

# Governance Statement

*This statement is an overview of the University's main governance policies, practices and processes followed by the Council.*

## **Compliance with NZX best practice code and other guidelines**

The NZX Listing Rules require issuers to disclose in their annual report whether and to what extent their governance principles materially differ from the NZX Corporate Governance Best Practice Code. There are no significant differences from NZX Corporate Governance Best Practice Code other than to reflect that the University is governed by the Education Act 1989 (Education Act). Further details are provided below.

The following section summarises the key governance and compliance policies and procedures in place.

## **Code of Conduct**

The University expects Council members to maintain high ethical standards that are consistent with its core values, business objectives and legal and policy obligations.

A Register of Interests is maintained for all Council members and is published in all meeting agendas. Conflicts of interest are a standing item on the agenda of all meetings. A member of the Council or of a committee of the Council who has an interest in a matter being considered or about to be considered by the Council or the committee is required under the Education Act to, as soon as possible after the relevant facts have come to the Council member's knowledge, disclose the nature of the interest at a meeting of the Council or committee.

A formal Code of Conduct has been adopted by the Council. The Code sets the ethical standards expected of Council members and deals specifically with receipt and use of information, receipt and use of assets and property, delegated authorities, compliance with applicable laws, regulations, rules and policies and a general obligation to act honestly and in the best interest of the University.

## **Role of the Council**

The Council is the governing body of the University. It is responsible for the governance of the University, and its powers are set out in the Education Act. Its powers include the oversight of the University's policy, degree, financial and capital matters.

The Council is comprised of:

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

- (h) One member appointed by the Council after consultation with the central organisation of workers within the meaning of the Labour Relations Act 1987;
- (i) One member appointed by the Council, following consultation with Te Rūnanga o Ngāi Tahu;
- (j) Two members co-opted by the Council; and
- (k) Four graduates, not currently employed as permanent members of the University staff, elected by the Court of Convocation of the University.

The term of office of members of the Council, vacation of office, disclosure of members' interest and casual vacancies are covered in sections 173–176 of the Education Act 1990. Subject to section 173, the maximum term for any member, other than the Vice-Chancellor, shall be three consecutive four-year terms.

Council members (other than the Vice-Chancellor) are paid fees at such rates (not exceeding the maximum rates fixed by the Minister in accordance with the fees framework determined by the Government from time to time) as the Council determines.

## **Delegation of authority**

The Council delegates its authority where appropriate to the Vice-Chancellor for the day-to-day affairs of the University. Formal policies and procedures exist that detail the delegated authorities and parameters that the Vice-Chancellor and in turn, his direct reports, are able to operate within.

## **Continuous disclosure obligations**

Continuous disclosure obligations of NZX require all issuers to advise the market about any material events and developments as soon as they become aware of them. The University complies with these obligations on an ongoing basis.

## **Operation of the Council**

The Council meets regularly (usually monthly) for meetings. Key executives attend Council meetings by invitation. For each meeting, the Vice-Chancellor prepares a report to the Council that includes a summary of the Council's activities, together with financial reports and operational updates. In addition, the Council receives regular briefings on key strategic issues from management.

The University offers the usual Council member's induction for newly appointed Council members. All Council members have advice from the Tertiary Education Commission on the governance role they fulfil and are provided with a detailed handbook of University policies, procedures and protocols. The Council Secretary, the University Registrar, is available for advice at any time.

## **Vice-Chancellor**

The Council is responsible for the evaluation of the Vice-Chancellor against his key performance objectives and is responsible for the setting of these objectives on a periodic basis and ensuring that they are appropriate measurable targets.

## **Independence of Council members**

It has been determined by the Council that all Council members are independent except for Dr Rod Carr, Professor Simon Kemp, Dr Andy Pratt and Mr Michael Shurety.

## Council committees

The following standing committees have been established to assist in the execution of the Council's responsibilities. Each of these committees has a charter outlining its responsibilities and objectives.

