



Annual Report Te Pūrongo ā-Tau



2018

Mihi.

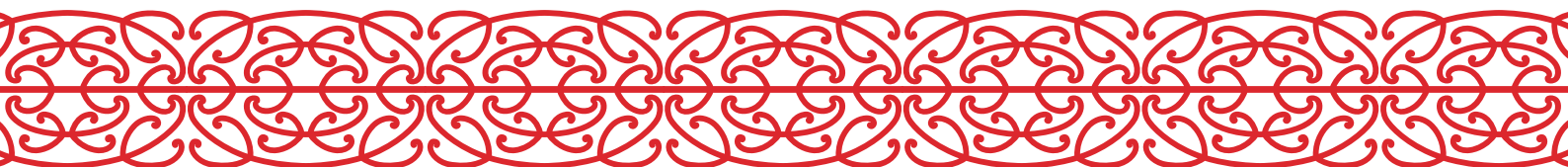
E rere atu te owaha ki a koutou katoa mai i Te Whare Wānanga o Waitaha. E manawanui ana a UC ki te whakawhanake i ōna tāngata, ahakoa kaimahi, ahakoa ākonga, kia tutuki ai ngā tāura o UC me ngā pūkenga o te Āhuatanga Tāura. Kei te whakaahu haere ā mātou mahi whakapai i ngā whare o UC, ā, kua aukaha hoki 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 2018. 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 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 2018. Its contents summarise for the reader the current state and achievements of UC over the past year.

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



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

As of 31 December 2018

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 | Tumu Tuarua

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

Assistant Vice-Chancellor Māori | Amokapua Māori

Dr Darryn Russell, MIndS (Otago), PhD (Otago)

Assistant Vice-Chancellor (Academic) | Amokapua Akoranga

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

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), FinstP, 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

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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 2018

The Auditor-General is the auditor of the 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 2018, 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 to 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 2018 ; 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 2018; and
- the appropriation statement of the University on pages 38 to 39 presents fairly, in all material respects, what has been achieved with the appropriation by the University.

Our audit was completed on 27 February 2019. 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 2018 of \$941.086 million (2017: \$859.293 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 \$118.255 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 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 the fair value of building assets 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 2018 the remaining impairment deduction from buildings' undamaged value is \$84 million (2017: \$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 as at 31 December 2016. The University's approach to its assessment included the application of relevant replacement cost 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.

As no formal updated remediation cost estimates were provided by the independent quantity surveyors as at 31 December 2018, we considered the consistency of the impairment estimates with other internal and external information, including relevant cost indices.

We reviewed the progress of the University's building repair programme and considered the impact of the University's decisions about the future of specific buildings on the impairment estimates.

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 for the required work.

Key audit matter — Impact of accounting standards issued and not yet effective

The University is required to disclose information about the possible impact of the future application of new Financial Reporting Standards that have been issued but are not yet effective. PBE IPSAS 35 *Consolidated Financial Statements* will be effective for the University's financial year to 31 December 2019. The University has disclosed the estimated future impact of implementing PBE IPSAS 35 in the Statement of Accounting Policies.

In assessing the impact of PBE IPSAS 35 on the group's financial statements, the University considered its relationship with the University of Canterbury

Foundation (the Foundation) and the trusts and bequests collectively referred to as the University of Canterbury Trust Funds (the Trusts). The University concluded that, under this new Standard, the University will need to consolidate the Foundation and many of the individual trusts in the group financial statements for the year ending 31 December 2019.

This is a key audit matter because of the judgements necessary in applying the control test in PBE IPSAS 35 to trusts and because of the significant value of assets within the Foundation and the Trusts.

How did the audit address this matter?

We reviewed the University's assessment of how PBE IPSAS 35 applied to the University of Canterbury Foundation and the University of Canterbury Trust Funds.

We read the trust deeds or founding documents of the Foundation and the Trusts and considered information on their establishment and their relationship with the University. We consulted with specialists within Audit New Zealand with expertise in the application of PBE IPSAS 35 to trusts.

We considered how the key aspects of the accounting control test in PBE IPSAS 35 applied in the circumstances of the Foundation and the Trusts.

We found that the disclosure of the estimated impact of the new standard on the Group is based on an appropriate application of PBE IPSAS 35 and where uncertainty still exists as to the impact, this is appropriately disclosed.

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 also responsible on behalf of the University and group for preparing a statement of service performance and appropriation statement that is 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, the Education Act 1989 and the 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 18 and 78 to 88 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.

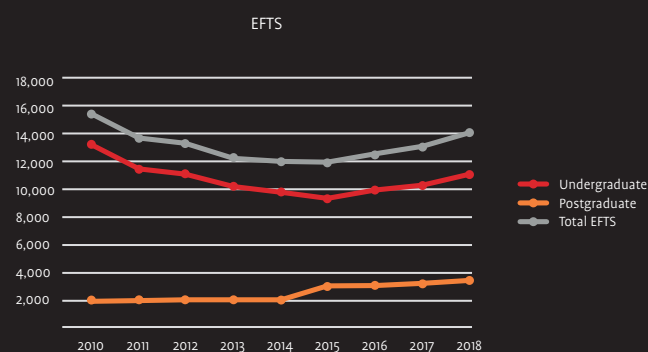
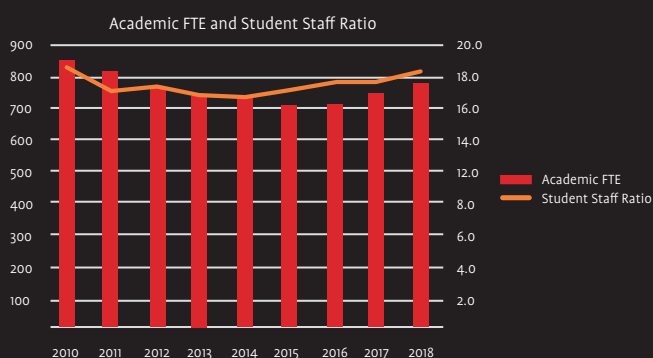
Other than the audit and these engagements, we have no relationship with or interests in the University or any of its subsidiaries.



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

2018 at a Glance | He Titiro Kōmuri ki te Tau 2018

Students and Staff	2010	2011	2016	2017	2018
Students enrolled (Headcount)	18,783	16,444	15,564	16,253	17,299
Equivalent Full-time Students (EFTS)	15,494	13,604	12,492	13,089	14,070
Full-time Equivalent Academic Staff (FTE) ¹	850	816	715	749	777
Student Staff Ratio ²	18.2	16.7	17.5	17.5	18.1
EFTS by level of study³					
Undergraduate	13,376	11,532	9,714	10,163	10,965
Postgraduate	2,118	2,073	2,777	2,926	3,105
Total EFTS	15,494	13,604	12,492	13,089	14,070
EFTS by Fee Type					
Domestic Fee Paying	14,228	12,667	11,358	11,671	12,366
International Full Fee Paying	1,267	937	1,134	1,418	1,704
Total EFTS⁴	15,494	13,604	12,492	13,089	14,070
Cost per EFT Student (\$000) ⁵	\$18	\$21	\$27	\$28	\$26
Operating (All amounts net of GST)					
	\$millions	\$millions	\$millions	\$millions	\$millions
Government grant	\$117	\$120	\$133	\$133	\$133
Tuition fees ⁶	\$90	\$79	\$93	\$102	\$116
Research funding ⁷	\$50	\$55	\$60	\$63	\$71
Capital expenditure ⁸	\$38	\$90	\$186	\$166	\$78
Financial position					
Non-current assets	\$757	\$642	\$1,271	\$1,283	\$1,301
Net current assets	\$61	\$47	\$219	\$199	\$192



Notes:

- Staff FTE are annualised, so take 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 who starts in January and works full time for 6 months will have a 0.5 annualised FTE.
- Number of Full-time Equivalent Students per Full-time Equivalent Academic Staff.
- Level of study is based on the level associated with the course enrolment. Pre-degree courses are included within the undergraduate heading.

- Reconciliation with Ministry of Education (MoE) SDR numbers: There are a small number of EFTS not required to be returned to the MoE, but typically included in UC's total EFTS.

MOE SDR Reconciliation	2010	2011	2016	2017	2018
EFTS reported above but not returned to Ministry of Education	—	74	94	94	86

- Cost per EFTS is based on total operating costs less building impairment.
- Includes Fees Free funding received.
- Includes PBRF funding received.
- 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.

This 2018 UC Annual Report is my seventh and last since first being elected as your Chancellor in 2011. Coincidentally it marks the end of a decade of continuous leadership of our great institution at both governance and management levels, opening the way for profound change and fresh thinking. Importantly, it also provides the evidential basis for pronouncing that the challenges we set ourselves in the aftermath of the seismic events of 2010–2011 have largely all been met: not just that we stayed open and have delivered full programmes of teaching, learning and research ever since, but that our billion-dollar-plus programme to rebuild and repurpose our infrastructure and consolidate on the Ilam campus is all but complete; we have seen the resurgence in student numbers so many have worked so hard to achieve; we have made great strides in embedding the key attributes of our new graduate profile across the range of courses and programmes, with success most notably in biculturalism; we are very close to balancing the books and have every chance of being in modest surplus and debt free by the close of 2019.

In other words, our incoming new leadership need not preoccupy themselves with the problems of the past, but are free to concentrate instead on exciting new opportunities for delivering on the strategic vision that has served us so well, based on UC's renewed viability, and capacity to invest in additional resources, new programmes and new relationships.

The year 2018 began with the formal opening of the Ernest Rutherford building by the Prime Minister the Rt Hon Jacinda Ardern in February. Named of course after one of the University's most illustrious alumni, the Ernest Rutherford building, a cathedral-like complex of cutting-edge laboratories at the heart of our Rutherford Regional Science and Innovation Centre, will ensure the University's national and international reputation for first-class science continues to grow and flourish. The University was privileged to host Lord Rutherford's great-granddaughter, Professor Mary Fowler, herself Master of Darwin College, Cambridge, to represent the family at the opening.

The College of Education, Health and Human Development moved to remodelled space in Rehua, the former Commerce building, on the Ilam campus in December. Delays in completing this building project have been a source of frustration but the end result will serve its new occupants and the wider University well for generations to come. The move of the College to Ilam unites the academic community of the University on one campus for the first time since the merger with the Christchurch College of Education in 2007 and will enhance opportunities for collaboration and cooperation in teaching and research.

This year has seen the University, in partnership with the University of Canterbury Students Association (UCSA), commence work on a new events centre. The new UCSA building — to be known as Haere-roa — will be a new, leaner, exciting and more fit-for-purpose building. Construction is well advanced, with opening scheduled to be within 2019. Our students have a fundraising campaign under way to close a funding gap and thus ensure that their new centre is, in line with UC tradition and very much for its own sake, majority student-owned and operated. I urge you all to join us in supporting the cause.

In parallel with these infrastructural developments, and in a number of ways more challenging, complex and important than them, the University continues to work on its new graduate profile to ensure a unique package of experiential and learning opportunities is available to our students as they move through to graduation. Historically the University required graduate profiles for all its awards but has never before adopted an institution-wide approach. The graduate profile that has now been developed and

been articulated will progressively apply to all undergraduates. Our future graduates will be critically competent in a core academic discipline of their choosing. They will be employable, innovative and enterprising, and already work-experienced. They will have had every opportunity to have become biculturally competent and confident in their personal role in a multicultural world. They will be engaged with the community. They will have been encouraged to undertake an overseas exchange and to become globally aware and connected. The leadership of the University has endorsed and resourced this work and, as has been conveyed to the Government as our principal stakeholder, is absolutely determined to succeed in it.

In 2018, the University Council awarded an honorary Doctorate of Letters to Ms Jenny Harper, an alumna who has been counted among the highest echelons of the visual arts and museum sectors in Australasia for four decades. From the very beginning of her art gallery career, she made a name for herself through her deeply perceptive, critically important and popular exhibitions. Ms Harper is an academic and museum professional who has left an indelible mark not only on our city through her extraordinary performance as Director of the Christchurch Art Gallery during and after the earthquakes, but also on the New Zealand cultural and artistic stage, and beyond.

