

2017



UNIVERSITY OF
CANTERBURY

Te Whare Wānanga o Waitaha
CHRISTCHURCH NEW ZEALAND

Annual Report | Te Pūrongo ā-Tau



A warm greeting to you all from the University of Canterbury.

E rere atu te owaha ki a koutou katoa mai i Te Whare Wānanga o Waitaha. E manawanui ana a UC ki te whakawhanake i ōna tāngata, ahakoa kaimahi, ahakoa ākongā, kia tutuki ai ngā tāura o UC me ngā pūkenga o te Āhuetanga Tāura. Kei te whakaahu haere ā mātou mahi whakapai i ngā whare o UC, ā, kua aukaha hoki tō mātou taha tiaki tangata, taha ako hoki. Ko te manako ia, mai i tō mātou hautūtanga kia auaha, kia hiranga te rangahau, ka kaha ake a Aotearoa nei, ā, ko āna uri e heke mai ana anō hoki.

Nāia te pūrongo ā-tau a Te Whare Wānanga o Waitaha mō te tau 2017. Ko ngā kai o roto he whakarāpopototanga o ngā whakaritenga o te whare wānanga hei kai mā tō hinengaro.

A warm greeting to you all from the University of Canterbury (UC). UC is committed to developing its people, staff and students, so that our graduates meet the UC Graduate Profile. Our transition from post-quake recovery to transformation and growth here at UC has gained significant momentum. UC's initiatives support the development of ambitious, excellent, and well-defined research ideas that have the potential to transform New Zealand's future, and that of generations to come.

Here is the annual report of the University of Canterbury for 2017. Its contents summarise for the reader the current state and achievements of UC over the past year.

University of Canterbury Office Holders Ngā Āpiha o Te Whare Wānanga o Waitaha*

Chancellor | Tumu Kaunihera

Dr L John Wood, Amb (Retd), CNZM, QSO, MA (Hons) (Cant), MA (Hons) (Oxon), Litt.D (honoris causa) (Cant)

Pro-Chancellor | Tumu Tuarua Kaunihera

Sue McCormack, BA, LLB (Cant)

University Registrar | Pouroki

Jeff Field, JP, MA (Cant), DipJ (Cant), DipTColl(CCE), DipTchg(Cant), CMInstD, APR, MFINZ

Vice-Chancellor | Tumu Whakarae

Dr Rod Carr, BCom (Hons) (Otago), LLB (Hons) (Otago), MBA (Columbia), MA, PhD (Wharton School, U.Penn)

Deputy Vice-Chancellor (Academic) | Tumu Tuarua Akoranga

Dr Hamish Cochrane, BSc (Cant), MSc (Hons) (Cant), PhD (Cant), DipTchg (CCE)

January – September 2017

Deputy Vice-Chancellor (Research and Innovation)

Tumu Tuarua Rangahau

Professor Ian Wright, BSc (Hons) (VUW), PhD (VUW)

January – September 2017

Deputy Vice-Chancellor | Tumu Tuarua

Professor Ian Wright, BSc (Hons) (VUW), PhD (VUW)

September 2017 – present

Assistant Vice-Chancellor Māori | Amokapua Māori

Darryn Russell, MIndS (Otago)

January – present

Acting Assistant Vice-Chancellor Māori | Amokapua Māori, Taupua

Liz Brown, Dip EoD (Education of Deaf) (CCE), BTchLn (CCE), MTchLn (Cant)

October 2017 – present

Assistant Vice-Chancellor (Academic Strategic Projects)

Amokapua Rautaki Akoranga

Professor Catherine Moran, BSc (Ontario), MSc (Ontario), PhD (Cant)

January – September 2017

Acting Assistant Vice-Chancellor (Academic)

Amokapua Akoranga Taupua

Professor Catherine Moran, BSc (Ontario), MSc (Ontario), PhD (Cant)

January 2017 – present

Pro-Vice-Chancellor (Arts) | Amorangi Toi Tangata

Professor Jonathan Le Cocq, BA (Hons) (Warwick), BMus (Hons) (ULGC), DPhil (Oxon), LGSM

Pro-Vice-Chancellor (Business and Law) | Amorangi Umanga me te Ture

Professor Sonia Mazey, BA (First Class Hons) (Leicester), MA (Oxon), DPhil (Oxon)

Pro-Vice-Chancellor (Education, Health and Human Development)

Amorangi Ako me te Hauora

Professor Gail Gillon, BEd (Cant), PhD (UQLD), DipSpTh (CCE), DipTch (CCE), LTCL, MNZSTA, ASHA Fellow

Pro-Vice-Chancellor (Engineering) | Amorangi Pūkaha

Professor Jan Evans-Freeman, BSc (Hons) (Manc), PhD (Manc), FlInstP, FEngNZ, CMInstD

Pro-Vice-Chancellor (Science) | Amorangi Pūtaiao

Professor Wendy Lawson, BSc (Hons) (Manc), PhD (Camb), PGCert (Warwick)

Executive Director / Chief Financial Officer | Kaihautū Matua Ahumoni

Keith Longden, BCom (Cant), CA, MInstD

Executive Director Student Services and Communications

Kaihautū Matua Ākongā me te Whakapā

Lynn McClelland, MA (Hons) (VUW), CMInstD

Executive Director Human Resources

Kaihautū Matua Pūmanawa Tangata

Paul O'Flaherty, MBA (Otago), MHRINZ, MInstD

Executive Director Learning Resources | Kaihautū Matua Rauemi Ako

Alexandra Hanlon, BA (UNSW), MAICD

January – present

Acting Executive Director Learning Resources

Kaihautū Matua (Taupua), Rauemi Ako

Darryn Russell, MIndS (Otago)

November 2017 – present

*For the reporting period January to December 2017

Contents

Ngā Kai o Roto

1	Mihi	19	Statement of Service Performance Te Tauākī o ngā Whāinga me ngā Taeatanga
2	University of Canterbury Office Holders Ngā Āpiha o Te Whare Wānanga o Waitaha	37	Appropriation Statement Te Tauākī Pūtea Tāpui
3	Contents Ngā Kai o Roto	41	Annual Financial Statements Ngā Tauākī Ahumoni ā-Tau
4	Independent Auditor's Report Te Pūrongo a te Kaitātari Kaute Motuhake	42	Statement of Accounting Policies
7	2017 at a Glance He Titiro Kōmuri ki te Tau 2017	49	Statement of Comprehensive Revenue and Expense
8	Chancellor's Welcome Te Mihi a te Tumu Kaunihera	50	Statement of Changes in Net Assets / Equity
10	Vice-Chancellor's Report Te Pūrongo a te Tumu Whakarae	51	Statement of Financial Position
12	University Statement of Strategic Intent Te Tauākī Whakamaunga Rautaki o te Whare Wānanga	53	Statement of Cash Flows
13	Council Membership 2017 Ngā Mema o te Kaunihera 2017	55	Notes to the Financial Statements
15	Council Members 2017	78	NZDX Waivers Ngā Tukunga NZDX
16	Governance Statement Te Tauākī Mana Arataki	79	Compulsory Student Services Levy Ngā Utu Ratonga Ākonga me Utu
17	Statutory Information Mōhihio ture	83	Equity and Diversity Te Mana Taurite me te Kanorautanga
18	Statement of Responsibility Te Tauākī Noho Haepapa	85	Directory Rārangi Mōhihio

Independent Auditor's Report Te Pūrongo a te Kaitātari Kaute Motuhake

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

TO THE READERS OF THE UNIVERSITY OF CANTERBURY AND GROUP'S FINANCIAL STATEMENTS, STATEMENT OF SERVICE PERFORMANCE AND APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The Auditor-General is the auditor of University of Canterbury (the University) and group. The Auditor General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, statement of service performance and appropriation statement of the University and group on his behalf.

Opinion

We have audited:

- the financial statements of the University and group on pages 42 to 77, that comprise the statement of financial position as at 31 December 2017, the statement of comprehensive revenue and expense, statement of changes in net assets / equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the statement of service performance of the University and group on pages 20 to 35; and
- the appropriation statement of the University on pages 38 and 39.

In our opinion:

- the financial statements of the University and group on pages 42 to 77:
 - present fairly, in all material respects:
 - the financial position as at 31 December 2017; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards; and
- the statement of service performance of the University and group on pages 20 to 35 presents fairly, in all material respects, the University and group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2017; and
- the appropriation statement of the University on pages 38 and 39 presents fairly, in all material respects, what has been achieved with the appropriation by the University.

Our audit was completed on 28 February 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements, statement of service performance and appropriation statement. We also comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the financial statements, statement of service performance and appropriation statement for the current period.

We summarise those matters below and how we addressed them in our audit of the financial statements, statement of service performance and appropriation statement as a whole.

Any comments we make on the findings of our audit procedures should be read in that context and we do not provide a separate opinion on these matters.

Key audit matter — Carrying value of building assets

The University's building assets are a significant balance within the financial statements with a carrying value at 31 December 2017 of \$859.293 million (2016: \$617.848 million), as disclosed in note 8. Since the Canterbury earthquakes of 2010 and 2011, the University continues to progress its capital programme and the increase in value from the prior year reflects the completion of new buildings and remediation of earthquake damaged buildings, with \$269.782 million of capital additions recognised.

Buildings are carried in the statement of financial position at their fair value. The University's accounting policy is that buildings are revalued every three years, unless there is reason to suggest that values have changed materially in the intervening years, in which case a revaluation may be undertaken outside of the three year cycle. The most recent valuation was done as at 31 December 2016 using independent registered valuers and the University has assessed that there is no evidence to suggest a material movement in fair value since that date.

Fair value is determined as if the buildings are undamaged and then this value is reduced for impairment from earthquake damage. The extent of damage was determined using independent quantity surveyors to estimate the costs to remediate individual buildings and has been reassessed as further information on damage and remediation costs is obtained. As at 31 December 2017 the remaining impairment deduction from buildings' undamaged value is \$113 million (2016: \$113 million).

The carrying value of buildings is a key audit matter due to the large balances involved, the significant estimates and judgements in the fair value determination and the assessment of fair value movements over the past year and also the inherent uncertainties in the estimation of the remediation costs.

How did the audit address this matter?

We reviewed the University's evidence to support its assessment that there has been no material movement in the fair value of buildings since the last valuation. The University's approach to its assessment included the application of relevant indices and obtaining advice from the professional valuer who performed the most recent buildings valuation.

We confirmed that the University's approach complied with the requirements of the applicable financial reporting standard (PBE IPSAS 17).

We assessed the appropriateness of the specific price indices used by the University and checked the accuracy of the indexing calculations.

We assessed the valuer's expertise for the work and their objectivity, including reading their terms of engagement and considering the existence of other engagements or relationships with the University.

We considered the valuer's advice to the University that from their expertise and knowledge of movements in input cost indices and market information, their opinion is that there has been no material movement in value since their previous valuation.

We found that the University's assessment of the movement in value of its buildings was supportable and used an approach consistent with our expectations for a fair value movement assessment for public sector specialised buildings.

Impairment estimates

As no formal updated remediation cost estimates were provided by the independent quantity surveyors as at 31 December 2017, we assessed management's processes to confirm the continuing appropriateness of the surveyors' previous estimates. This included considering the appropriateness of the cost indices used by the University.

We considered the consistency of the impairment estimates with other internal information, including the actual costs incurred for those buildings remediated to date and the University's decisions about the future of specific buildings.

We tested a sample of costs to recent contracts to confirm the reasonableness of remediation cost estimates.

We compared the repair estimates on an individual building basis to the University's fixed asset register to confirm that impairment recognised on each individual building does not exceed its carrying value.

We also considered whether the related disclosures in the financial statements were clear and informative and in accordance with the requirements of the applicable financial reporting framework.

We found that the deductions from buildings fair value for impairment were based on the best available information of damage and the likely remediation approach, costed using reasonable assumptions about prices for the required remediation work.

Responsibilities of the Council for the financial statements, statement of service performance and appropriation statement

The Council is responsible on behalf of the University and group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Council is responsible on behalf of the University and group for preparing a statement of service performance and appropriation statement that are fairly presented.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements, a statement of service performance and appropriation statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, statement of service performance and appropriation statement, the Council is responsible on behalf of the University and group for assessing the University and group's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate the University and group or to cease operations, or has no realistic alternative but to do so.

The Council's responsibilities arise from the Crown Entities Act 2004, Education Act 1989 and Financial Markets Conduct Act 2013.

Responsibilities of the auditor for the audit of the financial statements, statement of service performance and appropriation statement

Our objectives are to obtain reasonable assurance about whether the financial statements, statement of service performance and appropriation statement, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements, statement of service performance and appropriation statement.

For the budget information reported in the financial statements, statement of service performance and appropriation statement, our procedures were limited to checking that the information agreed to:

- the University and group's Council approved budget for the financial statements;
- the investment plan for the statement of service performance; and
- the Estimates of Appropriations – Vote Tertiary Education for the appropriation statement.

We did not evaluate the security and controls over the electronic publication of the financial statements, statement of service performance and appropriation statement.

As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, statement of service performance and appropriation statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University and group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, statement of service performance and appropriation statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University and group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, statement of service performance and appropriation statement, including the disclosures, and whether the financial statements, statement of service performance and appropriation statement represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements, statement of service performance and appropriation statement of the entities or business activities within the group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information. The other information comprises the information included on pages 1 to 3, 7 to 19, and 78 to 85, but does not include the financial statements, statement of service performance and appropriation statement, and our auditor's report thereon.

Our opinion on the financial statements, statement of service performance and appropriation statement does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, statement of service performance and appropriation statement, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements, statement of service performance and appropriation statement or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the University and group in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out other assurance engagements which were providing a report to the University's philanthropic bond trustees and a report on the University's Performance-Based Research Fund external research income. These engagements are compatible with those independence requirements.

Other than the audit and these engagements, we have no relationship with or interests in the University or any of its subsidiaries.

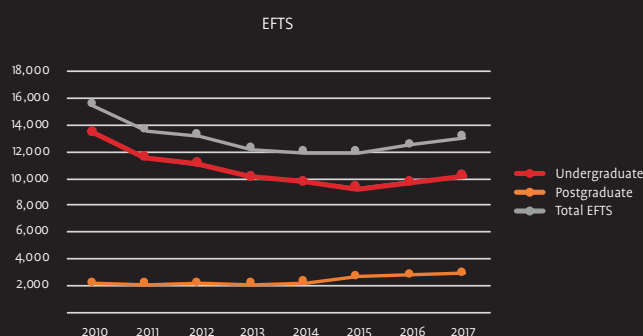
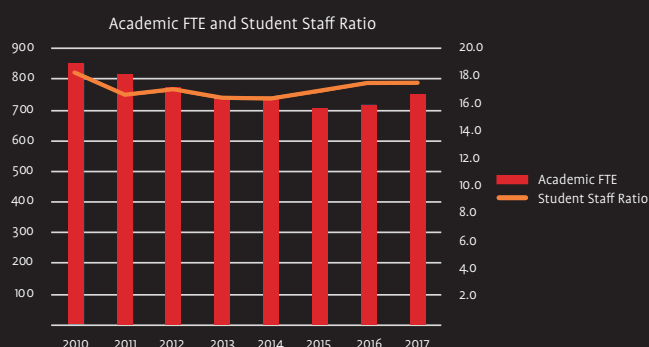


Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

2017 at a Glance

He Titiro Kōmuri ki te Tau 2017

	2010	2011	2015	2016	2017
Students enrolled (Headcount)	18,783	16,444	14,830	15,564	16,253
Equivalent Full-time Students (EFTS)	15,494	13,604	11,931	12,492	13,089
Full-time Equivalent Academic Staff (FTE) ¹	850	816	708	715	749
Student Staff Ratio ²	18.2	16.7	16.8	17.5	17.5
EFTS by level of study³					
Undergraduate	13,76	11,532	9,277	9,714	10,163
Postgraduate	2,118	2,073	2,654	2,777	2,926
Total EFTS	15,494	13,604	11,931	12,492	13,089
EFTS by Fee Type					
Domestic Fee Paying	14,228	12,667	11,053	11,358	11,671
International Full Fee Paying	1,267	937	878	1,134	1,418
Total EFTS⁴	15,494	13,604	11,931	12,492	13,089
Cost per EFT Student (\$000) ⁵	\$18	\$21	\$27	\$27	\$28
Operating (All amounts net of GST)					
	\$millions	\$millions	\$millions	\$millions	\$millions
Government grant	\$117	\$120	\$131	\$133	\$133
Tuition fees	\$90	\$79	\$83	\$93	\$102
Research funding ⁶	\$50	\$55	\$55	\$60	\$63
Capital expenditure ⁷	\$38	\$90	\$117	\$186	\$166
Financial position					
Non-current assets	\$757	\$642	\$1,200	\$1,271	\$1,283
Net current assets	\$61	\$47	\$213	\$219	\$199



¹ Staff FTE is annualised, so takes into account fluctuating staffing numbers during the year. Annualised FTE looks at total hours paid to staff during the year and then divides by the number of hours a full-time employee would work. Example: a staff member that starts in January and works full time for six months will have a 0.5 annualised FTE.
² Number of Full-time Equivalent Students per Full-time Equivalent Academic Staff.
³ Level of study is based on the level associated with the course enrolment. Pre-degree courses are included within the undergraduate heading.

⁴ Reconciliation with Ministry of Education (MOE) numbers (Single Data Return, SDR): There is a small number of EFTS not required to be returned to the MOE, but that is typically included in UC's total EFTS. In addition there may be small timing differences between UC's Annual Financial Statements and the SDR return to the MOE. UC Financial Statements take a snap shot of student enrolments at 31 December, whereas the MOE return occurs slightly later and may include back dated enrolment changes that occur after the 31 December.

MOE SDR Reconciliation	2010	2011	2015	2016	2017
Balance of EFTS returned to Ministry of Education	179	(74)	(119)	(94)	(94)

⁵ Cost per EFTS is based on total operating costs less building impairment and, in 2013, the revaluation loss for the Homestead.
⁶ Includes Performance-Based Research Fund (PBRF) funding received.
⁷ Capital Expenditure is taken from the Statement of Cash Flows and is the actual cash amount spent.

Chancellor's Welcome

Te Mihi a te Tumu Kaunihera



Dr L. John Wood

Members and friends of the University of Canterbury | Te Whare Wānanga o Waitaha (UC), tēnā koutou, tēnā koutou, kia ora tātou katoa.

At this time last year I said 2017 would be the beginning of a new and exciting chapter in the long history of UC. We did better than that. 2017 has been a year of achievement as we execute our ambitious transformation strategy and grow the University back to its pre-earthquake dimensions. There is a palpable air of optimism on campus as the building projects are completed and significant progress is made on delivering our graduate profile.

The Canterbury Engineering the Future (CETF) project has delivered modern, fit-for-purpose laboratory facilities for our Engineering students. The Engineering Core, a learning commons area that is warm and welcoming, attracts students engaging in group work or individual study at any time of the day or night. In November the Core provided a stellar venue for the 2017 Chancellor's Awards Dinner and UC Council Awards, celebrating the CETF project, and the 130th anniversary of the founding of the College of Engineering | Te Rāngai Pūkaha.

The Ernest Rutherford building, the first stage of the Rutherford Regional Science and Innovation Centre, has emerged from a sizeable hole in the ground to become an attractive and user-friendly building housing state-of-the-sciences laboratories for our students as well as for high school students and our research partners. The second stage involves demolition of the von Haast building and construction of a four-storey facility using innovative timber technology developed on

campus, to provide workspaces for academic staff and postgraduate students from early 2019.

The College of Education, Health and Human Development | Te Rāngai Ako me te Hauora will move to remodelled space on the Ilam campus in 2018 along with the Centre for Entrepreneurship and our Executive Development Programme. The move of the College to the Ilam campus will unite the academic community of the University on one campus for the first time, enhancing opportunities for collaboration and cooperation in teaching and research.

In response to increasing demand for student accommodation, the University secured, Mr Peter Holdsworth developed and opened the Kirkwood Avenue Hall, a 68-bed self-catered accommodation hall. The Hayashi complex, totalling 90 rooms including 10 self-contained units beside the Sonoda complex, was completed in time for the 2018 student intake, and further accommodation projects will be developed in the coming years.

This year has seen the University formalise its partnership with the University of Canterbury Students' Association (UCSA). Work is advancing well on Haere-roa, the modern, lean, fit-for-purpose new home for students replacing the 1960s building on the same site. Our students have a fundraising campaign under way to close a funding gap and ensure that their new centre is majority student-owned and operated. They have already waited too long for, have earned and thoroughly deserve their new facilities. I urge you all to join us in supporting their cause.

In parallel with these infrastructural developments, and in a number of ways more challenging, complex and important than them, the University continues work on its graduate profile programme to ensure a unique package of experience and learning opportunities is available to our undergraduates. Historically the University required graduate profiles for all of its awards but did not have an institution-wide framework in place. A UC-wide Graduate Profile has been articulated that will progressively apply to all undergraduates. Our graduates will be: critically competent in a core academic discipline of their choosing; employable; innovative and enterprising; biculturally competent and confident, in a multicultural world; engaged with the community; and globally aware and connected. Learning outcomes related to

these attributes are now embedded in all UC undergraduate programmes. I believe this exciting and distinctive initiative may well be as significant a legacy as the physical transformation of our university.

In 2017, the University Council awarded four honorary doctorates to four distinguished alumni. In December, former Prime Minister the Right Honourable Sir John Key was awarded a Doctor of Commerce (honoris causa) degree to recognise his achievements in business and politics and his support for the University, personally and as Prime Minister following the 2010–11 Canterbury earthquakes. In April three awards were made. Mr Peter Holdsworth was awarded a Doctor of Engineering (honoris causa) degree. He is recognised as an innovative engineer, noted entrepreneur and inventor and founder of an internationally successful technology manufacturing company. Dr Julie Maxton was awarded a Doctor of Laws (honoris causa) degree. She is an outstanding scholar of the law of equity and trusts. She was the first woman to hold the position of Registrar of the University of Oxford and is currently the first woman Executive Director of the London-based Royal Society. Ms Pip McCrostie was awarded a Doctor of Commerce (honoris causa) degree. She is a business and financial expert whose views on corporate finance and economic policy are internationally sought and valued. A former member of the Global Executive Board of EY, her world-wide strategic leadership and technical expertise exemplify the international impact delivered by University of Canterbury graduates.

Council also awarded the University Teaching Medal to Associate Professor Ekant Veer. Associate Professor Veer has a track record of teaching excellence, both in New Zealand and the United Kingdom. Since joining UC in 2010 he has been recognised with a UC Teaching Award and five Lecturer of the Year Awards from the UCSA. The Research Medal was awarded to Distinguished Professor Geoffrey Chase. His world-class work in dynamic systems modelling and control has had real-world impact that ranges from intensive care medicine for babies to earthquake engineering.

For UC, 2017 was another year of significant academic achievement with 3,815 degrees and diplomas awarded to 3,586 graduates. Of particular note are the historic highs being reached in the award of postgraduate qualifications, as the University retains and enhances its international standing.

In 2013, in a scheme now discontinued, the then Minister for Tertiary Education appointed individuals jointly to the Councils of the University of Canterbury and Lincoln University. In 2017 two Lincoln University Council members resigned from the Canterbury Council. I would like to thank and acknowledge Mr Tony Hall and Mr Bruce Gemmill for their contribution to our University Council over the preceding four years. I would also like to welcome Dr Rosemary Banks and Mr Steven Wakefield to the UC Council as new Ministerial appointees.

In 2017 the Council met 11 times, and held nine workshops to ensure members were well informed prior to taking significant decisions. The Finance, Planning and Resources Committee, chaired by Ms Catherine Drayton, met 10 times providing a stream of considered advice to Council on major decisions across its spectrum of portfolio responsibilities. The Audit and Risk Committee, chaired by Mr Peter Ballantyne, met six times and closely monitored the risks faced by the University, and ensured that in all aspects of its work the institution complied with its statutory and regulatory obligations. These two committees are the engine-room of Council, and in these times, their work places extraordinary demands on chairs and members. On the academic front the Academic Board has initiated a self-review and recommendations for change will come to Council early in 2018.

The Vice-Chancellor Employment Committee met three times and late in the year an ad hoc Vice-Chancellor Appointment Committee was formed and initiated a world-wide search for a new Vice-Chancellor | Tumu Whakarae, with the appointment effective from February 2019. Bringing the appointment process to a successful conclusion will be the primary focus for the Council in 2018. The new Honours and Appointments Committee met three times, deliberating on succession issues, advising on external and internal appointments and recommendations for honours.

I should like to thank all Council members for their individual and collective contribution to our large, complex, and demanding institution over the past year. It is to their great credit that our Council continues in practice to operate on the basis of consensus.

