 +184 80% EFTS Total	10 322 (25) 82% EFTS Total
Full Fee Paying EFTS (including Foreign Thesis EFTS)	2 001 +755 16% EFTS Total	2 384 +383 19% EFTS Total	2 632 +248 20% EFTS Total	2 332 (52) 18% EFTS Total
Postgraduate EFTS (including Thesis EFTS)	1 862 +201 15% EFTS Total	1 901 +39 15% EFTS Total	1 947 +46 15% EFTS Total	1 855 (46) 15% EFTS Total
Māori EFTS	518 (25) 4.0% EFTS Total	479 (39) 3.8% EFTS Total	592 +113 4.5% EFTS Total	575 +96 4.5% EFTS Total
Pacific EFTS	166 +11 1.3% EFTS Total	162 (4) 1.3% EFTS Total	210 +48 1.6% EFTS Total	210 +48 1.7% EFTS Total
Adult EFTS (>24years old)	2 632 +44 21% EFTS Total	2 723 +91 21% EFTS Total	2 738 +15 21% EFTS Total	2 640 (83) 21% EFTS Total
First Year at Canterbury EFTS (excluding UC Opportunity)	2 447 +100 100% of First-time	2 567 +120 100% of First-time	2 532 (35) 100% of First-time	2 569 +2 100% of First-time
First-time enrolment Domestic fee-paying	1 954 +38 80% of First-time	1 980 +26 77% of First-time	2 101 +121 83% of First-time	2 158 +178 84% of First-time
First-time enrolment Full fee-paying	493 +59 20% of First-time	587 +94 23% of First-time	431 (156) 17% of First-time	411 (176) 16% of First-time
First-time enrolment Māori EFTS	120.4 (12.5) 5% of First-time	128.0 +7.6 5% of First-time	144.4 +16.4 6% of First-time	146 +18 6% of First-time
First-time enrolment Pacific EFTS	33.2 +1.7 1% of First-time	42.7 +9.5 1.7% of First time	46.5 +3.8 2% of First-time	49 +6.3 2% of First-time
First-time enrolment Adult EFTS (>24years old)	187.4 (64.9) 8% of First-time	209.9 +22.5 8.2% of First time	258.5 +48.6 10% of First-time	189 (20.9) 9% of First-time
First-time enrolment low decile (1-4) schools	128.5 (60.5) 5% of First-time	173 +44.5 6.7% of First-time	186.7 +13.7 7% of First-time	193 +20 8% of First-time
First year at Canterbury "A" bursary EFTS equivalence in NCEA	567.4 +23.7 23% of First-time	551.2 (16.2) 21% of First-time	586.4 +35.2 23% of First-time	*

* The transition to NCEA means that a direct equivalence to the A Bursary cannot be obtained. This is a reporting problem that wasn't anticipated when Profile 2005-2007 was being prepared.

Risks

- 1. A failure to engage sufficiently with, or attract under-represented groups of students.*
- 2. A failure to diversify our international marketing effort sufficiently to reduce dependence on major source countries.*
- 3. External risks around tuition fee controls, the loans scheme and marketing failures prevent full enrolment growth.*
- 4. University business processes are not redeveloped sufficiently or on time to allow for the clear articulation of degree pathways for careers and further study.*
- 5. University systems do not provide adequate support for students with disabilities.*
- 6. Accommodation for out-of-town students is not available to sufficient levels.*

Funding and Budget Implications

- 1. Investment in recruitment will have to come from refocusing existing resources, reviewing advertising spending and providing support from strategic funds.*
- 2. In order to achieve the necessary increase in domestic enrolments, there will need to be an increase in investment in Marketing, including school liaison.*

Commentary

Staffing and resources have been allocated to recruiting and retaining students from under-represented groups. This is now part of the Marketing Unit's responsibilities.

Diversification of the University's international markets has been, and continues to be, a priority. Student numbers from countries outside China have doubled in the five years since 2000.

This risk did not eventuate. The University is operating within all external controls.

The need for a new degree structure and degree pathways has been a focus of Project Catalyst and the reworking of marketing efforts. It has also been a matter that has been receiving attention from the AVC (Academic). The streamlining of academic business processes took place during the year but some work still remains to be done. The risk will therefore continue through into 2006.

Ongoing support for students with disabilities is provided through a dedicated office in Student Services. There was comment from TEC in late 2005, however, that the University was not providing resources additional to those advanced by the government for this area of activity. The matter is receiving attention.

This has been addressed through a leasing arrangement with Campus Living. This will result in the upgrading of existing student accommodation and the addition of 500 new beds by mid-2007. The lease arrangements have been approved by the Secretary of Education and were finalised in December 2005.

Commentary

Resources have been identified and refocused and are now in the Marketing budget.

Appropriate investment has been made. As part of this, an Auckland office has been opened and is now functioning. Initial results from this are very encouraging in terms of increased access to Auckland schools and enquiries from students.

Key Strategic Area 8

Governance, Leadership and Management

Have governance, leadership and management structures in place which will ensure the achievement of Charter and Profile goals

Strategic Targets 2005

8.1 Put in place well defined induction, professional development and succession processes in order to ensure that all Council members have the necessary awareness, preparation, background knowledge, skills and training to carry out their responsibilities to maximum effect.

8.2 Carry out a preliminary review of the new organisational structure during 2005 to ensure it meets the needs of the University, the aims of the restructuring and is cost effective in line with the Financial Recovery Plan.

8.3 Review the consequential effects on service departments of the devolution of tasks to Colleges.⁵

8.4 Establish agreed and enhanced reporting regimes within the University in order to ensure compliance with legislation, financial stability and consistency with the strategic direction of the University.

8.5 By December 2005, consolidate the leadership structure within the University in both academic and service areas, and establish accountability and monitoring regimes consistent with the University's strategic direction and Financial Recovery Plan.