Also in 2018, Council again granted the highest awards it is able to make in recognition of the achievements of our academic staff, respectively to Professor John Harding (University Teaching Medal), Professor Rick Millane (UC Research Medal) and Professor Phil Butler (UC Innovation Medal). The awards were acknowledged as the focal point of the year's Chancellor's Dinner.

As another year of significant academic achievement for the University, 2018 saw 4,201 degrees and diplomas granted to 3,960 graduates. Of particular note is the increasing proportion of postgraduate qualifications awarded, as the University retains, and in some respects enhances, its international standing. I cannot overstate and am especially proud of UC's achievement overall with regard to its academic contribution during my time as Chancellor. As was stated in a number of the recent valedictories for the outgoing Vice-Chancellor, despite the initial post-earthquake flight of students, UC has more doctoral students, more postgraduate students,

more international students, more Māori students and more Pasifika students now than we did before the earthquakes.

I should like to take this opportunity to note the resignation of our alumna Dr Rosemary Banks from, and thank her for her service to, Council. She will be missed at the Council table, but in tribute to her professionalism, skills and experience she was presented with the larger opportunity to further serve our country as New Zealand Ambassador to the United States in Washington DC. We wish her well in this challenging appointment.

In the course of the year, Dr Rod Carr advised Council he would not be seeking reappointment as Vice-Chancellor and would step down in January 2019. I would like to acknowledge the exceptional contribution of Dr Carr to the University, its recovery and its future, and the positive impact he has had on the University, our students and staff during his tenure. As noted, there have been a number of opportunities recently to assess and pay tribute to those contributions. The consensus is that Dr Carr, while successfully running a large and complex University during the most challenging phase of its nearly 150-year history, has also contributed enormously at the local, regional and national levels in many capacities over the last 10 years. He has thoroughly earned our commensurate thanks, and we wish him and his wife Jenny all the very best for the future.

The Council met 13 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, 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 the times we face, their work places extraordinary demands on chairs and members. The Honours and Appointments Committee met four times. The Vice-Chancellor Employment Committee, enhanced in membership for the purpose of recommending to Council a successor to Dr Carr as Vice-Chancellor, was ably chaired by the Pro-Chancellor, Ms Sue McCormack.

As the result of this process, Council unanimously offered appointment as UC Vice-Chancellor to Professor Cheryl de la Rey, then Vice-Chancellor of the University of Pretoria, for a five-year term from February 2019. The offer was accepted. We wish Professor De la Rey a productive and enjoyable time at UC. She has exciting opportunities and challenges to lead for us, such as Kia Tōpū, our initiative to promote research and teaching in support of sustainable production, efficient processing and secure distribution within the food sector; and proposals put to government by Lincoln and Canterbury University Councils for consideration of a new form of relationship between the two institutions.

I should like to thank all Council members for their individual and collective contribution to our large, complicated and demanding institution over the past year. Since the appointment of the new Vice-Chancellor, Sue McCormack has been elected UC Chancellor until May 2021, and Council member Steve Wakefield elected Pro Chancellor until January 2020. I congratulate them both and look forward to assisting them in any way I can in their new roles.

Our University is supported in many ways and by many people — alumni, friends and benefactors. This help is an increasing part of our life blood. It is this which enables the University to offer a unique student experience, providing the tools and the opportunities that promote personal and professional growth. As a result, our graduates are then able to take up roles in the community and the wider world that allow them truly to make a difference.

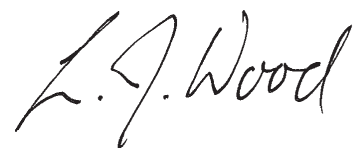
As our 150th anniversary approaches in 2023, the University is seeking to establish an endowed research fund. To build this research fund, UC needs your support to ensure we can help our academics and students deliver on well-defined research goals. The fund will enable UC to take on ambitious research projects that break new ground, generate original knowledge and lead the way in innovation. This research will enhance UC's reputation globally so we continue to attract the best scholars and students now and in the future.

Let me close 2018 by expressing, on behalf of the University, its gratitude for the Government's helpful and proactive support of our UC Futures programme and, by now, its virtual completion. The Governance Oversight Group established under our

Funding Agreement with the Crown, with its independent Chair, Mr Gary Wilson, and including senior representatives of the Tertiary Education Commission, the Ministry of Education and the UC Council, has been particularly collegial and effective.

Finally, while I will continue as a member of University Council until July 2019, now that I have stepped down as Chancellor, it is fitting to express my gratitude and humility at having been granted the rare privilege of assuming a number of leadership positions over the past 10 or so years, enabling me to give something back to the institution that I have described in another context as transformative: "The University made me the man I became, and a very different person from the one I would otherwise have become. It gave me the way out I had been seeking, and a way forward. Canterbury enabled me to deliver on my potential then, and to go on developing it over the decades to come." And a special word of gratitude and love to my wife Rose, who has not only kept the show on the road, but has been with me every step of the way.

The developments I have discussed, building as they do on the University of Canterbury's very special holistic learning experience, will ensure that each year our graduates are more and more ready to connect and contribute effectively, reaching out from their own communities to the world. As we conclude a year that has turned out to be pivotal, and a harbinger of change, it is timely to pause and acknowledge the very significant progress that has again been made by UC in realising our programmes in response to the events of 2010–2011. That progress is why we can now put the intervening time behind us and instead look forward to our 150th anniversary in 2023 with such great confidence.



Dr L. John Wood
Chancellor | Tumu Kaunihera 2018

Vice-Chancellor's Report | Te Pūrongo a te Tumu Whakarae



Dr Rod Carr

In this, my final report as Vice-Chancellor, I have an opportunity to reflect on and celebrate the many achievements of students, staff, governing members and supporters in placing the University of Canterbury | Te Whare Wānanga o Waitaha (UC) on a strong trajectory for the future.

With increased numbers of students on campus, the opening of new buildings, the formation of partnerships, the launch of new programmes and the completion of agreements, 2018 has been a year of celebration and exciting developments.

Transformation

The 22 February 2011 earthquake brought extraordinary and rapid change for UC. A lot has changed — had to change — post-quake. Achievements in 2018 reveal how far we have come and show that the University is well prepared for the future.

The Student First programme continues to prepare UC for the future, putting students at the heart of our work. It is dedicated to improving the student administration experience so that UC can continue to deliver world-class education. This year the focus has been on improving systems and processes to support conversion and retention of students, simplifying processes for adding new courses, and ensuring our student administration systems are set up to allow this.

The UC Graduate Profile — with its attributes of entrepreneurship and work readiness, community engagement, global awareness and bicultural competence — will further strengthen our graduates who have mastered their chosen field of academic study. UC has the resources to support new strategic

investment in research and teaching, and continues to build a collaborative and constructive working environment for staff.

Stage 1 of the \$220 million Rutherford Regional Science and Innovation Centre — the Ernest Rutherford building — was officially opened by New Zealand's Prime Minister the Rt Hon Jacinda Ardern early this year. Named for renowned UC alumnus Lord Rutherford, it includes specialist teaching and research laboratories for Physics, Astronomy, Chemistry, Geology, Geography and Biological Sciences. Construction of Stage 2 is well under way — the innovative multi-storey timber-framed building is named for UC alumna Beatrice Tinsley, one of the most creative and significant theoreticians in modern astronomy.

Now complete, the Canterbury Engineering the Future project rebuilt or completely refurbished every wing of the Engineering Precinct. I am proud that it will provide UC students with some of the best facilities for teaching, learning and research in the southern hemisphere for decades to come.

The blessing of the new Rehua building in December, ready for teaching from mid-January 2019, marked a special moment in UC's recovery. Rehua will be the central hub for education, entrepreneurship and executive development.

Construction of the new University of Canterbury Students' Association (UCSA) building, Haere-roa, is on track for completion in 2019 and I am proud of the UCSA's efforts to raise \$5 million for the project. The outcome will be an extraordinary new home for students — a state-of-the-art base that is accessible, inviting, supportive and fun. It was a highlight of my year to join members of the 2018 UCSA executive in a fundraising effort at the Queenstown Marathon. Thank you to those who have contributed or will contribute to this ongoing fundraising campaign.

Research and innovation

UC's bold vision for an increased focus on the future of food, the Kia Tōpū programme, was announced this year. The ultimate goal is to increase the University's contribution to feeding people in a sustainable way. Over the next five years, UC will invest at least \$30 million in research and teaching to help develop the skills and knowledge to support the sustainable production, efficient processing and secure distribution of healthy foods. This initiative will add significant value

to healthy foods-related research and teaching at a time when the future of food and new food sources are becoming increasingly relevant.

The School of Product Design, aimed at producing creative, technically savvy graduates who are business-ready, officially opened in March. It is going from strength to strength with demand for the new degree programme exceeding all expectations.

The success of our academics and researchers continues to demonstrate their ability to make a difference, which directly benefits society. For example, one of the eight UC researchers awarded Royal Society Te Apārangi Marsden funding is Dr Laurie McLay, from the College of Education, Health and Human Development, for her work on sleep problems in children. Fellow Marsden funding recipient Professor Paul Millar, from the College of Arts, will undertake "Kōrero mai. Tell us your earthquake story", a longitudinal study of post-disaster narratives, re-recording a representative subset of the 720 participants who in 2012 gave their earthquake stories to UC QuakeBox.

Biochemistry Lecturer Dr Jodie Johnston, from UC's Biomolecular Interaction Centre, won funding from the Canterbury Medical Research Foundation to study Staph infection-causing bacteria, work that could save lives around the world.

Rutherford Discovery Fellow, Dr Jonathan Tonkin aims to advance understanding of ecological networks, enabling better prediction and management of entire ecosystems in future climate settings where natural cycles in the environment are disrupted.

I have had the opportunity to congratulate many students who have achieved academic excellence or demonstrated a commitment to contributing to the community. Among them is UC doctoral candidate Melissa Derby (Ngāti Ranginui) who won the Fulbright-Ngā Pae o te Māramatanga Graduate Award to further her postgraduate research in the field of indigenous development in the United States of America. She is researching critical theories of race, ethnicity and indigeneity. Her thesis will also contribute to the Literacy strand of A Better Start: E Tipu e Rea National Science Challenge.

In April, New Zealand's first Global Humanitarian Engineering graduates received their diplomas. The diploma combines Arts courses in the humanities and social sciences

with service-based practical engineering fieldwork. Students' work on community-identified engineering issues and projects, often in disadvantaged communities, such as assisting in disaster relief areas.

The Student Volunteer Army (SVA), which was formed in the spirit of volunteerism following the Canterbury earthquakes, demonstrated its ability to contribute globally. In a youth summit hosted by UC, SVA members met with members of the Marjory Stoneman Douglas High School's Never Again MSD movement from Florida, USA, which resulted in a 'how-to' guide for organising youth movements. Members of the SVA have also made a return visit to the school in Florida and to the capital, Washington DC.

Growth

One consequence of the February 2011 earthquake was a sharp drop in student enrolments. Enormous recruitment efforts have since been made and the campus was buzzing with students in 2018. Student numbers received a further boost this year with a 22% increase in mid-year enrolments compared to 2017 and enrolment figures were looking positive for 2019. There were 17,299 domestic and full-fee students enrolled at the end of December 2018, compared to 16,253 at the end of 2017, and this number will continue to rise through January. In addition, with record numbers of postgraduate students, UC is creating a whole new generation of thought leaders.

The demographics of the student body have changed significantly, with greater numbers of full-fee paying international students welcomed into our UC community. UC is well on the way to achieving a more international student body and greater global awareness in all bachelor's degrees. By August 2018, of all UC students enrolled in any degree, certificate or diploma, 26% were not originally from New Zealand; showing UC is on the right path for internationalisation.

As student numbers grow again, so does our need for more accommodation. This year, Hayashi accommodation opened, consisting of 16 two-storey townhouses and 10 studio apartments, accommodating individual students and couples in their second year of study and beyond. A business case was also approved to build new residential accommodation on UC land near Bishop Julius Hall.

