

Vice-Chancellor's Report

The University of Canterbury, like the rest of post-quake Christchurch, is undergoing an exciting and significant transformation that will build on UC's strengths and global reputation as a world-class learning environment.

A significant and welcome boost was the Government's October announcement that it will support UC by investing up to \$260 million in our institution. This was a major milestone for the University, and its staff and students, and allows us to look to the future with confidence.

On behalf of the University community, I want to thank the Government for its substantial commitment, which will enable us to create a modern tertiary institution that continues to support research intensive tertiary education, and the recovery of Christchurch and the wider Canterbury region.

UC Futures

The Government's investment was in response to our UC Futures business case. This outlined how UC could most directly contribute to transforming the Canterbury region — by developing an innovative, inspiring and engaging modern learning and research environment.

The business case was a team effort and I want to acknowledge all those involved in developing and advocating for this project. The Government, quite rightly, demanded a compelling case for support. This took significant effort, all while staff continued to teach and inspire our students and carry out high-quality research. I am proud of what the UC community has achieved together and commend everyone involved for their commitment in helping the University reach this vital objective.

The Government's investment was announced on campus by the Prime Minister, the Right Honourable John Key. It is focused on three key elements: a five-year commitment to the Student Achievement Component funded by the Tertiary Education Commission, providing "whole of institution" support; capital investment of up to \$250 million in new and upgraded learning and research

facilities in science and engineering; and an immediate \$10 million investment to support detailed planning for those projects. These developments will see the learning environment and facilities in the College of Engineering expanded and modernised, and the creation of a Regional Science and Innovation Centre that will position the University as an international science centre of excellence.

We are now looking forward to a period of significant development and growth. We will maximise the Government's investment through prudent financial management. The University is forecasting a return to surpluses from 2017 and independent financial advice has provided reassurance that the proposed support will be sufficient to ensure the University can meet its obligations as they fall due.

Our students and their learning

The Government's investment is not just to respond to UC's current financial position or built environment. It also acknowledges UC's strengths in science and engineering, and recognises our commitment to producing outstanding graduates in each discipline, be it arts, business and law, education, science or engineering.

Part of this commitment involves adherence to a graduate profile that ensures students have relevant work experience before they graduate. We want all our graduates, whatever path they choose, to have the skills, knowledge, experience and confidence to be leaders in their professional lives, role models in their local communities, global thinking, bi-culturally aware citizens, wherever in the world their careers might take them.

We are establishing new connections and enhancing existing ones, including our relationship with Ngāi Tahu, to create exciting learning opportunities for all our students. Beyond libraries, lecture theatres and laboratories, engagement with the community, time in the workplace and overseas experiences will ensure our graduates are better prepared to contribute than ever.

UC's Navigator Initiative responds to

employers' needs for graduate attributes beyond academic achievement, and to students' desire for more work integrated learning opportunities as part of their tertiary study.

Student innovation is encouraged and supported through UC Innovators, a new initiative fostering an "entrepreneurial ecosystem" where ideas can flourish, and success is nurtured and celebrated. Through the UC Innovators' "Hatchery" students are supported to develop new ventures, both profit and not-for-profit.

The UC Careers Kit is an ambitious employability initiative providing detailed information on UC's 72 undergraduate major subjects and their career pathways.

These pathways expanded in 2013, with the approval of eight new programmes of study — the Master of Business Management, the Postgraduate Diploma in Business, Master of Professional Accounting, Master of Speech and Language Pathology, Master of Applied Finance and Economics, Graduate Certificate in Sport Coaching, Bachelor of Criminal Justice and the Certificate in Languages.

Also in 2013, the School of Law was aligned with the College of Business and Economics to create the College of Business and Law, while the University Council decided to adopt a recovery and sustainability plan for the College of Arts. This plan guarantees a minimum establishment of 104 full time equivalent academic staff roles until 2017 and has provided certainty and stability for both staff and students. It will allow the College to maintain 25 majors and teach more than 200 courses in coming years. UC is not just about science and engineering — of the six humanities disciplines ranked by the international university ranking research company QS in their 2013 rankings by subject, four — history, geography, philosophy and linguistics — are in the top 100 in the world. Education, law, accounting and finance, and psychology also rank in the top 100.