Achievements

Induction sessions for new Council members were held during February and March and a Council Induction workshop was held after the April Council meeting. TEC/TAMU Development Workshops were held in April for new Council members and for Chancellors/Council chairs. Five Council members attended the first of these workshops while the Chancellor, Pro-Chancellor and one Council member attended the second. A further TEC/TAMU Development Workshop took place in August in Christchurch. Three Council members attended. Arrangements for succession planning were handled in one-on-one discussions between Council members and the Chancellor in October/November. These initiatives will now be built on in 2006.

At a meeting of the Senior Management Team on 29 November, the requirement to complete a review of the 2003-2004 restructuring was noted and a proposal to undertake the review was received from KPMG, the University's internal auditors. Senior Management Team members supported the approach outlined in the KPMG proposal and approval was given by the Vice-Chancellor for the review to proceed.

All planned reviews of Service units were carried out on schedule during the year. Strategic plans (2005-2007), Operational plans (2005) and Staffing plans (2005) were in place for most Service units by the end of February and in many cases the content of these plans formed the basis of the performance reviews of Service unit managers. A new timeframe is being implemented for Service unit planning in 2006 that will see a better integration between planning and budget setting and between planning and reporting. A consolidation of planning documents is also taking place which will see a stronger focus among Service units on operational planning and on themes of service and strategic alignment.

Enhanced reporting protocols and procedures have been put in place for Service units that report to the Chief Operating Officer. This is being done in conjunction with an increased emphasis on operational planning and on ensuring that Service units increasingly align their activities with the University's strategic direction as expressed in the Profile. These planning and reporting protocols and procedures will be extended to other Service units as necessary. Attention has also been paid to ensuring that Service unit Heads are aware of and respond appropriately to specific statutory compliance requirements that sit with their departments. This is being done in conjunction with the Policy and Risk Manager's wider task of formalising statutory compliance awareness and reporting across the University. Regular quarterly Statement of Service Performance reporting to Council took place during the year according to the pattern established in 2004.

This was done in conjunction with Strategic Target 8.4. Accountability and monitoring structures have been progressively put in place for service areas. Pro-Vice-Chancellors have begun implementing similar processes of accountability and monitoring in their respective Colleges.

⁵ This review will cover compliance with legislation, meeting Charter and Profile goals, academic administration, financial performance, service delivery and performance indicators.

8.6 Implement the Catalyst Project (new point qualifications, revised academic business processes, timetabling and student MIS) for pilot testing in June 2005, and full implementation for 2006 enrolment.

Project Catalyst progressed successfully during the year meeting timeline targets and budget. The first major milestone during the year was a mid-year “dress rehearsal” in August. This involved a mock-enrolment trialling new processes. Preparation for this included scoping the project modules; carrying out current-state analysis; planning and trialling data migration processes; planning and piloting a web development architecture; beginning future state analysis; and Jade SMS system configuration. Following the successful dress rehearsal, attention of the project team focused on completion of future state work; completion of a range of academic related decisions; development of a draft change proposal; carrying out data migration and configuration for the User Acceptance Testing (UAT) environment; commencement of the UAT processes; and completion of initial web applications. The JADE SMS component of Project Catalyst went live on 4 October 2005 incorporating the new 120 points per year qualification structure and changed business processes, and is operating successfully. Training has been provided for over 700 staff and operational responsibility for the new system has been handed over to Student Administration. Full testing and implementation of a disaster recovery site for the new system has been completed, and a full external security review has been successfully carried out. Throughout the year, external quality review was a key reporting element to the Chief Operating Officer and to the Audit and Risk Committee of Council.

8.7 Develop and implement a set of pan-University plans (Library plan, Information Technology plan, Communications plan and Environmental Sustainability plan) along with related policies.

Work on developing a range of pan-university plans took place during the year (Library plan, Information Technology plan, Sustainability plan, Scholarships plan, Teaching and Learning plan and a range of student-related plans). Planning groups were set up, frameworks were tested and developed and in each case strategic goals, targets and priorities were established. Draft plans were then subject to input and feedback from relevant Boards, committees and other interested bodies. By the end of the year, initial versions of most of these plans were in place and preparations had been made for implementation to begin in 2006. The task of fully integrating the content of these plans with the Profile and with other planning activities within the University will receive attention in 2006.

8.8 In line with standard AS/NZS 4360:2004, revise the University’s risk policy, develop a risk strategy and complete a risk register for the University.

A Risk Management and Compliance Framework has been developed for the University in line with standard AS/NZS4360:2004. This was approved by the Chief Operating Officer. A Risk Management Policy and a Legal Compliance Policy, flowing from the framework, were also developed and approved and have been lodged in the University’s Policy Library. A Risk Management workshop was held with members of the Senior Management Team in late April. Arising from this, work began on developing a Master Risk Register for the University. The overall approach to development of a Risk Strategy for the University has been endorsed by the Senior Management Team. Extensive analysis and review of risk and compliance software has been completed. At this stage, it has been decided to delay purchase of compliance and risk management software in favour of a focus on promulgating the Risk Management Framework and bedding in the risk management process for the University. To that end, work commenced in December to involve Service Heads and Colleges in formally identifying and reporting on risk management issues with a view to developing operational and project risk registers in 2006. Formal reporting at service and College level will also provide early warnings for issues affecting future iterations of the Master Risk Register.

8.9 Complete the review of the provision of technical services on campus (including consultation) by June 2005.

Reviews of the provision of technical services within the Colleges of Sciences and Engineering took place in the early part of the year. Recommendations from these reviews have been implemented.

Key Performance Indicators	2003 Actual	2004 Actual	2005 Estimate	2005 Actual
The Council	-	Council identifies need to formalise induction, professional development and succession processes.	Formalised processes are put in place for induction, professional development and succession.	Council induction, professional development and succession issues have been addressed.
The Catalyst Project	-	Council approves contract, project team in place, training commenced.	Implementation continues, second semester enrolments captured in new system.	Project Catalyst progressed successfully during the year meeting timeline targets and budget.
Service Support	-	Service departments will have established processes for reviewing their functions and priorities.	The consequential effects of restructuring on service areas will have been considered.	All planned reviews of Service units were carried out on schedule.
Leadership and Accountability	-	The need for accountability and monitoring regimes for academic and service areas is identified.	Accountability and monitoring regimes are implemented and clear delegations for staff in key leadership and management roles are developed.	Accountability and monitoring structures have been progressively developed and put in place.