'With increased numbers of students on campus, the opening of new buildings, the formation of partnerships, the launch of new programmes and the completion of agreements, 2018 has been a year of celebration and exciting developments.'

In August, Lincoln University and UC jointly announced the signing of a memorandum of understanding to explore partnership and merger options to accelerate and enhance Lincoln's unique 140-year contribution to the land-based sectors and the wider economy. A proposal on this partnership was sent to the Minister of Education at the end of 2018.

It was also announced that UC and Lincoln University, in partnership with the University of Adelaide, would become the first New Zealand providers of the award-winning Children's University educational programme. Together, we are collaborating with local stakeholders and iwi to establish a New Zealand Children's University, which will offer learning opportunities outside the classroom to school students.

Closing the recovery chapter

In September 2014, the Crown and UC signed an agreement that the Crown would support the University's recovery from the effects of the Canterbury earthquakes. The agreement was that the Crown would provide up to \$260 million and that UC would deliver the rebuild of the Engineering and Science precincts and the new Education building, Rehua, along with introducing UC-wide graduate attributes. This partnership has increased enrolments to pre-quake levels and is returning UC to operating surpluses by 2019. The Crown's contributions are part of the wider rebuild programme of about \$1.2 billion across the whole of the main Christchurch campuses and the University's field stations.

The Engineering Precinct rebuild is complete; the Science Precinct rebuild is on schedule for completion in 2019; the graduate attributes are being incorporated into all undergraduate degrees; international enrolments are well ahead of targets; and domestic enrolments are forecast to hit pre-quake levels in 2021 — a year ahead of the original target.

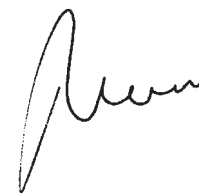
UC has now received the full \$260 million that was part of the Crown Funding Agreement — an important milestone as the recovery chapter closes. I wish to express my enormous gratitude to the Crown for what has been an exceptional contribution to UC's successful recovery.

UC is immeasurably appreciative of the contribution that businesses, alumni and friends of the University make. I trust you see, as I do, the remarkable value of your support reflected in the tangible outcomes of UC's transformation and growth.

A surplus of \$9.6 million in 2018 is further evidence that the course UC is on is strong, sustainable and resilient. In welcoming the Vice-Chancellor designate, Professor Cheryl de la Rey, I feel resoundingly optimistic for the future of the University and wish her all the best.

Nā reira, he mihi tēnei ki ngā kaimahi katoa o te whare wānanga. Tēnā koutou i runga i tā koutou kaha tautoko, kaha manaaki i a au i aku tau hei Tumu Whakarae i Te Whare Wānanga o Waitaha.

Therefore I acknowledge all the staff of UC, and thank you in recognition of your strong support and care of me in my years as Vice-Chancellor of the University of Canterbury.



Dr Rod Carr
Vice-Chancellor | Tumu Whakarae 2018

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 2018 | Ngā Mema o te Kaunihera 2018

The composition of the University Council for 2018 was:

Council Members	First Appointed	Current Term Appointed	Current Term Ending
<i>Four Persons Appointed by the Minister</i>			
Dr Rosemary Banks	2017	2017	09/2018
Ms Catherine Drayton	2009	2015	07/2019
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 Josh Proctor	2017	2018	12/2018
<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

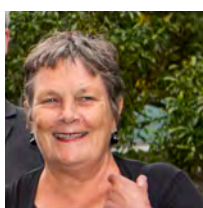
Dr Rosemary Banks resigned from the Council with effect from 30 September 2018 to take up the position as New Zealand's Ambassador to the United States of America.

Council Members 2018 | Ngā Mema o te Kaunihera



At back, from left to right: Mr Malcom Peterson Scott, Mr Warren Poh, Mr Josh Proctor, Mr Shayne Te Aika, Mr Jeff Field (University Registrar | Pouroki).
At front, from left to right: Mr Steve Wakefield, Dr Rod Carr (Vice-Chancellor | Tumu Whakarae), Dr John Wood (Chancellor | Tumu Kaunihera),
Ms Sue McCormack (Pro-Chancellor | Tumu Tuarua Kaunihera), Mr Peter Ballantyne.

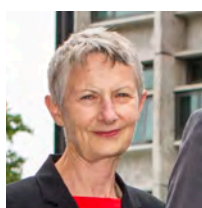
Absent members



Ms Catherine Drayton



Professor Roger Nokes



Dr Rosemary Banks,
Council Member until
30 September 2018.



Mr John Holland,
Co-opted member
of the Audit and
Risk Committee.



Ms Jo Appleyard,
Co-opted member
of the Vice-Chancellor
Employment Committee.

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 New Zealand Stock Exchange (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 the 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.

This 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 Rūnanga 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. Subject to section 173, the number of occasions on which a person, other than the Vice-Chancellor, may be appointed as a member of the Council is the number that, for that person, ensures that the total period for which they are a member of the council does not exceed 12 years.

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, the Vice Chancellor's direct reports are able to operate within.

Continuous disclosure obligations

Continuous disclosure obligations of the 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 Whakarara

The Council is responsible for the evaluation of the Vice-Chancellor against 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 have terms of reference outlining their responsibilities and objectives.

Executive Committee

The Executive Committee acts for Council on such matters that require immediate attention between Council meetings and reports any major decisions to the next Council meeting. The committee comprises the Chancellor, Pro Chancellor and Vice-Chancellor as ex officio members.

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 Josh Proctor, Ms Rosemary Banks (to 30 September), 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 (co-opted member), 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 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-Chancellor, 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 (co-opted member) 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 Vice-Chancellor would indicated he would not seek reappointment at the end of his current term, an ad hoc VCAC was formed by expanding the VCEC with the addition of Ms Rosemary Banks (to 30 September), Mr Shayne Te Aika and Professor Roger Nokes. This committee is responsible for the Vice-Chancellor 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, 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 the UC 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 2018

5.77% PHILANTHROPIC BONDS

Range	No. of bondholders	Percentage of bondholders	Number of securities held	Percentage of securities held
1 – 5,000	77	9.78%	385,000	0.76%
5,001 – 10,000	174	22.11%	1,698,000	3.40%
10,001 – 100,000	498	63.28%	16,693,000	33.38%
100,001 – over	38	4.83%	31,234,000	62.46%
	787	100.00%	50,010,000	100.00%

NZDX waivers

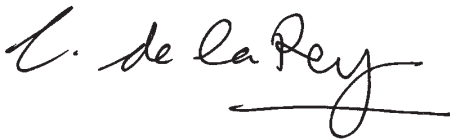
The NZDX listing rules require issuers to disclose in their annual report a summary of all waivers granted and published by the NZX and relied on within the 12 months preceding the date two months before the date of the publication of the annual report. The full text of the waivers relied on is presented later in this Annual Report.

Statement of Responsibility | Te Tauākī Noho Haepapa

- we have been responsible for the preparation of these financial statements and statement of service performance and for the judgements used therein;
- we have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
- we are of the opinion that these financial statements and statement of service performance fairly reflect the financial position and operations of the University and group for the year ended 31 December 2018.



*Ms Sue McCormack
Pro-Chancellor | Tumu Tuarua Kaunihera (1 January 2018 to 31 December 2018)
Chancellor | Tumu Kaunihera (From 1 January 2019)*



*Professor Cheryl de la Rey
Vice-Chancellor | Tumu Whakarae (From 4 February 2019)*

27 February 2019

2018

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 wider societal goals is shown in the table on page 21.

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 life.¹ University graduates bring critical thinking to bear on problems and issues. They will develop innovative solutions that 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 are used to 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.

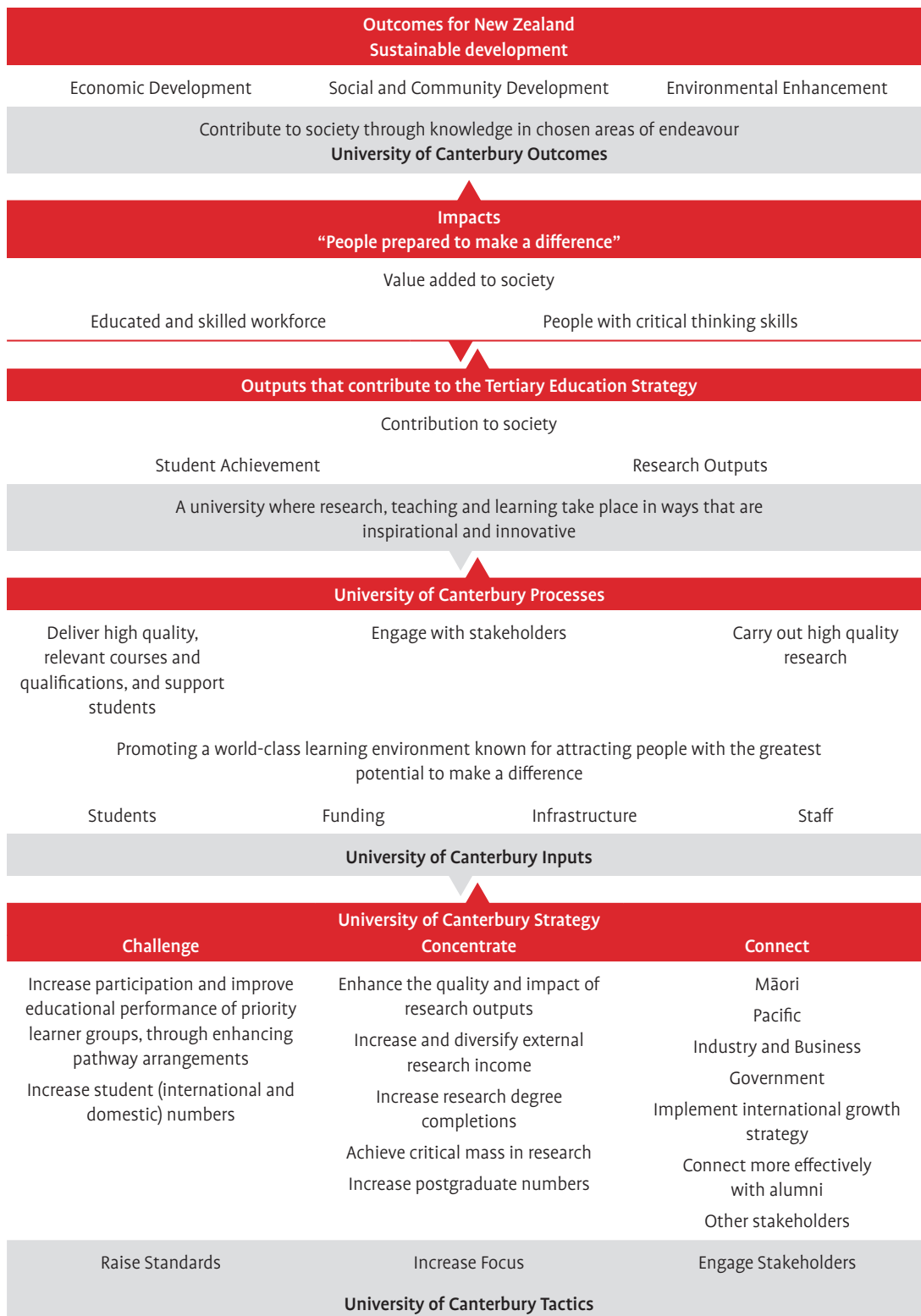
The recent environment in which the University of Canterbury | Te Whare Wānanga o Waitaha has existed has been dominated by the impact of the 2010 and 2011 earthquakes. The University has engaged in a building remediation programme that will continue until the end of this decade. Critical to the ongoing development of the campus has been the Crown commitment of \$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 2018, there were 14,069 Equivalent Full-Time Students (EFTS) enrolled. This represented an increase of 7.5% 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 Government's Fees Free initiative did not appear to be a significant factor in the increased enrolments because it was not implemented until late 2017 but is expected to contribute toward increased domestic student enrolments in subsequent years. The Government requirements for tertiary institutions are laid out in the Tertiary Education Strategy 2014–2019 (TES). 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 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, E 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 2015	Actual 2015	Actual 2016	Actual 2018	Target
Impact	Input commitments					
Increased student enrolment	Domestic	11,053	11,358	11,671	12,366	12,260
	Full Fee	878	1,134	1,418	1,704	1,614
	Total	11,931	12,492	13,089	14,069	13,874
	New to UC EFTS	3,418	3,861	4,006	4,584	3,116

The recruitment targets (set in 2015) were exceeded. The increase in New to UC EFTS in 2018 will underpin the ongoing recovery in student enrolment levels.