‘As we conclude... a pivotal year for us, it is timely to pause and acknowledge the very significant progress made by UC since 2010–11, and why we can look forward to our 150th anniversary in 2023 with such confidence.’

Council has a particular responsibility as trustee for the University Trust Funds, to oversee where those funds are invested and ensure they are disbursed according to the wishes of donors. During the year the Council adopted a policy of having less than 1% of the funds invested in fossil fuel extraction in addition to the proscription on investing in the armaments, tobacco or gambling industries. Fund managers retained by the University have been instructed to follow ethical investing principles and to avoid direct investment in fossil fuel extraction industries.

Our University is supported in many ways by many people — alumni, friends and benefactors. This help is an increasing part of our life blood. It is this which helps enable the University to offer a unique student experience, providing the tools and the opportunities which promote personal and professional growth. As a result our graduates are then able to take up roles in the community and the wider world which allow them to fulfil our mission statement and truly to make a difference. It was an honour to thank many of them in person at the annual Chancellor’s Awards Dinner.

In particular I should like to thank the volunteer boards of our three charities, led by Mr Barry Ramsay, Chair of the University of Canterbury Foundation, Professor David Teece, President of the University of Canterbury Foundation in America Inc, and Dr Alene Wilton, Chair of the University of Canterbury Trust in the United Kingdom. In 2017 these charities received from our friends and alumni some \$11 million in support of scholarships, research and teaching, buildings and facilities, and outreach programmes. This is an extraordinary contribution and a positive harbinger for our 2023 sesqui-centennial fundraising campaign.

Finally, I would like to express on behalf of the University its gratitude for the government’s helpful and active support of our UC Futures programme. The Governance Oversight Group established under our Funding Agreement with the Crown, led by its independent Chair, Mr Garry Wilson and including senior representatives of the Tertiary Education Commission (TEC), the Ministry of Education and the UC Council, has been particularly collegial and effective in this context.

The developments and contributions I have outlined sustain the University of Canterbury’s vision in its Statement of Strategic Intent, of “People prepared to make a difference – tangata tū, tangata ora”. We are known for attracting people with the greatest potential to make a difference. We are a place where research, teaching and learning take place in ways that are inspirational and innovative. We do provide a distinctive holistic learning experience which ensures that our graduates are ready and equipped to connect and contribute effectively to society.

In closing, it is timely to pause, acknowledge and celebrate the very significant progress made by UC since the earthquakes of 2010–11. You can understand why we look forward to our 150th anniversary in 2023 with such anticipation and confidence.



Dr L. John Wood
Chancellor | Tumu Kaunihera

Vice-Chancellor's Report

Te Pūrongo a te Tumu Whakarae



Dr Rod Carr

2017 has been a year where UC's transition from post-quake recovery to transformation and growth has gained significant momentum.

We can celebrate the University's performance in many areas where activity has surpassed pre-2010 levels. In 2017 UC welcomed more than 1000 full-time equivalent students in masters' programmes and record numbers of doctoral students. International University rankings are highly competitive, and UC is proud to have held its 214th position in the QS World University Rankings, placing it in the top 1% of universities worldwide.

Enrolment numbers have seen steady growth with the number of full fee paying international students exceeding 2010 levels, a record number of students enrolled in the College of Engineering | Te Rāngai Pūkaha, a record number of students who identify as Māori and record numbers of students in halls of residence. The University is on target to be operating within its means by 2019 without the additional Government support provided after the Canterbury earthquakes. I am also confident UC can cater for any increase in student numbers over and above normal growth that may result from the Labour-led Government's fees-free policy.

Innovative approaches to partnerships and pathways are making a difference in UC's recruitment initiatives and improving access to University for a broad range of students. Navitas, operator of the UC International College (UCIC) continues to support international student recruitment, and during the year acquired the Christchurch College of English Language, which has for many years been the on-campus provider of English

Language programmes for international students. UC has seen a steady increase in student enrolments from Auckland since a Liaison Office was opened there in 2015, and we have also seen a surge in students from Wellington.

Research and Innovation

UC's Research and Innovation initiatives support the development of ambitious, excellent, and well-defined research ideas that have the potential to transform New Zealand's future in the areas of engineering and applied science, artificial intelligence, disruptive technologies and health and wellbeing related innovations.

The primary sector is of particular interest – the University continues to consult with this sector and relevant ministries and government agencies. This initiative will contribute to regional development. UC's Waterways Centre for Freshwater Management is a part of UC's response to creating a more sustainable environment and is a joint research and teaching centre with Lincoln University.

The University experienced exceptional success in attracting research funding. In 2017, 169 contracts worth a total value of \$27.6 million were implemented and 54 contracts worth at least \$15.4 million got under way.

Among UC's research and innovation highlights for the year, 11 UC academics were awarded 2017 Royal Society of New Zealand | Te Apārangi Marsden funding. These projects include a diverse array of research areas, including investigating the thickness of the Southern Ocean's sea ice and removing nitrate from contaminated water using methane.

UC Science and Engineering researchers had an exceptional result securing funding for five Smart Ideas proposals and two Research Programmes in the Ministry of Business, Innovation and Employment's 2017 Endeavour Round. The projects included work on geospatial tools for community and rūnanga town planning, a new biomarker assay platform for disease detection, and tuning protein expression for primary sector applications.

Throughout the year I have had the pleasure of congratulating a number of our staff on their achievements. Professor Brendon Bradley was awarded the Prime Minister's MacDiarmid Emerging Scientist Prize for his research into the effects of ground-shaking caused by earthquakes.

Professor Steven Ratuva, named a Fulbright New Zealand Scholar in 2017, will conduct research at UCLA, Duke University and Georgetown University on affirmative action policies relating to Pacific Island minorities in the United States of America and New Zealand and their impact in addressing group inequality.

Professor Rick Millane was selected as a Fellow of the Royal Society of New Zealand Te Apārangi. His work is key to understanding disease for drug design and non-invasive medical imaging. Dr Regina Eisert was awarded a Pew Marine Conservation Fellowship recognising more than a decade of work protecting the world's oceans. Associate Professor Sonja Macfarlane was recognised for her contributions to Māori education, becoming the 2017 recipient of the Te Tohu Pae Tawhiti Award. Associate Professor Bronwyn Hayward was the only New Zealander appointed as a lead author for a special report on global warming for the United Nations Intergovernmental Panel on Climate Change.

UC students are proving that they are ready to change the world. Just one example is College of Science | Te Rāngai Pūtaiao student Logan Williams who has invented 3D-printed polarised contact lenses for sufferers of photosensitive epilepsy.

The UC Engineering team of Bachelor of Engineering (Hons) students – Arianna Ryan, David Cleary and Jamie Sommer – won the prestigious international Warman Design and Build Competition, triumphing in a challenge to design and make a machine to perform a difficult task, using mechanical gear, 3D printing, robotics and autonomous vehicles to win the award.

Another success was the Confucius Institute at the University of Canterbury (CIUC) winning the Confucius Institute of the Year award, recognising CIUC's commitment to furthering the teaching of Chinese language and culture in primary, secondary and tertiary schools in the South Island of New Zealand.

Transformation

In 2017 the merger of Faculties and Colleges was approved by the University Council creating a more coherent, accountable and simpler organisational structure.

The new School of Product Design was formed within the College of Engineering | Te Rāngai Pūkaha. The Chemistry and Physics Departments within the College of Science | Te Rāngai Pūtaiao merged to form a School

of Physical and Chemical Sciences. Within the College of Business and Law | Te Rāngai Umanga me te Ture, the UC Business School | Te Kura Umanga brought together under its own head for the first time the Departments of Management, Economics and Finance and Accounting and Information Systems.

During 2017 the crucial first stages of the Student First Programme | Ākongā ki Mua were implemented. The programme focuses on improving and streamlining a number of business processes including online enrolment, as well as the simplification of Academic Regulations, and is expected to run to the end of 2019.

May marked a major highlight in the 2017 calendar when UC's Music and Classics programmes, along with the James Logie Memorial Collection of classical antiquities, relocated to the Arts Centre's restored Chemistry building on Hereford Street. The Arts Centre was the University's first home, until it moved to its current Ilam campus in the mid-1970s.

A new public exhibition space in the former Chemistry building, the Teece Museum of Classical Antiquities, was also officially opened and has received over 10,000 visitors. The museum has been named in recognition of UC alumnus Professor David Teece and his wife, Mrs Leigh Teece, who generously donated funds towards the refurbishment.

I want to acknowledge the long and strong relationship between our student body represented by the University of Canterbury Students' Association (the UCSA). Our partnership to replace the earthquake damaged UCSA building reflects the fruit of decades of competent professional leadership. Outgoing Student President James Addington can be proud of many things but getting a record 45% of eligible students to vote in the election for the 2018 student executive is certainly one of them.

A low voluntary staff turnover – 1.7% for academic and 6% for general staff, is encouraging and suggests efforts by staff to grow a constructive culture through a professional development programme is having a positive impact.

2017 Financial results

The University of Canterbury | Te Whare Wānanga o Waitaha is continuing to show steady financial performance. The University's audited result for the year ended 31 December 2017 was a \$5.3 million deficit. Significant costs

'UC's Research and Innovation initiatives support the development of ambitious, excellent, and well-defined research ideas which have the potential to transform New Zealand's future in the areas of engineering and applied science, artificial intelligence, disruptive technologies and health and wellbeing related innovations.'

in occupying its new Science and Engineering facilities have been offset by additional tuition fee, research and sundry revenue. The result compares to the 2016 deficit of \$1.8 million, and a budgeted operating deficit of \$9.1 million.

The Crown's financial support to the University through capital contributions has led to the opening of the Stage 1 of the Rutherford Regional Science and Innovation Centre (RRSIC), and the refurbished College of Engineering | Te Rāngai Pūkaha complex, with the completion of the Rehua building on the main campus expected later in 2018.

The University's net assets are now just under \$1.4 billion, compared to \$719 million in 2010, showing the extent of change and investment the University has experienced in the last seven years.

The University has adopted a budget for 2018 that shows an operating deficit of \$7.887 million. This includes the one-off costs of moving staff and activities around the campus while refurbishment and new building is completed, and the University continues to be confident that it can absorb this loss as it rebuilds student numbers and associated tuition revenue in 2018 and 2019.

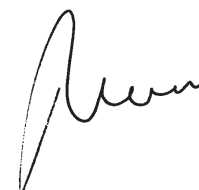
Our people

In closing I would like to thank all staff who have contributed to UC's success. Their commitment to UC has taken place during a period of significant transition encompassing brave new approaches to recruitment, improving business processes, moving to new work locations, and working alongside construction projects. During the year Deputy Vice-Chancellor (Academic) | Tumu Tuarua

Akoranga Dr. Hamish Cochrane resigned after 18 years at UC and almost four years as a member of the Senior Management Team. I acknowledge the significant contribution he made during his career at UC. I advised the University Council that I would not be seeking a third term as Vice-Chancellor | Tumu Whakarae when my current term expires on 31 January 2019. The Council has initiated a process to appoint a new Vice-Chancellor | Tumu Whakarae.

We continue to be immensely grateful to those businesses, alumni and friends who have generously supported fundraising in 2017. Their generous contributions make possible outcomes that are simply not possible from Government and tuition fee income alone and play a significant role in ensuring UC offers a world-class learning environment and an outstanding experience for our students.

Nā reira, he mihi tēnei ki ngā kamahi o te whare wānanga i runga i tō rātou pukumahi i te tau kua pahure ake nei.



Dr Rod Carr
Vice-Chancellor | Tumu Whakarae

University Statement of Strategic Intent Te Tauākī Whakamaunga Rautaki o te Whare Wānanga

*We have a vision of
people prepared to make a difference
— tangata tū, tangata ora.*

*Our mission is to
contribute to society through knowledge
in chosen areas of endeavour
by promoting a world-class
learning environment
known for attracting people
with the greatest potential to make a difference.*

*We seek to be known as a
university where knowledge is
created, critiqued, disseminated and protected
and where research, teaching and learning
take place in ways that are inspirational and innovative.*

*Looking towards 2023,
the 150th anniversary of our founding,
the primary components of our strategy are to
Challenge, Concentrate and Connect.*

Adopted by University Council on 30 September 2009 and affirmed in 2012.

Council Membership 2017

Ngā Mema o te Kaunihera 2017

The composition of the University Council for 2016 was:

Council Members	First Appointed	Current Term Appointed	Ending
<i>Four Persons Appointed by the Minister</i>			
Dr Rosemary Banks	2017	2017	06/2021
Ms Catherine Drayton	2009	2015	07/2019
Mr Bruce Gemmell	2013	2015	03/2017
Mr Tony Hall	2013	2015	02/2017
Ms Sue McCormack	2009	2015	07/2019
Mr Steve Wakefield	2017	2017	06/2021
<i>Vice Chancellor Tumu Whakarae</i>			
Dr Rod Carr	2009	2015	01/2019
<i>One Member of the Academic Staff</i>			
Professor Roger Nokes	2015	2015	07/2019
<i>One Member of the General Staff</i>			
Mr Malcom Peterson Scott	2015	2015	07/2019
<i>One Student Member</i>			
Mr James Addington	2015	2016	12/2017
<i>One Member Appointed Following Consultation With Ngāi Tahu</i>			
Mr Shayne Te Aika	2016	2016	10/2019
<i>Three Members Appointed by Council</i>			
Mr Peter Ballantyne	2012	2015	07/2019
Dr L. John Wood	2008	2015	07/2019
Mr Warren Poh	2013	2015	07/2019

Mr Hall and Mr Gemmell resigned from the Council with effect from 14 February and 31 March respectively.

Council Members



From left to right: Mr Shayne Te Aika, Mr Steve Wakefield, Mr James Addington, Dr Rosemary Banks, Dr Rod Carr (Vice-Chancellor | Tumu Whakarae), Dr John Wood (Chancellor | Tumu Kaunihera), Mr Malcom Peterson Scott, Ms Sue McCormack (Pro-Chancellor | Tumu Tuarua Kaunihera), Professor Roger Nokes, Mr Peter Ballantyne, Mr Jeff Field (University Registrar | Pouroki), Ms Catherine Drayton. Absent (inset left): Mr Warren Poh.

Mr John Holland, Co-opted member of Audit and Risk Committee (inset middle).

Jo Appleyard, Co-opted member of Vice-Chancellor Employment Committee and Vice-Chancellor Appointment Committee (inset right).



Governance Statement

Te Tauākī Mana Arataki

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). The University is also required to comply with the Crown Entities Act 2004, as it applies to Tertiary Education Institutions, and with the Financial Markets Conduct Act 2013. 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 Handbook has been adopted by the Council. The Handbook 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.

Under the constitution, gazetted by the Minister for Tertiary Education in June 2015, the Council is comprised of:

- (a) four members appointed by the Minister
- (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) one permanent member of the general staff of the University elected by the permanent members of that staff
- (e) one member who is a student of the University elected by the students of the University
- (f) one member appointed by the Council, following consultation with Te Runanga o Ngāi Tahu
- (g) three members co-opted by the Council, two of whom must be alumni 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 173–176E of the Education Act 1989. 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 and in certain situations to the Academic Board. 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 University'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. Other governance development courses, principally through the Institute of Directors, are also supported. The Council Secretary, the University Registrar, is available for advice at any time.

Vice-Chancellor | Tumu Whakarae

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 Roger Nokes and Mr Malcolm Peterson Scott.

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, Mr James Addington, Dr Rosemary Banks, Professor Roger Nokes and Mr Warren Poh.

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 project post-implementation reviews including recommendations on the capital planning, expenditure and monitoring protocols.

The Chair of the Audit and Risk Committee, Deputy Vice-Chancellor, 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, Mr John Holland, Mr Shayne Te Aika and Mr Steven Wakefield.

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. The University 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, Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 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 Council student representative, Vice-Chancellor, Deputy Vice-Chancellors, Chief Financial Officer and Registrar (Secretary) are in attendance at Committee meetings as are the internal and external auditors.

Vice-Chancellor Employment Committee (VCEC)

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.

Vice-Chancellor Appointment Committee (VCAC)

As the incumbent has indicated he will not seek reappointment at the end of his current term, an ad hoc VCAC was formed by expanding the VCEC with the addition of Dr Rosemary Banks, Mr Shayne Te Aika and Professor Roger Nokes. This committee is responsible for the Vice-Chancellor | Tumu Whakarae recruitment process and for making an appointment recommendation to Council.

Honours and Appointments Committee

The Honours and Appointments Committee at the end of the year comprised Dr John Wood (Chair), Ms Sue McCormack, Dr Rod Carr and Mr Peter Ballantyne.

The primary purpose of the committee is to consider expressions of interest and make recommendations to Council on appointments to Council, Council committees and external bodies on which the University is represented. The committee also considers nominations for the award of honorary doctorates and makes recommendations to Council.

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.

Reporting and disclosure

Annual and Six Monthly Reports in accordance with the requirements of the Education Act 1989, Crown Entities Act 2004, Financial Markets Conduct Act 2013 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.

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 | Mōhiohio ture

Bondholder statistics

NZDX debt securities distribution as at 31 December 2017

5.77% PHILANTHROPIC BONDS

Range	No. of bondholders	Percentage of bondholders	Number of securities held	Percentage of securities held
1 – 5,000	77	9.49%	385,000	0.77%
5,001 – 10,000	185	22.81%	1,809,000	3.62%
10,001 – 100,000	510	62.89%	16,953,000	33.90%
100,001 – over	39	4.81%	30,863,000	61.71%
	811	100.00%	50,010,000	100.00%

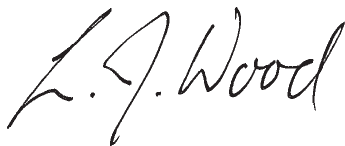
NZDX waivers

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 full text of the waiver is presented later in this Annual Report.

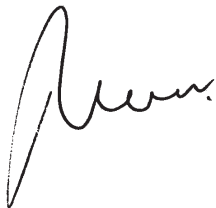
Statement of Responsibility Te Tauākī Noho Haepapa

In terms of section 155 of the Crown Entities Act 2004 we hereby certify that:

- we have been responsible for the preparation of these financial statements and statement of service performance and for 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 Statement of Service Performance fairly reflect the financial position and operations of the University and group for the year ended 31 December 2017.



Dr L J Wood
Chancellor | Tumu Kaunihera



Dr R M Carr
Vice-Chancellor | Tumu Whakarae
28 February 2018

2017

Statement
of Service
Performance

Te Tauākī o ngā
Whāinga me ngā
Taeatanga



Statement of Service Performance

Te Tauākī o ngā Whāinga me ngā Taeatanga

The vision of the University is “people prepared to make a difference – tangata tū, tangata ora”. The mission of the University is to contribute to society through knowledge in chosen areas of endeavour by promoting a world-class learning environment known for attracting people with the greatest potential to make a difference. We seek to be known as a university where knowledge is created, critiqued, disseminated and protected and where research, teaching and learning take place in ways that are inspirational and innovative. The primary components of our strategy are Challenge, Concentrate and Connect.

The relationship between the University’s activities and the wider goals is shown in the table on the following page.

Through achieving the University’s mission we will contribute to the wider societal objectives of Economic Development, Social and Community Development and Environmental Enhancement. It has been widely recognised that an educated community will enjoy a longer and more comfortable life than one that does not have access to education. An educated community is likely to have the opportunity to pursue interests and pastimes that add to the perceived quality of life¹. University graduates bring critical thinking to bear on problems and issues. They will develop innovative solutions which contribute to the social and economic development of the wider community. Measurement of progress towards these broader societal goals and in particular the proportion that can be attributed to this institution is not an exact science. Accordingly, a variety of surrogate measures used reassure stakeholders that resources are deployed in a manner that supports the achievement of the University’s vision and mission and, by implication, the wider societal goals.

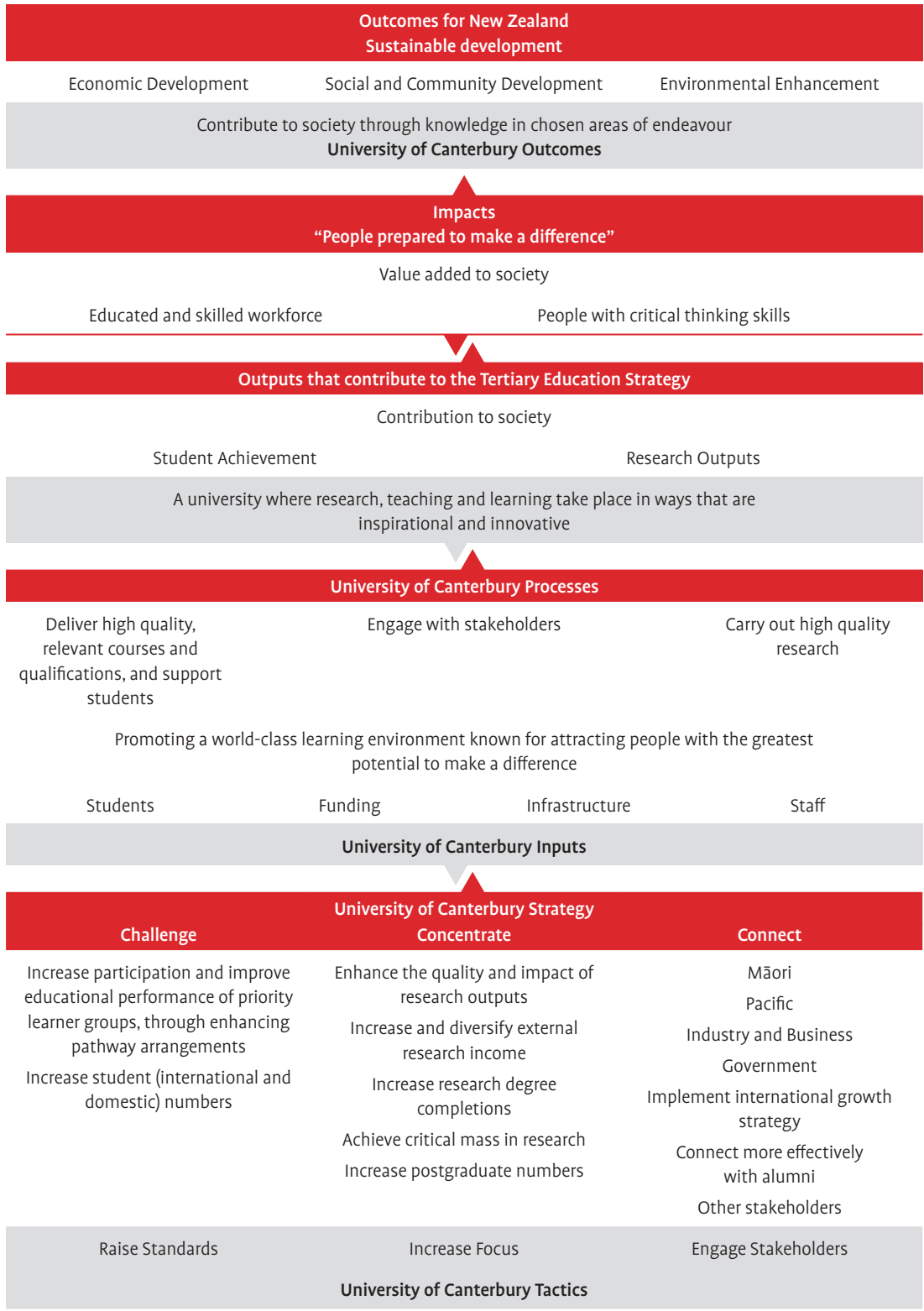
The recent environment in which the University of Canterbury has existed has been dominated by the impact of the 2010 and 2011 Canterbury earthquakes. The University has engaged in a building remediation programme that will continue until the end of this decade. Critical to the on-going development of the campus has been the Crown commitment of up to \$260 million to the \$400 million development of the Rutherford Regional Science and Innovation Centre and redevelopment of the Engineering facilities, which are part of a \$1.2 billion 10-year capital programme. Another key factor was the successful resolution of the insurance claim for the disruption and damage resulting from the earthquakes. While the redevelopment of the physical infrastructure is an element of the recovery, the rebuilding of student numbers remains critical to the University returning to sustainable financial health. In 2017, there were 13,089 Equivalent Full-time Students (EFTS) enrolled. This represented an increase of 4.8% on the prior year. The University of Canterbury recorded one of the largest percentage increases in student numbers of all the New Zealand universities. The recruitment of international students is currently running a year ahead of the planned targets while the domestic student numbers are a year behind. The Government fees-free initiative is expected to contribute toward increased enrolments of domestic students. The Government requirements for tertiary institutions are laid out in the Tertiary Education Strategy 2014–2019. The priorities relevant to universities are to:

- deliver skills for industry
- boost the achievement of Māori and Pasifika students
- strengthen research based institutions
- grow international linkages.

The University has internalised these priorities as being to:

- Challenge: Recover student numbers, boost student achievement (especially Māori and Pasifika) and to deliver skills for industry
- Concentrate: Strengthen research
- Connect: Develop relationships internationally and domestically and deliver skills to industry.