Risks

1. Changes in structure and staffing do not develop the efficiencies required.

2. Leadership and management performance of new College PVCs and their executives will be pivotal to the success of the new structure.

3. Succession planning for governance and management is delayed or ineffective.

4. Less than optimal implementation of the “Catalyst” project has a negative impact on enrolments.

Commentary

There is still work to be done in identifying any duplication and added efficiencies, and a review has been initiated. However, the new structures are now in place and appear to be working well.

Pro-Vice-Chancellors and College Managers are in place and are working well together. The performance of Pro-Vice-Chancellors is reviewed and managed by the Vice-Chancellor.

A start has been made on ensuring that some limited succession planning mechanisms and processes are put in place for governance and management.

Catalyst Project is on time and within budget and has been subject to external review each month. Jade SMS went live on 4 October 2005 and by the end of the year operational responsibility for the student management system had been handed over to Student Administration.

Funding and Budget Implications

1. The new resourcing methods for Colleges and Service units could require investment in 2005/2006 to ensure their successful introduction.

2. Succession planning will involve investment in professional development.

Commentary

The new resourcing system for Colleges and Service units is in place and the 2006 budget has been approved. Some teething issues still need to be resolved. A start was made on this in a review of the budget system that was carried out late in 2005.

Identified professional development resourcing now needs to be included in the budgets of Colleges and Service units.

Statement of Accounting Policies

For the year ended 31 December 2005

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

These Financial Statements have been prepared in accordance with Section 41 of the Public Finance Act 1989 and Section 203 of the Education Act 1989.

MEASUREMENT BASE

The general policies adopted in the preparation of these financial statements are the measurement and reporting of financial performance and position on an historical cost basis, adjusted by the revaluation of certain assets.

ACCOUNTING POLICIES

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

Budget Figures

The budget figures are those approved by the Council in May 2005 (refer Note 12).

The budget figures have been prepared in accordance with generally accepted accounting practice, and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

Accounts Receivable

Accounts receivables are stated at expected realisable value after providing for doubtful and uncollectable debts.

Employee Entitlements

- Provision is made in respect of the University's liability for annual leave, long service leave, retirement leave and study leave.
- Annual leave and long service leave are calculated on an actual entitlement basis at current rates of pay.
- Retirement leave has been recognised on an actuarial basis.
- Study leave for academic staff is accrued once it has been approved.

Consolidated Financial Statements

- The consolidated financial statements include the University of Canterbury and its subsidiary.
- The subsidiary is accounted for by aggregating like items of assets, liabilities, revenue, expenses and cash flows on a line-by-line basis.
- All significant inter-entity transactions are eliminated on consolidation.

Financial Instruments

- Income and expenditure relating to all financial instruments are recognised in the Statement of Financial Performance.
- All financial instruments are recognised in the Statement of Financial Position.

Fixed Assets and Depreciation

- Land has been valued at fair value by CB Richard Ellis Limited as at 31 December 2005. The valuation was undertaken by Chris C. Barraclough, BCom FNZPI.
- Buildings have been valued at depreciated replacement cost as at 31 December 2005, on a component basis by CB Richard Ellis Limited. The valuation was undertaken by Chris C. Barraclough, BCom FNZPI who is a Registered Valuer and has experience in valuing buildings of a specialised nature such as the University. This valuation meets the requirements of FRS 3 – Accounting for Property, Plant and Equipment, and the valuation standard New Zealand Property Institute Valuation Standard 3 – Valuations for Financial Statements. The valuation recognises four major components:
 - Structure
 - Building Services
 - Fittings and Fitout
 - Furnishings (chattels)

Independent registered valuers undertake revaluations of Land and Buildings every five years, unless there is reason to suggest that values have changed considerably in the intervening years, in which case a revaluation may be undertaken outside of the five yearly cycle, as was the case in 2005.

- Equipment, including furniture and motor vehicles, is valued at cost less accumulated depreciation. The University does not intend to pursue a revaluation policy in future years. Additions are recorded at cost less accumulated depreciation.
- The Library Current Collection is valued at historical cost less depreciation. The Library Permanent Collection is valued on a fair value basis as at 31 December 2004 by DTZ New Zealand Limited. The revaluation was undertaken by Basil J. Roberts, SNZPI. Donated books have been included in the library valuation at fair value. The Library Permanent Collection is revalued every 3 years by an independent registered valuer.
- 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 its completion and then depreciated.
- Additions to all assets subsequent to the date of valuation are recorded at cost.
- Depreciation has been provided on a straight-line basis (after allowing for irreducible minimums) at the following rates:

- Building Components

• Structure	1.25%
• Building Services	2.5%
• Fittings and Fitout	4%
• Furnishings (chattels)	5%

- Other Plant and Equipment 6.7% to 33.3%
- Leased Equipment 20% to 50%

- The Library Current Collection has been depreciated at 6% or 15% on a diminishing value basis. The Library Permanent Collection is not depreciated.
- Depreciation on all equipment and furniture stated at valuation has been calculated using estimated remaining useful life.

As at 1 January 2005 the rate of depreciation for computers and servers was changed. These had previously been depreciated on a straight line basis over a three year period. However this did not reflect the real value in use and following analysis this was subsequently changed to four years and six years respectively. The impact of this change is a reduction in depreciation expense of \$999,500.

Foreign Currencies

- Foreign currency transactions throughout the year have been translated to New Zealand currency at the ruling rates of exchange at date of payment.
- Realised exchange gains or losses are accounted for in the Statement of Financial Performance.

Goods and Services Tax

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.

Income

- Government grant is recognised as income on entitlement.
- Student tuition fees are recognised as income over the 12 month period.
- Research grants are recognised as income on a percentage completion method, which is based on the proportion of costs incurred as a percentage of the total costs.

Investments

All investments, including those in subsidiaries, are stated at the lower of cost and net realisable value. Any write-downs are recognised in the Statement of Financial Performance.