Priority Learner Group Participation		Actual 2015	Actual 2016	Actual 2017	Actual 2018 ²	Target
Impact	Input commitments					
Increased participation by priority learner groups	Māori enrolments as a % of total EFTS	7.3%	7.5%	7.7%	8.0%	8.4%
	Pacific enrolments as a % of total EFTS	3.1%	3.1%	3.0%	2.9%	3.0%
	Under-25 enrolments as a % of total EFTS	76.5%	77.2%	76.9%	77.3%	76.7%

Priority learner participation was close to expected levels. While the proportion of Māori enrolment level was greater than in prior years, it was less than forecast, reflecting the faster growth rate of other learner cohorts.

Māori and Pacific pathways		Actual 2015	Actual 2016	Actual 2017	Actual 2018 ³	Target
Impact	Input commitments					
Enhanced Māori and Pacific pathways into tertiary study	First-year Māori enrolments as a proportion of first-year enrolments.	8.0%	8.1%	7.8%	8.0%	10.1%
	First-year domestic Māori EFTS	274	314	313	367	315
	First-year Pacific enrolments as a proportion of first-year enrolments.	3.0%	3.1%	3.1%	3.0%	4.0%
	First-year domestic undergraduate Pasifika EFTS	91	111	121	123	125

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

² The 2018 Actuals are based on enrolments as at 31 December and may differ slightly from the SDR enrolments subsequently submitted.

³ The 2018 Actuals are based on enrolments as at 31 December and may differ slightly from the SDR enrolments subsequently submitted.

International (Full Fee) Participation		Actual 2015	Actual 2016	Actual 2017	Actual 2018 ⁴	Target
Impact	Input commitments					
Increased and more diversified international (Full Fee) participation	Full Fee enrolments (as a percentage of total enrolments.)	7.4%	9.1%	10.8%	12.1%	11.6%

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 and understand other cultures, be they indigenous or international, will enable them to succeed as global citizens of the 21st century.

Successful Course Completion ⁵		Actual 2015	Actual 2016	Actual ⁶ 2017	Forecast ⁷ 2018	Target
Impact	Output commitments					
Increased successful course completions by priority learner groups	Māori completion rates	81%	80%	81%	80%	85%
	Pacific completion rates	70%	69%	71%	71%	75%
	<25 completion rates	87%	87%	87%	85%	87%
	All SAC eligible students	87%	87%	87%	86%	87%
	<i>NZ university median</i>	86%	86%	87%		

Course completion rates are similar to previous years. The completion rate for students under 25 years old is subject to ongoing monitoring. Ongoing investment in support services is expected to positively impact this trend in the coming years. The numbers of Māori and Pasifika students are comparatively small and therefore small movements materially impact performance.

Qualification Completion ⁸		Actual 2015	Actual 2016	Actual 2017	Forecast 2018 ⁹	Target ¹⁰
Impact	Output commitments					
Increased qualification completions by priority learners	Māori completion rates	49%	60%	54%	58%	–
	Pacific completion rates	34%	47%	47%	48%	–
	<25 completion rates	62%	67%	67%	68%	–
	All SAC eligible students	60%	66%	65%	68%	–
	<i>NZ university median</i>	62%	65%	65%		

The revised metric was implemented by the Tertiary Education Commission (TEC) in 2018. Historical data has been recast using the updated methodology. The completion rate is the proportion of students who complete qualifications within a defined time period. The numbers of Māori and Pasifika students are comparatively small and therefore small movements materially impact performance.

⁴ The 2018 Actuals are based on enrolments as at 31 December and may differ slightly from the SDR enrolments subsequently submitted.

⁵ Where possible, confirmed TEC data has been referenced.

⁶ Updated since 2017 Annual report published.

⁷ Interim result to 23 January 2019.

⁸ Where possible confirmed TEC data has been referenced.

⁹ Interim result to 23 January 2019.

¹⁰ Targets were set under the historical methodology and are not comparable with the new measures.

Retention ¹¹		Actual 2015	Actual 2016	Actual 2017	Forecast ¹² 2018	Target ¹³
Impact	Output commitments					
Increased retention of priority learner groups	Māori retention rates	71%	71%	69%	70%	–
	Pacific retention rates	75%	78%	69%	65%	–
	<25 retention rates	77%	79%	78%	78%	–
	All SAC eligible students	76%	78%	77%	77%	–
	<i>New Zealand university median</i>	<i>76%</i>	<i>78%</i>	<i>78%</i>		

The revised metric was implemented by TEC in 2018. Historical data has been recast using the updated methodology. The retention rate gives the proportion of students who return for a second year of study. The retention rate 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 TES goals. The primary objective is to recover the student numbers towards levels achieved prior to the earthquakes 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 aspects of the graduate profile (discussed below) and also highlights the recreational opportunities (including over 150 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 7.5% increase in total enrolments in 2018 was a positive endorsement of the actions taken and included a 14.4% 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 2018 as research indicated financial support made a difference to a number of students making the 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 2018, the University opened the Hayashi complex. Hayashi comprises 16 two-storey townhouses and 10 studio apartments to accommodate individual students and couples. In response to a forecast shortage of on-campus accommodation for first-year students and international students, a proposal for development of additional on-campus accommodation was approved by the University Council in November 2018.

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 should 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. It is anticipated that this programme will see increased demand as a result of the first-year Fees Free policy.

Over recent years the University has worked with various industry representatives to develop a range of programmes that will meet the needs of business and also be attractive to students. The Bachelor of Product Design programme was launched in 2018. Product designers plan and develop items for use in homes, businesses and industry. From creating a new lightweight kayak or a phone app to formulating natural cosmetics or a virtual training world, studying product design will equip students for a wide range of occupations. The Product Design degree offers majors in:

¹¹ Where possible confirmed TEC data has been referenced.

¹² Interim result to 23 January 2019.

¹³ Targets were set under the historical methodology and are not comparable with the new measures.

Applied Immersive Game Design, Chemical, Natural and Healthcare Product Formulation, and Industrial Product Design. Graduates will be able to develop creative ideas based on their knowledge of related science and engineering disciplines, as well as gain the practical business skills needed to commercialise new product ideas. The new programme received three times the enrolments anticipated in the original business case.

Māori students

The South Island has a comparatively small Māori population (83,460 at 2013 census,¹⁴ representing 8.3% of the population) distributed across a number of national 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, which is evidenced by the 33.9% increase in first-year Māori enrolments in the period 2015–2018.

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, the University has continued to engage with the community, schools and students. The support programmes continued in 2018, 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. In 2018, the University was a sponsor of He Pouwhenua, He Puapua, the National Secondary Schools Kapa Haka competition 2018. The competition finals were attended by around 6,000 people and live-streamed on Māori Television. There was strong interest from ākongā and whānau. As little was known about Christchurch or the University, the information presented was well received, particularly by whānau.

Ekea! was launched in 2016 and is a four-year programme of student engagement that begins in Year 10, targeting Māori students, and builds through to Year 13. Through a series of events over the student's secondary schooling, which builds their academic achievement and develops familiarity with the University and its environment, the student becomes well prepared to enrol in a programme of study of their choosing.

Ekea! Year 10 is an interactive programme providing a taster of the many and varied programmes at UC. This is often the student's first engagement with tertiary education. Research has shown that demystifying the institution removes a barrier to students taking on the challenge of tertiary study. There were 198 students from 14 schools registered for the programme in 2018.

Ekea! Year 11 is a Māori leadership programme developed to respond to research conducted by Te Tapuae o Rehua, which highlighted Year 11 as a critical year for taiohi (Māori youth) when deciding to commit to their education. Implemented in 2017, the two-day programme focused on Māori leadership and cultural identity with 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. There were 32 students from six schools registered for the programme in 2018. A further seven schools have applied to join the programme in 2019.

Piloted in 2016 and expanded in 2017, Ekea? Āna is based on an NCEA Homework Programme initially developed by the UC Pacific Development Team. The initiative targets Year 12 and 13 ākongā from schools that have a high population of Māori students, who historically achieve NCEA Level 3 but not university entrance. The programme provides academic support through tutoring and workshops with a focus on NCEA exam preparation. The programme also includes content aimed at enhancing personal resilience and increasing a sense of belonging on campus. Unlike the other Ekea! programmes, this programme is independent from schools. Taiohi are responsible for registering and organising themselves in the programme; however, the University does offer transport for those who require it and encourages whānau to come along as well.

The implementation of the Māori Recruitment Strategy, to expand and enhance the recruitment activities targeting taiohi, has been supported by funding from the UC Foundation.

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.

¹⁴ The latest available data at the time of writing.

Once ākongā are enrolled, they are invited to Eke Panuku UC's Māori Orientation programme. This event provides an opportunity for ākongā to be welcomed to Te Whare Wānanga o Waitaha with a mihi whakataū, whakawhanaungatanga, introduction to all of the support services on campus through the Amazing Race and kai. Māori often refer to the adage "it takes a village to raise a child" and through this event we show our new ākongā what our village looks like and how we can work together to tautoko (support) their success in their chosen studies. Whānau are invited to participate and the increasing numbers of whānau who are attending have provided very positive feedback about their experience on campus.

Te Ratonga Ākongā Māori | Māori Development Team (MDT) provided a mentoring programme, with all tuākana (mentors) taking part in Ākongā Tū, Ākongā Ora, a version of Tangata Tū, Tangata Ora¹⁵ 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, with 70% of Māori students retained in 2018 — a rate that continues to move toward the retention rate for all students at the University. As a result of the activities, 2018 saw a 17.3% increase in the number of first-year Māori EFTS enrolling.

Pasifika students

The South Island has a very small Pasifika population (21,132 at 2013 census,¹⁶ 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 Pasifika 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. Further highlights that reinforce UC's commitment to supporting and graduating the next generation of leaders of Pasifika descent and the vision of a culturally inclusive and responsive campus community are:

- The appointment of a Kaiārahi Pasifika role focusing on change strategies within the teaching and learning spaces.
- An all-day professional development training course designed, developed and facilitated by Pasifika staff, and available to all staff.
- The national launch of the Pasifika Success Indicators resource, part of a Pasifika toolkit that emerged from a collaborative research project led by the Pacific Development Team at UC, gathering the voices of Pasifika students who were studying at UC, Lincoln University and Ara Institute of Canterbury.
- The popular and successful 2018 Pacific Law and Culture Conference, which the UC Pasifika Law Students' Society organised and hosted only a year after the association formed.

In 2018 Pasifika enrolments were 408.0 EFTS, meeting the target enrolment level. Pasifika students now comprise 2.9% of the total student population.

The implementation of the Pasifika Strategy has seen existing initiatives aimed at attracting Pasifika students enhanced, 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, there were over 60 students from 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 Pacific 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, students must be enrolled as a Pacific student at UC and register with the programme. All first year UC Pacific students are assigned a mentor on registration.

Participants in the Pasifika Academic Solutions and Success (PASS) programme can access individual and group tutorials for specific first-year courses. Results indicate that the academic performance of PASS participants has been higher than would be expected when compared with the achievements of cohorts who were not supported in this manner.

¹⁵ 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/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.

¹⁶ The latest data available at the time of writing.