¹ D D Ionescu, A M Ionescu, Elisabeta Jaba, *The Investments in Education and Quality of Life* (www.scientificpapers.org/wp-content/files/12_Ionescu_Jaba-THE_INVESTMENTS_IN_EDUCATION_AND_QUALITY_OF_LIFE.pdf).



Priority Objective 1: Challenge

Improving the educational performance and participation of students

Student Enrolments (EFTS)		Actual 2014	Actual 2015	Actual 2016 ²	Actual 2017	Target 2017
Impact	Input commitments					
Increased student enrolment	Domestic	11,168	11,053	11,358	11,671	11,817
	Full Fee	775	878	1,134	1,418	1,393
	Total	11,943	11,931	12,492	13,089	13,210
	New to UC EFTS	3,258	3,418	3,861	4,006	3,029

The over achievement in recruiting full fee international students was offset by a shortfall in domestic recruitment reflecting a competitive domestic market. The growth in "New to UC EFTS" underpins the confidence the University has in the recovery plan.

Priority Learner Group Participation		Actual 2014	Actual 2015	Actual 2016	Actual 2017 ³	Target 2017
Impact	Input commitments					
Increased participation by priority learner groups	Māori enrolments as a % of total domestic EFTS	7.3%	7.3%	7.5%	7.7%	8.3%
	Pacific enrolments as a % of total domestic EFTS	2.6%	3.1%	3.1%	3.0%	2.9%
	Under-25 enrolments as a % of total domestic EFTS	76.7%	76.5%	77.2%	76.9%	76.7%

Priority learner participation exceeded expectations for Pasifika and the Under 25 year olds. Whilst the Māori level was greater than prior years it was less than forecast in part due to the increased proportion of postgraduate enrolment.

Māori and Pacific pathways		Actual 2014	Actual 2015	Actual 2016	Actual 2017 ⁴	Target 2017
Impact	Input commitments					
Enhanced Māori and Pacific pathways into tertiary study	First-year Māori enrolments as a proportion of first-year domestic enrolments in first year of tertiary study.	7.4%	8.0%	8.1%	7.8%	9.6%
	First-year domestic undergraduate Māori EFTS	230	274	314	313	291
	First-year Pacific enrolments as a proportion of first-year domestic enrolments in first year of tertiary study.	3.5%	3.0%	3.1%	3.1%	3.7%
	First-year domestic undergraduate Pasifika EFTS	91	91	111	121	112

The recruitment targets have been exceeded and reflect the increased recruitment activity and support provided to priority learners. However, the population of Māori and Pacific students is small so minor movements in enrolment have a disproportionate impact on the performance percentages.

² The 2017 Actuals are based on enrolments as at 31 December and may differ slightly to the SDR enrolments subsequently submitted.

³ The 2017 Actuals are based on enrolments as at 31 December and may differ slightly to the SDR enrolments subsequently submitted.

⁴ The 2017 Actuals are based on enrolments as at 31 December and may differ slightly to the SDR enrolments subsequently submitted.

International (Full Fee) Participation		Actual 2014	Actual 2015	Actual 2016	Actual 2017 ⁵	Target 2017
Impact	Input commitments					
Increased and more diversified international (full fee) participation	Full Fee enrolments (as a percentage of total enrolments.)	6.5%	7.4%	9.1%	10.8%	10.5%

Growing the number of international students is a key element of the recovery plan, which will result in a greater proportion of international students. Providing students with opportunities to engage with and understand other cultures, be they indigenous or international, will enable them to succeed as global citizens of the 21st century.

Successful Course Completion ⁶		Actual 2014	Actual 2015	Actual 2016 ⁷	Forecast 2017 ⁸	Target 2017
Impact	Output commitments					
Increased successful course completions by priority learner groups	Māori completion rates	81%	81%	80%	82%	84%
	Pacific completion rates	70%	70%	69%	70%	73%
	<25 completion rates	87%	87%	87%	87%	87%
	All SAC eligible students	87%	87%	87%	87%	87%
	<i>NZ university median</i>	86%	86%	86%		

Course completion rates have exceeded sector medians with an overall course completion rate of 87% (unchanged from the previous year). Completion rates for Māori and Pasifika students have not met the targeted levels. The numbers of Māori and Pasifika students are comparatively small and therefore small movements materially impact performance percentages.

Qualification Completion ⁹		Actual 2014	Actual 2015	Actual 2016 ¹⁰	Forecast 2017 ¹¹	Target 2017
Impact	Output commitments					
Increased qualification completions by priority learners	Māori completion rates	68%	67%	63%	57%	69%
	Pacific completion rates	43%	50%	49%	51%	56%
	<25 completion rates	79%	73%	73%	69%	72%
	All SAC eligible students	86%	80%	77%	76%	81%
	<i>NZ university median</i>	82%	80%	79%		

The metric was revised by TEC in 2017. For comparability this table is prepared under the historic methodology. The calculation represents the proportion of students completing qualifications as a percentage of the EFTS enrolled in the year. As enrolments increased the proportion graduating declines. The decline in new to UC students in 2011 materially impacted this indicator. The number of Māori and Pasifika students is comparatively small and therefore small movements in student numbers materially impact performance.

⁵ The 2017 Actuals are based on enrolments as at 31 December and may differ slightly to the SDR enrolments subsequently submitted.

⁶ Where possible confirmed TEC data has been referenced.

⁷ Updated since 2016 Annual Report published.

⁸ Interim result to 23 January 2018.

⁹ Where possible confirmed TEC data has been referenced.

¹⁰ Updated since 2016 Annual Report published.

¹¹ Interim result to 23 January 2018.

Retention ¹²		Actual 2014	Actual 2015	Actual 2016 ¹³	Forecast 2017 ¹⁴	Target 2017
Impact	Output commitments					
Increased retention of priority learner groups	Māori retention rates	81%	83%	83%	82%	81%
	Pacific retention rates	78%	77%	82%	75%	79%
	<25 retention rates	89%	89%	89%	88%	89%
	All SAC eligible students	87%	88%	87%	87%	86%
	<i>New Zealand university median</i>	85%	86%	85%		

Retention rates have generally exceeded expectations and have historically exceeded the sector median. The retention of Pasifika students reflects small numbers and remains volatile.

Under the heading of Challenge, the University has set targets in conjunction with Government that support the Tertiary Education Strategy Goals goals. The primary objective is to recover the student numbers towards levels achieved prior to earthquakes (approximately 14,000 EFTS by 2019) and to welcome them to an environment that supports students to achieve their potential.

Domestic students

The University has invested heavily in advertising and undergraduate scholarships to ensure that potential students are aware of the opportunities available at the University of Canterbury. The current offering known as UC7, identifies the five attributes of the Graduate Profile (discussed below) and also highlights the recreational opportunities (including over 140 student clubs and societies) and the support services that are available to support students through their programme of study.

Market research has provided valuable insights into the information required by prospective students and their parents. The presentations made to schools have been amended to include more targeted information. A 4.8% increase in total enrolments in 2017 was a positive endorsement of the actions taken and included a 3.8% increase in new to UC EFTS.

Competition for student enrolments is expected to intensify in the coming years. The University has responded to the challenge of increasing the number of student enrolments through a number of initiatives. National Certificate of Educational Achievement (NCEA) excellence and merit scholarships were continued for 2017 as research indicated financial support made a difference to a number of students decision to study in Christchurch. Targeted regional offerings have been made, such as the Go Canterbury initiative for Auckland and Wellington students, which generated significant interest.

Attracting additional students has put some pressure on the supply of accommodation. In 2017, the University opened the Kirkwood Avenue Hall 68 bed facility for self-catering students. The Hayashi complex is a new build of 16 two-storey townhouses and 10 studio apartments to accommodate students and couples. It comprises a total of 90 rooms, including 10 self-contained units, and three townhouses have wheelchair-accessible rooms and facilities. Each house will offer shared kitchen, living, bathroom, and laundry facilities. The first residents moved in during February 2018. It has also been noted that more rental properties are available than in previous years which has enabled students to find affordable accommodation closer to campus. The halls of residence on campus were generally oversubscribed. With the current market trends and the ongoing accommodation developments planned, off campus accommodation supply is unlikely to be an issue for students studying at the University. There is however a shortage of on campus accommodation for first year students and international students.

The University has recognised that the aspiration of some students cannot be realised on the basis of their academic results to date. This can be due to poor course selection, lack of base knowledge or inadequate academic results in required areas. TEC has previously indicated that universities not be providing sub degree tuition. The University of Canterbury has developed a programme in conjunction with Hagley Community College to allow students to undertake remedial study to prepare them for university. This programme delivered a success rate consistent with the prior year's results. The current outcomes are significantly better than those achieved prior to the implementation of the Hagley programme.

¹² Where possible confirmed TEC data has been referenced.

¹³ Updated since 2016 Annual report published.

¹⁴ Interim result to 23 January 2018.

Māori students

The South Island has a comparatively small Māori population (83,460 at 2013 census representing 8.3% of the population) distributed across a number of centres. The major concentration of Māori is in Canterbury (41,910 people living in the region). Taking a more targeted recruitment approach is expected to result in an increased number of Māori students enrolling at the University as evidenced by the 36% increase in first year Māori enrolments in the period 2014–17.

In 2012 Te Rautaki Whakawhanake Kaupapa Māori (UC Strategy for Māori Development) was launched in conjunction with and endorsed by Ngāi Tahu. A significant aim of the Strategy is to increase the number of Māori students enrolling and successfully completing study at the University of Canterbury.

In implementing Te Rautaki Whakawhanake Kaupapa Māori, the University has continued to engage with the community, schools and students. The support programmes continued in 2017 including community engagement activity, academic support and leadership development.

The University has proactively engaged with the wider community through the sponsorship of Māori student leadership events such as the Waitaha Manu Kōrero Māori speech competition and supported the facilitation of a leadership summit for 140 ākonga (students) studying in years 9 to 11 in collaboration with Te Tapuae o Rehua. The kaupapa of the initiative focused on personal leadership and cultural development. Students developed a plan to initiate and/or enhance Māori leadership within their schools, learnt new skills to best prepare for external examinations and set goals for themselves, both personally and for their education aspirations.

The UC Foundation has funded the implementation of the Māori Recruitment Strategy, to expand and enhance the recruitment activities targeting rangatahi in Canterbury. Ekea (launched in 2016) is a four-year programme of student engagement commencing in Year 10, targeting Māori students and building through to Year 13. Through a series of events over the student's secondary schooling, which build their academic achievement and develop familiarity with the University and its environment, the student will be well prepared to enrol in a programme of study of their choosing.

Ekea! is a Year 11 Māori Leadership Programme developed to respond to research conducted by Te Tapuae o Rehua which highlighted Year 11 as a critical year for rangatahi when deciding to commit to their education. The focus of this programme was around Māori Leadership and cultural identity. The two day programme had the theme Nō hea koe? Ko wai koe? E haere ana koe ki hea? (Where are you from? Who are you now? Where are you going?). The feedback from this cohort will inform future development of the programme.

Piloted in 2016 and expanded in 2017, Ekea? Āna is an NCEA homework programme. The initiative targeted Year 13 ākonga from schools that have a high population of Māori students who historically achieve NCEA Level 3 but not university entrance. The focus of the programme was to provide academic support through tutoring and workshops with a focus on NCEA exam preparation. The programme also included content aimed at enhancing personal resilience and increasing their sense of belonging on campus. Student feedback was positive. This programme will now be extended to include all local schools for ākonga in both years 12 and 13, as evidence suggested a need at both levels.

Significant resource has also been applied to providing information to Māori high school students. Activities have included scholarship question and answer sessions and information sessions provided by Māori university students for Māori high school students and their whānau. Where appropriate specialised campus tours have also been provided. All year 13 Māori students who apply to enrol are contacted and provided with personalised advice and assistance with their programmes. This cohort is provided with assistance to ensure that their workload and subject choices are balanced to optimise their academic outcomes.

In 2015, the Māori Development Team (MDT) established a mentoring programme, for which all Tuākana¹⁵ take part in Tauira Tū, Tauira Ora, a version of Tangata Tū, Tangata Ora¹⁶ tailored to their role as mentors. There is also increased collaboration with other University mentoring programmes to ensure improved outcomes for students. MDT initiatives that focus on transition and success have contributed to the increase in Māori student retention, the 82% of Māori students retained in 2017 compares favourably with the retention for all students at the University.

As a result of the activities, 2017 saw a 5.5% increase in the number of Māori students enrolling. This increase was driven in part by an increase in retention rates, which have exceeded expectations.

¹⁵ Mentors.

¹⁶ Tangata Tū, Tangata Ora is a programme that seeks to develop the ability of participants to interact respectfully and effectively with people from a background that is different from their own. It goes beyond an awareness of or sensitivity to another culture, to include an ability to utilise that knowledge in cross-cultural situations and to develop and implement processes, procedures and practices that support the delivery of culturally competent and appropriate services.

Pasifika students

The South Island has a very small Pasifika population (21,132 at 2013 census representing 2.1% of the population) distributed across a number of centres. The major concentration of Pasifika is in Canterbury (12,720 people living in the region). Taking a more targeted recruitment approach is expected to result in an increased number of students enrolling at the University.

The UC Pasifika Strategy 2014–2018 was developed in consultation with the various Pasifika communities and launched in November 2014. This strategy outlines the aspirational goals of the University and the Pasifika community for Pasifika students based on the core themes of Connect, Confidence, Challenge, Concentrate and Contribute.

In 2017 Pasifika domestic enrolments were consistent with the 2016 level but exceeded the target enrolment level. Pasifika students now comprise 3.0% of the total student population and further growth is expected.

The implementation of the Pasifika Strategy has seen enhanced initiatives aimed at attracting Pasifika students, including targeted scholarships and dedicated liaison staff working with university ready students through targeted secondary schools to the UC Me XL outreach programme. The programme was initially developed in the post-earthquake environment, to assist high school students who did not have study space available at home. UC Me XL is a two-week holiday programme on campus designed to support students studying NCEA levels 1–3. In 2018, it is planned to extend this programme to years 9 and 10 students. There are now students from 19 schools in Christchurch participating in the programmes. Auckland is also a target market for the recruitment of additional Pasifika students.

UC Pacific Mentoring Programme (UCP) is a one-to-one, peer support programme for all Pasifika students in their first year of study. By connecting with a mentor, first-year students receive direction, encouragement, motivation and, most important of all, friendship.

All mentors are senior students with a strong understanding of university life through their own personal experiences and knowledge. They are committed to providing students with the advice and support they need throughout the year in order to succeed at the University. To access the UCP Mentoring programme, students must be enrolled as a Pasifika student at UC and register with the programme. All first-year UC Pasifika students are assigned a mentor on registration.

Participants in Pasifika Academic Solutions and Success (PASS) programme can access individual and group tutorials for specific first-year courses. The resources allocated to the programme increased in 2017 and the feedback from the students was positive. Preliminary results indicate that the academic performance of PASS participants have been higher than would be expected when compared with the achievements of cohorts who were not supported in this manner.

International students

While the proportion of full-fee international students enrolled is important to the financial sustainability of the University, their presence also enables our domestic students to glean an understanding of other cultures through engagement with classmates from other countries and cultures.

The International Growth Strategy details how international students will be attracted to study in Christchurch. The strategy has seven components.

1. Develop programmes with international appeal. Strong demand has been identified for postgraduate education, particularly taught masters. Programmes such as Māori and Indigenous Leadership, Policy and Governance, International Relations and Diplomacy, Financial Management and Financial Engineering have been launched as a response to student and industry demands.
2. Ensure students have a world-class experience at UC. The University of Canterbury was ranked 214th¹⁷ in the world which is in the top 1%. A total of 17 subject areas are ranked in the QS top 200. The University was also the first New Zealand institution to achieve five stars in the QS STARS rating, which reflects the relative quality of universities.
3. Ensure that our fees are competitive. UC international fees are benchmarked against those charged by similar institutions domestically and internationally.
4. Develop competitive packages for international students, including accommodation and fee packages in specified areas.
5. Optimise recruitment channels. The collaboration with Navitas (an international education provider working through 120 institutions in 31 countries) has enhanced the University's presence in target markets and is complemented by a group of Christchurch-based country managers. In 2017 the University also appointed representatives who are based in key target markets.

¹⁷ QS World University Ranking 2017/2018.

6. Managing the pipeline and conversion of application. The systems and processes relating to student applications are subject to ongoing review and refinement to deliver an improved level of customer service.
7. Enhancing the UC brand. A strong brand will ensure that international students are aware of and will continue to perceive the University of Canterbury as provider of a world class educational experience.

These strategies will form the main thrust of continuing international recruitment in the next three years.

The outlook for 2018 is positive as applications to enrol exceed prior years with an increase of 7.0% applications from new domestic students and 6.0% from new international students over the prior year at the same time (week 19 of the enrolment cycle).

Graduate profile

To be successful the University must rebuild domestic student enrolments to at least the pre-earthquake levels. To differentiate the University of Canterbury graduate from those who study elsewhere, the University has implemented a graduate profile outlining a package of specific competences that all undergraduates will be able to participate in developing. Each of the attributes is championed by a senior management team member.

Competence	Learning Objective
Critically competent in a core academic discipline of their degree	Students know and can critically evaluate and, where applicable, apply this knowledge to topics/issues within their majoring subject.
Employable, innovative and enterprising	Students will develop key skills and attributes sought by employers that can be used in a range of applications.
Biculturally competent and confident in a multi-cultural society	Students will be aware of, and understand the nature of biculturalism in Aotearoa New Zealand and its relevance to their area of study and/or their degree.
Engaged with the community	Students will have observed and understood a culture within a community by reflecting on their own performance and experiences within that community
Globally aware	Students will comprehend the influence of global conditions on their discipline and will be competent in engaging with global and multicultural contexts.

This graduate profile has been developed in conjunction with employers, key stakeholders, academic staff (both internal and external) and student representatives.

Critically competent in a core academic discipline of their degree

To ensure that students are competent in their chosen academic discipline, it is essential that they receive quality teaching. Quality assurance of teaching is guided by the following principles (these apply to all quality assurance processes at the University of Canterbury):

- consistency
- accountability
- efficiency
- flexibility and
- culture and understanding.

Teaching quality is one of the hardest aspects of university activity to measure. In 2017 the independent rankings agency QS ranked the University of Canterbury 210th in the world for academic reputation¹⁸. This measure provides a 'sense of consensus of opinion amongst the international academic community'¹⁹.

¹⁸ QS 2017/2018 World University Ranking.

¹⁹ www.topuniversities.com/university-rankings-articles/world-university-rankings/qs-world-university-rankings-methodology.

Quality assurance of teaching, encompasses all aspects pertaining to the delivery of teaching and course material to students; this includes what is taught, how teaching is undertaken, who teaches and how well, where teaching occurs and how effective it is, and when teaching occurs. Much of this is conducted at a school or departmental level with an expectation of annual and formal quality assurance through the five-year qualification review cycle.

Quantitative measures used in the quality assurance processes are conducted or coordinated by Academic Services and include:

- Student Evaluation of Teaching (SET) surveying — course, teaching and programme surveys.
- Student Experience Surveying — UCount and UCPEQ surveys that focus on environmental issues, infrastructural and ancillary teaching support.
- Graduate Destination Survey which is increasingly focusing on skill acquisition and development.

Overall results are provided to the Head of Department/School, the respective Pro-Vice-Chancellors as executive and academic leaders of the colleges, and the Assistant Vice-Chancellor (Academic) who has the institutional responsibility for academic quality.

The University Council has sponsored teaching awards that recognise sustained excellence in the area of teaching. The criteria for excellence are strict and as a result an award is not made every year. Associate Professor Ekant Veer, from the Management, Marketing, and Entrepreneurship department, was awarded the Teaching Medal for 2017. Associate Professor Veer is regarded as an innovative teacher who is passionate about teaching and enabling his students to apply their theoretical knowledge to real world problems to create practical, digital marketing solutions for companies. His work is also used as teaching material in many different contexts beyond his influence with UC students — locally as part of Canterbury District Health Board training about public health and health promotion, nationally by the New Zealand Red Cross and internationally through his lectures on teaching effectiveness across Australian universities. Associate Professor Veer has a track record of teaching excellence, both in New Zealand and prior to that at the University of Bath in the United Kingdom. He has previously been recognised with a UC Teaching Award and five Lecturer of the Year Awards from the UCSA since he joined the University in 2010.

All colleges and the majority of schools and departments have an external advisory board that provides feedback from the community (employers, professional and other interested bodies). This feedback assists in ensuring that the academic programmes are relevant to the community beyond academia.

Retention of students for further study is a key performance indicator which our students continue to rank highly when compared to other institutions by the Tertiary Education Commission.

Employable, innovative and enterprising

Under this attribute students are expected to develop skills that are transferable between workplaces. The core skills to meet this attribute are:

- working effectively and professionally with diverse communities
- communication
- analytical, critical thinking, and problem solving in diverse contexts
- digital literacy
- innovation, enterprise and creativity.

These skills can be honed in a variety of ways and will be tailored to fit different academic programmes. Opportunities include internships, placements, field trips, experiments, real world problem solving and project work. Importantly students must also be challenged to reflect on their experience and be allowed to articulate what they have learned through feedback or assessments.

To ensure that students are more employable a range of initiatives has been developed and implemented, with significant input from employers from a range of industries. From 2015, initially as part of a pilot programme, first year students have had the opportunity to have their non-academic experience and competencies independently validated and documented in a co-curricular record that can be shared with employers. A co-curricular record shows not-for-credit activities, such as leadership roles in clubs and societies that the student has been involved in. It could also include volunteering experience and approved work experience. The initial pilot participants graduated in 2017. As part of the pilot, feedback from employers will be sought in 2018. In the interim, a number of employers have provided positive ad hoc feedback on the content and layout of the record. There is a general consensus that the linking of the activities to the graduate profile is very useful. The UC Co-curricular Record had over 1,100 students registered at the end of 2017, with 40 validated activities that students can opt into.

Following on from the 2016 win in the Formula SAE Australasia competition, an electric car, designed and built by a team of eight Engineering students, was awarded the prestigious Design Award at the Asian leg of the Shell Eco-Marathon in Singapore. The students competed with hundreds of other students to design, build and drive the most energy-efficient car. The primary goal of the competition is not to break speed records or finish first but to build a vehicle that can last the longest on as little fuel as possible. In a world first, the UC students produced an electric vehicle made entirely from thermoformed plastic sheets, including the chassis and the outer panels. Judges described its build quality as the best they had ever seen and, in winning the Shell Eco-Marathon Design Award, the team received US\$3,000 and a large trophy. The team produced a car largely made of a common thermoplastic. The material was easy to work with, light, low-cost, and easy to re-use. The team's approach to the competition transcended the challenge of minimising energy use by focusing on how the materials we consume have an impact on the environment too. The eco-car's design paid due care to driver safety and comfort, and the car itself was commendably well finished and built to the highest standard.

The University supports the development of entrepreneurial thinking through the UC Centre for Entrepreneurship in the College of Business and Law. One of the key programmes is known as Entré. In the Entré programme, students are encouraged and supported to explore business ideas. Entré is a not-for-profit University of Canterbury company, run by students for all tertiary students in the Canterbury region. Entré exists to foster an entrepreneurial spirit, to encourage innovation and creativity and to educate students on the basic elements of business development. Through competitions, educational workshops and networking events, entré seeks to provide students from all disciplines with real business-world experience. Entré is committed to providing students with hands-on opportunities and industry exposure - things that are not provided in the lecture theatre. Entré also hosts entré for lunch, a series of business seminars designed to cover the basic knowledge essential to an entrepreneur. Presented by industry experts, each seminar provides relevant and practical knowledge for students endeavouring to enter the business world. The sixth Entré \$85K Challenge was run in 2017. Entrants go through the process of developing a product or business idea, during which they receive business world experience, guidance and mentoring from industry professionals. The overall winner, selected from the 11 finalists, was Zoe Haws, founder of Talk Town Ltd, an online game designed to help deaf children improve their self-advocacy and communication skills and to engage with their hearing classmates. Second place went to Josie Milton and Isabelle Smith, founders of The Monthly Club, a social enterprise delivering organic tampons 'to your door' through an online subscription service. With every order sent, the enterprise donates a box of tampons to disadvantaged girls and women via its charitable partner Aviva. Third place went to Jacob Bignell, founder of Eden Orchard a family business producing pure, sweet cherry juice with no added sugars, colours, flavours or preservatives.