Inventories

- Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

Leases

- Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating result in equal instalments over the lease term.
- 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 or 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.
- The University has entered into a thirty five year lease of its student accommodation facilities. Lease rental has been received in advance in 2005 and will be released as income equally over the period of the lease.

Taxation

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

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies since the date of the last audited financial statements. The policies have been applied on a basis consistent with prior years.

Statement of Financial Performance

For the year ended 31 December 2005
(Council Approved Budget May 2005)

	Notes	DEC-05 University & Group (\$000's)	DEC-04 University & Group (\$000's)	DEC-05 University Actuals (\$000's)	DEC-05 University Budget (\$000's)	DEC-04 University Actuals (\$000's)
OPERATING INCOME						
Government Grant		82,716	81,482	82,716	83,768	81,482
Performance-Based Research Funding (PBRF)		4,683	1,904	4,683	4,609	1,904
Student Tuition Fees Domestic Fee Paying		34,590	33,325	34,590	35,648	33,325
Student Tuition Fees Full Fee Paying		30,427	27,323	30,427	30,887	27,323
Student Tuition Fees Other		6,000	7,698	6,000	7,569	7,698
Other Student Related Fees		1,765	1,591	1,765	1,590	1,591
Student Accommodation		5,476	5,177	5,476	5,399	5,177
Research Income		14,740	8,870	14,470	14,011	8,558
Interest Income		3,295	2,304	3,245	2,933	2,252
Other Income	1	13,998	16,041	13,791	11,235	15,480
TOTAL OPERATING INCOME		197,690	185,715	197,163	197,649	184,790
OPERATING EXPENDITURE						
Personnel Expenses	2	118,321	108,365	117,578	116,225	107,811
Site & Property Costs	3	7,286	6,915	7,266	6,788	6,895
General / Operating Expenditure	4	45,521	43,219	45,243	48,979	42,881
Depreciation	5c	17,873	21,121	17,867	18,988	21,117
TOTAL OPERATING EXPENDITURE		189,001	179,620	187,954	190,980	178,704
NET SURPLUS	8	8,689	6,095	9,209	6,669	6,086

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

Statement of Movements in Equity

For the year ended 31 December 2005

	Notes	DEC-05 University & Group (\$000's)	DEC-04 University & Group (\$000's)	DEC-05 University Actuals (\$000's)	DEC-05 University Budget (\$000's)	DEC-04 University Actuals (\$000's)
Balance as at 1 January		368,101	357,122	367,899	367,899	356,929
Net Surplus / (Deficit)		8,689	6,095	9,209	6,669	6,086
Movements in revaluation reserves relating to asset valuations	6b	131,312	4,884	131,312	0	4,884
Capital Issued		50	0	0	0	0
Total Recognised Income and Expenditure for the year		140,051	10,979	140,521	6,669	10,970
Balance as at 31 December		508,152	368,101	508,420	374,568	367,899

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

Statement of Financial Position

As at 31 December 2005

	Notes	DEC-05 University & Group (\$000's)	DEC-04 University & Group (\$000's)	DEC-05 University Actuals (\$000's)	DEC-05 University Budget (\$000's)	DEC-04 University Actuals (\$000's)
CURRENT ASSETS						
Cash / Short Term Investments	7	25,775	13,963	25,265	19,156	12,910
Receivables	7	8,435	7,278	8,630	7,807	7,365
Prepayments	7	3,954	4,155	3,954	4,404	4,155
Inventories		2,071	1,756	2,071	1,755	1,756
Total Current Assets		40,235	27,152	39,920	33,122	26,186
LESS CURRENT LIABILITIES						
Funds Received in Advance	7	9,952	7,786	9,952	8,249	7,786
Accounts Payable	7	16,461	15,930	16,157	15,909	15,446
Loans Repayable Within 1 Year	9	2,561	2,127	2,561	2,131	2,127
Current Provisions - Employee Entitlements	10	5,215	4,414	5,178	4,526	4,394
Total Current Liabilities		34,189	30,257	33,848	30,815	29,753
WORKING CAPITAL		6,046	(3,105)	6,072	2,307	(3,567)
NON CURRENT ASSETS						
Land	5a	48,574	34,315	48,574	34,315	34,315
Buildings	5a	405,614	288,337	405,614	286,743	288,337
Plant & Equipment	5a	26,693	25,562	26,680	24,192	25,545
Leased Equipment	5a	731	974	731	599	974
Library	5a	66,343	64,217	66,343	65,483	64,217
Capital Work-In-Progress	5a	3,770	6,812	3,770	8,004	6,812
Investments	5b	1,634	473	1,889	750	750
Total Non Current Assets		553,359	420,690	553,601	420,086	420,950
NON CURRENT LIABILITIES						
Loans & Leases	9	7,276	33,747	7,276	31,616	33,747
Term Provisions - Employee Entitlements	10	16,777	15,737	16,777	16,209	15,737
Term - Funds Received in Advance	7	27,200	0	27,200	0	0
Total Non Current Liabilities		51,253	49,484	51,253	47,825	49,484
TOTAL NET ASSETS		508,152	368,101	508,420	374,568	367,899
REPRESENTED BY :						
Community Equity	6a	316,609	307,870	316,877	314,337	307,668
Revaluation Reserves	6b	191,543	60,231	191,543	60,231	60,231
TOTAL COMMUNITY EQUITY		508,152	368,101	508,420	374,568	367,899