Increasing international student numbers is vital to UC's recovery. The UC International College (UCIC), officially launched in October in partnership with Navitas Ltd, recruits and

prepares international students for degree study at UC. This initiative should triple the number of international students attending UC within 10 years.

A domestic student recruitment initiative was UC Explorer, an exclusive opportunity for more than 180 Year 13 high school students from around New Zealand to experience first-hand all that UC, Christchurch and the Canterbury region has to offer. A wide range of events and outreach during the year enabled us to connect with talented high school students considering tertiary study opportunities at UC.

Our resources

Though UC still has some major challenges ahead, 2013 has shown tangible progress towards recovery.

We delivered more than 1200 courses in more than 70 programmes of study to more than 13,000 individual students. We enrolled a record number of PhD students, and we appear to be attracting increasing enrolments from domestic students living outside Canterbury. In 2013, the University awarded 3954 qualifications to 3589 people.

We will have reinstated nearly 50,000 square metres of building space by mid-2014 and will remediate 80 per cent of campus building space over the next five to seven years.

The University also released concepts for the development of the campus perimeter. These developments require external funding to go ahead, but their potential is exciting, including a UC Research and Industry Zone, sports and recreation facilities and an archives facility.

The University has met all requirements for the full conversion of a \$9.7 million suspensory loan to establish NZi3, the National ICT Innovation Institute, which was entered into in 2006. This was fully accounted for in accordance with accounting standards in previous years.

This progress has been achieved against a background of constrained and reducing resources, dislocation of work places and uncertainty as to the extent and timing of Government support. While our financial situation remains complex and we must

live within our means, we are successfully managing our earthquake recovery.

The University's consolidated audited annual result for 2013 was a \$76.3 million surplus with a net \$79.3 million attributable to earthquake recovery impacts and the campus rebuild. The result compares to the 2012 consolidated deficit of \$66.6 million. The difference reflects significant adjustments made to account for insurance reimbursements received, further impairments and revaluations of assets (especially buildings), and all consequential effects of both the earthquakes and of the remediation work, and the University's wider rebuilding plans.

The University's consolidated "business as usual" result from its teaching and academic activities was a deficit of \$3.0 million. This compares to the budgeted deficit of \$10.2 million and a 2012 comparable deficit of \$6.2 million. The University still has work to do to return to sustainable operating surpluses, but it is clear significant progress has been made in reducing and containing operating costs.

The University continues to put considerable effort into increasing student numbers, though the "pipeline" effect of lower student numbers in previous years continues to have an impact.

The University's working capital has remained at the same level as last year but the net operating cash flow has decreased by \$19.4 million, from \$44.3 million to \$24.9 million.

Capital expenditure was \$90.5 million. This included \$64.2 million of earthquake-related capital expenditure.

After allowing for operating results, building and other asset revaluations and impairments and recognition of insurance proceeds, the total consolidated equity of the University has increased by \$82.1 million year on year to \$604.2 million.

Net tangible assets per security (\$1,000 face value) as at 31 December 2013 were \$11,024 compared to 31 December 2012 net tangible assets per security of \$10,304.

While the auditors have issued an unmodified opinion, they have drawn attention to one issue of note, involving the estimates of



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building damage and cost of reinstatement, due to the scale of work programmed and some remaining uncertainty of final costs.

The University has operated within the philanthropic bond covenants and has met the covenant regime set in 2012 by the Ministry of Education. The Ministry has confirmed there is no intention to withdraw the consent for existing borrowing.

The University has adopted an operating budget for 2014 that includes an expected deficit before the impact of insurance proceeds, revaluations and impairment provisions of \$10.5 million. Given Crown support as committed, the University is confident that it can absorb the loss as it rebuilds student numbers and associated tuition revenue.

Our staff

The 2013 year was busy for our staff, and I would like to acknowledge their hard work and dedication in getting the University to where it is today after three years of significant challenges.

I would also like to acknowledge senior staff who took on extra responsibilities.

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Professor Wendy Lawson became Acting Pro-Vice-Chancellor (Science); Professor Steve Weaver (Deputy Vice-Chancellor, Research), Dr Hamish Cochrane (Deputy Vice-Chancellor, Academic) and Human Resources Director Paul O'Flaherty took on elements of the Deputy Vice-Chancellor's portfolio; and Professor Niki Davis took on the role of Acting Pro-Vice-Chancellor (Education) for 2013.