The New Zealand Transport Agency (NZTA) and the University of Canterbury Centre for Entrepreneurship (UCE) came together to deliver the NZTA Kaikōura Challenge. The challenge aimed to provide much-needed assistance to our Kaikōura neighbours after the earthquake of November 2016. Kaikōura has long been dependent on visitors for its economic well-being due to its position as a thoroughfare to and from the Nelson and Marlborough regions, as well as a destination for coastal and marine tourism. Significant road damage, confusion and uncertainty surrounding road access, and concern for safety resulted in a drastic drop in visitors to the region. Consequently, the livelihoods of Kaikōura business owners and residents were at risk. The challenge provided a unique opportunity for UC students to make a positive difference to a community in need. The solutions they developed have the potential to have a real impact on the economic and social well-being of Kaikōura residents both now and in the years to come. The Challenge also provided a platform to build key skills and knowledge that will benefit their careers including teamwork, creative thinking, strategy development, community development, networking, stakeholder engagement, and presenting. The winning solution was *Kaikōura by Night* a programme of three events over July and August including a Night Market, Coastal Sparks and Lights by the Sea. This solution aimed to utilise existing spaces available in Kaikōura and fills the gaps in existing events programmes to incentivise locals and domestic visitors to get out and about in Kaikōura over the winter months. This solution provided a much needed draw to encourage visitors during the quiet, winter season.

Biculturally competent and confident in a multi-cultural society

An overarching goal is that all University of Canterbury programmes will have learning objectives that support cultural confidence and competence in graduates, thus providing a unique skill set valued by employers locally and globally. The University has a memorandum of understanding with Ngāi Tahu and is working cooperatively with the iwi to create many valuable outcomes for both parties. In 2012, Te Rautaki Whakawhanake Kaupapa Māori was developed in consultation with Ngāi Tahu and adopted by the University Council. One of the six areas of development is Hōtaka Kōunga (Quality Programmes). The objective is to incorporate Mātauranga Māori (an indigenous perspective) into all undergraduate programmes of study. The initial review of all undergraduate programmes has been completed. The initial implementation of changes to programmes is progressing and will be completed in 2018. It should be noted that the review process will be ongoing over the coming years and further evolution is expected.

Cultural competence and confidence comprise the ability to interact confidently and appropriately with people from a backgrounds that is different from one's own. It goes beyond an awareness of or sensitivity to another culture to include the ability to use that knowledge in cross cultural situations. At an institutional level it includes the developmental processes procedures and practices that support culturally competent and appropriate services. The objective is to allow each student to have adequate opportunities to engage with content activities and experiences to the extent that they develop bicultural competence and confidence and understand how this attribute is relevant to their chosen discipline or career by the time that they graduate.

Engaged with the community

The community engagement attribute is led by the UC Community Engagement Hub based in the College of Education, Health and Human Development. In the aftermath of the 2011 earthquake, University of Canterbury students played a significant role in meeting the needs of the community through the Student Volunteer Army (SVA). Subsequently, the staff and students collectively determined that the SVA ethos should become a formal part of the University's future direction and was incorporated into the graduate profile. Community engagement is embedded in the curriculum through service learning courses and internships where academic content relevant service and critical reflection are implemented. Professional placements in programmes such as Education and Engineering can also meet the objectives of community engagement.

An example of community engagement activities within an academic programme is the minor in the Bachelor of Arts in Professional and Community Engagement (PACE). PACE has three components: an internship with a business or community organisation, a related academic research element, and weekly group sessions where students reflect on their experience. Students have the opportunity to work with business and community organisations to provide productive and strategic outcomes on real world projects. They gain valuable work experience, academic research experience and training in critical reflection, report writing, presentation and communication skills. These are the skills that employers value and desire to see in new graduates.

Globally aware

The Globally Aware attribute is approached from a bicultural standpoint – globally aware and locally rooted. Consequently it has a similarity with the Biculturally Competent and Confident attribute. In this way the many cultural influences on an individual can be acknowledged (for example culture of country, culture of discipline, culture of institution). Students are expected to develop:

- an understanding of the global nature of one's discipline
- the ability to engage critically and effectively in global and multicultural contexts.

Learning outcomes, through which students can demonstrate their successful fulfilment of this attribute, are intended to link to these themes and relevant assessment. Fulfilling this attribute cannot be accomplished in one course. It will take time to develop and will require multiple opportunities for students to broaden and deepen their knowledge and skills.

The University exchange programme provides additional opportunities for students to have an international experience what they choose to study. The programme provides opportunities for students to do a semester's study abroad to gain experience of working and living in different cultures. The network of more than 60 exchange partnerships is already in place with overseas universities. There is a growing trend to include short term international study tours as field trips during recess or summer breaks. Depending on the courses taken, students have the opportunity to travel to Asia, Europe, North America, Australia and Antarctica.

The portfolio of international relationships has now been expanded to include a number of opportunities with Mahidol University (Thailand). Mahidol students undertake internships in New Zealand coordinated by the University of Canterbury. Likewise, University of Canterbury students undertake internships in Thailand coordinated by Mahidol University, including a six-week internship programme with local organisations including businesses and non-government organisations, which provides an opportunity to gain valuable experience living and working in an international and intercultural environment.

Internationalisation and global awareness is so much more than drawing full-fee paying students to UC. Opportunities that create learning opportunities with academic frameworks for learning and leveraging our partnerships are important parts of delivering this attribute of the graduate profile.

Priority Objective 2: Concentrate

Enhancing the quality and impact of research outputs

Research Outputs		Actual 2014	Actual 2015	Actual 2016 ²⁰	Actual 2017 ²¹	Target 2017
Impact	Output commitments					
Increased research degree completions and external research income	Number of research degree completions	415	425	436	431	435
	External research income excluding PBRF	\$26.7m	\$27.4m	\$30.9	\$34.4m	\$27.2m

The post-earthquake environment has provided unique opportunities for research in a number of fields which has resulted in increased numbers of students enrolling in research degrees.

Postgraduate enrolments		Actual 2014	Actual 2015	Actual 2016	Actual 2017	Target 2017
Impact	Input commitments					
Increased postgraduate enrolment	Postgraduate taught EFTS	1,109	1,481	1,636	1,752	971
	Postgraduate research EFTS	1,113	1,173	1,141	1,174	1,096
EFTS.	Total postgraduate EFTS	2,222	2,654	2,777	2,926	2,067

The number of taught postgraduate enrolments has been primarily driven by interest in taught Masters programmes.

Māori and Pacific Research Students		Actual 2014	Actual 2015	Actual 2016	Actual 2017	Target 2017
Impact	Input commitments					
Increased postgraduate enrolments on the part of key priority learner groups	Māori postgraduate research students as a proportion of total Māori EFTS	4.7%	4.3%	4.8%	5.9%	4.6%
	Pacific postgraduate research students as a proportion of total Pacific EFTS	4.6%	4.2%	3.8%	4.3%	3.6%

The population of Māori and Pacific students is small so minor movements in enrolment have disproportionate impact on the performance metrics.

Research outputs

The number of research degree completions was consistent with the highest ever reported in 2016. The research revenue excluding Performance Based Research Funding continues to grow with the total earned in 2017 being 11.3% greater than the previous year.

Postgraduate students

Despite the growth in the total number of students enrolling, the number and proportion of postgraduate students increased at a faster rate over the past three years. Currently over 1,000 doctoral candidates are at the University. The increase in doctoral enrolments is driven in part by the University's involvement in the National Science Challenges and Centres of Research Excellence.

In addition to increasing the number of research degrees enrolments, the University has continued to develop and promote new professional masters qualifications. In 2017 a further five professional masters degrees were offered for the first time. The subject areas included Māori and Indigenous Leadership, Policy and Governance, International Relations

²⁰ Updated since 2016 Annual Report published.

²¹ Interim result to 23 January 2018.

and Diplomacy, Financial Management and Financial Engineering. These qualifications have attracted significant interest from international students and increasingly from domestic students which has seen the overall number of postgraduate enrolments (EFTS) increase by 5.3% from the previous year.

The proportion of postgraduate students from priority groups is also increasing beyond expectations. There was a 27% increase in the number of doctoral candidates identifying as Māori enrolled in 2017 and a 38% increase in the number of Pasifika doctoral students. Of the 10 most prestigious scholarships offered by the University, Māori students secured six.

Research developments

The University of Canterbury has been pursuing a collaborative research strategy since 2012. It has become known as a great collaborator and has come to understand the need and opportunity afforded by a more collaborative model of engagement. The origins of this strategy lie in the response to the 2010–11 Canterbury earthquakes.

The reputation of the University's research staff as valued collaborators and contributors is evidenced by the record levels of research funding received in 2017, financial participation in nine of the 11 National Science Challenges, in roles from the directorate level to research support, and leadership or partnership in the 10 Centres of Research Excellence (CoRE). The University holds 68 National Science Challenge contracts worth \$23.1 million and 42 CoRE contracts worth \$27.2 million.

Recognition of research leaders

The University Council continues to encourage and recognise leading researchers through the awarding of the Innovation Medal for “the active transformation of academic knowledge and ideas leading to their adoption by the wider community” and the Research Medal for “excellence in research”. The criteria for the award of the medals set a very high bar. In 2017 the nominations for the Innovation Medal did not meet the criteria and accordingly no award was made.

The Research Medal was awarded to Distinguished Professor Geoffrey Chase, (Mechanical Engineering) who specialises in dynamic systems modelling and control applied to medicine and structures. His pioneering work has real-world impact that ranges from intensive care medicine for babies to earthquake engineering. Professor Chase initiated, developed and successfully applied a novel area of bio-engineering research with a very strong clinical-applications focus called Model-Based Therapeutics (MBT) for cardiovascular diagnostics. He is a pioneer of MBT and the first to use virtual (computer-based) trials to design a therapeutic protocol that is now a regular standard of care in New Zealand, parts of the European Union, and Malaysia. His research also pursues solutions in many other areas of medicine, which include clinical practice changes in the neonatal ICU for glycaemic control and novel very low-cost methods of diagnosing type 2 diabetes before the ability to intervene and reduce long-term costs is passed, and low-cost and non-invasive means of breast cancer diagnosis.

Professor Steven Ratuva has won a prestigious Fulbright New Zealand Senior Scholar Fellowship to carry out research as a visiting professor in the United States of America. The Fulbright Senior Scholar award is the most prestigious academic fellowship offered by the United States for the world's leading academics to carry out research or teaching in United States universities. The Fulbright award followed a rigorous and highly competitive process of research assessment, review and interview and is in recognition of Professor Ratuva's international research expertise as an interdisciplinary social scientist. He was investigating affirmative action policies relating to Pacific Island minorities in the United States and New Zealand and their impact in addressing group inequality.

Professor Brendon Bradley (Civil and Natural Resources and co-Director of QuakeCore) was a major winner in the New Zealand Prime Minister's Science Prizes, being awarded the Prime Minister's MacDiarmid Emerging Scientist Prize at a gala function. The award is for his world-leading research on seismic deformation and impact on engineering structures and infrastructure. The research is already being used to set new building design codes internationally, and places emphasis on more robust designs for buildings and infrastructure of critical importance, such as hospitals, telecommunications headquarters and office blocks occupied by large numbers of workers. Several major rebuilding projects in Christchurch are being influenced by his findings, with an expected trickledown effect as these new, advanced methods of engineering become the norm.

The UC Quake Centre was established in response to the Canterbury earthquakes, to deliver advanced engineering solutions to improve the resilience and sustainability of New Zealand's buildings infrastructure. It will benefit in this year's MBIE Partnerships Scheme investment funding round to the tune of \$12 million. The project, titled “Building Innovation: Infrastructure Systems Engineered for Improved Value and Resilience”, is led by UC Quake Centre Director Dr Robert Finch with UC's Ada Rutherford Professor of Architectural Engineering Larry Bellamy as the Science Leader. The award will amount to \$5 million over seven years, plus significant co-funding of \$7 million. The project means both industry and Government can now work together to drive research outcomes that will change and improve the performance and affordability of infrastructure development in New Zealand over the long term.

Priority Objective 3: Connect

Maintaining strong, collaborative and mutually beneficial relationships with stakeholders

Relationship with Alumni and Supporters		Actual 2014	Actual 2015	Actual 2016	Actual 2017	Target 2017
Impact	Input commitments					
Strengthened relationships with alumni and supporters	Income through UC Foundation to UC	\$2.3m	\$4.1m	\$3.2m	\$9.6m	\$3.7m
	Proportion of alumni with current addresses (electronic or physical)	52%	53%	61%	65%	65%

Increasing emphasis on philanthropic donations has resulted in the UC Foundation being able to support an increased number of activities across the University. The strategy to engage with alumni has resulted in a significant increase in the proportion.

International Engagement		Actual 2014	Actual 2015	Actual 2016	Actual 2017	Target 2017
Impact	Input commitments					
Enhanced international connection	Visiting Fellowships awarded	69	72	87	81	75
	Take-up of outgoing awards	25	20	29	24	25

A number of awards made in 2015 were deferred until 2016, resulting in record numbers of exchanges.

Industry Engagement		Actual 2014	Actual 2015	Actual 2016	Actual 2017	Target 2017
Impact	Input commitments					
Increased revenue from providing services to Industry	Revenue derived from consulting activity	\$3.4m	\$3.6m	\$4.1m	\$4.3m	\$4.0m

Māori

The University of Canterbury is committed to responding to its obligations under Te Tiriti o Waitangi and its role in contemporary Aotearoa. The University has a unique commitment to graduating students who demonstrate bicultural competence and confidence and who will be successful in a bicultural Aotearoa (Māori and non-Māori) and a multicultural world. The University is now focused on cementing the relationship with Ngāi Tahu through the implementation of Te Rautaki Whakawhanake Kaupapa Māori (UC Strategy for Māori Development).

The Bicultural Competence and Confidence Framework was developed in 2015 and supports the University to develop curricula, activities and experiences that relate to the Graduate Profile attribute of Bicultural Competence and Confidence. The implementation of this framework commenced in 2016 facilitating the development of content, pedagogy, activities and experiences integrated into curricula in programmes of study. The overall aim is that the community is confident that our graduates cross the stage having fulfilled the aspirations outlined in our Graduate Profile, and with particular reference to this attribute, having had ample opportunity to develop bicultural competence and confidence as it relates to their chosen discipline and recognise how this will contribute to their future careers, whether in the setting of a bicultural Aotearoa New Zealand or an international context. This is tied to inclusiveness, to enabling multiple perspectives of society and to acknowledging the role of graduates amongst these communities. The knowledge and skills instilled through this attribute will ensure that University of Canterbury graduates are able to engage effectively in our multicultural society and have a distinctive and unique perspective for employment locally, nationally and internationally.

The University launched Kia Ngaringari (a pilot initiative to recruit additional Māori staff) in 2017. The long term objective is to ensure that the proportion of Māori staff members is at least comparable with that of Māori in the wider community. Use of te reo Māori at the University continues to increase. The Senior Management Team has taken the lead in championing the use of te reo by using part of their regular meeting as an opportunity to practice use of mihi and appropriate pronunciation. Weekly waiata sessions have been instigated by the Māori Students Development Team and regularly attract more than 40 participants.

Pasifika

The UC Pasifika Strategy 2014-2018 was developed in conjunction with the Pacific communities. Through the process of consultation the University response to the aspirations of the communities was formalised. To ensure that the relationship and progress on the implementation of the strategy continue the Pacific Peoples' Advisory Committee and the Pasifika Strategy Advisory Group were formed. These groups continue to meet regularly and provide a forum where the community and senior University managers are able to address concerns and provide feedback. In addition, 2017 also saw the appointment of the first Kaiārahi Pasifika in the College of Education, Health and Human Development. The role is to champion and support the incorporation of Pasifika perspectives in the development curriculum in the College.

Canterbury

The UC Futures programme has provided a broad platform for engagement with a wide range of stakeholders. The relationship with industry has strengthened appreciably as the University has sought to define its role in the Canterbury recovery. The University of Canterbury's role in the recovery of the region is multifaceted:

- a provider of skilled labour
- a source of solutions to problems through research expertise
- a generator of economic activity.

The University has had and will continue to have a close connection to the city of Christchurch. The University will contribute up to \$15 billion to the local economy in the period 2014-2024 and is a major source of economic activity in the city. The University returned to remediated space in the Arts Centre. The Classics and Music Departments have occupied the Chemistry Building on the former University of Canterbury site. Music students offer regular lunchtime concerts which provide public entertainment as well as experience for the students performing in front of a live audience.

The University has also enhanced its presence in the city through participation in the Health Precinct where clinical teaching will be co-located with the clinical services of the Canterbury District Health Board. The University also has a role in the SIGNAL ICT Graduate School located in the Innovation Precinct.

The University attracts thousands of students, staff and visitors to Christchurch every year. As a result its contribution to the economic activity of the city is in excess of \$1.5 billion per annum. This figure does not include the hundreds of millions of dollars that will be spent in the capital development and remediation, funded by Government and the University. For 2017 the average capital expenditure was almost \$3.2 million per week.

Industry

The University is also one of the largest employers in the city. University of Canterbury knowledge has always fuelled Canterbury's economic engine. The University has been involved in the recovery since the earthquakes, helping provide an intelligent and innovative response. The earthquake related work is ongoing and has expanded as the University hosts the government funded Centre of Research Excellence — QuakeCoRE.

The opportunity for further engagement with the Information and communications technology (ICT) industry has arisen as the University has a lead role in developing the SIGNAL ICT Graduate School with a range of industry and educational partners (Ara Institute of Canterbury, Otago Polytechnic, Lincoln and Otago Universities). Enrolments in 2017 were less than expected but the 2018 enrolments are expected to show an increase over the prior year. Students from a variety of academic backgrounds will have the opportunity to study a programme providing a practical learning experience that will prepare them for employment in the ICT industry. The school is overseen by an independent Board (the majority of which are from industry) led by Dr David Band, a professional director with a background in both international business and academia.

The University has a multi-faceted relationship with industry based primarily around the research activity and the graduates produced. In 2017, the University of Canterbury was ranked third in New Zealand for employer reputation²². This ranking shows that University of Canterbury graduates are readily accepted by employers. The staff of the University also offer consultancy services through the University. The value of the services provided continues to steadily increase as the University strengthens its relationship with industry.

The University continues to expand the scope of its engagement with industry. In 2017 the University, with the support of Christchurch International Airport Ltd concluded an agreement with China Southern Airlines to support the University of Canterbury Mount John Observatory in Tekapo. In parallel with this arrangement are existing commercial relationships to promote astro-tourism including Earth and Sky Ltd and Ngāi Tahu Tourism.

²² QS World University Ranking 2017/2018.

International

The University currently maintains active relationships with over 100 partner universities representing all continents. These relationships can include a wide range of activities such as research, intellectual property licences, teaching, and student and staff exchanges. Through the generous bequest of alumnus John (Jack) Erskine, a trust fund was established in what was then Canterbury University College. Initially income from the trust fund was to be used to pay the fares and reasonable travelling expenses of members of the teaching staff to other countries to enable them to increase their knowledge in any subject taught in the Science, Engineering or Commerce faculties and better enable them to teach those subjects. The second use of the fund was to bring international teachers to the University. In later years the programme has been widened to include all disciplines taught at the University of Canterbury.

The University of Canterbury is a member of the global AC21 consortium. The consortium members are committed to innovation in education, research and academic governance through collaborative action. The AC21 members are also committed to undertaking projects involving collaboration between industry, academia and government. Drawing on the wider pool of international expertise of the members is expected to provide more effective results than could be achieved through the efforts of individual members.

Alumni

The alumni are an increasingly valuable resource to the University. Support from the alumni has ranged from letters of endorsement for the UC Futures project to contributions for scholarship funds and the funding of the homework academies. The University has a current relationship with 65% of its living alumni. With the use of social media and an on-going recruitment programme it is expected that this number will increase over time. Regular contact is made with as many alumni as possible through face to face networking events in New Zealand and overseas, regular email and social media outreach, and the traditional printed publications. The University of Canterbury Foundation and its sister foundations in North America and the United Kingdom raised almost \$11 million in 2017, of which some \$9.6 million was transferred to the University.

The University of Canterbury Students Association (UCSA) in conjunction with the University, is running an appeal to the alumni to assist in rebuilding the UCSA building. The building was deemed not fit for purpose after the earthquakes and had been unoccupied since February 2011. Demolition was completed in December 2016. Construction of a new fit for purpose building commenced in 2017. The new building will be named Haere-roa, which translates to the longest stream or the long wanderer. It recognises the UCSA as a space that hosts and welcomes people. The name has been gifted to the UCSA by mana whenua, Te Ngāi Tūāhuriri Rūnanga, and is linked to the Ōtākaro Avon River, which flows past the UCSA building site.

2017

Appropriation Statement Te Tauākī Pūtea Tāpui



Appropriation Statement

Te Tauākī Pūtea Tāpui

Vote Tertiary Education – Support for the University of Canterbury

The University of Canterbury is required to present end-of-year performance information for reporting on the 2016/17 Appropriations. This report is presented as at 30 June 2017.

Scope of Appropriation

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

Purpose of Appropriation

This appropriation is to achieve effective investment in rebuilding the University of Canterbury's Science and Engineering facilities. The appropriation is for financial support in the rebuilding of those facilities (subject to achievement of agreed targets and milestones), with a total of \$210 million being appropriated as at 30 June 2017¹. A further \$50 million is expected to be appropriated for 2018/19, subject to certain conditions being met, in the 2018/19 appropriations.

Output performance measures and standards – performance for the period ended 30 June 2017

Performance Measure	Budget standard 2016/17	Actual performance 2016/17	Comment
Achieving business case milestones in building science and engineering facilities	100%	96%	<p>Partially Achieved</p> <p>At 30 June 2017 the Science facility construction project had experienced programme delays for Stage 1, and was forecasting some increased cost over budget for Stages 1 and 2 together. Stage 2 commenced in October 2017 with work on the demolition of the von Haast building. New milestones were agreed with the Governance Oversight Group and cost reductions are being reviewed across both Stage 1 and Stage 2.</p> <p>At 30 June 2017 the Engineering facility was behind on both financial targets and programme delivery targets. A revised budget and new milestones were agreed with the Governance Oversight Group.</p> <p>See also 'subsequent events' below</p>

This Appropriation is limited to capital expenditure on the Science and Engineering Facilities at the University of Canterbury, shown below as at 30 June 2017:

Components of the Appropriation	Actual 2015/16 \$000's	Budgeted 2016/17 \$000's	Actual 2016/17 \$000's	Notes
Construction	85,000	15,000	15,000 ²	1

Notes

- The University delivered the Rutherford Regional Science and Innovation Centre Stage 2 Business Case to the Minister for Tertiary Education in August 2016 in line with the agreed milestone. Subsequently, the Ministers for Treasury and for Tertiary Education approved the release of the remaining \$15 million, received by the University on 25 November 2016.

¹ \$10 million in 2013/14, \$100 million in 2014/15, \$85 million in 2015/16 and \$15 million in 2016/17.

² The University spend on the Science and Engineering facilities as at 30 June 2017 was a cumulative \$307.468 million, and as at 31 December 2017 was a cumulative \$335.161 million.

Subsequent events

Building completion

The Rutherford Regional Science and Innovation Centre Stage 1 was completed in 2017 and is fully open to students for semester 1 2018, with the first class run in the building for the 2017/18 UC Summer School starting in January 2018.

The final tranches of the Canterbury Engineering the Future project are being completed in early 2018 and are expected to be open to students for Semester 1 2018. The majority of the buildings in the Engineering Precinct were completed prior to 31 December 2017 and are now in use.