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

Statement of Cash Flows

For the year ended 31 December 2005

Notes	DEC-05 University & Group (\$000's)	DEC-04 University & Group (\$000's)	DEC-05 University Actuals (\$000's)	DEC-05 University Budget (\$000's)	DEC-04 University Actuals (\$000's)
OPERATING ACTIVITIES					
Cash provided from:					
Government Grant	82,310	79,983	82,310	83,768	79,983
Tuition Fees	70,871	67,238	70,871	74,105	67,238
Other Income	63,931	25,540	63,265	30,131	24,604
Agency Funds	4,370	5,047	4,370	0	5,047
Interest Received	3,109	2,220	3,059	2,933	2,168
Rental Income	5,476	5,177	5,476	5,399	5,177
	<u>230,067</u>	<u>185,205</u>	<u>229,351</u>	<u>196,336</u>	<u>184,217</u>
Cash applied to:					
Personnel Expenses	114,363	105,543	113,620	113,871	104,946
Site & Property Expenses	7,267	6,754	7,247	6,788	6,754
General / Operating Expenses	47,823	40,244	47,322	46,197	40,244
Agency Funds	4,370	5,047	4,370	0	5,047
Interest Paid	935	909	935	890	909
Net GST Movement	(895)	61	(927)	0	46
	<u>173,863</u>	<u>158,558</u>	<u>172,567</u>	<u>167,746</u>	<u>157,946</u>
Net cash provided by Operating Activities	8	56,204	26,647	56,784	28,590
INVESTING ACTIVITIES					
Cash provided from:					
Proceeds of disposal:					
Fixed Assets	40	2	40	0	2
	<u>40</u>	<u>2</u>	<u>40</u>	<u>0</u>	<u>2</u>
Cash applied to:					
Capital Expenditure	18,000	19,567	17,998	20,213	19,550
Development Costs	0	227	0	0	0
Miscellaneous	11	0	0	0	0
	<u>18,011</u>	<u>19,794</u>	<u>17,998</u>	<u>20,213</u>	<u>19,550</u>
Net cash used in Investing Activities		(17,971)	(19,792)	(17,958)	(20,213)
FINANCING ACTIVITIES					
Cash provided from:					
Capital Contributions	50	0	0	0	0
	<u>50</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash applied to:					
Repayment of Loans	26,471	2,143	26,471	2,131	2,143
	<u>26,471</u>	<u>2,143</u>	<u>26,471</u>	<u>2,131</u>	<u>2,143</u>
Net cash used in Financing Activities		(26,421)	(2,143)	(26,471)	(2,131)
Net increase (decrease) in cash held		11,812	4,712	12,355	6,246
Cash on hand at beginning of period		13,963	9,251	12,910	8,330
Cash on hand at end of period	7	25,775	13,963	25,265	19,156
Represented by :					
Cash and Short Term Deposits		25,775	13,963	25,265	19,156
		<u>25,775</u>	<u>13,963</u>	<u>25,265</u>	<u>19,156</u>

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

Statement of Commitments

As at 31 December 2005

<i>Capital Commitments</i>	2005 (\$000's)	2004 (\$000's)
JADE Student Management System	912	1,904
Scanning Electron Microscope	566	0
Law Computer Laboratory	103	0
South African Large Telescope (SALT)	80	43
Library Plaza	23	303
Other Projects (<\$100k)	75	264
Chemistry	0	1,324
Total	1,759	3,838

It is expected that these commitments will have been discharged in full by the following year.

Capital commitments listed above represent contractual commitments and estimated project completion costs.

Non-cancellable Operating Lease Commitments

The University also has commitments on the lease of printing and photocopier equipment from various companies. \$62,816 is committed over the next 2 years (2004: \$244,712).

Statement of Contingent Assets and Liabilities

As at 31 December 2005

The University has no contingent liabilities as at 31 December 2005.

Notes to the Financial Accounts

For the year ended 31 December 2005

	DEC-05 University & Group (\$000's)	DEC-04 University & Group (\$000's)	DEC-05 University Actuals (\$000's)	DEC-05 University Budget (\$000's)	DEC-04 University Actuals (\$000's)
1 Other Income					
Donations / Koha	190	239	190	32	239
Macmillan Brown Collection	0	3,900	0	0	3,900
Rentals	1,061	831	1,061	1,034	831
External Sales	4,352	3,987	4,352	3,235	3,987
Sundry Income	8,395	7,084	8,188	6,934	6,523
TOTAL OTHER INCOME	13,998	16,041	13,791	11,235	15,480
2 Personnel Expenses					
Teaching Personnel	54,243	51,901	54,243	54,558	51,901
Non Teaching Personnel	53,867	48,786	53,204	52,551	48,298
Total Direct Personnel Costs	108,110	100,687	107,447	107,109	100,199
Superannuation	3,656	3,419	3,656	3,872	3,419
Accident Compensation (ACC)	408	375	408	380	375
Councillors' Honoraria	62	63	62	80	63
Directors' Fees	80	66	0	0	0
Other Salary Related Expenditure	6,005	3,755	6,005	4,784	3,755
Total Other Personnel Expenses	10,211	7,678	10,131	9,116	7,612
TOTAL PERSONNEL EXPENSES	118,321	108,365	117,578	116,225	107,811
3 Site & Property Costs					
Repairs & Maintenance to Property/Facilities	2,756	3,533	2,756	2,747	3,533
Electricity, Coal, Gas	3,408	2,291	3,388	2,818	2,291
Resources	618	600	618	595	600
Other Site and Property Costs	504	491	504	628	471
TOTAL SITE & PROPERTY COSTS	7,286	6,915	7,266	6,788	6,895
4 General / Operating Expenditure					
Academic Expenses	332	443	332	377	443
Advertising	1,143	1,098	1,143	1,221	1,098
Auditors Remuneration- Financial Audit	137	103	124	100	95
Auditors Remuneration- Other Services	0	5	0	0	5
Bad Debts Written Off	71	49	71	75	49
Increase / (Decrease) in Provision for Doubtful Debts	80	(24)	80	0	(24)
Consultancy / Contractors	4,528	3,698	4,528	5,070	3,698
Direct Academic Costs	4,925	4,798	4,925	5,710	4,798
Interest Paid	935	934	935	890	934
Office Equipment	3,397	3,648	3,392	3,085	3,643
Photocopying, Postage, Printing and Stationery	4,931	4,476	4,931	5,678	4,476
Rental on Operating Leases	518	431	518	580	428
Scholarships & Prizes	7,913	6,147	7,913	6,949	6,147
Travel & Conference Costs	5,518	4,961	5,500	5,336	4,943
Other General / Operating Costs	11,093	12,452	10,851	13,908	12,148
TOTAL GENERAL / OPERATING COSTS	45,521	43,219	45,243	48,979	42,881