### Finance, Planning and Resources Committee

This committee meets monthly and as at the end of the financial year comprised Ms Catherine Drayton (Chair), Dr John Wood, Ms Sue McCormack, Dr Rod Carr, Ms Sarah Platt, Mr Warren Poh and Dr Duncan Webb.

The Finance, Planning and Resources Committee is responsible for reporting and recommending to Council on financial planning, budgeting and monitoring of expenditure and financial performance matters. The committee will also recommend and report to Council on capital planning, major capital projects and post-project case evaluation including recommendations for the establishment of capital planning, expenditure and monitoring protocols.

The Chair of the Audit and Risk Committee, Deputy Vice-Chancellors, Chief Financial Officer and Registrar (Secretary) are also in attendance.

### Audit and Risk Committee

The Audit and Risk Committee at the end of the financial year comprised Mr Peter Ballantyne (Chair), Dr John Wood, Ms Sue McCormack, Ms Catherine Drayton and Mr Bruce Gemmill.

The Audit and Risk Committee is responsible for monitoring the ongoing effectiveness of risk management activities. The committee monitors trends in the University's risk profile and considers how it manages or mitigates key risk exposures. It implements risk management through its business processes of planning, budgeting, investment and project analysis, and operations management.

The committee also monitors and oversees the quality of financial reporting and financial management. In order to achieve this, the committee considers accounting and audit issues and makes recommendations to the Council as required and monitors the role, responsibility and performance of the internal and external auditors.

The function of the Audit and Risk Committee is to assist the Council in carrying out its responsibilities under the Education Act, Crown Entities Act 2004 and the Financial Reporting Act 1993 on matters relating to

the University's accounting practices, policies and controls relevant to the financial position and to liaise with internal and external auditors on behalf of the Council.

The Vice-Chancellor, Deputy Vice-Chancellors, UCSA President, Chief Financial Officer and Registrar (Secretary) are in attendance at Committee meetings as are the internal and external auditors.

### Vice-Chancellor Employment Committee

The Vice-Chancellor Employment Committee at the end of the financial year comprised Ms Sue McCormack (Chair), Dr John Wood, Ms Jo Appleyard and Mr Peter Ballantyne.

The primary purpose of the committee is to review the Vice-Chancellor's remuneration package and performance. These reviews form the basis of recommendations to the Council for which concurrence is then sought from the State Services Commissioner.

### Elections and appointments

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

### Audit governance and independence

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

### Reporting and disclosure

Annual and Six Monthly Reports in accordance with the requirements of the Education Act 1989, Crown Entities Act 2004, the Financial Reporting Act 1993 and the NZX Listing Rules are communicated on a periodic basis to all bondholders. The Annual Report is audited.

The University website provides regular updates to bondholders. The Annual Report is available online at our website [www.canterbury.ac.nz](http://www.canterbury.ac.nz).

### Bondholder relations

The Council's policy is to ensure that bondholders are informed of all major and strategic developments affecting the University's state of affairs. The University releases all material information to the NZX under its continuous disclosure requirements.

# Statutory Information *Bondholder Statistics*

NZDX debt securities distribution as at 31 December 2014

5.77% PHILANTHROPIC BONDS (rate reset 15 December 2014, previously 7.25%)

Range	No. of Bondholders	Percentage of Bondholders	Number of securities held	Percentage of securities held
1 – 5,000	82	9.12%	406,000	0.81%
5,001 – 10,000	204	22.70%	1,992,000	3.98%
10,001 – 100,000	565	62.85%	18,958,000	37.91%
100,001 – over	48	5.33%	28,654,000	57.30%
	899	100.00%	50,010,000	100.00%

### NZDX Waivers

The NZDX listing rules require issuers to disclose in their annual report a summary of all waivers granted and published by the NZX within the 12 months preceding the date two months before the date of the publication of the annual report. The waiver on page 80 was granted in the reporting period.