Governance

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

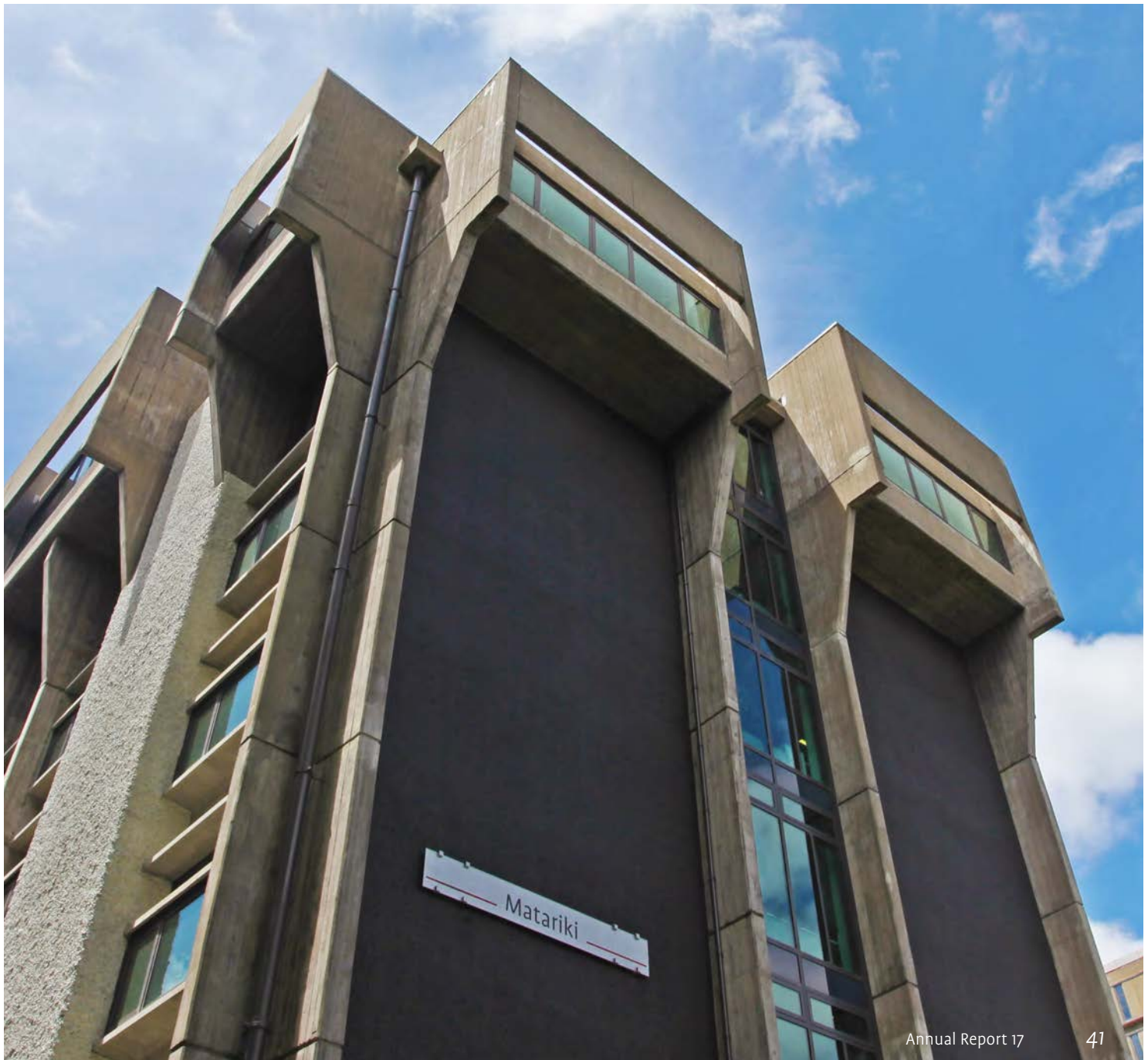
Council receives regular reports on progress against the Funding Agreement targets and milestones. A separate Governance Oversight Group (GOG) has also been established as part of the Funding Agreement. This Group consists of three members of the University Council, three Crown representatives — one from the Ministry of Education and two from the Tertiary Education Commission— and an independent chair.

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

The GOG is able to vary milestones where best endeavours have been demonstrated and matters are beyond the control of the University to influence further.

2017

Annual Financial
Statements
Ngā Tauākī
Ahumoni ā-Tau



Statement of Accounting Policies

For the year ended 31 December 2017

REPORTING ENTITY

The University of Canterbury group is domiciled and operates in New Zealand and consists primarily of the University of Canterbury and its subsidiaries Canterbury Limited and Entré Limited (together 'the University'). Full details of the University and its subsidiaries are shown in Note 9.

The relevant legislation governing the University's operations includes the Crown Entities Act 2004, the Education Act 1989, and the Financial Markets Conduct Act 2013.

The University is a Tertiary Education Institution. The primary objective of the University is to provide education services for the benefit of the community, rather than make a financial return. The University has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of the University are for the year ended 31 December 2017. The financial statements were authorised for issue by Council on 28 February 2018.

BASIS OF PREPARATION

Statement of compliance

The financial statements of the University have been prepared in accordance with the requirements of the Crown Entities Act 2004, the Education Act 1989, and the Financial Markets Conduct Act 2013, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared on a going concern basis and in accordance with Tier 1 PBE accounting standards, which have been applied consistently throughout the period.

These financial statements comply with PBE accounting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).

Budget figures

The budget figures are approved by the Council prior to the beginning of the financial year and are for both the University and the group, there being negligible difference between the two due to the immaterial size of the subsidiaries. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Changes in accounting policies

These accounting policies have been consistently applied in the periods covered by these financial statements.

Standards issued and not yet effective and not early adopted

Standards issued and not yet effective that may affect the University include PBE IPSAS 35 Consolidated financial statements. This standard is effective for periods on or after 1 January 2019.

The University Council has yet to formally decide on the process for adoption of this accounting standard, which has many ramifications for both the Statement of Comprehensive Revenue and Expense and the Statement of Financial Position and the wider context of the University's relationship with the UC Foundation and the trusts and bequests.

The University will be reviewing its approach, and assessing the impact in time for the effective application date for the standard of 1 January 2019. Further information on the UC Foundation and the University of Canterbury Trust Funds (which incorporates the separate trusts and bequests) is publicly available in the Charities Register at the Charities Services web site <https://www.charities.govt.nz/>.

Other standards issued but not yet effective are not considered to have a significant effect on the University's financial statements. The University does not intend to early adopt any standard issued but not yet effective.

SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Consolidation

The group financial statements, are prepared by adding together like items of assets, liabilities, equity, revenue, expenses, and cash flows on a line-by-line basis. All significant intra-group balances, transactions, revenue, and expenses are eliminated on consolidation.

REVENUE

Revenue Recognition

The University recognises revenue from individual categories of transactions as follows:

Government grants

Student Achievement Component (SAC) funding

SAC funding is the University's main source of operational funding from the Tertiary Education Commission (TEC). The University considers SAC funding to be non-exchange in nature.

The University's SAC funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The University recognises its SAC funding from the commencement of the specified funding period, which is the same as the University's financial year.

The University has a guaranteed amount of SAC funding agreed with TEC for 2018.

Performance-Based Research Fund (PBRF)

The University considers PBRF funding to be non-exchange in nature.

PBRF funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The University recognises its confirmed allocation of PBRF funding from the commencement of the specified funding period, which is the same as the University's financial year. PBRF revenue is measured based on the University's funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

Other grants received

The University considers other grants received to be non-exchange in nature.

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance when received and recognised as revenue when the conditions of the grant are satisfied.

Tuition fees

Domestic student tuition fees are subsidised by government funding and are considered non-exchange in nature.

Revenue is recognised when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course.

International student tuition fees are accounted for as exchange transactions and recognised as revenue on a course percentage of completion basis. The percentage of completion is measured by reference to the days of the course completed as a proportion of the total course days.

Research revenue

The University exercises its judgement in determining whether funding received under a research contract is received in an exchange or non-exchange transaction. In determining whether a research contract is exchange or non-exchange, the University considers factors such as the following:

- whether the funder has substantive rights to the research output
This is a persuasive indicator of exchange or non-exchange
- how the research funds were obtained. For example, whether through a commercial tender process for specified work or from applying to a more general research funding pool
- nature of the funder
- specificity of the research brief or contract.

For an exchange research contract, revenue is recognised on a percentage completion basis.

The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion to total expenditure expected to be incurred.

For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to complete research to the satisfaction of the funder to retain funding or return unspent funds.

Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and the past practice of the funder.

Judgement is often required in determining the timing of revenue recognition for contracts that span a balance date and multi-year research contracts.

Interest

Interest revenue is recognised on a time proportion basis that takes into account the effective yield on the related asset.

Other revenue

Other revenue includes revenue from the sales of goods and services, which is recognised when the product is sold to the customer, or the service provided.

Other revenue also includes Reversionary Interest revenue to reflect the Campus Living Villages building assets, which will become University assets in 2040. The interest is calculated using the latest building valuation and a discounted cash flow methodology.

Donations

Donations of money are recognised immediately as revenue unless a condition is attached. If a condition is attached it would be recognised as a liability until the condition is met, at which time it is recognised as revenue.

Donations of assets are recorded at fair value on receipt and recognised as revenue.

FINANCIAL INSTRUMENTS

Derivative Financial Instruments

The University enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Notes 17 and 18.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into, and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the surplus or deficit immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the surplus or deficit depends on the nature of the hedge relationship. The University designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge Accounting

The University designates certain hedging instruments, which may include derivatives, embedded derivatives and non-derivatives in respect of foreign currency exchange risk and interest rate risk, as cash flow hedges. Hedges of foreign currency exchange risk on firm commitments, forecast transactions, and hedges of interest rate risk on future interest payments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the University documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the University documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Note 17 sets out details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the Statement of Changes in Net Assets / Equity and in Note 19.

Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive revenue and expense and accumulated as a separate component of equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the surplus or deficit, and is included in other revenue or general expenditure line items, as appropriate.

Amounts recognised in the hedging reserve are reclassified from equity to the surplus or deficit (as a reclassification adjustment) in the periods when the hedged item is recognised in the surplus or deficit, in the same line as the recognised hedged item.

However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in the hedging reserve are reclassified from equity and included in the initial measurement of the cost of the asset or liability (as a reclassification adjustment).

Hedge accounting is discontinued when the University revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in the hedging reserve at that time remains in equity and is recycled into the surplus or deficit over the remainder of the hedge maturity period. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in the hedging reserve is recognised immediately in the surplus or deficit.

Other Financial Assets and Liabilities

Classification and initial recognition

All financial assets and financial liabilities are initially recognised at fair value. The University determines the classification of its financial assets and liabilities at initial recognition and re-evaluates this designation at every reporting date.

Financial assets

The University has the following non-derivative financial assets:

Cash and cash equivalents
Receivables
Deposits
Investments — privately held company shares

The University classifies its financial assets into the following four categories: financial assets at fair value through the surplus or deficit; loans and receivables; held to maturity investments; and available-for-sale. The classification depends on the purpose for which the financial assets were acquired.

Loans and receivables include term deposits with maturities greater than three months, classified as current where the remaining duration is less than 12 months, or non-current where the remaining duration is more than 12 months. Held to maturity investments are non-derivative financial assets where the University has the positive intention and ability to hold them to maturity. Available-for-sale assets include investments. There are currently no other financial assets measured at fair value through surplus or deficit.

Financial liabilities

The University has the following non-derivative financial liabilities:

Accounts payable
Sonoda Gakuen Corporation of Japan loan
Philanthropic Bond

The University classifies its other financial liabilities into trade and other payables, and bonds.

Subsequent measurement

After initial recognition at fair value, other financial assets are measured as follows:

- fair value through surplus or deficit — at fair value
- loans and receivables — at amortised cost using the effective interest rate method
- held to maturity investments — at amortised cost using the effective interest rate method
- available-for-sale — at fair value through other comprehensive revenue and expense.

After initial recognition at fair value, other financial liabilities are measured at amortised cost using the effective interest rate method.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks and other short-term, highly liquid investments with original maturities of three months or less.

Trade and Other Receivables

Receivables are initially measured at face value and then adjusted for amounts not considered recoverable.

PROPERTY, PLANT AND EQUIPMENT

Initial Recognition and Subsequent Measurement

All assets are initially recorded at cost. Assets with a cost value lower than \$2,500 that are not part of an inseparable set, are expensed on acquisition, with the exception of computers and data projectors, which are capitalised regardless of cost.

Where an item of property, plant and equipment is acquired through a non-exchange transaction at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Subsequent to acquisition, all items of property, plant and equipment are depreciated over their useful life except for land, artworks, medals, the Logie Collection and the Library Permanent Collection, which are not depreciated. Land, buildings, infrastructure, the Library Permanent Collection, and Artwork, Medals and the Logie Collection are subject to periodic revaluation.

Any gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds, if any, with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are disposed of, the amounts included in the asset revaluation reserves in respect of those assets are transferred to General Equity.

Land

Independent registered valuers undertake revaluations of land every three years in conjunction with that of buildings.

Land has been valued at fair value by CB Richard Ellis Limited as at 31 December 2016. The fair value of land is determined by reference to its highest and best use vacant, and then adjustments are made for possible legal impediments to achieving the fair market value. The fair value of land is normally determined from market-based evidence and a discounted cash flow basis, with no optimisation process applied. Where there is no sales-based market evidence, the valuation is based on a discounted hypothetical development less allowances for legal impediments.

Buildings

Independent registered valuers undertake revaluations of Buildings every three years, unless there is reason to suggest that values have changed materially in the intervening years, in which case a revaluation may be undertaken outside of the three-year cycle.

Buildings, with the exception of residential and commercial property, including the Ilam Homestead (see below), have been valued on a component basis by CB Richard Ellis Limited at depreciated replacement cost as at 31 December 2016, except where there exists a contestable market in which case a comparative sales or discounted cash flow approach is used. The valuation makes no adjustment for any contingent costs associated with strengthening for those buildings that have a seismic rating of less than 67% of the New Building Standard, or for any impairment.

The depreciated replacement cost methodology is based on the current gross replacement cost of buildings less allowances for physical deterioration, and optimisation for obsolescence and relative surplus capacity. The Buildings Valuation completed by CB Richard Ellis Limited has been modified by the University to allow for the impact of the Canterbury earthquakes. This is explained in Note 8.

Additions to Land and Buildings subsequent to the date of valuation are recorded at cost. Where land or a building are acquired through a non-exchange transaction at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Residential and Commercial Property, including the Ilam Homestead

Independent and registered valuers undertake revaluations of the University's residential and commercial property every three years, unless there is a reason to suggest that values have changed materially in the intervening years, in which case a revaluation may be undertaken outside of the three-year cycle.

Residential and commercial property is valued at market value, taking into account recent market activity, and was revalued by CB Richard Ellis Limited as at 31 December 2016.

The University has valued its Ilam Homestead property on a market value basis, as the nature of its use is changing to incorporate more commercial activity. The Ilam Homestead property was valued by CB Richard Ellis Limited as at 31 December 2016.

Infrastructure Assets

Independent registered valuers undertake revaluations of Infrastructure Assets every three years, unless there is reason to suggest that values have changed materially in the intervening years, in which case a revaluation may be undertaken outside of the three-year cycle.

Infrastructure assets were valued by AECOM as at 31 December 2017 at depreciated replacement cost.

Additions to Infrastructure Assets subsequent to the date of valuation are recorded at cost. Where an Asset is acquired through a non-exchange transaction at no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

Library

The Current Collection of books and serials is valued at historical cost less depreciation.

The Permanent Collection of heritage collections including Macmillan Brown, Māori and Pacific, rare books, archives, architectural drawings, photographs and art of rare books is revalued every three years by an independent registered valuer.

The Permanent Collection was valued on a fair value basis as at 31 December 2016 by Jones Lang Lasalle Limited. The valuation was carried out in accordance with the University's valuation guidelines. Assets have been valued at market value where appropriate or at depreciated replacement cost where an active market does not exist.

Donated books are treated as a non-exchange transaction on acquisition, and have been included at estimated market value.

Additions to library assets subsequent to the date of valuation are recorded at cost.

Artworks, Medals and the Logie Collection

The collections are revalued by independent valuers on the following cycles:

- Artworks are revalued on a three-yearly cycle
- Medals are revalued on a five-yearly cycle
- The Logie Collection is revalued on a five-yearly cycle.

Artwork fair value was determined by reference to market values for comparable works and the size and condition of the piece. They were revalued as at 9 August 2016 by James Parkinson of Art + Object Limited.

Medals were valued at fair value by R J Watt & Associates as at 18 December 2013. Fair value was determined by reference to the New Zealand market and, where appropriate, the global market, adjusted for the condition of the medal, rarity and any premium associated with the recipient. The latter particularly applies to the Lord Rutherford medal collection.

The Logie Collection has been valued at the replacement cost by James Ede, Director of Charles Ede Limited in London, at the valuation date of 30 November 2017. James Ede has over 30 years of commercial experience in Classical and Pre-Classical antiquities.

Capital Work-in-Progress

Capital work-in-progress is valued on the basis of expenditure incurred and certified gross Progress Claim Certificates up to balance date, including any retention amounts. Work-in-progress is not depreciated. The total cost of a project is transferred to the relevant asset class on completion and then depreciated accordingly.

Accounting for Revaluations of Property, Plant and Equipment

The University accounts for revaluations on a class of asset basis.

The results of any revaluation are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase in revaluation that offsets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Impairment of Property, Plant and Equipment and Intangible Assets

If an asset's carrying amount exceeds its recoverable amount the asset

is impaired and the carrying amount is written down to the recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For revalued assets, any impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, any impairment loss is recognised in the surplus or deficit.

The reversal of any impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is recognised first in the surplus or deficit.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus or deficit.

Depreciation of Property, Plant and Equipment

All items of property, plant and equipment other than Land, the Permanent Collection, and the Artworks, Medals and Logie Collections are depreciated using the straight-line method, at rates that will write off the cost of assets less their residual values, over their estimated remaining useful lives. Depreciation rates used are as follows:

Buildings Components:

Structure	1.25–3.3%
Building Services	2.50–3.3%
Fittings and Fit-out	4.00%
Furnishings (chattels)	5.00%

Infrastructure Assets	0.95%–33.3%
Other Plant and Equipment	6.7% to 33.3%
Leased Equipment	33.3%
Current Collection (Library)	10.00%

Artworks, Medals, Logie and the Permanent collections are not depreciated because they have indefinite or sufficiently long useful lives that any depreciation is considered negligible.

INTANGIBLE ASSETS

Software Acquisition and Development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation of Software

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives of the University's software range from 3–10 years.

LEASES

Finance Leases

The University has no finance leases.

Operating Leases

Leases that do not transfer the risks and rewards incidental to ownership are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

The University has entered into a 35-year lease of its student accommodation facilities with Campus Living Villages Limited. The majority of the lease rental was received in advance in 2005, and is being recognised as revenue, apportioned equally over the period of the lease.

The present value of the term receivable for the remaining interim and terminal lease payment from this transaction is reflected in non-current assets. The revenue received in advance is shown in current and non-current liabilities.

PROVISIONS

Provisions are required for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event that makes it probable that expenditure will be required to settle the obligation. Provisions are only recognised when a reliable estimate can be made as to the amount of the obligation. Provisions are not made for future operating losses, but include any onerous contracts.

EMPLOYEE ENTITLEMENTS

Provision is made in respect of the University's liability for annual leave, long service leave, retirement leave and sick leave.

Annual leave that has vested in the employee (an entitlement has been established) has been measured at nominal value using remuneration rates current at reporting date. This provision is shown as a current liability.

Long service leave for all eligible staff is equal to the present value of the estimated future cash flows as a result of employee service, as calculated at balance date by an independent actuary. The portion which has already vested in the employee (an entitlement has been established) is presented as a current liability using remuneration rates current at reporting date. The balance is shown as a non-current liability.

Retirement leave for all eligible staff is equal to the present value of the estimated future cash flows as a result of employee service, as calculated at balance date by an independent actuary. This provision is shown as a non-current liability, except for the estimated amount attributable to retirees for the following financial period, which is shown as a current liability.

Sick leave for all eligible staff is calculated at balance date by an independent actuary and is an actuarial function of the extent to which absences are expected to be greater than sick leave entitlements earned over the next 12 months and future years. The liability balance is split into a current and non-current portion.

SUPERANNUATION

Defined Benefit Plan

The University is party to the Government Superannuation Fund (GSF) but has no underwriting responsibilities as any shortfall is met by the Government.

Insufficient information is available to use defined benefit accounting as it is not possible to determine from the terms of the scheme the

extent to which the surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Defined Contribution Plan

Any superannuation defined contributions are undertaken and reflected as normal operating expenses and are included within both the surplus or deficit and Statement of Financial Position as appropriate.

FOREIGN CURRENCIES

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of liability for at least 12 months after balance date or if the borrowings are expected to be settled within 12 months of the balance date.

BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they are incurred.

EQUITY

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components. The components of equity are:

- general
- general equity – Te Pourewa settlement reserve
- general equity – student service levy capital reserve
- cash flow hedge reserve
- property revaluation reserves
- available-for-sale reserve.

General equity – Te Pourewa settlement reserve

This reserve was created to acknowledge the University's undertakings to its insurers on receipt of the Te Pourewa insurance settlement of \$17.5 million. Principally, the University undertook to replace the work space provided to the College of Education, Health and Human Development Te Rāngai Ako me te Hauora by the demolished Te Pourewa building. The University has substantially progressed the refurbishment of Rehua on the Ilam Campus, which is planned to be available for occupation by the College of Education, Health and Human Development in mid-2018. Accordingly, the reserve has been released back into general equity.

General Equity – Student Service Levy Capital Reserve

This reserve records the annual allocation of funding of capital items from the student services levy, which is shown as a transfer from general equity. As capital items are purchased, the corresponding balance is deducted from this reserve and transferred back to general equity.

The University is in receipt of insurance proceeds for the repair of the UCSA building on campus, which is jointly owned by UCSA and the University. UCSA has the majority holding. The University will be managing any earthquake remediation work, but has previously credited \$6.255 million to this reserve, being the estimated amount of insurance receipts allocated to the UCSA majority ownership.

While the University continues to hold these insurance proceeds, it is crediting the reserve with interest revenue earned on those funds at the University's average long-term interest rates, calculated monthly.

Cash Flow Hedge Reserve

This reserve relates to the movements of fair value of all foreign exchange forward contracts and interest rate swaps, where they qualify as hedge instruments.

Property Revaluation Reserves

These reserves relate to the revaluation of building, land, infrastructure, library and collections to fair value.

Available-for-sale Reserve

This reserve comprises the cumulative net change in the fair value of 'available-for-sale' instruments.

GOODS AND SERVICES TAX (GST)

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.

TAXATION

The University is exempt from the payment of income tax under section CW55BA (Tertiary education institutions and subsidiaries) of the Income Tax Act 2007. Accordingly, there is no provision for income tax.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the University has made judgements on the application of accounting policies and made estimates and assumptions concerning the future. The estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Land and Buildings Valuations

The valuation from CB Richard Ellis Limited assumes that there were no physical consequences of the Canterbury earthquakes that had a detrimental effect on the value of the land and buildings. It also

assumes there are no rectification costs that are not covered by insurance and hence no extraordinary costs that will warrant deductions from the valuation. As in previous years, the University adjusted the valuation to allow for the decrease in value in the buildings asset for unremediated earthquake damage, Note 8 explains the rationale for this and the methodology used, and highlights risks that estimates of damage to buildings may be different from the estimate reflected in these financial statements.

The next valuation is expected to be on 31 December 2019.

(a) Land

The land valuation includes an allowance to reflect the possible legal impediments to achieving the fair market value of the land's highest and best use, incorporating assumptions as to the realisation period for the disposal of property sections and the number of sub-divisible sections, which has a direct impact on overall returns and the valuation.

(b) Buildings at Depreciated Replacement Cost

In performing depreciated replacement cost valuations with respect to buildings, there are a number of significant assumptions. Significant assumptions for 31 December 2017 are:

- The replacement costs of individual buildings are adjusted where appropriate for optimisation due to over-design or surplus capacity.
- The depreciated replacement cost comprises construction cost plus any other costs directly attributable to bringing the item to working condition for its intended use. Construction costs are determined by a review of the latest costs indications and review of relevant market data (if any).

The valuation excludes any capitalisation of borrowing costs that may have been incurred in the construction or acquisition of a component asset.

Adjustments have been made as appropriate to fairly reflect remaining lives by reference to physical condition and capital expenditure.

(c) Residential Properties at Market Values

The valuation of residential property owned by the University is based on market value. Market value is the estimated amount the property would sell for on the date of valuation, between a willing buyer and willing seller in an arm's length transaction, acting knowledgeably, prudently and without compulsion.

The market value methodology for residential properties takes into account recent sales of comparable properties.

(d) Buildings at Market Value — Ilam Homestead

The valuation of the Ilam Homestead is based on market value and is predicated on a standard commercial lease arrangement for a property of this type.

(e) Campus Living Villages

The valuation of land and improvements that are leased to Campus Living Villages ignores the lease impediment and treats the valuation in the same fashion as the balance of the University campus assets; that is, the leased assets are valued at depreciated replacement cost.

Recognition of Buildings Impairments

The University has reviewed its estimates of the extent of damage to its buildings, previously assessed through the use of independent quantity surveyors, Inovo Projects Limited. These estimates are based on the following:

- each building has been separately considered;
- historical data and experience gathered over the last three years of remediation work;
- no allowance has been made for cost escalation;
- allowances are included for professional fees, contractor's costs and contingencies where appropriate, using industry rates; and
- certain buildings have detailed information and reports while others have very limited information and where the estimates have been developed using the best information available for each building.

Building impairments are discussed further in Note 8.

Reversionary Interest

The University has a detailed contract with Campus Living Villages Limited (CLV), the operator of the residences the University has leased to them. This contract clearly delineates responsibilities and does not entail any substantive control of the operation or finances of the residences or, for the residences built by CLV that will revert to the University in 2040, constitute a Service Concession Arrangement within the terms of PBE IPSAS 32.

Instead, the University accounts for its interest in the residences built by CLV as a Reversionary Interest, where an amount is recognised representing the progressive recognition of the value of the CLV accommodation that will ultimately vest in the University.