	DEC-05 COST/VALN (\$000's)	DEC-05 ACCUM DEPN (\$000's)	DEC-05 NET BOOK VALUE (\$000's)	DEC-04 NET BOOK VALUE (\$000's)
5a Non Current Assets				
UNIVERSITY				
Land at Valuation	48,574	0	48,574	34,315
Buildings at Cost	0	0	0	28,073
Buildings at Valuation	405,614	0	405,614	260,264
Plant & Equipment at Cost	81,992	55,312	26,680	25,545
Leased Equipment at Cost	2,265	1,534	731	974
Library / Other Collections at Cost	87,221	36,341	50,880	48,754
Library / Other Collections at Valuation	15,463	0	15,463	15,463
Work-In-Progress at Cost	3,770	0	3,770	6,812
TOTAL NON-CURRENT ASSETS excluding Investments	644,899	93,187	551,712	420,200
UNIVERSITY AND GROUP				
Land at Valuation	48,574	0	48,574	34,315
Buildings at Cost	0	0	0	28,073
Buildings at Valuation	405,614	0	405,614	260,264
Plant & Equipment at Cost	82,015	55,322	26,693	25,562
Leased Equipment at Cost	2,265	1,534	731	974
Library / Other Collections at Cost	87,221	36,341	50,880	48,754
Library / Other Collections at Valuation	15,463	0	15,463	15,463
Work-In-Progress at Cost	3,770	0	3,770	6,812
TOTAL NON-CURRENT ASSETS excluding Investments	644,922	93,197	551,725	420,217

	DEC-05 University & Group (\$000's)	DEC-04 University & Group (\$000's)	DEC-05 University Actuals (\$000's)	DEC-05 University Budget (\$000's)	DEC-04 University Actuals (\$000's)
5b Investments					
<i>Investment Category</i>					
Investment in Canterprise Limited	495	473	750	750	750
Investment in South African Large Telescope (SALT)	1,139	0	1,139	0	0
Total Investments	1,634	473	1,889	750	750

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 and manages commercial activities relating to the sale of research, services and technology to external clients.

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.

	DEC-05 University & Group (\$000's)	DEC-04 University & Group (\$000's)	DEC-05 University Actuals (\$000's)	DEC-05 University Budget (\$000's)	DEC-04 University Actuals (\$000's)
5c Depreciation					
<i>Asset Category</i>					
Buildings	6,765	6,519	6,765	6,717	6,519
Equipment	6,825	7,685	6,819	8,036	7,681
Equipment Write-offs	0	2,810	0	0	2,810
Leased Equipment	467	407	467	375	407
Library (Current Collection)	3,816	3,700	3,816	3,860	3,700
Total Depreciation	17,873	21,121	17,867	18,988	21,117

	DEC-05 University & Group (\$000's)	DEC-04 University & Group (\$000's)	DEC-05 University Actuals (\$000's)	DEC-05 University Budget (\$000's)	DEC-04 University Actuals (\$000's)
6a Community Equity					
Balance as at 1 January	307,868	293,843	307,668	307,668	293,652
Net Surplus	8,689	6,095	9,209	6,669	6,086
Capital Additions	50	0	0	0	0
Transfers to:					
Revaluation Reserves	0	(226)	0	0	(226)
Transfers from:					
Revaluation Reserves	0	8,156	0	0	8,156
Balance as at 31 December	316,607	307,868	316,877	314,337	307,668

6b Revaluation Reserves					
Balance as at 1 January	60,231	63,277	60,231	60,231	63,277
Transfers to:					
Community Equity	0	(8,156)	0	0	(8,156)
Transfers from:					
Community Equity	0	226	0	0	226
Revaluation	131,312	4,884	131,312	0	4,884
Balance as at 31 December	191,543	60,231	191,543	60,231	60,231
Being : Buildings	144,299	27,021	144,299	27,021	27,021
Land	35,243	21,209	35,243	21,209	21,209
Library	12,001	12,001	12,001	12,001	12,001
Total	191,543	60,231	191,543	60,231	60,231

7 Financial Instruments

Financial instruments in the form of fixed interest investments are subject to the risk that market values may change subsequent to their acquisition.

The University has entered into a number of forward exchange contracts that have a face value, at balance date, of \$5,738,815.

Fair Values

The estimated fair values of the University's financial instruments are as follows:

	DEC-05 Fair Value (\$000's)	DEC-05 Carrying Amount (\$000's)	DEC-04 Fair Value (\$000's)	DEC-04 Carrying Amount (\$000's)
Accounts Receivable and Prepayments	12,584	12,584	11,520	11,520
Cash / Short Term Investments	25,265	25,265	12,910	12,910
Accounts Payable and Funds Received in Advance	53,309	53,309	23,232	23,232

The estimated fair values of the Group's financial instruments are as follows:

	DEC-05 Fair Value (\$000's)	DEC-05 Carrying Amount (\$000's)	DEC-04 Fair Value (\$000's)	DEC-04 Carrying Amount (\$000's)
Accounts Receivable and Prepayments	12,389	12,389	11,433	11,433
Cash / Short Term Investments	25,775	25,775	13,963	13,963
Accounts Payable and Funds Received in Advance	53,613	53,613	23,716	23,716

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Accounts Receivable, Cash / Short Term Investments, Accounts Payable

The carrying amounts of these balances are equivalent to their fair value.

Concentration of Credit Risk

Financial instruments which potentially subject the University to concentrations of credit risk consist principally of cash and short term investments, accounts receivable, and fixed interest investments.

Cash and short term investments are placed with high-credit-quality financial institutions and the amount of credit exposure to any one financial institution is limited. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of debtors.