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. Developing programmes with international appeal. Strong demand has been identified for postgraduate education, particularly taught masters. Masters programmes in areas such as Bicultural Co-Governance of Natural Resources, Disaster, Risk and Resilience, Urban Resilience and Renewal, and Geospatial Science and Technology have been launched as a response to student and industry demands.
2. Ensuring students have a world-class experience at UC. UC was ranked 231st¹⁷ in the world, which is in the top 3%. A total of 15 of its 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. Ensuring that our fees are competitive. UC international fees are benchmarked against those charged by similar institutions domestically and internationally.
4. Developing competitive packages for international students, including accommodation and fee packages in specified areas.
5. Optimising recruitment channels. The collaboration with Navitas (an international education provider working through 120 institutions in 24 countries) has enhanced the University's presence in target markets and is complemented by a group of Christchurch-based country managers. The University has appointed representatives based in key target markets.
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 continue to perceive the University of Canterbury as a provider of a world-class educational experience.

These strategies formed the main thrust of continuing international recruitment activity and will be evaluated in 2019.

In order to offer a better experience to international students, UC has developed a new tool to provide offshore students with a virtual reality (VR) experience of the campus before they come. A team developed 360-degree videos, which could be viewed using VR headsets. This may be the first time a New Zealand university has done this and it was seen as an attractive recruitment tool, making the best of the Ilam campus and the new buildings. The overall product is called UC on Wheels and was available for recruiters to use at no charge. Innovations such as this will underpin the forecast growth in international student numbers.

The outlook for 2019 is positive as applications to enrol exceed prior years with an increase of 13.6% in applications from new domestic students and 35.6% from new international students over the prior year at the same time (week 16 of the enrolment cycle).

Graduate profile

In order 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 multicultural 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.

¹⁷ QS World University Ranking 2018/2019.

Critically competent in a core academic discipline of their degree

In order to ensure that students are competent in their chosen academic discipline, it is essential that students 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
- culture and understanding.

Teaching quality is one of the hardest aspects of university activity to measure. In 2018 the independent rankings agency QS ranked the University of Canterbury 220th in the world for academic reputation.¹⁸ This measure provides a “sense of consensus of opinion amongst the international academic community”.¹⁹

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 QA 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
- the Graduate Destination Survey, which is increasingly focusing on skill acquisition and development.

Overall results are provided to the Head of Department or 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 encourages high-quality teaching by awarding the University Teaching Medal. The criteria for the award are exacting and as such the award has only been made on 10 previous occasions. The 2018 recipient was Professor Jon Harding. A teacher and educator in the areas of freshwater biology, entomology and invasive species biosecurity, Professor Harding employs an engaging teaching style, which couples intriguing anecdotes with theoretical concepts, makes lectures exciting and provides key messages that are clear and easy to recall. Over his career of some 18 years, he has received numerous nominations and awards for teaching including an Ako Aotearoa National Tertiary Teaching Excellence Award.

All colleges and the majority of schools and departments have an external advisory board. These boards provide 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.

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 learnt through feedback or assessments.

In order to ensure that students are more employable, a range of initiatives have been developed and implemented with significant input from employers from diverse 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

¹⁸ QS 2018/2019 World University Ranking.

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

volunteering experience and approved work experience. The initial pilot participants graduated in 2017. As part of the pilot, feedback from employers was sought in 2018. In the interim, a number of employers 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 Co-curricular Record had 1,841 students registered at the end of 2018, with 55 validated activities that students can opt in to.

This attribute is supported by the UC Centre for Entrepreneurship (UCE). The centre facilitates the development of students' entrepreneurial ideas and links with industry through a variety of activities.

The UCE EY Summer Startup finals featured 12 students pitching their business ideas to a panel of judges drawn from industry and UC and an audience of over 200 guests. Attendees and judges commented on the high calibre of the presentations and the wide variety of ventures in this year's programme.

UCE had over 120 student signups for UCE Deloitte Business Case Competition Programme, workshops, and training. Deloitte consultants and associates joined us on campus to facilitate a range of workshops, including 'An Intro to Case Comp', 'Professional Presentations', 'Fast Financial Analysis' and 'Technology Risk and Opportunity'. The 2018 year included multiple 90-minute Case Competitions held at UCE, three 5-hour Student Development Society National Rounds in Dunedin, Auckland and Wellington, and the Global Innovation and Entrepreneurship Challenge (GIEC) — a week-long series of competitions that attracts multiple international teams. Supported by Deloitte with several dedicated trainings, the Canterbury team at GIEC achieved a third-place finish, the top result of any New Zealand team. Engaging in the UCE Deloitte Business Case Competition Programme was a highly rewarding experience. Students who took part built confidence, developed mastery in analytical thinking and became polished presenters. Case Competition experience highlights a point of difference to their future employers.

UCE also ran five student challenges, where students were presented with real-world problems and were challenged to find solutions. These challenges were drawn from the health sector in partnership with the Canterbury District Health Board, the not-for-profit sector in conjunction with the Christchurch City Mission and YMCA, the information technology sector in conjunction with MYOB, a UCE sustainability challenge and the Kathmandu Social Enterprise Challenge.

Entré is a not-for-profit University of Canterbury company, run by students for all tertiary students in the Canterbury region. Entré encourages the entrepreneurial spirit among students, and opens up hands-on opportunities and industry exposure for students at UC, Lincoln and Ara to gain experience and business mentorship. Through our competitions and networking opportunities, students are inspired to become more innovative and creative. The major Entré event is the \$85k Challenge. This year's winner was Komodo Monitr, who have produced an award-winning athlete monitoring platform to optimise performance and reduce injuries. Entré is supported by UCE and sponsored by the University.

Biculturally competent and confident in a multicultural society

An overarching goal is that all University of Canterbury programmes will have learning outcomes and linked assessments that support bicultural confidence and competence (BiCC) 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 an indigenous perspective into all undergraduate programmes of study. In 2017, BiCC content was developed for 100-level courses for delivery in 2018. These courses represented the first touchpoint in the core of academic programmes. Course content, activities and experiences were developed in 2018 for delivery in 2019 with the focus on 200-level courses. For most programmes of study, this 2018 development will have been at the second touchpoint level — that is, more advanced than and building on the first touchpoint. It should be noted that the review process will be ongoing over the coming years and further evolution is expected.

Bicultural competence and confidence is the ability to interact confidently and appropriately with people from backgrounds that are 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 it 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 it 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.

Community engagement has taken a number of forms in 2018. The year started with the SVA Big Give event. Early in the academic year, the Big Give served as an introduction to volunteering. Several hundred students worked for a day on Godley Head. Activities included restoring historical World War Two buildings, painting, planting, track laying, fencing and more. At the end of September, the Student Volunteer Army continued its good work, this time on the West Coast where a camp was held in Hokitika and participants carried out volunteer projects for local communities.

In one of the most innovative community outreach initiatives undertaken in Christchurch, the University of Canterbury and Lincoln University are bringing the Children's University to New Zealand. In partnership with the University of Adelaide, they will become the first New Zealand providers of the award-winning educational programme. The universities are collaborating with local stakeholders and iwi to establish a New Zealand Children's University, which offers learning opportunities outside of the classroom to school students. Children's University, which originated in the United Kingdom, was first adopted in Australasia by the University of Adelaide in 2013 and other Australian universities soon followed. The model uses local educational and learning activity providers and emphasises experience as a significant learning tool. It aims to produce meaningful learning experiences for school children — experiences that will hopefully lead to them taking up tertiary study in the future. Uniquely, activities align with skill development that supports tertiary-level study. One of the principles underlying Children's University is that children need to know what exists to know what they can aspire to achieve. It is anticipated that at least some of the participants will subsequently enrol in tertiary education in Christchurch.

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 their discipline
- the ability to engage critically and effectively in global and multicultural contexts.

In order to demonstrate the successful fulfilment of this attribute, learning outcomes are intended to link to these themes and be associated with relevant assessment. Fulfilling this attribute is not something that will 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 programmes provide additional opportunities for students to have an international experience of 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.

Each year, additional opportunities are created for UC students to have an international experience. Reciprocal study tours where UC students visit another institution and then host a cohort from the other institution are increasingly popular. Visits have included destinations as diverse as Chile and China. The partner institutions host the students and facilitate visits to their industry partners, such as Alibaba Group, China's largest e-commerce company. Student feedback continues to be very positive and supportive of these initiatives.

The year 2018 also saw the implementation of a significant teaching initiative between the University of Helsinki and UC. Students from New Zealand and Finland are working together on assignments and lectures delivered via Facebook and a chat app. The international digital classroom expands students' horizons, while building bridges in an educationally meaningful way. The methodology has been shared across the academic community and further initiatives are under consideration.

Internationalisation and global awareness are 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 2015	Actual 2016 ²⁰	Actual 2017 ²¹	Actual 2018	Target
Impact	Output commitments					
Increased research degree completions and external research income	Number of research degree completions	425	436	431	432	440
	External research income excluding Performance Based Research Funding	\$27.4m	\$30.9	\$34.4m	\$40.7m	\$27.7m

The number of research degree completions is similar to the prior year and marginally less than the forecast that was developed in 2016. The additional external research funding received reflects the successful implementation of the research collaboration strategy described below.

Postgraduate Enrolments		Actual 2015	Actual 2016	Actual 2017	Actual 2018	Target
Impact	Input commitments					
Increased postgraduate enrolment EFTS	Postgraduate taught EFTS	1,481	1,636	1,752	1,944	1,004
	Postgraduate research EFTS	1,173	1,141	1,174	1,161	1,133
	Total postgraduate EFTS	2,654	2,777	2,926	3,105	2,137

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

Māori and Pacific Research Students		Actual 2015	Actual 2016	Actual 2017	Actual 2018	Target
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	4.3%	4.8%	5.9%	6.2%	4.6%
	Pacific postgraduate research students as a proportion of total Pacific EFTS	4.2%	3.8%	4.3%	4.9%	3.6%

The population of Māori and Pacific students is small so minor movements in enrolment have a 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: the total earned in 2018 was 18.3% 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. During 2018 there were over 1,000 doctoral candidates studying 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 degree enrolments, the University has continued to develop and promote new professional masters qualifications. In 2018 a further six professional masters degrees were offered for the first time. The subject areas included Bicultural Co-Governance of Natural Resources; Risk and Resilience; Spatial Analysis

²⁰ Updated since 2016 Annual report published.

²¹ Interim result to 23 January 2018.

for Public Health; and Geospatial Science and Technology. 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 6.1% from the previous year.

The proportion of postgraduate students from priority groups is also increasing beyond expectations. The number of doctoral candidates identifying as Māori or Pasifika increased, which was reflected in the increased proportion of priority learners involved in postgraduate research.

Research developments

UC has been pursuing a collaborative research strategy since 2012. The University 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 2011 Canterbury earthquake.

The reputation of the University's research staff as valued collaborators and contributors is evidenced by the record levels of research funding received in 2018, financial participation in nine of the eleven National Science Challenges in roles from the directorate level to research support, and leadership or partnership in all ten Centres of Research Excellence.

The Child Well-being Research Institute was launched in 2018. Led by co-directors Professors Gail Gillon and Angus Macfarlane, the aim of the institute is to advance high-quality, multidisciplinary research to enhance the learning success and healthy well-being of children and young people. The focus is holistic, including research related to infants, children and adolescents within the context of their whānau, family and community. In marking this milestone for UC, Chancellor Dr John Wood and the Hon Ruth Dyson spoke to the importance of the establishment of the Institute, and the potential it holds to enhance the lives of children and their whānau, and contribute widely to the well-being of communities across Aotearoa New Zealand. Underpinned by the premises of Vision Mātauranga, the institute will be a leader in developing and using culturally responsive research practices to develop a strengths-based discourse around child development, health and well-being.

Recognition of research leaders

The University Council continues to encourage and recognise leading researchers through the awarding of an 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.