The key assumptions in the calculation of this progressive recognition are:

- discount rate 5.29% (2016: 5.29%)
- independent valuation of property (last performed with the University's main valuation 31 December 2016)
- application of appropriate index to determine depreciated replacement cost at vesting.

Any changes in these factors will affect any revenue recognised.

Long Service, Retirement Leave and Sick Leave

The present value of long service, retirement and sick leave obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The key assumptions used in calculating this liability include the discount rate and the salary growth factor. Any changes in these assumptions will impact on the carrying amount of the liability. The valuation was carried out by an independent actuary, Eriksen & Associates Limited, as at 31 December 2017. They have based their valuation on the model recommended by Treasury for the reporting purposes of Crown Entities.

The estimates and uncertainties surrounding these valuations by Eriksen & Associates Limited at 31 December 2017 include an estimation of salary growth rate of 2.5%, resignation rates (as per Government Superannuation Fund), retirement rates (as per Government Superannuation Fund), and discounting rates based on the yields on Government Bonds ranging from 1.86% to 4.75% (consistent with all entities that form part of the Crown's annual reporting).

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2017

	Notes	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
OPERATING REVENUE						
Government Grant		133,176	132,665	133,176	132,665	134,065
Performance Based Research Funding (PBRF)		28,790	28,792	28,790	28,792	28,759
Student Tuition Fees Domestic Fee Paying		67,915	64,884	67,915	64,884	69,581
Student Tuition Fees Full Fee Paying		34,386	27,636	34,386	27,636	35,284
Student Services Levy		8,697	8,376	8,697	8,376	9,493
Other Student Related Fees		917	707	917	707	717
Research Revenue		34,418	30,983	34,418	30,983	30,498
Interest Revenue		11,809	16,968	11,809	16,968	10,500
Other Revenue	1	34,724	26,267	34,653	26,271	32,201
TOTAL OPERATING REVENUE		354,832	337,278	354,761	337,282	351,098
OPERATING EXPENDITURE						
Personnel Expenses	2	179,192	173,950	179,192	173,950	179,908
General / Operating Expenditure	3	129,299	116,171	129,240	116,104	122,793
Finance Charges	4	4,441	4,406	4,441	4,406	4,366
Depreciation and Amortisation	8	47,215	44,588	47,215	44,588	53,151
TOTAL OPERATING EXPENDITURE		360,147	339,115	360,088	339,048	360,218
SURPLUS/(DEFICIT)		(5,315)	(1,837)	(5,327)	(1,766)	(9,120)
Other Comprehensive Revenue and Expense						
Movements in revaluation reserves relating to the Library (Permanent Collection) / Other Collections	8	904	9,599	904	9,599	-
Movements in revaluation reserves relating to Building Assets	8	(1,772)	44,791	(1,772)	44,791	-
Movements in revaluation reserves relating to Infrastructure Assets	8	(2,222)	-	(2,222)	-	-
Movements in revaluation reserves relating to Land	8	-	7,205	-	7,205	-
Net Movements in revaluation reserves	19	(3,090)	61,595	(3,090)	61,595	-
Effective portion of changes in fair value of cash flow hedges	19	927	933	927	933	-
Adjustment to New Zealand Synchrotron Group Limited Valuation	19	(9)	4	(9)	4	-
Adjustment to New Zealand South African Large Telescope (SALT) Limited Valuation	19	-	24	-	24	-
Total Other Comprehensive Revenue and Expense		(2,172)	62,556	(2,172)	62,556	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(7,487)	60,719	(7,499)	60,790	(9,120)

Further details on the impact of the earthquake and the rebuilding of the University campus are included in the notes as indicated.

Significant variances to budget are explained in Note 27 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2017 BUDGET

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

Statement of Changes in Net Assets / Equity

For the year ended 31 December 2017

	Notes	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
Balance at 1 January		1,386,704	1,310,985	1,386,679	1,310,889	1,327,801
Comprehensive revenue and expense						
Surplus / (deficit)	19	(5,315)	(1,837)	(5,327)	(1,766)	(9,120)
Other comprehensive revenue and expense	19	(2,172)	62,556	(2,172)	62,556	-
Total comprehensive revenue and expense		(7,487)	60,719	(7,499)	60,790	(9,120)
Non Comprehensive revenue items						
Capital Contributions from the Crown	19	-	15,000	-	15,000	-
Total Non Comprehensive revenue items		-	15,000	-	15,000	-
Balance as at period end		1,379,217	1,386,704	1,379,180	1,386,679	1,318,681

Significant variances to budget are explained in Note 27 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2017 BUDGET
The accompanying policies and notes form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2017

	Notes	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
CURRENT ASSETS						
Cash and Cash Equivalents	5	96,730	77,930	96,688	77,903	1,500
Other Financial Assets / Short Term Deposits	17	155,911	111,750	155,911	111,750	136,768
Investments	9	–	82,608	–	82,608	–
Receivables	6	23,920	21,213	23,920	21,209	28,004
Prepayments		11,223	9,079	11,223	9,079	8,500
Inventories		1,274	1,324	1,274	1,324	1,500
Non-Current Assets Held for Sale	7	1,494	–	1,494	–	–
Total Current Assets		290,552	303,904	290,510	303,873	176,272
LESS CURRENT LIABILITIES						
Revenue Received in Advance	11	40,493	32,658	40,493	32,658	29,503
Accounts Payable	12	34,714	37,646	34,709	37,640	29,714
Provisions	13	490	–	490	–	–
Derivative Financial Instrument Liabilities	17	27	76	27	76	–
Loans	14	32	32	32	32	32
Philanthropic Bond	15	2,000	2,000	2,000	2,000	2,000
Employee Entitlements	16	13,909	12,697	13,909	12,697	7,950
Total Current Liabilities		91,665	85,109	91,660	85,103	69,199
WORKING CAPITAL		198,887	218,795	198,850	218,770	107,073
NON CURRENT ASSETS						
Property, Plant and Equipment	8	1,135,949	881,575	1,135,949	881,575	788,984
Intangible Assets	8	10,994	8,047	10,994	8,047	8,047
Capital Work-in-Progress	8	112,873	261,695	112,873	261,695	450,537
Investments	9	46	52,747	46	52,747	52,323
Derivative Financial Instrument Assets	17	1,721	1,850	1,721	1,850	–
Other Financial Assets / Long Term Deposits	17	–	44,500	–	44,500	–
Receivables	10	2,151	2,010	2,151	2,010	1,988
Other Non Current Assets	10	19,024	18,132	19,024	18,132	15,921
Total Non Current Assets		1,282,758	1,270,556	1,282,758	1,270,556	1,317,800

	Notes	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
NON CURRENT LIABILITIES						
Provisions	13	423	–	423	–	–
Loans	14	800	832	800	832	864
Derivative Financial Instrument Liabilities	17	3,649	4,704	3,649	4,704	–
Philanthropic Bond	15	47,750	47,631	47,750	47,631	47,978
Employee Entitlements	16	29,304	28,146	29,304	28,146	35,877
Revenue Received in Advance	11	20,502	21,334	20,502	21,334	21,473
Total Non Current Liabilities		102,428	102,647	102,428	102,647	106,192
NET ASSETS						
		1,379,217	1,386,704	1,379,180	1,386,679	1,318,681
Represented by:						
General Equity	19	1,102,602	1,092,540	1,102,565	1,092,515	1,072,249
General Equity – Te Pourewa Settlement Reserve	19	–	17,500	–	17,500	17,500
General Equity – Student Services Levy Capital Reserve	19	7,911	5,788	7,911	5,788	4,090
Revaluation Reserves	19	270,460	273,550	270,460	273,550	224,842
Cashflow Hedge Reserve	19	(1,783)	(2,710)	(1,783)	(2,710)	–
Available-For-Sale Reserve	19	27	36	27	36	–
TOTAL EQUITY		1,379,217	1,386,704	1,379,180	1,386,679	1,318,681

Significant variances to budget are explained in Note 27 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2017 BUDGET
The accompanying policies and notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
OPERATING ACTIVITIES						
Cash provided from:						
Government Grant		161,966	161,457	161,966	161,457	134,065
Tuition Fees		107,008	92,451	107,008	92,451	100,300
Other Revenue		81,255	70,558	81,180	70,491	107,364
Agency Funds		4,074	5,413	4,074	5,413	–
Interest Received		10,886	23,524	10,886	23,524	10,500
Net GST Movement		2,914	(1,339)	2,914	(1,339)	(2,008)
		368,103	352,064	368,028	351,997	350,221
Cash applied to:						
Personnel Expenses		179,048	170,761	179,048	170,762	179,908
General / Operating Expenses		131,990	107,214	131,930	107,149	119,507
Agency Funds		4,074	5,413	4,074	5,413	–
Interest Paid		3,896	3,925	3,896	3,925	4,366
		319,008	287,313	318,948	287,249	303,781
Net cash provided by Operating Activities	20	49,095	64,751	49,080	64,748	46,440
INVESTING ACTIVITIES						
Cash provided from:						
Proceeds from disposal of Fixed Assets		91	109	91	109	–
Proceeds from disposal of Investments		179,800	–	179,800	–	–
Maturity of deposits with terms greater than 3 months but less than 12 months		111,750	202,000	111,750	202,000	181,268
		291,641	202,109	291,641	202,109	181,268
Cash applied to:						
Capital Expenditure		165,993	186,354	165,993	186,354	205,980
Deposits with terms greater than 3 months but less than 12 months		155,911	26,750	155,911	26,750	–
Purchase of Investments		–	31,996	–	31,996	136,768
		321,904	245,100	321,904	245,100	342,748
Net cash used in Investing Activities		(30,263)	(42,991)	(30,263)	(42,991)	(161,480)

	Notes	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
FINANCING ACTIVITIES						
Cash provided from:						
Capital Contribution from the Crown		–	15,000	–	15,000	–
		–	15,000	–	15,000	–
Cash applied to:						
Repayment of Loans		32	32	32	32	–
		32	32	32	32	–
Net cash provided by Financing Activities		(32)	14,968	(32)	14,968	–
Net increase (decrease) in cash held		18,800	36,728	18,785	36,725	(115,040)
Cash and Cash Equivalents on hand at beginning of period		77,930	41,202	77,903	41,178	116,540
Cash and Cash Equivalents on hand at end of period	5	96,730	77,930	96,688	77,903	1,500

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

Significant variances to budget are explained in Note 27 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2017 BUDGET

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

Notes to the Financial Statements

For the year ended 31 December 2017

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
1 / Revenue					
Other Revenue					
Donations / Koha	334	129	334	129	100
Donations from Trusts	9,551	4,153	9,551	4,153	9,840
Rentals	3,808	3,843	3,808	3,843	4,033
External Sales	4,031	3,121	4,031	3,121	2,940
Consultancy	4,253	4,102	4,253	4,102	3,290
Membership Fees	680	645	680	645	724
Reversionary Interest	892	305	892	305	1,728
Sundry Revenue	11,175	9,969	11,104	9,973	9,546
TOTAL OTHER REVENUE	34,724	26,267	34,653	26,271	32,201
Non exchange revenue included in total revenue	265,058	257,839	265,058	257,839	257,842

2 / Personnel Expenses					
Academic Salaries	81,460	77,264	81,460	77,264	81,822
General Salaries*	82,434	81,940	82,434	81,940	85,191
Superannuation Contributions	7,345	6,964	7,345	6,964	7,385
Councillors' Honoraria	227	230	227	230	265
Redundancy Costs	1,755	1,301	1,755	1,301	-
Movement in Actuarially Valued Employee Entitlements	1,944	1,944	1,079	1,944	-
Other Salary Related Expenditure	4,027	4,307	4,892	4,307	5,245
TOTAL PERSONNEL EXPENSES	179,192	173,950	179,192	173,950	179,908
*The General staff classification includes Education Plus staff.	2,365	3,624	2,365	3,624	3,719

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
3 / General / Operating Expenditure – Disclosures					
General / Operating Expenditure includes the following:					
Audit New Zealand – External Financial Statements Audit	210	218	210	218	227
Audit New Zealand – Other Assurance Work: Report to Bond Trustees and PBRF	15	15	15	15	–
Asset Impairment	–	1,998	–	1,998	–
Bad Debts Written Off	58	71	58	71	5
Building Write Offs	–	167	–	167	–
Demolition Costs	3,812	1,499	3,812	1,499	–
Equipment Rentals	400	341	400	341	357
Exchange Losses	124	159	124	159	–
Fair Value Movement in Interest Rate Swaps	(48)	25	(48)	25	–
Increase / (Decrease) in Provision for Doubtful Debts	224	(81)	224	(81)	–
Loss on Disposal of Property, Plant & Equipment	630	871	630	871	3,637
Property Rentals	8,191	7,720	8,191	7,720	8,235
Student Association Service Provision	2,211	2,099	2,211	2,099	2,228
UCSA: Building Insurance Contribution	–	6,254	–	6,254	–

4 / Finance Charges					
Finance Charges – Interest Paid	4,441	4,406	4,441	4,406	4,366
TOTAL FINANCE CHARGES	4,441	4,406	4,441	4,406	4,366

5 / Cash and Cash Equivalents					
Cash at Bank	9,397	4,169	9,355	4,142	1,500
Call Deposits	20,564	27,021	20,564	27,021	–
Term Deposits with maturities less than 3 months at acquisition	66,769	46,740	66,769	46,740	–
TOTAL CASH AND CASH EQUIVALENTS	96,730	77,930	96,688	77,903	1,500

The weighted average interest rate as at 31 December 2017 is 2.74% (31 December 2016 is 2.45%).

The carrying amount of cash at bank, call deposits and term deposits with maturities less than three months at acquisition approximates their fair value.

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
6 / Receivables					
Receivables (gross)	24,311	21,380	24,311	21,376	28,004
Less Provision for Doubtful Debts	(391)	(167)	(391)	(167)	–
TOTAL RECEIVABLES	23,920	21,213	23,920	21,209	28,004
Total Receivables comprise:					
Receivables from exchange transactions	21,605	16,887	21,605	16,883	28,004
Receivables from non exchange transactions	2,315	4,326	2,315	4,326	–
TOTAL RECEIVABLES	23,920	21,213	23,920	21,209	28,004

Fair Value

Receivables are generally short-term and non-interest bearing. The carrying value of receivables approximates their fair value.

Impairment

Receivables that are 180 days past due date are considered unrecoverable unless there is a clear agreement for repayment. Receivables over \$1,000 that are 90–180 days overdue are also assessed for recoverability based on the type of debtor, relationship to the University, communications with the debtor and predicted chances of recovery and costs associated with recovery. The provision for doubtful debts represents receivables assessed as irrecoverable aged greater than 91 days past due (31 December 2016: greater than 91 days past due). The majority of receivables are not past due.

Credit Risk

There is no concentration of credit risk with respect to Receivables as the balances are made up of a large number of customers.

7 / Non-current Assets Held For Sale

Non Current Assets held for Sale include;

Land	1,384	–	1,384	–	–
Buildings	110	–	110	–	–
	1,494	–	1,494	–	–

The Non-Current Assets Held for Sale are;

West Coast Property – A contract for the sale has not been entered into yet however the property is being actively marketed.

Christchurch Property – Negotiations are underway to transfer this parcel of land to Fire and Emergency New Zealand.

8 / Property, Plant and Equipment and Intangibles

	COST / VALN DEC 15 (\$000's)	ACCUM DEPN & AMORTISATION DEC 15 (\$000's)	NET BOOK VALUE DEC 15 (\$000's)	CURRENT YEAR ADDITIONS DEC 16 (\$000's)	CURRENT YEAR DISPOSALS COST DEC 16 (\$000's)	CURRENT YEAR DISPOSALS ACCUM DEPN DEC 16 (\$000's)	CURRENT YEAR DEPN & AMORTISATION DEC 16 (\$000's)	CURRENT YEAR REVALUATION/ MOVEMENTS DEC 16 (\$000's)	CURRENT YEAR REVALUATION/ ACCUM DEPN DEC 16 (\$000's)	CURRENT YEAR IMPAIRMENT MOVEMENTS DEC 16 (\$000's)	CURRENT YEAR TRANSFER COST HELD FOR SALE DEC 16 (\$000's)	COST / VALN DEC 16 (\$000's)	ACCUM DEPN & AMORTISATION DEC 16 (\$000's)	NET BOOK VALUE DEC 16 (\$000's)
UNIVERSITY & GROUP														
Land at Valuation	101,065	-	101,065	-	-	-	-	8,085	-	(880)	-	108,270	-	108,270
Buildings at Valuation	559,037	-	559,037	39,615	(838)	671	(25,428)	9,092	24,757	10,942	-	617,848	-	617,848
Infrastructure Assets	41,158	(1,710)	39,448	5,303	-	-	(2,185)	-	-	-	-	46,461	(3,895)	42,566
Plant & Equipment at Cost	126,545	(89,505)	37,040	12,675	(3,790)	3,159	(9,945)	-	-	-	-	135,430	(96,291)	39,139
Leased Equipment at Cost	11,050	(11,050)	-	-	-	-	(3,787)	-	-	-	-	11,050	(11,050)	-
Library (Current Collection) at Cost	93,339	(74,258)	19,081	3,303	-	-	-	-	-	-	-	96,642	(78,045)	18,597
Library (Permanent Collection) / Other Collections at Valuation	45,583	-	45,583	180	(207)	-	-	9,599	-	-	-	55,155	-	55,155
Property, plant & equipment	977,777	(176,523)	801,254	61,076	(4,835)	3,830	(41,345)	26,776	24,757	10,062	-	1,070,856	(189,281)	881,575
Intangible Assets – Software	24,173	(14,746)	9,427	1,893	(1,299)	1,270	(3,244)	-	-	-	-	24,767	(16,720)	8,047
UNIVERSITY & GROUP														
Land at Valuation	108,270	-	108,270	425	-	-	-	-	-	-	(1,384)	107,311	-	107,311
Buildings at Valuation	617,848	-	617,848	269,782	-	-	(26,455)	-	-	(1,772)	(110)	885,666	(26,373)	859,293
Infrastructure Assets	46,461	(3,895)	42,566	3,671	-	-	(2,318)	(8,435)	6,213	-	-	41,697	-	41,697
Plant & Equipment at Cost	135,430	(96,291)	39,139	24,642	(4,821)	4,256	(10,757)	-	-	-	-	155,251	(102,792)	52,459
Leased Equipment at Cost	11,050	(11,050)	-	-	(11,050)	11,050	-	-	-	-	-	-	-	-
Library (Current Collection) at Cost	96,642	(78,045)	18,597	3,839	-	-	(3,682)	-	-	-	-	100,481	(81,727)	18,754
Library (Permanent Collection) / Other Collections at Valuation	55,155	-	55,155	376	-	-	-	904	-	-	-	56,435	-	56,435
Property, Plant & equipment	1,070,856	(189,281)	881,575	302,735	(15,871)	15,306	(43,212)	(7,531)	6,213	(1,772)	(1,494)	1,346,841	(210,892)	1,135,949
Intangible Assets – Software	24,767	(16,720)	8,047	6,950	(283)	283	(4,003)	-	-	-	-	31,434	(20,440)	10,994

There is no difference between 'University' and 'University and Group' balances. The 31 December 2017 Current Year Impairment Movements are made up of Cost \$(1,854)k and Accumulated Depreciation of \$82k. The \$1,772 million in current year impairment of buildings represents the reduction in service potential of the buildings transferred to Property Held for Resale. This is not included in the \$113 million shown below as a deduction from the carrying value of buildings affected by the earthquakes.

8 / Property, Plant and Equipment and Intangibles (continued)

Capital Work In Progress

The University continues to carry a significant amount of Capital Work In Progress. This balance has reduced in 2017 as some projects have been completed such as stage one of the RRSIC and CETF. The University has followed a programme of significant building repairs following the earthquakes and, latterly, new building projects that take some time to complete. The University expects this balance to continue to reduce as more projects come to an end and completed buildings are capitalised.

Capital Work in Progress	Dec 2017 \$000's	Dec 2016 \$000's
Buildings	111,501	259,804
Plant and Equipment	226	112
Intangible Assets – Software	1,146	1,779
	112,873	261,695

Valuation of Land and Buildings

The University has reviewed the carrying value before impairment of its land and buildings held at valuation. The University considers that there is no material difference between the fair value of land and buildings at 31 December 2017 and its carrying value. A revaluation of Land and Buildings was last performed at 31 December 2016, with an increase of \$44.791 million.

Restrictions and Security

There are no restrictions over the title of the University's Property, Plant and Equipment or Intangibles, nor are any pledged as security for liabilities. See the accounting policies for further critical accounting assumptions regarding Land and Buildings.

Revaluations

Included in the Library (Permanent Collection) / Other Collections at Valuation line item are the University's Art Work Collections, Medal Collection and Logie Collection.

Land and Buildings, including residential and commercial property and the Ilam Homestead were revalued at 31 December 2016 by Chris Barraclough, Registered Valuer of CBRE, Christchurch.

Infrastructure Assets at Valuation were revalued at 31 December 2017 by AECOM New Zealand Limited.

The Library Permanent Collection, included in the Library (Permanent Collections) / Other Collections at Valuation category, was revalued at 31 December 2016 by Basil J Roberts, registered Plant and Machinery Valuer of Jones Lang LaSalle Limited.

The Logie Collection was revalued at 30 November 2017 by James Ede of Charles Ede Limited.

The Medal Collection was revalued at 18 December 2013 by R J Watt and Associates, independent valuers.

The Art Collection was revalued at 31 July 2016 by James Parkinson, Director of Valuations, Art + Object Limited, Auckland.

Impairment

The University's buildings received significant damage in the 2010 and 2011 Canterbury earthquakes. The damage incurred has not been factored into the valuation, but a separate assessment of impairment has been performed, adjusting the carrying value of buildings that have yet to be remediated to reflect the estimated costs of repairing the buildings back to the state that existed prior to the earthquakes.

The University has accounted for impairments to all damaged buildings at a value equal to each building's estimated damage (unless the estimated damage repair cost is more than Net Book Value (NBV), in which case the building is impaired to \$nil), adjusting also for remediation work completed.

There has been no appreciable damage to land recorded to date.

In preparing these financial statements, the University has reviewed the estimates of earthquake damage or other impairment as at 31 December 2017. In previous years, the University has used external Quantity Surveyors Inovo Projects Limited to provide the estimate of total building repairs. The University has reviewed inflation factors and actual costs of repair being incurred, and does not consider there to have been any significant increase in that estimate since that date. However, for unremediated buildings, and for the totality of the building stock, the risk remains that the final cost to the University will be in excess of estimate, although the University considers that any further increase in damage assessment will continue to demonstrate a similar pattern to that already experienced. The total impairment recognised in the financial statements was \$113 million (2016: \$113 million).

The estimate of damage remains subject to considerable potential variability and consequently the cost of repair estimated in these financial statements could change. Additionally, while these estimates have been updated for inflation there is no allowance in these estimates for future inflation or other exogenous factors that may affect the actual cost of repair. The University has written down many of its buildings to \$nil, and as a consequence any increase in assessed remediation cost for those buildings has minimal effect – there can be no further reduction in NBV.

	2017 (\$000's)	2016 (\$000's)
Fair Value of buildings as at 1 January	617,848	559,037
Building Additions	269,782	39,615
Building Disposals	–	–
Building Transfer to Held for Sale	(110)	–
Depreciation	(26,455)	(25,428)
TOTALS	861,065	573,224
Increase in valuation of buildings	–	33,849
Building write-offs	–	(167)
Building disposals	–	–
Decrease / (Increase) in impairment of buildings	(1,772)	10,942
Fair Value of buildings as at balance date	859,293	617,848

The University continues to develop its remediation and wider capital asset management plans, which it anticipates will be completed in 5 to 10 years.

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
9 / Investments					
Investment Category					
<i>Investments at Amortised Cost – Current</i>					
New Zealand Government Bonds	–	82,608	–	82,608	–
Total Investments – Current	–	82,608	–	82,608	–
<i>Investments at Fair Value through other Comprehensive Revenue and Expense – Non Current</i>					
Investment in South African Large Telescope (SALT)	–	–	–	–	699
Investment in New Zealand Synchrotron Group Limited	46	55	46	55	55
Investment in Powerhouse Ventures Limited	–	–	–	–	74
	46	55	46	55	828
<i>Investments at Amortised Cost – Non Current</i>					
New Zealand Government Bonds	–	52,692	–	52,692	51,495
Total Investments – Non Current	46	52,747	46	52,747	52,323
TOTAL INVESTMENTS	46	135,355	46	135,355	52,323

Investment in South African Large Telescope (SALT)

The South African Large Telescope Foundation is a collaboration of various universities and research organisations, to design, construct and operate a 10-metre telescope for the advancement of science and the promotion of astronomy and astrophysics. The University had a 3.1% shareholding in the South African Large Telescope Foundation, but surrendered its shareholding to SALT in 2016, and the investment value, representing the the University's share of the SALT company equity, was written off.