8 Reconciliation of Net Surplus with Net Cash From Operating Activities

	DEC-05 University & Group (\$000's)	DEC-04 University & Group (\$000's)	DEC-05 University Actuals (\$000's)	DEC-05 University Budget (\$000's)	DEC-04 University Actuals (\$000's)
OPERATING ACTIVITIES					
Net Surplus / (Deficit)	8,689	6,095	9,209	6,669	6,086
Add (less) non-cash items:					
Depreciation / Asset Write-offs	17,873	21,121	17,867	18,988	21,117
Donated Assets (including Macmillan Brown Collection)	(121)	(3,990)	(121)	0	(3,990)
Adjustment to Loan	(176)	0	(176)	0	0
Movement in Employee Entitlements (Non Current)	1,040	253	1,040	472	253
Add (less) movements in other working capital items:					
Accounts Payable	1,786	3,827	1,929	501	3,766
Revenue in Advance	29,366	3,866	29,366	563	3,866
Accounts Receivable	(987)	(3,513)	(1,064)	(691)	(3,815)
Inventories	(315)	(38)	(315)	1	(38)
Add (less) items classified as Investing / Financing Activities:					
Movement in Accrued Capital Expenditure	(992)	(915)	(992)	2,132	(915)
Movement in Prepaid Capital Expenditure	41	(59)	41	(45)	(59)
NET CASH PROVIDED BY OPERATING ACTIVITIES	56,204	26,647	56,784	28,590	26,271

9 Loans and Leases

Non-current Loans and Leases

BNZ Term Loan	7,000	9,000	7,000	7,500	9,000
NZ Tertiary Education Trust	0	24,100	0	23,900	24,100
Finance Leases	276	647	276	216	647
Total	7,276	33,747	7,276	31,616	33,747
Loans Payable within 1 year					
BNZ Term Loan	2,000	1,500	2,000	1,500	1,500
NZ Tertiary Education Trust	0	180	0	180	180
Finance Leases	561	447	561	451	447
Total	2,561	2,127	2,561	2,131	2,127
TOTAL LOANS AND LEASES	9,837	35,874	9,837	33,747	35,874

The University currently has a working capital multi-option facility on a seasonal basis for up to \$15m and a committed cash advance, fixed rate facility for up to \$12m.

The committed cash facility has a maturity date of 20 July 2007 and is fixed at an interest rate of 7.2%.

10 Employee Entitlements

	DEC-05 University & Group (\$000's)	DEC-04 University & Group (\$000's)	DEC-05 University Actuals (\$000's)	DEC-05 University Budget (\$000's)	DEC-04 University Actuals (\$000's)
Annual Leave	4,214	3,435	4,177	4,078	3,415
Long Service Leave	426	445	426	448	445
Retirement Leave	17,352	16,271	17,352	16,209	16,271
Total	21,992	20,151	21,955	20,735	20,131
Made up of:					
Current	5,215	4,414	5,178	4,526	4,394
Non Current	16,777	15,737	16,777	16,209	15,737
Total	21,992	20,151	21,955	20,735	20,131

11 Councillors' Honoraria and Directors' Fees

Honoraria and other benefits paid to members of University Council to December 2004 and 2005 are as follows:

Two council members were also directors of Canterprise Limited during 2005 and 2004 and received the following directors' fees:

Council Member	DEC-05 Honoraria (in \$'s)	DEC-04 Honoraria (in \$'s)	DEC-05 Directors' Fees (in \$'s)	DEC-04 Directors' Fees (in \$'s)
Dr P Austin	4,000	4,000	13,500	11,000
Dr SN Bagshaw	0	4,000	0	0
Dr CJ Burrows	4,000	4,000	0	0
Ms J Chirnside	0	2,000	0	0
Mr J Gilbert	4,000	4,000	0	0
Mr G Hampton	4,000	0	0	0
Dr WR Holmes	0	4,000	0	0
Mr T McIntyre	4,000	0	0	0
Dr BR Mann	19,447	19,447	0	0
Mr P Martin	0	2,333	0	0
Ms D Matahaere-Atariki	4,000	4,000	0	0
Mrs W Ritchie	4,000	0	0	0
Mr JC Simpson	10,950	10,950	0	0
Sir A Tait	0	0	13,500	11,000
Ms CP Wilson	4,000	4,000	0	0
	62,397	62,730	27,000	22,000

No honoraria were paid to staff representatives on Council or its committees.

12 Reconciliation of Approved Budget to Revised Budget

In May 2005, the budget was revised from the approved budget to adjust for changed student numbers and other movements.

Changes affecting the surplus were:	(\$000's)
Surplus per Approved Budget 2005	7,225
Reduction in Personnel Expenses	1,983
Reduction in General / Operating Expenditure	647
Additional Interest Income	555
Additional Research Income	432
Additional 'Other Income'	258
Reduction in Depreciation	125
Reduction in Government Grant / Tuition Fees Income	(3,703)
Increase in Site & Property Costs	(853)
Revised 2005 Budgeted Net Surplus	<u>6,669</u>

13 Related Party Transactions

<i>Intergroup</i>	<i>Dec-05</i> <i>(\$000's)</i>	<i>Dec-04</i> <i>(\$000's)</i>
During the financial period to 31 December Canterprise Limited had the following inter-group transactions :		
Agency Sales collected from University of Canterbury	20	78
Agency Payments to University of Canterbury (net of commission paid to Canterprise)	4,640	4,570
Receivable from University of Canterbury	91	75
Payable to University of Canterbury	920	927

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

Bruce Irvine, a partner in the accounting firm Deloitte, is a director of Canterprise Limited. During the year, Deloitte provided accounting and consulting services amounting to \$60,952 (2004: \$29,788) to Canterprise Limited. The amount still owing as at 31 December 2005 was \$12,369. These services were provided on normal commercial terms.

John Walley, a director of Nano Cluster Devices Limited, is the Chairman of Canterprise Limited. During the year Canterprise Limited made sales to Nano Cluster Devices Limited, in the respect of academic services, of \$95,314. The amount still owing to Canterprise Limited as at 31 December 2005 was \$18,990. These services were supplied on normal commercial terms.

Jane Huria, a director of Ngai Tahu Holdings Corporation, and Donna Matahaere-Akariki, who also has an interest in the Ngai Tahu Holdings Corporation and Ngai Tahu Development Corporation subsidiaries, are members of the University Council Audit and Risk Committee and University Council respectively. During 2005 Canterprise Limited sold \$70,000 of goods and services to Ngai Tahu Development Corporation. These goods and services were supplied and provided on normal commercial terms. The University made nil purchases in 2005 (2004: \$907) of goods and services from Ngai Tahu Development Corporation.