There were a number of changes to the Senior Management Team. Professor Jonathan Le Cocq was appointed Pro-Vice-Chancellor (Arts) in September after acting in the role from March; Lynn McClelland was appointed Director of Student Services and Communications after acting in the role since 2012; and Keith Longden was appointed Chief Financial Officer.

We farewelled two senior staff members – Deputy Vice-Chancellor Professor Ian Town, who joined the University in April 2005, and Professor Ed Adelson, who was Pro-Vice-Chancellor (Arts). Both worked tirelessly to advance the University's interests and played important roles post-earthquake, leading many aspects of our recovery and renewal.

Our successes

The success of our staff and students is always pleasing, and 2013 has seen a number of significant highlights we are proud of.

For the fourth consecutive year, a student from the University was awarded a prestigious Rhodes Scholarship to the University of Oxford. The scholarship was awarded to engineering student Hamish Tomlinson, who has been studying insulin therapy at Christchurch Hospital under the supervision of UC's Distinguished Professor Geoff Chase and Dr Geoff Rodgers.

A team of mechanical engineering students won the Inspired Engineering Award in the international university racing car competition in Melbourne in December. The team designed and built their own racing car that clocked 0 to 100km/h in less than four seconds, and was one of only two cars chosen to be driven by a professional driver for a test session.

These successes, just a few of which our students achieved in 2013, confirm our ability

to attract, retain and educate world-class scholars.

Our staff have also received acclaim and recognition. Eleven University researchers received more than \$5.5 million in Marsden Grant funding in 2013 for projects ranging from a study of how listeners comprehend distorted speech, an investigation into the severe ground motions of the Christchurch earthquakes, and research using x-ray free-electron lasers to image fibrous biological macromolecules.

Dr Daniel Stouffer (Biological Sciences) and Dr Brendan Bradley (Civil and Natural Resources Engineering) were awarded Rutherford Discovery Fellowships, each worth \$800,000, to pursue concentrated research in their fields. Nine of 40 fellowships have been awarded to UC academics since they were established in 2010. Researchers in UC's School of Biological Sciences have now won four of these fellowships, the highest concentration of this award in any tertiary department in the country.

Professor Dave Kelly (Biological Sciences) and Professor Andy Buchanan (Civil and Natural Resources Engineering) were recognised by the Royal Society of New Zealand. Professor Kelly received the Hutton Medal for his research into plant ecology and Professor Buchanan won the RJ Scott Medal for his world-leading work in developing design techniques for large-scale timber buildings.

Teaching excellence at UC was acknowledged when Dr Rua Murray (Mathematics and Statistics) was awarded a national Tertiary Teaching Excellence Award, one of 10 teachers nationwide to receive such recognition from Ako Aotearoa, the National Centre for Tertiary Teaching Excellence. Dr Murray is the ninth UC teacher to be awarded a national teaching award since they were established in 2001.

How others see us

The University has retained its position in the top three per cent of the world's universities and we remain the only tertiary institution in New Zealand to have a five-star rating from the international university ranking research company QS. In 2013, QS also ranked UC 21st in

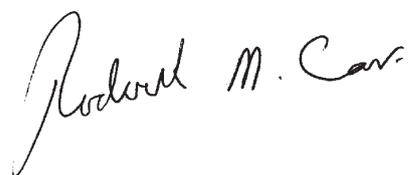
the world in civil and structural engineering – one of the highest ranked programmes offered in New Zealand.

In the national Performance Based Research Fund assessment, UC earned the highest average amount of funding per eligible academic staff member for the next five year funding period and was ranked as first or second in New Zealand in 10 of 17 disciplines on which it was assessed. UC retained its place among the top universities in New Zealand for student course and programme completion rates, and progression to higher levels of study.

These achievements demonstrate the outstanding commitment and resolve of UC's staff and students who continue to strive for excellence.

The year ahead

Christchurch is transforming itself into one of the world's most modern and sustainable cities and our institution – through staff and students – is playing a significant role in the city's rebuild. We are using the opportunities created by remediation and rebuilding to create a modern campus for teaching and research, and are continually looking to improve the student experience. We still have some way to go before we are "out of the woods". However, we are on track and superbly positioned for the next phase of development.



Dr Rod Carr
Vice-Chancellor