Investment in New Zealand Synchrotron Group Limited

The New Zealand Synchrotron Group Limited is made up of 8 universities and currently 4 Crown Research Institutes. The University has a 9.48% shareholding (31 December 2016; 9.48%).

The New Zealand Synchrotron Group Limited invests as a shareholder in Australian Synchrotron Holding Company Proprietary Limited, and in return receives access rights to usage of the Synchrotron Instrument.

Government Bonds

The government bonds classified as held to maturity investments were valued at amortised cost using the effective interest rate method. The effective interest rate amortisation was included in finance revenue.

The bonds were sold in January 2017.

The University also has equity investments of minimal or nil value as follows as at 31 December 2017:

Name	Percentage Held
Subsidiaries	
Canterprise Limited	100%
Entré Limited	100%
UC International College Limited	100%
Other Investments	
Flow Holdings Limited	40%
2.2G Limited	33%
Stratified Concrete Technologies Limited	15%
Unisaver Limited	14%
Kiwi Innovation Network Limited	8%
Veritide Limited	7%
Tiro Medical Limited (formerly Tiro Life Sciences Limited)	5%

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
10 / Term Receivable and Other Non Current Assets					
Campus Living Villages – Term Receivable	2,151	2,010	2,151	2,010	1,988
Other non current assets					
Reversionary interest	19,024	18,132	19,024	18,132	15,921

Campus Living Village – Term Receivable

In December 2005 the University entered into a 35-year arrangement to lease the student accommodation facilities to Campus Living Village (CLV) for \$35 million.

A portion of revenue was received in advance (\$28 million) for the current facilities and is being spread over the term of the lease on a straight line basis (Note 11).

The term receivable represents the present value of the amount still owing by CLV. This amount will increase over the term of the lease and a final payment will be made by CLV on maturity.

Reversionary interest

In line with the CLV lease agreement additional buildings have been constructed at Campus Living's cost. Ownership of these buildings will vest with the University at the end of the lease.

The reversionary interest represents the value of the University's interest in these buildings which will generally increase over time, dependant on the discount rate used and the valuation of the buildings, and is valued on an estimated present value basis.

11 / Revenue Received in Advance					
Current Revenue Received in Advance					
Student Fees	14,147	9,349	14,147	9,349	6,167
Research Revenue	17,940	14,315	17,940	14,315	14,332
Future minimum operating lease revenue not later than one year	868	868	868	868	868
Other	7,538	8,126	7,538	8,126	8,136
	40,493	32,658	40,493	32,658	29,503
Non Current Revenue Received in Advance					
<i>Future minimum operating lease revenue:</i>					
Later than one year and not later than five years	3,471	3,471	3,471	3,471	3,472
Later than five years	17,031	17,863	17,031	17,863	18,001
	20,502	21,334	20,502	21,334	21,473
TOTAL REVENUE RECEIVED IN ADVANCE	60,995	53,992	60,995	53,992	50,976

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
12 / Accounts Payable					
Payables under exchange transactions					
Trade Payables	6,357	5,136	6,352	5,136	3,470
UCSA Payable	7,288	6,944	7,288	6,944	6,886
Other Payables	17,563	23,416	17,563	23,410	19,445
Total Payables under exchange transactions	31,208	35,496	31,203	35,490	29,801
Payables under non-exchange transactions					
Taxes payable (PAYE and rates)	3,506	2,150	3,506	2,150	(87)
Total Payables under non-exchange transactions	3,506	2,150	3,506	2,150	(87)
TOTAL ACCOUNTS PAYABLE	34,714	37,646	34,709	37,640	29,714

Trade Payables and Other Payables are non-interest bearing and are normally settled on 30-day terms, therefore their carrying value approximates to their fair value.

13 / Provisions					
Current Provision					
Onerous Contracts	490	-	490	-	-
Non current Provisions					
Onerous Contracts	423	-	423	-	-
	913	-	913	-	-

The University has a non-cancellable lease for Student Accommodation that is no longer required as a result of new accommodation being built closer to the Campus and is not being used.

The lease does not expire until 23 December 2019. The provision has been calculated using the future discounted lease payments.

14 / Loans					
Current Loans					
Sonoda Gakuen Corporation of Japan Loan	32	32	32	32	32
Non Current Loans					
Sonoda Gakuen Corporation of Japan Loan	800	832	800	832	864
TOTAL LOANS	832	864	832	864	896
Analysis of Loan					
Analysis of Loan Liabilities					
Within one year	32	32	32	32	32
One to five years	128	128	128	128	128
Greater than five years	672	704	672	704	736
	832	864	832	864	896

Sonoda Gakuen Corporation of Japan advanced \$1.6 million in March 1992 to assist with the funding of the construction of the Sonoda Christchurch Campus.

The loan is for a term of 50 years at an interest rate of 3% per annum.

The carrying amount for loans approximates their fair value.

The University operates a purchasing card facility and had a credit limit of \$11 million as at 31 December 2017 (31 December 2016: \$11 million).

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
15 / Philanthropic Bond					
Philanthropic Bond – Current	2,000	2,000	2,000	2,000	2,000
Philanthropic Bond – Long Term	47,978	47,978	47,978	47,978	47,978
Capitalised bond issue costs	(228)	(347)	(228)	(347)	–
	47,750	47,631	47,750	47,631	47,978
TOTAL PHILANTHROPIC BOND	49,750	49,631	49,750	49,631	49,978

In 2009, the University launched a \$50 million, 10 year, fixed rate, unsubordinated, unsecured Bond at an interest rate of 7.25% per annum fixed for five years to be reset for a further five years at a 1.75% margin over the then prevailing five year swap rate. The issue was fully subscribed at an issue price of \$1 per Bond with a maturity date of 15 December 2019.

On the 15 December 2014 the interest rate was reset at 5.77% for the next five years in line with the original offer terms.

The Bond is a philanthropic bond which gives the bond holder the ability to donate either the principal or interest or both throughout the 10 year period of the bond.

Principal donated will be irrevocable, but donations of interest are revocable by the bond holder interest period to interest period. All donations of principal are required to be given to the Philanthropic Bond Trust.

Any donations received by the Philanthropic Bond Trust must be used for advancing and promoting the University's capital works programme.

On the 29th of November 2012 an amendment to the Philanthropic Bond Deed was made to limit the amount of donations, immediately payable to UC Foundation, within a rolling 12 month period at \$2 million.

This portion of the Philanthropic Bond is regarded as a Current Liability and disclosed separately on the face of the Statement of Financial Position.

On 30 November 2016, the University registered a further amended Trust Deed with the Financial Markets Authority, reflecting solely the consequential changes required following the introduction of the Financial Markets Conduct Act 2013. None of the previous amendments or rights of the bondholders was affected.

Capitalised bond issue costs

Expenses incurred in the issue of the 10 year Fixed Rate Unsubordinated Unsecured Philanthropic Bond were capitalised and are being amortised over the period of the bond.

Bond Covenants

The Bond trust deed requires the University to ensure that the following financial covenant ratios are achieved during the year:

- Secured debt will not exceed 5% of the aggregate of debt plus equity
- Debt will not exceed 25% of the aggregate of debt plus equity

There was no breach of the covenants in the year (2016: no breach).

Ministry of Education (MOE) Borrowing Consent

The borrowing consent from the Secretary for Education requires appointment of an independent advisor as soon as practicable after the University Council forms the view that it will be required to have outstanding borrowings of more than \$65 million; and for the provision of Financial Planning and Resourcing Committee and Council papers; limits on use of assets as security; and provision of capital asset management planning and capital expenditure reporting. There are no financial covenants.

The MOE consent requirements were fully complied with for the 2017 year (2016: full compliance).

The fair value of the bonds as at 31 December 2017 was \$52.0 million (31 December 2016: \$52.6 million). The fair values of the bonds are determined by reference to the quoted market price on the NZDX at 31 December.

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
16 / Employee Entitlements					
Sick Leave	736	765	736	765	7,664
Annual Leave	7,152	6,414	7,152	6,414	5,500
Long Service Leave	1,688	1,720	1,688	1,720	1,911
Retirement Leave	29,818	28,615	29,818	28,615	28,752
Payroll Accrual	3,104	3,035	3,104	3,035	–
Total	42,498	40,549	42,498	40,549	43,827
Redundancy Provision ¹	715	294	715	294	–
Total Employee Entitlements	43,213	40,843	43,213	40,843	43,827
Made up of:					
Current	13,909	12,697	13,909	12,697	7,950
Non Current	29,304	28,146	29,304	28,146	35,877
Total	43,213	40,843	43,213	40,843	43,827

¹Redundancy Provision – University & Group

Redundancy Provision Opening Balance	294	317
Provision made	715	294
Amounts used	(294)	(317)
Redundancy Provision Closing Balance	715	294

The Redundancy Provision was created for confirmed redundancies at year end.

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
17/ Other Financial Assets and Liabilities					
Other Financial Assets / Term Deposits					
Short-term deposits with maturities over three-months but less than 12-months	155,911	111,750	155,911	111,750	136,768
Other Financial Assets / Long-Term Deposits					
Long-term deposits with maturities greater than 12 months	-	44,500	-	44,500	-

The carrying amount of both short and long-term deposits approximates their fair value.

Short term deposits maturing over three months but less than 12 months from date of acquisition are all at fixed rates. The weighted average rate secured as at 31 December 2017 is 3.09% per annum (31 December 2016 is 3.18% per annum).

Long term deposits maturing over three months and remaining duration is more than 12 months from date of acquisition are all at fixed rates. The weighted average interest rate as at 31 December 2017 is 3.96% per annum (31 December 2016 is 4.18% per annum).

Other Financial Assets and Liabilities – Derivative Financial Instruments					
Derivative Financial Instrument Assets – Non Current					
Interest Rate Swap Derivative	1,721	1,850	1,721	1,850	-
Total Derivative Financial Instrument Assets	1,721	1,850	1,721	1,850	-
Derivative Financial Instrument Liabilities – Current					
Forward Currency Exchange Contracts – Current	27	76	27	76	-
Derivative Financial Instrument Liabilities – Non Current					
Interest Rate Swap Derivative	3,649	4,704	3,649	4,704	-
Total Derivative Financial Instrument Liabilities	3,676	4,780	3,676	4,780	-
Total Derivative Financial Instruments	(1,955)	(2,930)	(1,955)	(2,930)	-
Analysis of Derivative Financial Instruments	(1,928)	(2,854)	(1,928)	(2,854)	-
Net Settled Derivatives (Interest Rate Swaps)	(27)	(76)	(27)	(76)	-
Gross Settled Derivatives (Forward Exchange Contracts)	(1,955)	(2,930)	(1,955)	(2,930)	-

Fair Value

The fair value of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

The fair values of forward exchange contracts have been determined using a discounted cash flow valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market parameters are implied from forward foreign exchange contract prices.

The University has a series of policies to manage the risks associated with financial instruments in line with statutory and Council guidelines. The University is risk averse and seeks to minimise exposure from its treasury activities.

FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- quoted market price — financial instruments with quoted prices for identical instruments in active markets
- valuation techniques using observable inputs - financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical
- or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- valuation techniques with significant non-observable inputs — financial instruments valued using models where one or more significant inputs are not observable.

Derivative financial instruments (both current and non-current) are valued with valuation techniques using observable inputs.

Investments have been valued with valuation techniques with significant non-observable inputs.

RISK MANAGEMENT

Price Risk

There is no significant equity investments price risk.

Foreign Exchange Risk

The University's sensitivity to foreign currency has decreased during the current year as a result of foreign currency forward contracts taken to reduce exposure to currency fluctuations. The University's exposure remains immaterial for these financial statements.

Forward Foreign Currency Exchange Contracts

It is the policy of the University to enter into forward foreign currency exchange contracts to cover specific significant foreign currency payments.

As at 31 December 2017, the aggregate amount of unrealised gains/ (losses) under forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on these anticipated future transactions is \$(26,846) (31 December 2016: \$(75,983)).

Cash flow Interest Rate Risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Cash and Cash Equivalents and short term deposits issued at variable interest rates create exposure to cash flow interest rate risk.

Fair Value Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments which potentially subject the University to concentrations of interest rate risk consist principally of Cash and Cash Equivalents, Short and Long Term Deposits and Loans.

Although overall interest rate risk has been reduced due to the utilisation of fixed interest rates for both borrowing and investment in deposits, this does expose the University to a degree of "fair value interest rate risk" should market conditions move significantly in an adverse direction.

Note 5 and Note 17 provide an analysis in relation to these financial instruments.

Interest Rate Swap Contracts

The University uses interest rate swaps to reduce its exposure to cash flow interest rate risk resulting from resetting the fixed interest rates on bond borrowings.

Under an interest rate swap contract, the University agreed to exchange the difference between floating and fixed rate interest amounts calculated on an agreed notional principal amount. This was designated as a cash flow hedge. This contract enables the University to mitigate future cash flow exposures on the interest rate reset (which was set for 15 December 2014) of the issued fixed rate bond debt. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curve at reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at 31 December.

On 15 December 2014 the Philanthropic Bond Interest rate was reset at 5.77% and the hedging relationship between the original swap and the bond was de-designated. At the time the accumulated losses on this hedge relationship held in reserves was \$4,390,000. In accordance with NZ PBE IPSAS 29 Financial Instruments: Recognition and Measurement, this balance is being recycled through the surplus and deficit from the hedge reserve on a straight-line basis over the remaining five years of the bond.

A second Interest rate swap contract was entered into at the same time as the Philanthropic Bond interest rate reset, effectively locking in the interest payable by the University over the remaining term of the Philanthropic Bond.

Both interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swap is the floating rate in New Zealand. The University settles the difference between the fixed and floating rate on a net basis.

The interest payments on the bond are made half yearly and the interest payments on the interest rate swaps are made quarterly. The Bond rate is 5.77% but with the swap arrangement, the University's effective interest rate is 7.77%

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at 31 December.

Interest Rate Swaps

Swap 1 Outstanding pay fixed receive floating contract

Swap 2 Outstanding pay floating receive fixed contract

	Average contracted fixed interest rate		Notional Principal Amount	
	2017 %	2016 %	2017 (NZ\$000's)	2016 (NZ\$000's)
University & Group				
Swap one:				
Two to five years	5.95	5.95	50,010	50,010
Swap two:				
Two to five years	Floating	Floating	50,010	50,010

Interest Rate Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at 31 December.

For floating rate liabilities and assets, the analysis is prepared assuming the exposure outstanding at 31 December was outstanding for the whole year.

For interest rate swap contracts the analysis is prepared assuming that the interest rate swap contracts are revalued to fair value at 31 December, and that the 31 December contracts were in place for the whole year.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

As at 31 December, if interest rates had been 50 basis points higher/(lower) and all other variables were held constant, the following would occur:

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)
Surplus/Equity				
Surplus/Equity – increase (i)	1,491	1,586	1,491	1,586
Surplus/Equity – (decrease) (i)	(1,491)	(1,586)	(1,491)	(1,586)

(i) This is mainly attributable to the University's exposure to interest rates on its cash deposits.

Credit Risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The University is subject to an element of credit risk principally within Receivables, Cash and Cash Equivalents and Term Deposits. To mitigate risk, the University's treasury management framework is adhered to. Cash, Cash Equivalents and Term deposits are diversified through placements with a number of different New Zealand financial institutions. Credit exposure is further reduced by monitoring individual weightings.

Due to the large number of individual trade debtors, the concentration of credit risk with respect to Trade Receivables is greatly reduced.

The University invests in line with the requirements of the Education Act 1989, and its Treasury Management Framework only permits investment grade counterparties of Standard Poor's rating A or greater. All investments in New Zealand Financial Institutions are all rated A or greater.

The University exposure to credit risk is reflected by the carrying amount in the Statement of Financial Position for cash and cash equivalents, receivables, term deposits, and forward foreign exchange contract assets.

Liquidity Risk

Liquidity risk is the risk that the University will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The maturity profiles of the University's interest bearing financial instruments and investments are disclosed in Notes 14,15 and 17 respectively.

Liquidity ratio measurement analysis and forecasting is undertaken in order that liquidity risk is reduced.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses financial liabilities (excluding derivatives) into relevant maturity groupings based on the period remaining to the contractual maturity date as at 31 December. Future interest payments on floating rate debt are based on the floating rate applicable to the instruments at 31 December.

The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount (\$000's)	Contractual cash flows (\$000's)	Less than 1 year (\$000's)	Between years 1-2 (\$000's)	Between years 2-3 (\$000's)	From year 3 (\$000's)
University & Group December 2017						
Accounts Payable	34,714	34,714	34,714	-	-	-
Sonoda Gakuen Corporation of Japan Loan	832	1,169	57	56	55	1,001
Philanthropic Bond	49,750	60,605	2,886	57,719	-	-
Total	85,296	96,488	37,657	57,775	55	1,001
University December 2017						
Accounts Payable	34,709	34,709	34,709	-	-	-
Sonoda Gakuen Corporation of Japan Loan	832	1,169	57	56	55	1,001
Philanthropic Bond	49,750	60,615	2,886	57,729	-	-
Total	85,291	96,493	37,652	57,785	55	1,001
University & Group December 2016						
Accounts Payable	37,646	37,646	37,646	-	-	-
Sonoda Gakuen Corporation of Japan Loan	864	1,227	58	57	56	1,056
Philanthropic Bond	49,631	58,636	2,886	2,886	52,864	-
Total	88,141	97,509	40,590	2,943	52,920	1,056
University December 2016						
Accounts Payable	37,640	37,640	37,640	-	-	-
Sonoda Gakuen Corporation of Japan Loan	864	1,227	58	57	56	1,056
Philanthropic Bond	49,631	58,636	2,886	2,886	52,864	-
Total	88,135	97,503	40,584	2,943	52,920	1,056

Contractual maturity analysis of derivative financial liabilities

The table below analyses derivative financial liabilities into those that are settled net and those that will be settled on a gross basis into their relevant maturity groupings based on their remaining period from 31 December to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability Carrying Amount (\$000's)	Contractual cash flows (\$000's)	Less than 1 year (\$000's)	Between years 1-2 (\$000's)	Between years 2-3 (\$000's)	From year 3 (\$000's)
University & Group December 2017						
Net settled derivatives	1,928	1,978	989	989	-	-
University & Group December 2016						
Net settled derivatives	2,854	2,967	989	989	989	-

Contractual maturity analysis of financial assets

The table below analyses financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

	Carrying Amount (\$000's)	Contractual cash flows (\$000's)	Less than 1 year (\$000's)	Between years 1-2 (\$000's)	Between years 2-3 (\$000's)	From year 3 (\$000's)
University & Group December 2017						
Cash and Cash Equivalents	96,730	96,730	96,730	-	-	-
Receivables	23,920	23,920	23,920	-	-	-
Other Financial Assets	155,911	168,433	168,433	-	-	-
Term Receivable	2,151	7,000	-	-	-	7,000
Total	278,712	296,083	289,083	-	-	7,000
University December 2017						
Cash and Cash Equivalents	96,688	96,688	96,688	-	-	-
Receivables	23,920	23,920	23,920	-	-	-
Other Financial Assets	155,911	168,433	168,433	-	-	-
Term Receivable	2,151	7,000	-	-	-	7,000
Total	278,670	296,041	289,041	-	-	7,000
University & Group December 2016						
Cash and Cash Equivalents	77,930	77,930	77,930	-	-	-
Receivables	21,213	21,213	21,213	-	-	-
Other Financial Assets	156,250	168,690	117,234	51,456	-	-
Government Bonds	135,355	141,260	88,253	2,500	50,507	-
Term Receivable	2,010	7,000	-	-	-	7,000
Total	392,758	416,093	304,630	53,956	50,507	7,000
University December 2016						
Cash and Cash Equivalents	77,903	77,903	77,903	-	-	-
Receivables	21,209	21,209	21,209	-	-	-
Other Financial Assets	156,250	168,690	117,234	51,456	-	-
Government Bonds	135,355	141,260	88,253	2,500	50,507	-
Term Receivable	2,010	7,000	-	-	-	7,000
Total	392,727	416,062	304,599	53,956	50,507	7,000

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
19 / Equity					
General Equity					
Balance as at 1 January	1,092,540	1,074,180	1,092,515	1,074,084	1,081,369
Net Surplus / (Deficit) for the year	(5,315)	(1,837)	(5,327)	(1,766)	(9,120)
Contributions from the Crown ¹	–	15,000	–	15,000	–
Transfer (from) / to General Equity – Te Pourewa Settlement Reserve	17,500	–	17,500	–	–
Transfer (from) / to General Equity – Student Services Levy Capital Reserve	(2,123)	4,883	(2,123)	4,883	–
Transfer from revaluation reserve on retirement of assets	–	314	–	314	–
Balance as at 31 December	1,102,602	1,092,540	1,102,565	1,092,515	1,072,249
General Equity – Te Pourewa Settlement Reserve					
Balance as at 1 January	17,500	17,500	17,500	17,500	17,500
Transfer (to)/from General Equity	(17,500)	–	(17,500)	–	–
Balance as at 31 December	–	17,500	–	17,500	17,500
General Equity – Student Services Levy Capital Reserve					
Balance as at 1 January	5,788	10,671	5,788	10,671	4,090
Current year allocation of Levy	2,123	1,698	2,123	1,698	–
Insurance Settlement – UCSA Building – Transfer to General Equity	–	(6,581)	–	(6,581)	–
Balance as at 31 December	7,911	5,788	7,911	5,788	4,090
Cash Flow Hedge Reserve					
Balance as at 1 January	(2,710)	(3,643)	(2,710)	(3,643)	–
Fair Value Movement in Derivatives – Forward Foreign Exchange Contracts	49	55	49	55	–
Fair Value Movement in Derivatives – Interest Rate Swaps	878	878	878	878	–
Balance as at 31 December	(1,783)	(2,710)	(1,783)	(2,710)	–
Available-for-sale Reserve					
Balance as at 1 January	36	8	36	8	–
Adjustment to South African Large Telescope (SALT)	–	–	–	–	–
Adjustment to New Zealand Synchrotron Group Limited valuation	(9)	4	(9)	4	–
Write-off Fair Value through Other Comprehensive Income Reserve to Net / Surplus / (Deficit) (SALT)	–	24	–	24	–
Balance as at 31 December	27	36	27	36	–
Revaluation Reserves					
Balance as at 1 January	273,550	212,269	273,550	212,269	224,842
Transfer Between Equity and Revaluation Reserves	–	(314)	–	(314)	–
Transfers to General Equity on revalued Buildings	–	–	–	–	–
Transfers to General Equity on Library/Collections	–	–	–	–	–
Revaluations and Impairment	(3,090)	61,595	(3,090)	61,595	–
Balance as at 31 December	270,460	273,550	270,460	273,550	224,842

¹ Further details on the Crown Contributions are contained in note 23

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2016 University Actuals (\$000's)	2017 University & Group Budget (\$000's)
19 / Equity (continued)					
Revaluation Reserves consist of:					
Buildings	113,285	115,057	113,285	115,057	84,032
Infrastructure Assets	26,602	28,824	26,602	28,824	28,824
Land	83,167	83,167	83,167	83,167	75,083
Library / Collections	47,406	46,502	47,406	46,502	36,903
Balance as at 31 December	270,460	273,550	270,460	273,550	224,842

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)
20 / Reconciliation of Net Surplus with Net Cash from Operating Activities				
OPERATING ACTIVITIES				
Net Surplus / (Deficit)	(5,315)	(1,837)	(5,327)	(1,766)
Add (less) non-cash items:				
Depreciation and Amortisation	47,215	44,588	47,215	44,588
Donated Assets	(323)	(125)	(323)	(125)
Movement in Reversionary Interest	(892)	(305)	(892)	(305)
Movement in Long Term Revenue Owing	(141)	(131)	(141)	(131)
Movement in Total Employee Entitlements	2,370	2,555	2,370	3,225
Unrealised Foreign Exchange Variations	(107)	522	(107)	522
Amortise Premiums on Government Stock Investments	–	3,104	–	3,104
Net Movement In Fair Value of Interest Rate Swaps	(49)	26	(49)	26
Asset Impairments	2,191	3,737	2,191	3,737
Add (less) movements in other working capital items:				
Accounts Payable	(2,932)	13,383	(2,931)	12,635
Provisions	913	–	913	–
Revenue in Advance	7,835	5,425	7,835	5,425
Accounts Receivable and Prepayments	(4,851)	3,477	(4,855)	3,481
Inventories	50	5	50	5
Add (less) items classified as Investing / Financing Activities:				
Net Loss on Disposal included in Investing Activities	8	19	8	19
Movement in Lease Revenue in Advance	(832)	(831)	(832)	(831)
Movement in Library Serials Prepayment	(3,242)	(2,797)	(3,242)	(2,797)
Movement in Fixed Asset Related Payables / Accruals	7,197	(6,064)	7,197	(6,064)
NET CASH PROVIDED BY OPERATING ACTIVITIES	49,095	64,751	49,080	64,748

21 / Related Party Transactions

Transactions with related parties

The University transacts with other Government owned or related entities independently and on an arms' length basis. Transactions cover a variety of services including funding and grants for education and research services and purchases of electricity, postage, travel and tax.