The Innovation Medal was awarded to Professor Phil Butler in 2018. Renowned as a predominant driver in the excellence of innovation and development of medical technology, Professor Butler is a world leader in the development and commercialisation of medical imaging and laser-based treatment. His work on the MARS spectral x-ray scanner, developed in collaboration with his son, Professor Anthony Butler, is of particular note. Producing images with significantly improved diagnostic information, measuring the x-ray spectrum to produce colour images instead of black-and-white, and showing different components of body parts such as fat, water, calcium, and disease markers, the MARS scanner is widely considered to be a breakthrough in x-ray imaging. The scanner has the potential to revolutionise medical imaging, particularly in the diagnosis and treatment of diseases such as cancer and heart disease, because it provides far greater detail of the body's chemical components.

The Research Medal recipient was Professor Rick Millane. He is an international leader in the development of methods for macromolecular imaging for structural biology. Over the past three decades he has been instrumental in developing new theory and computational algorithms for imaging the structures of biological macromolecules using x-ray diffraction. His work has had particular impact in the application of new x-ray free-electron lasers to study the structures of biological molecules. His methods are used by structural biologists to help understand disease processes and for drug design. Professor Millane's recent work contributes towards our understanding of the structures of amyloids, mis-folded protein aggregates that are implicated in neurodegenerative diseases such as Alzheimer's and Parkinson's. In addition to his work in biomolecular imaging, he has applied his skills in image reconstruction and diffraction theory to medical imaging (optical diffusion imaging and magnetic resonance imaging), diffraction by disordered and geometrically frustrated materials, image analysis problems in biology, vision science, geology and atmospheric science, and aspects of visual perception. Professor Millane was awarded the Royal Society of New Zealand TK Sidey Medal in 2016 for his “wide ranging and fundamental work in x-ray diffraction imaging, diffraction theory, and optical diffusion imaging, and their application in biology and medicine”. The TK Sidey Medal is awarded once every three years, its first recipient being Nobel Prize-winner Ernest Rutherford, UC's most distinguished alumnus.

Priority Objective 3: Connect

Maintaining strong, collaborative and mutually beneficial relationships with stakeholders

Relationship with Alumni and Supporters		Actual 2015	Actual 2016	Actual 2017	Actual 2018	Target
Impact	Input commitments					
Strengthened relationships with alumni and supporters	Income through UC Foundation to UC	\$4.1m	\$3.2m	\$9.6m	\$8.8m	\$3.8m
	Proportion of alumni with current addresses (electronic or physical)	53%	61%	65%	69%	68%

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 of contact details held.

International Engagement		Actual 2015	Actual 2016	Actual 2017	Actual 2018	Target
Impact	Input commitments					
Enhanced international connection	Visiting Fellowships awarded	72	87	81	86	75
	Take-up of outgoing awards	20	29	24	25	25

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

Industry Engagement		Actual 2015	Actual 2016	Actual 2017	Actual 2018	Target
Impact	Input commitments					
Increased revenue from providing services to industry	Revenue derived from consulting activity	\$3.6m	\$4.1m	\$4.3m	\$5.4m	\$4.2m

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 society and world. The University continues to cement the relationship with Ngāi Tahu through the implementation of Te Rautaki Whakawhanake Kaupapa Māori UC Strategy for Māori Development. This is partnered with the adoption of an agreement with Ngāi Tūāhuriri, the mana whenua, that will underpin the relationship between mana whenua and UC. This was seen as an important step on the University's bicultural journey.

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 with mapping of curricula and facilitating the development of content, pedagogy, activities and experiences in curricula in programmes of study. In 2017, integration of the work commenced in developing these curricula. 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 among these communities. The knowledge and skills instilled through this attribute will ensure that UC graduates are able to engage effectively in our multicultural society and have a distinctive and unique perspective for employment locally, nationally and internationally.

The Kia Ngaringari project, an initiative to recruit additional Māori staff, has been implemented. 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 Māori by using part of their regular meeting as an opportunity to practise use of mihi and appropriate pronunciation.

Pasifika

The UC Pasifika Strategy 2019–2023 was developed in conjunction with the Pacific communities based on the foundation of the previous strategy. 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.

The major community outreach initiative was the UC stand at the Christchurch SPACPAC Polyfest where staff were able to meet with potential students and their families to answer questions and provide information about the educational opportunities available at UC. Members of the Pacific Development Team also served as judges for the BizNinja competition, a business competition for secondary school Pasifika students. The importance of the community connection cannot be overestimated.

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 Christchurch recovery. The University of Canterbury's role in the recovery of the region is multifaceted as:

- 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 hold regular lunchtime concerts, which offer public entertainment as well as experience for the students with 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 has been 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 capital development and remediation, funded by Government and the University. For 2018, the average capital expenditure was almost \$2.7 million per week.

The University also supports economic development by encouraging start-up enterprises. The UC Centre for Entrepreneurship has received \$60,000 from Callaghan Innovation to support XStart, the Centre's incubator programme for the coming year. XStart, which currently hosts 13 start-ups, is a joint initiative between UCE and ChristchurchNZ, which provides administrative and in-kind support for XStart.

Industry

The University is also one of the largest employers in the city. University of Canterbury knowledge has always fuelled Canterbury's economic engine.

UC is a partner in the newly announced Christchurch Mobility Laboratory (CMLab), which will use part of the 'Red Zone' and wider Christchurch city as a test-bed for the development of new and emerging transport technologies, with a particular focus around 'connected and autonomous vehicles (CAVs)'. This will be a national facility for New Zealand and international companies to test autonomous land and aerial vehicles in real environments, including Bexley as a simulated urban setting. UC, as a partner in CMLab, will bring significant benefit, building on the existing links with the Christchurch airport autonomous vehicle trial, engagement with Zephyr Aeroworks around autonomous aerial taxis, and the emerging relationship with New Zealand-built HMI electric vehicles. Other partners in CMLab include the Christchurch City Council,

Environment Canterbury, the New Zealand Transport Agency, Land Information New Zealand, Regenerate Christchurch, the Ministry of Transport, the Ministry of Business, Innovation and Employment, Christchurch City Holdings Ltd, ChristchurchNZ and the Civil Aviation Authority.

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 ICT industry had arisen as the University has a lead role in developing the SIGNAL ICT Graduate School with a range of industry and educational partners (including Ara Institute of Canterbury, Otago Polytechnic, and Lincoln and Otago universities). Enrolments continue to increase as the quality of the SIGNAL programme becomes known. Students from a variety of academic backgrounds 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 (with the majority of its members from industry) led by Dr David Band, a professional director with a background in both international business and academia.

The University has a multifaceted relationship with industry based primarily around the research activity and the graduates produced. In 2018, the University of Canterbury was ranked third in New Zealand for employer reputation and 269th in the world.²² 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.

International

The University currently maintains active relationships with over 100 partner universities representing all continents. These relationships can include a wide range of activities and can include research, intellectual property licences, teaching, and student and staff exchanges. Through the generous bequest of alumnus John (Jack) Erskine, a trust fund was established. Income from the trust fund was initially to be used to pay the fares and reasonable overseas travelling expenses of members of the teaching staff, of the then Canterbury University College, as a way of enabling them to increase their knowledge in any subject taught in the Science, Engineering or Commerce colleges and to teach those subjects better, as well as bringing international teachers to the University. In later years, the programme was 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 ongoing 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 contributed \$8.8 million to the University in 2018.

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, Haere-roa. 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 will be completed in 2019. It recognises the building as a space that hosts and welcomes people. The name has been gifted to the UCSA by mana whenua, Ngāi Tūāhuriri, and is linked to the Ōtākaro Avon River, which flows past the UCSA building site. The appeal had raised more than \$2.7 million by the close of 2018.

²² QS World University Ranking 2018/2019.

2018

Appropriation Statement |

Te Tauākī Pūtea Tāpui



Appropriation Statement | Te Tauākī Pūtea Tāpui

Vote Tertiary Education - Support for the University of Canterbury

Appropriations are the basis on which Parliament authorises the executive government to incur expenses and capital expenditure, and provides a Minister with the authority from Parliament to spend public money. Part of the Appropriation requirements is the reporting back on specified output performance measures and standards. The reporting period for those measures and standards is the Crown financial reporting year, which ends 30 June.

The University of Canterbury is required by the Government to present end-of-year performance information for reporting on certain Appropriations related to the Vote Tertiary Education. There are no Appropriations for the year ended 30 June 2018. The comparatives for 30 June 2018 and the Budget for 30 June 2019 are reported below.

Please note the University's normal reporting date is 31 December.

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). A total of \$210 million has been appropriated and paid to the University as at 30 June 2018, comprising: \$10 million for the Crown financial reporting year ended 30 June 2014; \$100 million for the year ended 30 June 2015; \$85 million for the year ended 30 June 2016; and \$15 million for the year ended 30 June 2017.

A further \$50 million was appropriated for the Crown financial reporting year ending 30 June 2019, subject to certain conditions being met.

Output performance measures and standards — performance measure to be reported on for the year ending 30 June 2019

Performance measure	Budget standard 2017/18	Actual performance 2017/18	Budget standard 2018/19	Comment
Achieving business case milestones in building Science and Engineering facilities	New measure 2018/19	N/A	Achieved	There was no budget standard performance measure for 2017/18 See also 'Subsequent events' below.

This Appropriation is limited to capital expenditure on the Science and Engineering Facilities at the University of Canterbury:

Components of the Appropriation	Actual 2016/17 \$000	Budget 2017/18 \$000	Actual 2017/18 \$000	Budget 2018/19 \$000	Notes
Construction	15,000	–	–	50,000	1

Notes

- 1 The University having met the agreed milestones, the Ministers for Treasury and for Tertiary Education approved the release of the Appropriation for the Crown reporting year ended 30 June 2017 of \$15 million, received by the University on 25 November 2016. See also 'Subsequent events' below.

Subsequent events

Funding Agreement

The agreed milestones having been met, the final payment of \$50 million was made to the University on 4 October 2018, in line with the Appropriation for the Crown reporting year ending 30 June 2019.

Building completion

Both the Rutherford Regional Science and Innovation Centre (RRSIC) Stage 1 and the Canterbury Engineering the Future projects were completed in late 2017 and early 2018 and the facilities are all now in full use.

RRSIC Stage 2 has been commenced and is programmed for completion in mid-2019.

Governance

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 supported by funds provided 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.

2018

Annual Financial Statements |

Ngā Tauākī Ahumoni ā-Tau



Statement of Accounting Policies

For the year ended 31 December 2018

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 2018. The financial statements were authorised for issue by Council on 27 February 2019.

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 or 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 commencing on or after 1 January 2019.

The University has determined that the provisions of PBE IPSAS 35 will entail the consolidation of new entities to the group: UC Foundation and numerous trusts and bequests.

The net assets of the combined new entities at 31 December 2017 was \$153.324 million (latest audited financial statements) and the combined total comprehensive revenue and expense was \$9.659 million with a corresponding impact on the University’s consolidated financial results.

However, the impact on the consolidation of the results of the new entities may differ significantly from this simple addition of their results to those of the current University group as certain categories of their income such as research sponsorship are treated differently in the University. These transactions will have to be reviewed as they occur to ensure consistent application of the University Group’s accounting policies. As these transactions are also sporadic and variable in amount due to their relatively philanthropic nature, and can be significant, the University cannot reasonably predict the ongoing impact on the consolidated result of these new consolidated entities.

PBE IPSAS 35 will be adopted for the accounting period commencing 1 January 2019. The University is also intending to adopt PBE IPSAS 48: *Service Performance Reporting* for the period commencing 1 January 2019, which would normally only be effective from 1 January 2021. The University is still reviewing the potential impact of the early adoption of PBE IPSAS 48, but does not believe it to be significant.

Other Standards

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 other 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 had a guaranteed amount of SAC funding agreed with TEC for 2018. This was the last year for the SAC guaranteed funding for the University. In 2019 SAC Funding will be based on EFTS.

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.

Fees-free

The University considers Fees-free tuition payments to be non-exchange in nature.

The University recognises Fees-free tuition payments from the Tertiary Education Commission on the same basis as for Domestic Student Tuition Fees and classifies Fees-free payments as part of Tuition fees from students.

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; and
- 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 (see Critical Accounting Judgements, Estimates and Assumptions).