Canterprise Limited director, Bruce Irvine, is also a director of SYFT Limited. During the year, Canterprise Limited made sales of \$65,764 to SYFT Limited. The amount still owing to Canterprise Limited as at 31 December 2005 was \$5,692. These goods and services were provided on normal commercial terms.

Dr Paddy Austin, Chair of the Canterbury Museum, is a University Council member. During the year the University made payments totalling \$21,500 to the Canterbury Museum for a subcontractor and museum tour fees. These services were supplied on normal commercial terms.

The University has a 33.3% interest in HIT Lab NZ, which is an unincorporated joint venture. During 2005 the University purchased \$15,167 (2004: \$7,664), and Canterprise Limited \$569 (2004: \$9,872), of goods and services from HIT Lab NZ. These goods and services were supplied on normal commercial terms.

Robin Mann, a member of the Executive Board of the Canterbury Manufacturers' Association, is the University Chancellor. During 2005 the University purchased \$240 of goods and services from the Canterbury Manufacturers' Association. These goods and services were supplied on normal commercial terms.

During the year the University made payments of \$3,169 (2004: \$2,279) to Chancellor Robin Mann. These payments were reimbursements for costs incurred.

14 Impact of the Adoption of International Financial Reporting Standards

The Director of Finance and financial accounting staff fully considered the implications of moving to a New Zealand Equivalent International Financial Reporting Standard (NZ IFRS) accounting platform.

Comparative work was initiated in January 2004 and consisted of an overview appraisal of the similarities and differences between current accounting standards and NZ IFRS in relation to the reporting characteristics of the University of Canterbury.

This work formed the basis for more detailed activity that took place throughout 2005. Led by consultants Ernst and Young, a University sector wide working party was created. This group facilitated sector discussion regarding NZ IFRS transition issues. Technical expertise was utilised allowing the University of Canterbury to focus its transition planning in an effective coordinated manner.

The working party requested technical opinions from the Office of the Auditor General in relation to the most relevant standards.

Throughout this period of analysis an assessment was made to gain assurance that processes and accounting capabilities were of sufficient quality to meet the information needs demanded for NZ IFRS compliance. Where additional disclosures were needed, consultation with the relevant departments has taken place to ensure that there was effective communication and collaboration.

From September 2005, the Council of the University of Canterbury has been provided with a monthly status report by the Director of Finance. This has focused on the timetable for transition, and facilitated discussion on areas where senior management approval has been needed.

Each financial reporting standard was examined in the context of the University of Canterbury's financial statements and the following list details the standards where new treatments are required or different disclosure is needed:

- NZ IFRS 1 : First Time Adoption of NZ Equivalents to International Financial Reporting Standard: Impact on accounting for Property, Plant and Equipment.
- NZ IAS 17 : Leases
- NZ IAS 18 : Revenue Recognition
- NZ IAS 19 : Employee Benefits
- NZ IAS 24 : Related Party Disclosures
- NZ IAS 36 : Impairment
- NZ IAS 39 : Financial Instruments

The University considers it has taken appropriate steps to position itself for the transition to New Zealand equivalents to International Financial Reporting Standards. The first set of fully compliant financial statements will be prepared as at 31 December 2007.

As per requirements, full prior year comparisons will be given with a reconciliation between the statutory retained earnings as at 2005 and the opening balance sheet figure for NZ IFRS purposes as at 1 January 2006.

Equity and Diversity

During 2004 an Equity Plan was developed for the University covering equity and diversity issues pertinent to staff and students. Formal responsibility for implementing the plan rests with the Pro-Vice-Chancellor (Arts) who holds the equity and diversity portfolio within the Senior Management Team. Following the Human Rights Act, the University recognises that there should be equality of opportunity in education and employment for all, irrespective of their backgrounds. Thus age, gender, ethnicity or any type of disability should provide no disadvantage or barrier to the appointment and professional development of staff or to successful study for students. Furthermore, it is recognised that equity and diversity issues underpin the core business of the University and hence should be of concern to every member of the University community. As such, it is recognised that an awareness of these issues and a commitment to addressing them needs to become an integral part of the University culture.

The content of the Equity Plan reflects the fact that the University places great value on both staff and students and hence espouses equity and encourages diversity in all matters. Of significance here, the University is committed to the principles embodied in the Treaty of Waitangi and to the particular encouragement and development of educational and employment opportunities for the peoples of the Pacific. Moreover, the University welcomes the fact that an increasing number and range of international students are choosing to study at Canterbury and that appropriate provision should be made for the cultural diversity that this brings.

In devising the Equity Plan, various operating assumptions were made:

- Equity is a principle that informs the core business of the university.
- Diversity is something that should be encouraged.
- The implementation of the plan should be data driven. That is, data should be collected and analysed with respect to Employment Opportunities (EO) and Equal Educational Opportunities (EEdO) across all categories of staff and students and used to ensure equity and promote diversity.
- The plan should be action based with clear goals and key performance indicators.
- Members of the Senior Management Team and, through them, Heads of Schools and Departments and Service unit Heads will play key roles in implementing the plan.
- Performance against the plan will be monitored by the Pro-Vice-Chancellor with responsibility for Equity and Diversity, aided by the Equity and Diversity Advisory Committee.

These assumptions inform steps that are being taken to implement the plan.

During 2005 the Pro-Vice-Chancellor (Arts) initiated discussions with the Senior Management Team and the Equity and Diversity Advisory Committee on possible ways of implementing staff and student initiatives in the plan. As a first step pro-vice-chancellors were requested to set up appropriate committees within their Colleges. Input was also sought from the Heads of relevant Service units. Late in the year a meeting was held with chairs of all the Equity and Diversity committees of the Colleges to discuss and coordinate information about issues that particularly relate to them. The Equity and Diversity Advisory Committee met monthly during the year and held discussions with the Assistant Vice-Chancellor (Māori) on equity and diversity issues.

Notes

Notes

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