The University Council and Senior Management Team may be directors or officers of other companies or organisations with whom the University may transact. Such transactions are all carried out independently on an arms' length basis, except for the following:

- commencing 1 August 2016, the University has leased property to the UCSA on the Dovedale campus for the provision of child care facilities. The lease is for 30 years at a peppercorn rent
- the University made a loan in February 2017 of \$350,000 to the UCSA to assist in funding the necessary refurbishment required to the leased property. The loan is interest free and is repayable in 30 equal annual instalments
- the University leases property to Bishop Julius Hall. The lease is for 34 years and 360 days at a peppercorn rent.

During the year the University entered into a Deed with UCSA recording the ownership and occupation of the new UCSA building, currently under

construction, with a new ownership ratio of 51% / 49%, University / UCSA. Previously the University shared ownership of the UCSA building in the 65% / 35% ratio, University / UCSA.

The Deed provides for the sharing of the costs of demolition of the old UCSA buildings and construction of the new one between the University and UCSA using this new ratio. The Deed also specifies payment terms and the calculation of interest on insurance funds held by the University and payable to the UCSA, which are intended to be used as a contribution to UCSA's share of costs when they fall due. The Deed specifies that the contribution can be made on a date agreed upon by the University and UCSA as part of the full payment due for UCSA's share of costs, but no later than 6 months after the practical completion date of the UCSA building. The University has recognised a debtor in respect of the demolition and construction of the new UCSA building for the UCSA's share of costs to date.

Should the UCSA be unable to make full payment the building will remain in the beneficial ownership of the University until full payment is received. Interest on any outstanding balance during this period is to be for a fixed rate for five years of 3% above the official cash rate prevailing at 31 December 2019, to be reset at the conclusion of each five years.

	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)
Revenue recognised for demolition and other operating costs of construction expensed	505	427
Balance owing by UCSA 31 December		
ELC loan	350	–
New UCSA building	3,985	427
Balance owed to UCSA 31 December	7,370	6,944

During the year to 31 December 2017 the University had no inter-group transactions with its subsidiaries.

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

Transactions with Key Management Personnel

Dr Rod Carr was a director of Canterprise Limited and UC International College Limited during the period. Directors' Fees paid were \$nil (December 2016: \$nil).

	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)
Council Members – Council Fee	227	230
Senior Management Team, including the Vice-Chancellor – Remuneration	4,851	4,065
	<i>Number</i>	<i>Number</i>
Council Members – Full-time equivalent members ¹	12	12
Senior Management Team, including the Vice-Chancellor – Full-time equivalent members	15	14

Senior Management comprises the Vice-Chancellor, Deputy Vice-Chancellors, Assistant Vice-Chancellor (Māori), Registrar and Assistant Vice-Chancellor, Executive Director / Chief Financial Officer, Pro-Vice-Chancellors for the Colleges and the Directors and Executive Directors of the Service Areas.

Due to changes during the year, three appointments overlapped resulting in an overall increase in the full time equivalent members costs in the Senior Management Team.

¹ Due to the difficulty in determining the full-time equivalent for Council Members, the full-time equivalent figure is taken as the number of Council Members.

22 / Early Childhood Education

The purpose of this note is to meet the disclosure requirements of the Ministry of Education for operators of funded childcare facilities.

	2017 University Actuals (\$000's)	2016 University Actuals (\$000's)
EARLY CHILDHOOD LEARNING CENTRE		
Statement of Comprehensive Revenue and Expenditure		
OPERATING REVENUE		
Government Grant – Child Funded Hours	677	643
Other Revenue	440	411
TOTAL OPERATING REVENUE	1,117	1,054
OPERATING EXPENDITURE		
Personnel Expenses	963	987
Site & Property Costs	107	91
General / Operating Expenditure	15	8
Depreciation	1	1
TOTAL OPERATING EXPENDITURE	1,086	1,087
NET SURPLUS / (DEFICIT) FOR THE YEAR AND TOTAL COMPREHENSIVE REVENUE AND EXPENSE	31	(33)

23 / Commitments

Capital Commitments

Capital commitments are the aggregate amount of capital expenditure contracted for the acquisition of property, plant and equipment and intangible assets that have not been paid for or not recognised as a liability at balance date.

Non-cancellable Operating Lease Commitments

The University leases property in the normal course of business.

These leases are predominantly for premises which have remaining non-cancellable leasing periods ranging from six months to 25 years.

The leases have varying terms and renewal rights. There are no restrictions placed on the University by any of its leasing arrangements.

	2017 University & Group Actuals (\$000's)	2016 University & Group Actuals (\$000's)
Capital Commitments		
Not later than one-year	80,091	73,391
Later than one-year and not longer than five-years	6,500	3,341
TOTAL CAPITAL COMMITMENTS¹	86,591	76,732
Non-cancellable Operating Lease Commitments as Lessee		
Not later than one-year	5,123	7,916
Later than one-year and not longer than five-years	5,415	7,314
Later than five-years	2,729	3,553
TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS	13,267	18,783
The University has rights of renewal of varying periods in some of its leases.		
The above lease commitments include the onerous lease for student accommodation disclosed in Note 13 Provisions.		
Non-cancellable Operating Lease Commitments as Lessor		
Not later than one-year	1,262	1,452
Later than one-year and not longer than five-years	985	2,714
Later than five-years	171	313
TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS	2,418	4,479

No contingent rents have been recognised in revenue during the year.

¹ Capital Commitments relate to buildings.

24 / Contingencies

Earthquake and insurance related contingencies

The University entered into a funding agreement with the Crown in September 2014, which commits the Crown to funding UC up to \$260 million for the construction of the Rutherford Regional Science and Innovation Centre (RRSIC) and the Canterbury Engineering the Future (CETF) project. The University has received \$210 million so far under this agreement, and has repaid \$8 million in line with the terms of the funding agreement. There are a number of conditions in the funding agreement that may either delay receipt or result in the University receiving less than the remaining amount in full, including EFTS numbers not exceeding the forecasts made by the University in its business cases to the Government and meeting certain construction milestones.

As a result, the University has a contingent asset of up to \$50 million, dependent on the successful completion of the required plans and other dependencies.

The University is exposed to potential sharing of its insurance settlement with other claimants. Negotiations continue, and involve allocation of receipts to damage in specified buildings, and to claim recovery costs. In certain cases this may result in no requirement to share the insurance receipts at all. Accordingly, the University is unable to quantify any amount that might become payable.

The University is also exploring the potential for further claims on EQC for damage to its halls of residence. These are continuing and the University is unable to quantify any contingent asset relating to these potential claims.

Construction

In common with many large construction projects, the University and its large project construction contractors are involved in regular review of contract variations due inter alia to developments in working conditions, design changes and finalisation of provisional sums in the original contract. These discussions are often complex and technical and do not always result in a financial outcome. Accordingly, the University is unable to estimate any amount payable in relation to current variations or other risk sharing arrangements under review.

Other contingencies

The University has provided a bond of \$30,000 to the NZX to secure amounts payable under the NZX Listing Rules for Debt-only Issuers Listed on the NZX Main Board. This bond is held by the University's bankers, ANZ.

The University has also provided 2 Carnet Indemnities for \$87,500 and \$37,000 to the Wellington Regional Chamber of Commerce. The Carnet for \$87,500 expires on 18 Mar 2018 and the Carnet for \$37,000 will expire in June 2019.

The University has no other contingent liabilities or assets at 31 December 2017 (2016: \$nil).

25 / Capital Management

The University's capital is its equity, which comprises general funds, and property revaluations and fair value adjustments through comprehensive revenue reserves. Equity is represented by net assets.

The University is subject to the financial management and accountability provisions of the Education Act 1989, which includes restrictions in relation to: disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings, and borrowing.

The University manages its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

The University's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities investments and general financial dealings.

The objective of managing the University's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which the University was established, while remaining financially viable.

In 2009, the University issued a \$50 million, 10 year, fixed rate, unsubordinated, unsecured Bond (refer Note 15) to assist with capital investment.

In 2014, the University entered into a funding agreement with the Crown to provide a capital contribution of up to \$260 million as part of the University's \$357 million investment in new facilities for its Science and Engineering colleges.

The balance of funding is being drawn in part from insurance settlements, and in part from its own resources, coupled with careful management of its capital programme, deferring investments to future years where operationally possible without damaging the potential for recovery.

26 / Events After Balance Date

While not affecting the 31 December 2017 financial results, the Government commenced its 'fees-free' policy for most first year domestic students in tertiary education from 1 January 2018, with the first payment to the University under that policy being received in early January 2018. There have been no other significant events after balance date (31 December 2016: none).

27 / Explanations of Major Variances Against the 2017 Budget

Statement of Comprehensive Revenue and Expenses

Revenue

Actual total revenue was slightly above budget, mostly in research revenue with increased activity, interest revenue with additional cash on hand as capital projects experienced delays, and increases in consultancy revenue.

Expenditure

Overall, personnel costs were slightly under budget, but with saving in salary costs offset by increases in employee benefit valuations, particularly retirement leave. Other expenditure also had offsetting variances — savings in actual moving costs and reduced depreciation as a result of the delays to the completion of capital projects were limited by expenditure on furniture for the new buildings, which the University expenses in line with its accounting policy.

Other Comprehensive Revenue and Expense

The main variances are in the net decrease in building, infrastructure and Logie Collection valuations, which are not budgeted for.

Statement of Changes in Net Assets / Equity

This comprises the total comprehensive revenue and expense, discussed above.

Statement of Financial Position

Current

The University continues to maintain sufficient cash to meet its capital programme in 2018, but where there are also significant long term cash deposits maturing within 12 months of 31 December 2017, and which are consequently shown as current. This is in excess of budget, which anticipated higher capital and operating expenditure, and did not include the sale of government bonds, the proceeds of which were invested over a similar term for an improved yield. Current liabilities are also in excess of budget, with higher creditor payments from capital expenditure late in the year, and additional student and research revenue in advance.

Non-current

Overall, non-current assets are less than budget due to delays in the capital programme, although significant projects have been capitalised from Capital Work in Progress as they came into use. There are no significant variances to budget in non-current liabilities.

Statement of Cash Flows

Net cash provided by Operating Activities

Increased cash from government grants and tuition fees from increases in student numbers have been offset by increased operating expenditure, largely in relation to the purchase of furniture noted above.

Net cash used in Investing Activities

This is significantly less than budget, which did not include the sale of government bonds that the University was holding to maturity, but which were sold in January 2017 and reinvested for an improved yield.

NZDX Waivers

Ngā Tukunga NZDX

The University of Canterbury (“UOC”) has in the 12 month period preceding the date two months before publication of the annual report relied upon the following waivers from the NZDX Listing Rules (“Rules”):

- i. A waiver from Rule 10.5.1 (which was granted on 2 November 2009 prior to its initial listing), being the requirement to deliver to NZX, and to make available to each Quoted Security Holder, an annual report within three months of financial year end. The waiver was granted on the condition that the annual report is delivered by the later of: a) Three months after financial year end, and b) the earlier of the time of presentation of the annual report to Parliament, or five weeks after the annual report is received by the responsible minister pursuant to section 220(1) of the Education Act 1989.
- ii. A waiver from Rule 10.4.1(a) (which was granted on 21 September 2010), being the requirement to provide a preliminary announcement to the market not later than 60 days after the end of its financial year-end. The waiver was granted on condition that:
 - the annual report is delivered at the earlier of the time of presentation of the annual report to Parliament; the time at which UOC’s annual report ceases to be confidential; or five weeks after the annual report is received by the responsible minister pursuant to section 220(1) of the Education Act 1989;
 - that UOC make an announcement, as soon as it is known, and in any event within 60 days of each of UOC’s financial year ends, disclosing the date on which UOC’s annual report and UOC’s preliminary announcement are expected to be released to the market; and
 - that, not later than 60 days after the end of each of UOC’s financial years, UOC provide to the market a certificate from the Chancellor or the Vice Chancellor; and the Chief Financial Officer of UOC, that all relevant financial information required to be disclosed to the market, pursuant to NZDX Listing Rule 10.1.1, has been provided.

2017

Compulsory Student Services Levy Ngā Utu Ratonga Ākonga me Utu



Compulsory Student Services Levy Ngā Utu Ratonga Ākonga me Utu

For the year ended 31 December 2017

The University of Canterbury consults with student representatives through the Joint Operations Advisory Board (JOAB) to make the following decisions related to Compulsory Student Services Levy:

- the maximum amount that students will be charged for student services
- the types of services to be delivered
- the procurement of these services; and
- the method for authorising expenditure on these services.

JOAB is the primary body for managing the partnership between the UC and the UCSA. It is made up on an even balance of UC staff and UCSA as representatives and as full members. Among its responsibilities the board makes recommendations to the Vice-Chancellor on allocations of funds from the levy and for setting the Levy.

It provides a formal forum for UCSA representatives to present the view of the student body to the management of UC related to activities wholly or partially funded by the "Student Services Levy". Students also

have representation on the University Council which is responsible for the governance of the University, including oversight of the institution's policy, degree, financial and capital matters.

In conjunction with the University of Canterbury Students' Association (the UCSA), in the years 2011 through to 2016 surveys of student preferences on the allocations of operational and student space capital fund allocation have been carried out through JOAB. These findings from these surveys have been reviewed and debated in various meetings with recommendations being made to inform operations and allocations from the Student Services Levy funds.

For 2017 the Compulsory Student Services Levy per Equivalent full-time student was \$795.00. These fees are separately accounted for in the University of Canterbury's accounting system. Details of Student Services Fees expenditure are provided to students in the Guide to Enrolment publication, on the Enrol at UC website, in student publication Canta and via campus poster campaigns.

UC Student Services Levy Allocations for 2017

	Income/ Revenue	Expenditure		
	CSSF levy collected (\$000's)	Actual (\$000's)	Budget (\$000's)	Variance (\$000's)
Compulsory Student Services Levy Collected	8,698	8,698	9,493	(795)
Services Funded by the Compulsory Student Services Fees				
1. Advocacy, legal and financial advice		900	912	(12)
2. Careers & employment information, advice & guidance		587	640	(53)
3. Counselling services and pastoral care		795	954	(159)
4. Health services		778	781	(3)
5. Media		341	341	0
6. Sports, recreation & cultural activities; Clubs & societies		3,075	2,945	129
7. Balance to Student Space Capital Fund		2,223	2,920	(697)
Total	8,698	8,698	9,493	(795)
Surplus/(Deficit)		0	0	0

From categories of student services outlined in Education (Compulsory Student Services Fees) Notice 2014:

- Cat. 1 above merges Advocacy and legal advice and Financial support
- Cat. 2 above merges Careers information, advice and guidance and Employment information

Other allocation categories match

- The balance not allocated is transferred to the Student Space Capital Reserve.
- No funding is provided for Childcare services or Accommodation services

Student Space Capital Reserve for 2017

	(\$000's)
Opening Balance 01 Jan 2017	5,788
Capital Reserve allocation from 2017 Levy	2,223
Minor Capital Works expenditure	(100)
Closing Balance 31 Dec 2017	7,911

Amounts allocated towards future year spending

	(\$000's)	
Recreation Centre Development	500	From 2013 allocations
Capital Works Building Projects	1,168	From 2014 allocations
Recreation Centre Development	500	From 2014 allocations
Capital Works Building Projects	1,922	From 2015 allocations
Capital Works Building Projects	1,698	From 2016 allocations
Capital Works Building Projects	2,123	From 2017 allocations
Future Year Allocations	7,911	

UC Student Services Levy Allocations for 2017 (\$000's)
Actual expenditure of Student Services Levy by UC and UCSA Departments

	1. Advocacy & Financial	2. Careers & Employment	3. Counselling	4. Health services	5. Media	6. Sport, Cultural, Clubs	7. Capital	8. Total
1. UC Student Care: a team of eight staff develop and deliver a range of student-focused support services that facilitate the academic, social and cultural development of students from diverse backgrounds.	56	85	282	28	0	113	0	565
2. UC Disability Resource Services: Disability Resource Services deliver specialist advice and resources to disabled students with this funding to cover the additional expenses for servicing temporary disabilities and international students. Almost all of their funding comes from TEC Equity Funding. ^{Note 1}	0	0	0	14	0	0	0	14
3. UC Health Centre Counselling: a team of five counsellors deal with all sorts of problems eg loneliness, grief, anxiety, depression, stress, homesickness, relationship problems, gender worries. Most counselling is short to medium term.	0	0	298	0	0	0	0	298
4. UC Health Centre: a team of 25 doctors, nurses and support staff at the Health Centre provide high-quality, responsive and cost effective services to its clients, to enable students to pursue their academic endeavours with minimal hindrance from medical psychological problems. Affordable, accessible and comprehensive health services are provided.	0	0	0	736	0	0	0	736
5. UC Rec Centre: a team of 15 plus an array of group fitness and exercise instructors manage UC Recreation Centre membership, programmes and facilities to registered members.	0	0	0	0	0	1,204	0	1,204
6. UC Sport: a team of four support staff deliver high-quality sport, fitness, health and education opportunities that enable students and the wider UC Community to be more effective in their study and work and add value to their UC experience. The services are provided in partnership with the UCSA with their separate allocation shown below.	0	0	0	0	0	438	0	438
7. UC Careers, Internship and Employment: a team of four engage with students and graduates by providing quality career education informed through effective connections with employers and industry.	0	488	0	0	0	0	0	488
8. UC Māori Development: a team of six deliver integrated support programmes for Māori students, focus on skill development, community connections and pathways to academic success. A significant portion of their funding comes from TEC Equity Funding. ^{Note 1}	89	0	73	0	0	108	0	271
9. UC Pacific Development: a team of six provide leadership in identifying and meeting Pacific educational aspirations, focusing on skill development, community connections and pathways to academic success. A significant portion of their funding comes from TEC Equity Funding. ^{Note 1}	42	14	141	0	0	85	0	282
10. UCSA Advocacy & Welfare: provide advice, dispute resolution services, and welfare provision (free legal advice, budgeting help and a food bank); they also administer the Class Reps system. Included within Advocacy and Welfare is UCSA Dental which provides access for basic dental care (check-up; x-ray; fillings; extractions) utilising the CDHB's Community Dental Clinic in Memorial Avenue for 20 hours/week.	712	0	0	0	0	0	0	712
11. UCSA Media & Comms: Handle UCSA's communication channels to inspire debate, make you laugh, cry, angry, informed, ambivalent, nonplussed or otherwise.	0	0	0	0	341	0	0	341
12. UCSA Activities & Events: Provide direct support to clubs, weekly student events and organise the big events of the year including Orientation, Grad Ball and the like.	0	0	0	0	0	935	0	935
13. UCSA UC Sport: The services are provided in partnership with the UC Sport and UC Recreation Services, with their separate allocation shown above.	0	0	0	0	0	190	0	190
14. Student Space Capital: The balance of the Student Services Levy transferred to the Student Space Capital Fund.	0	0	0	0	0	0	2,223	2,223
Total	900	587	795	778	341	3,075	2,223	8,698

Note 1: Note 1: UC Disability Resource Services, UC Māori Development and UC Pacific Development funding for academic, recruitment and other non-prescribed CSSF Ministerial Direction category activities are funded directly by UC or from TEC Equity Funding. The table above identifies the cost activities that meet the prescribed CSSF Ministerial Direction categories.

2017

Equity and
Diversity

Te Mana Taurite
me te Kanorautanga



Equity and Diversity

Te Mana Taurite me te Kanorautanga

Te Tiriti o Waitangi provides the context and foundation for equity and diversity at the University of Canterbury | Te Whare Wānanga o Waitaha (UC). In line with the Human Rights Act (1993) and Education Act (1989), UC is committed to ensuring equity of opportunity in employment and education for all its staff and students, irrespective of their background. The aim of the University's equity and diversity programmes is to foster a campus environment of inclusion, knowledge and understanding in which students and staff feel a sense of belonging, learn to value diversity and respect individual differences that enrich the University community and student experience.

The Central Equity and Diversity Advisory Committee (CEDAC) composed of UC students, general staff and academic staff from each of the five UC colleges meets regularly to discuss initiatives and best practice. In 2017 its main focus, with extensive consultation, was the introduction and approval of an equity and diversity policy for the University. The policy underpins the University's commitment to eliminating discrimination and reflects Te Rautaki Whakawhanake Kaupapa Māori, UC's bicultural strategy.

This year Kia Ngaringari, a pilot programme for the recruitment of Māori staff, was launched. It is intended that this programme will increase the Māori staff capacity at UC, the ability of the institution to respond to Te Rautaki Whakawhanake Kaupapa Māori, and the University's commitment to the attribute of bicultural competence and confidence in its Graduate Profile.

Te Ngāi Tūāhuriri Rūnanga developed a cultural narrative, which has been incorporated into the Campus Master Plan ensuring the values and aspirations of mana whenua are progressed in culturally appropriate ways in any campus development.

The Pacific Development Team reported the highest number of Pasifika student engagements to date, from 1,279 in 2016 to 2,752 in 2017. There was also a further increase in the number of UC staff and students receiving Pasifika cultural competency training. UC aims to increase the number of Pasifika full-time equivalent staff. The target for the total number of continuing and fixed-term Pasifika academic staff for December 2017 was six, but had reached seven by August. For the same period, the target for the number of general staff was 19, but reached 29 by August.

Fifty percent of employees at the University are women, a ratio represented on the Senior Management Team where seven out of 14 members are female. Over a 12-year period the total number of women employed as Associate Professor, Professor or Distinguished Professor increased from 29 in 2006 to 71 in 2017. UC will continue to build on this advance in coming years. Initiatives by the College of Engineering | Te Rāngai Pūkaha focused on recruiting more female students through outreach to schools and on fostering a supportive environment by strengthening relationships with UC's Women in Technology Society and Women in Engineering group.

The University regularly assesses the value of positions in relation to pay equity which includes work by an independent consultant and systems that monitor promotions.

Key initiatives progressed in 2017 included:

- events promoting diversity themes including Mental Health Awareness Week, Te Wiki o te Reo Māori — Māori Language Week 2017 and the three-week Diversity Fest with the theme 'This is who we are'. The festival featured 29 events and nearly 3,000 attendances
- review of information and support for students from international and diverse ethnic communities and establishment of a plan for further improvement in 2018
- a 15% increase in learning support registrations from the previous year: of 700 inquiries made with the Disability Resource Service, 92% resulted in students being registered with the service for learning support
- sessions for staff on culturally responsive pedagogy and Universal Design for inclusion and belonging as part of UC Teaching Week
- Te Waka Talanoa programme, a Māori and Pasifika student collective within the Certificate in University Preparation (CUP) commenced in 2017 with the goal of improving the retention and overall sense of belonging of Māori and Pasifika students
- work by UC, in consultation with LGBTIQ+ students and CEDAC, to ensure student and staff identities are appropriately captured in the student and staff management systems, and to provide gender-neutral bathrooms on campus as well as enhancing professional development for staff.

Directory

Rārangi Mōhiohio

Address

University of Canterbury
Private Bag 4800
Christchurch 8140, New Zealand

Telephone

+ 64 3 366 7001
+ 64 3 364 2987 automated attendant
Freephone 0800 Varsity (0800 827 748)

Facsimile

+ 64 3 364 2999

Email

info@canterbury.ac.nz

Website

www.canterbury.ac.nz

Auditor

Audit New Zealand (on behalf of the Auditor-General)

Bank

ANZ Banking Group

Solicitors

MDS Law

Annual Report 2017 was produced by staff from Financial Services, the Vice-Chancellor's Office, and Student Services and Communications

Statement of Service Performance

Bruce White, BMS (Waik.), CA, Deputy Registrar, Vice-Chancellor's Office, with input from relevant University staff

Financial Statements

Adrian Hayes, BA(Hons) (UEA), MA (Hist)(Open), FCA, CA,

Financial Controller, Financial Services

Design

Dean Patterson, Senior Graphic Designer,
Student Services and Communications

Photography

Duncan Shaw-Brown,
Student Services and Communications

Printer

UC Print

ISSN 1171-5774 (Print)

ISSN 1177-8156 (Online)

University of Canterbury
Te Whare Wānanga o Waitaha
Private Bag 4800
Christchurch 8140
New Zealand

Telephone: +64 3 366 7001
Freephone: 0800 Varsity (0800 827 748)
Facsimile: +64 3 364 2999
Email: info@canterbury.ac.nz
www.canterbury.ac.nz