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; and
- 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 Artworks, 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 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.

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 Infrastructure 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 cycle:

- 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 RJ Watt & Associates as at 30 November 2018. 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%–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 which 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 that 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 twelve 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 equity;
- general equity — student service levy capital reserve;
- cash flow hedge reserve;
- property revaluation reserves; and
- available-for-sale reserve.

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 the UCSA and

the University. The 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 and its subsidiaries are 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 that reflected in these financial statements.

In a non-revaluation year, the University assesses whether there has been a material movement in the fair value of land and buildings since the last valuation performed as at 31 December 2016. This assessment includes the application of relevant cost indices, assessing market information and obtaining advice from the University's valuer who performed the most recent buildings valuation. The University concluded that there had not been a material movement in the fair value of land and buildings at 31 December 2018.

The next valuation will be 31 December 2019.

The significant assumptions in the 31 December 2016 valuation are as follows:

(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, most notably:

- the replacement costs of individual buildings are adjusted where appropriate for optimisation due to over-design or surplus capacity; and
- 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 cost indications and a 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 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 Building 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 it. 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.

Therefore, the University considers this arrangement does not 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% (2017: 5.29%);
- independent valuation of property (last performed with the University's main valuation 31 December 2016); and
- 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 2018. 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 2018 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 1.72% 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 2018

	Notes	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
OPERATING REVENUE						
Government Grant		133,771	133,176	133,771	133,176	134,346
Performance Based Research Funding (PBRF)		30,172	28,790	30,172	28,790	30,133
Student Tuition Fees Domestic Fee Paying	1	73,417	67,915	73,417	67,915	73,120
Student Tuition Fees Full Fee Paying		42,521	34,386	42,521	34,386	38,548
Student Services Levy		9,588	8,697	9,588	8,697	9,394
Other Student Related Fees		1,072	917	1,072	917	956
Research Revenue		40,653	34,418	40,653	34,418	34,663
Interest Revenue		10,540	11,809	10,540	11,809	8,730
Other Revenue	1	38,238	34,724	38,173	34,653	28,975
TOTAL OPERATING REVENUE	1	379,972	354,832	379,907	354,761	358,865
OPERATING EXPENDITURE						
Personnel Expenses	2	184,907	179,192	184,907	179,192	178,532
General / Operating Expenditure	3	127,865	129,299	127,823	129,240	124,702
Finance Charges	4	4,461	4,441	4,461	4,441	4,366
Depreciation and Amortisation	8	53,177	47,215	53,177	47,215	59,152
TOTAL OPERATING EXPENDITURE		370,410	360,147	370,368	360,088	366,752
SURPLUS/(DEFICIT)		9,562	(5,315)	9,539	(5,327)	(7,887)
Other Comprehensive Revenue and Expense						
Movements in revaluation reserves relating to the Library (Permanent Collection) / Other Collections	8	5,420	904	5,420	904	-
Movements in revaluation reserves relating to Building Assets	8	(4,439)	(1,772)	(4,439)	(1,772)	-
Movements in revaluation reserves relating to Infrastructure Assets	8	-	(2,222)	-	(2,222)	-
Net Movements in revaluation reserves	19	981	(3,090)	981	(3,090)	-
Effective portion of changes in fair value of cash flow hedges	19	751	927	751	927	-
Adjustment to New Zealand Synchrotron Group Limited Valuation	19	-	(9)	-	(9)	-
Total Other Comprehensive Revenue and Expense		1,732	(2,172)	1,732	(2,172)	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		11,294	(7,487)	11,271	(7,499)	(7,887)

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 2018 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 2018

	Notes	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
Balance at 1 January		1,379,217	1,386,704	1,379,180	1,386,679	1,386,161
Comprehensive revenue and expense						
Surplus / (deficit)	19	9,562	(5,315)	9,539	(5,327)	(7,887)
Other comprehensive revenue and expense	19	1,732	(2,172)	1,732	(2,172)	–
Total comprehensive revenue and expense		11,294	(7,487)	11,271	(7,499)	(7,887)
Non Comprehensive revenue items						
Capital Contributions from the Crown	19	50,000	–	50,000	–	–
Total Non Comprehensive revenue items		50,000	–	50,000	–	–
Balance as at period end		1,440,511	1,379,217	1,440,451	1,379,180	1,378,274

Significant variances to budget are explained in Note 27 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2018 BUDGET. The accompanying policies and notes form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2018

	Notes	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
CURRENT ASSETS						
Cash and Cash Equivalents	5	35,688	96,730	35,622	96,688	–
Other Financial Assets / Short Term Deposits	17	255,494	155,911	255,494	155,911	165,286
Receivables	6	26,569	23,920	26,569	23,920	7,906
Prepayments		10,655	11,223	10,655	11,223	9,000
Inventories		1,433	1,274	1,433	1,274	1,200
Non Current Assets Held for Sale	7	1,334	1,494	1,334	1,494	–
Total Current Assets		331,173	290,552	331,107	290,510	183,392
LESS CURRENT LIABILITIES						
Revenue Received in Advance	11	45,745	40,493	45,745	40,493	33,450
Accounts Payable	12	32,806	34,714	32,800	34,709	34,753
Provisions	13	–	490	–	490	–
Derivative Financial Instrument Liabilities	17	154	27	154	27	–
Loans	14	32	32	32	32	32
Philanthropic Bond	15	49,869	2,000	49,869	2,000	49,978
Employee Entitlements	16	10,621	13,909	10,621	13,909	9,450
Total Current Liabilities		139,227	91,665	139,221	91,660	127,663
WORKING CAPITAL		191,946	198,887	191,886	198,850	55,729
NON CURRENT ASSETS						
Property, Plant and Equipment	8	1,225,350	1,135,949	1,225,350	1,135,949	785,434
Intangible Assets	8	9,606	10,994	9,606	10,994	8,047
Capital Work-in-Progress	8	43,328	112,873	43,328	112,873	560,440
Investments	9	46	46	46	46	56
Derivative Financial Instrument Assets	17	966	1,721	966	1,721	1,560
Receivables	10	2,301	2,151	2,301	2,151	2,291
Other Non Current Assets	10	19,785	19,024	19,785	19,024	19,785
Total Non Current Assets		1,301,382	1,282,758	1,301,382	1,282,758	1,377,613

	Notes	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
NON CURRENT LIABILITIES						
Provisions	13	–	423	–	423	–
Loans	14	768	800	768	800	768
Derivative Financial Instrument Liabilities	17	1,932	3,649	1,932	3,649	6,338
Philanthropic Bond	15	–	47,750	–	47,750	–
Employee Entitlements	16	30,450	29,304	30,450	29,304	28,300
Revenue Received in Advance	11	19,667	20,502	19,667	20,502	19,662
Total Non Current Liabilities		52,817	102,428	52,817	102,428	55,068
NET ASSETS						
		1,440,511	1,379,217	1,440,451	1,379,180	1,378,274
Represented by:						
General Equity	19	1,159,754	1,102,602	1,159,694	1,102,565	1,099,191
General Equity – Student Services Levy Capital Reserve	19	10,320	7,911	10,320	7,911	5,788
Revaluation Reserves	19	271,442	270,460	271,442	270,460	273,295
Cashflow Hedge Reserve	19	(1,032)	(1,783)	(1,032)	(1,783)	–
Available-for-Sale Reserve	19	27	27	27	27	–
TOTAL EQUITY		1,440,511	1,379,217	1,440,451	1,379,180	1,378,274

Significant variances to budget are explained in Note 27 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2018 BUDGET. The accompanying policies and notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2018

	Notes	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
OPERATING ACTIVITIES						
Cash provided from:						
Government Grant		163,943	161,966	163,943	161,966	164,478
Tuition Fees		120,149	107,008	120,149	107,008	111,668
Other Revenue		80,167	81,255	80,096	81,180	73,989
Agency Funds		3,670	4,074	3,670	4,074	–
Interest Received		17,883	10,886	17,883	10,886	15,000
Net GST Movement		388	2,914	388	2,914	–
		386,200	368,103	386,129	368,028	365,135
Cash applied to:						
Personnel Expenses		184,797	179,048	184,797	179,048	178,532
General / Operating Expenses		131,908	131,990	131,861	131,930	124,651
Agency Funds		3,670	4,074	3,670	4,074	–
Interest Paid		3,977	3,896	3,977	3,896	3,903
		324,352	319,008	324,305	318,948	307,086
Net cash provided by Operating Activities	20	61,848	49,095	61,824	49,080	58,049
INVESTING ACTIVITIES						
Cash provided from:						
Proceeds from disposal of Fixed Assets		866	91	866	91	–
Proceeds from disposal of Investments		–	179,800	–	179,800	–
Earthquake Insurance Receipts		4,003	–	4,003	–	–
Maturity of deposits with terms greater than 3 months but less than 12 months		155,911	111,750	155,911	111,750	–
		160,780	291,641	160,780	291,641	–
Cash applied to:						
Capital Expenditure		78,144	165,993	78,144	165,993	129,576
Deposits with terms greater than 3 months but less than 12 months		255,494	155,911	255,494	155,911	–
		333,638	321,904	333,638	321,904	129,576
Net cash used in Investing Activities		(172,858)	(30,263)	(172,858)	(30,263)	(129,576)

	Notes	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
FINANCING ACTIVITIES						
Cash provided from:						
Capital Contribution from the Crown		50,000	–	50,000	–	–
		50,000	–	50,000	–	–
Cash applied to:						
Repayment of Loans		32	32	32	32	32
		32	32	32	32	32
Net cash provided by Financing Activities		49,968	(32)	49,968	(32)	(32)
Net increase (decrease) in cash held		(61,042)	18,800	(61,066)	18,785	(71,559)
Cash and Cash Equivalents on hand at beginning of period		96,730	77,930	96,688	77,903	71,559
Cash and Cash Equivalents on hand at end of period	5	35,688	96,730	35,622	96,688	–

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 2018 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 2018

	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
1 / Revenue					
Other Revenue					
Donations / Koha	22	334	22	334	86
Donations from Trusts	8,837	9,551	8,837	9,551	7,096
Earthquake Insurance Receipts	4,003	–	4,003	–	–
Rentals	3,111	3,808	3,111	3,808	3,559
External Sales	3,896	4,031	3,896	4,031	3,277
Consultancy	5,426	4,253	5,426	4,253	1,782
Membership Fees	659	680	659	680	852
Reversionary Interest	761	892	761	892	761
Sundry Revenue	11,523	11,175	11,458	11,104	11,562
TOTAL OTHER REVENUE	38,238	34,724	38,173	34,653	28,975
Non exchange revenue included in total revenue	278,348	265,058	278,348	265,058	269,689
Fees-free Funded Students Tuition Fees – Domestic Fee Paying	16,959	–	16,959	–	–

2 / Personnel Expenses

Academic Salaries	86,231	81,460	86,231	81,460	83,946
General Salaries	83,499	82,434	83,499	82,434	81,884
Superannuation Contributions	7,709	7,345	7,709	7,345	7,485
Councillors' Honoraria	240	227	240	227	265
Redundancy Costs	1,002	1,755	1,002	1,755	–
Movement in Actuarially Valued Employee Entitlements	1,171	1,079	1,171	1,079	–
Other Salary Related Expenditure	5,055	4,892	5,055	4,892	4,952
TOTAL PERSONNEL EXPENSES	184,907	179,192	184,907	179,192	178,532

	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
3 / General / Operating Expenditure – Disclosures					
General / Operating Expenditure includes the following:					
Audit New Zealand – External Financial Statements Audit	208	210	208	210	227
Audit New Zealand – Other Assurance Work: Report to Bond Trustees and PBRF	14	15	14	15	–
Bad Debts Written Off	105	58	105	58	4
Demolition Costs	2,787	3,812	2,787	3,812	–
Equipment Rentals	308	400	308	400	417
Exchange Losses	41	124	41	124	–
Fair Value Movement in Interest Rate Swaps	(84)	(48)	(84)	(48)	–
Increase / (Decrease) in Provision for Doubtful Debts	(12)	224	(12)	224	–
Loss on Disposal of Property, Plant & Equipment	618	630	618	630	635
Property Rentals	5,058	8,191	5,058	8,191	5,334
Student Association Service Provision	2,279	2,211	2,279	2,211	2,315

4 / Finance Charges					
Finance Charges – Interest	4,461	4,441	4,461	4,441	4,366
TOTAL FINANCE CHARGES	4,461	4,441	4,461	4,441	4,366

5 / Cash and Cash Equivalents					
Cash at Bank	31,817	9,397	31,751	9,355	–
Call Deposits	3,871	20,564	3,871	20,564	–
Term Deposits with maturities less than 3 months at acquisition	–	66,769	–	66,769	–
TOTAL CASH AND CASH EQUIVALENTS	35,688	96,730	35,622	96,688	–

The weighted average interest rate as at 31 December 2018 is 2.30% (31 December 2017 is 2.74%).

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

	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
6 / Receivables					
Receivables (gross)	16,176	21,326	16,176	21,326	7,906
UCSA Receivable	10,772	2,985	10,772	2,985	–
Less Provision for Doubtful Debts	(379)	(391)	(379)	(391)	–
TOTAL RECEIVABLES	26,569	23,920	26,569	23,920	7,906
Total Receivables comprise:					
Receivables from exchange transactions	23,594	21,605	23,594	21,605	7,906
Receivables from non exchange transactions	2,975	2,315	2,975	2,315	–
TOTAL RECEIVABLES	26,569	23,920	26,569	23,920	7,906

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 2017: 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	1,334	1,384	1,334	1,384	–
Buildings	–	110	–	110	–
TOTAL NON-CURRENT ASSETS HELD FOR SALE	1,334	1,494	1,334	1,494	–

The Non Current Assets Held for Sale are:

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 16 (\$000's)	ACCUM DEPN & AMORTISATION DEC 16 (\$000's)	NET BOOK VALUE DEC 16 (\$000's)	CURRENT YEAR ADDITIONS DEC 17 (\$000's)	CURRENT YEAR DISPOSALS COST DEC 17 (\$000's)	CURRENT YEAR DISPOSALS ACCUM DEPN DEC 17 (\$000's)	CURRENT YEAR DEPN & AMORTISATION DEC 17 (\$000's)	CURRENT YEAR REVALUATION/ MOVEMENTS DEC 17 (\$000's)	CURRENT YEAR REVALUATION/ ACCUM DEPN DEC 17 (\$000's)	CURRENT YEAR IMPAIRMENT MOVEMENTS DEC 17 (\$000's)	CURRENT YEAR TRANSFER COST HELD FOR SALE DEC 17 (\$000's)	COST / VALN DEC 17 (\$000's)	ACCUM DEPN & AMORTISATION DEC 17 (\$000's)	NET BOOK VALUE DEC 17 (\$000's)
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	(3,682)	-	-	-	-	-	-	-
Library (Current Collection) at Cost	96,642	(78,045)	18,597	3,839	-	-	-	-	-	-	-	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
UNIVERSITY & GROUP														
Land at Valuation	107,311	-	107,311	518	(455)	-	-	-	-	-	-	107,374	-	107,374
Buildings at Valuation	885,666	(26,373)	859,293	118,255	(397)	313	(31,939)	-	-	(4,439)	-	999,085	(58,000)	941,086
Infrastructure Assets	41,697	-	41,697	5,430	-	-	(2,375)	-	-	-	-	47,127	(2,375)	44,752
Plant & Equipment at Cost	155,251	(102,792)	52,459	11,187	(11,173)	11,008	(12,138)	-	-	-	-	155,265	(103,922)	51,343
Library (Current Collection) at Cost	100,481	(81,727)	18,754	3,631	-	-	(3,517)	-	-	-	-	104,112	(85,244)	18,868
Library (Permanent Collection) / Other Collections at Valuation	56,435	-	56,435	72	-	-	-	5,420	-	-	-	61,927	-	61,927
Property, Plant & equipment	1,346,841	(210,892)	1,135,949	139,093	(12,025)	11,321	(49,969)	5,420	-	(4,439)	-	1,474,890	(249,541)	1,225,350
Intangible Assets – Software	31,434	(20,440)	10,994	1,837	(4,847)	4,830	(3,208)	-	-	-	-	28,424	(18,818)	9,606

There is no difference between "University" and "University and Group" balances. The 31 December 2018 Current Year Impairment Movements are made up of Cost \$4,745 million and Accumulated Depreciation of \$0.306 million (2017: Cost \$1.854 million and Accumulated Depreciation \$0.082 million).

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 2018 as some projects have been completed such as the Canterbury Engineering the Future (CETF) and stage one of the Rutherford Regional Science and Innovation Centre (RRSIC).

Capital Work-In-Progress	Dec 2018 \$000's	Dec 2017 \$000's
Buildings	34,136	111,501
Plant and Equipment	194	226
Intangible Assets — Software	8,998	1,146
	43,328	112,873

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 2018 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 Artworks 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 30 November 2018 by R J Watt and Associates, independent valuers.

The Artworks 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 2018. 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 is \$84 million (2017: \$113.2 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 remaining un-remediated 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.

	2018 (\$000's)	2017 (\$000's)
Fair Value of buildings as at 1 January	859,293	617,848
Building Additions	118,255	269,782
Building Disposals	–	–
Building Transfer to Held for Sale	–	(110)
Depreciation	(31,939)	(26,455)
	945,609	861,065
Increase in valuation of buildings	–	–
Building write-offs	–	–
Building disposals	(84)	–
Decrease / (Increase) in impairment of buildings	(4,439)	(1,772)
Fair Value of buildings as at balance date	941,086	859,293

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

	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
9 / Investments					
Investment Category					
<i>Investments at Fair Value through other Comprehensive Revenue and Expense – Non Current</i>					
Investment in New Zealand Synchrotron Group Limited	46	46	46	46	56
TOTAL INVESTMENTS	46	46	46	46	56

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 2017: 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.

The University also has equity investments of minimal or nil value as follows as at 31 December 2018:

Name	Percentage Held
Subsidiaries	
Canterprise Limited	100%
Entré Limited	100%
UC International College Limited	100%
Other Investments	
Flow Holdings Limited	36%
2.2G Limited	33%
New Zealand Drylands Forests IP Limited	25%
Stratified Concrete Technologies Limited	15%
Unisaver Limited	14%
Kiwi Innovation Network Limited	8%
Tiro Medical Limited (formerly Tiro Life Sciences Limited)	4%
Veritide Limited	3%

	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
10 / Term Receivable and Other Non Current Assets					
Campus Living Village – Term Receivable	2,301	2,151	2,301	2,151	2,291
Other non current assets					
Reversionary interest	19,785	19,024	19,785	19,024	19,785

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 payments 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, dependent 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	18,388	14,147	18,388	14,147	10,000
Research Revenue	19,910	17,940	19,910	17,940	15,662
Future minimum operating lease revenue not later than one year	868	868	868	868	868
Other	6,579	7,538	6,579	7,538	6,920
	45,745	40,493	45,745	40,493	33,450
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 (see Note 10)	16,196	17,031	16,196	17,031	16,190
	19,667	20,502	19,667	20,502	19,662
TOTAL REVENUE RECEIVED IN ADVANCE	65,412	60,995	65,412	60,995	53,112

	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
12 / Accounts Payable					
Payables under exchange transactions					
Trade Payables	6,724	6,357	6,719	6,352	5,000
UCSA Payable	7,783	7,288	7,783	7,288	7,500
Other Payables	15,217	17,563	15,216	17,563	20,827
Total Payables under exchange transactions	29,724	31,208	29,718	31,203	33,327
Payables under non-exchange transactions					
Taxes payable (PAYE, GST)	3,082	3,506	3,082	3,506	1,426
Total Payables under non-exchange transactions	3,082	3,506	3,082	3,506	1,426
TOTAL ACCOUNTS PAYABLE	32,806	34,714	32,800	34,709	34,753

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	-
TOTAL PROVISIONS	-	913	-	913	-

The University had a non-cancellable lease for student accommodation that was no longer required as a result of new accommodation being built closer to the campus and was not being used.

The lease did not expire until the end of 2019, and a provision was calculated using the future discounted lease payments. At the end of 2018, the landlord let the property to another tenant releasing the University from the onerous lease and the remainder of the provision has been released accordingly.

14 / Loans					
Current Loans					
Sonoda Gakuen Corporation of Japan Loan	32	32	32	32	32
Non Current Loans					
Sonoda Gakuen Corporation of Japan Loan	768	800	768	800	768
TOTAL LOANS	800	832	800	832	800
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	640	672	640	672	640
	800	832	800	832	800

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 2018 (31 December 2017: \$11 million).

	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
15 / Philanthropic Bond					
Philanthropic Bond – Current	49,978	2,000	49,978	2,000	49,978
Capitalised bond issue costs	(109)	–	(109)	–	–
	49,869	2,000	49,869	2,000	49,978
Philanthropic Bond – Long Term	–	47,978	–	47,978	–
Capitalised bond issue costs	–	(228)	–	(228)	–
	–	47,750	–	47,750	–
TOTAL PHILANTHROPIC BOND	49,869	49,750	49,869	49,750	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 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 that 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 29 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 was 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 bond holders was affected.

The University currently intends to redeem the Bond at maturity on 15 December 2019. There are no plans for any new Bond to be issued to the market.

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 (2017: 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 2018 year (2017: full compliance).

The fair value of the bonds as at 31 December 2018 was \$51.2 million (31 December 2017: \$52.0 million). The fair values of the bonds are determined by reference to the quoted market price on the NZDX at 31 December.

	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
16 / Employee Entitlements					
Sick Leave	762	736	762	736	750
Annual Leave	7,490	7,152	7,490	7,152	6,500
Long Service Leave	1,673	1,688	1,673	1,688	1,750
Retirement Leave	30,952	29,818	30,952	29,818	28,750
Payroll Accrual ¹	–	3,104	–	3,104	–
Total	40,877	42,498	40,877	42,498	37,750
Redundancy Provision ²	194	715	194	715	–
Total Employee Entitlements	41,071	43,213	41,071	43,213	37,750
Made up of:					
Current	10,621	13,909	10,621	13,909	9,450
Non Current	30,450	29,304	30,450	29,304	28,300
Total	41,071	43,213	41,071	43,213	37,750

¹There is no payroll accrual at 31 December 2018. Due to the public holidays over year end, the payroll for the period ended 6 January 2019 was paid early on 31 December 2018. As a result, for the year end there is a prepayment of payroll expense. The prepayment is included in Prepayments in Current Assets.

²Redundancy Provision – University & Group

Redundancy Provision Opening Balance	715	294
Provision made	194	715
Amounts used	(715)	(294)
Redundancy Provision Closing Balance	194	715

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

	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 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	255,494	155,911	255,494	155,911	165,286

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 2018 is 3.19% per annum (31 December 2017 is 3.09% 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 2018 is 3.33% per annum (31 December 2017 is 3.96% per annum).

Other Financial Assets and Liabilities – Derivative Financial Instruments					
Derivative Financial Instrument Assets – Non Current					
Interest Rate Swap Derivative	966	1,721	966	1,721	1,560
Total Derivative Financial Instrument Assets	966	1,721	966	1,721	1,560
Derivative Financial Instrument Liabilities – Current					
Forward Currency Exchange Contracts – Current	154	27	154	27	–
Derivative Financial Instrument Liabilities – Non Current					
Interest Rate Swap Derivative	1,932	3,649	1,932	3,649	6,338
Total Derivative Financial Instrument Liabilities	2,086	3,676	2,086	3,676	6,338
Total Derivative Financial Instruments	(1,120)	(1,955)	(1,120)	(1,955)	(4,778)
Analysis of Derivative Financial Instruments					
Net Settled Derivatives (Interest Rate Swaps)	(966)	(1,928)	(966)	(1,928)	(4,778)
Gross Settled Derivatives (Forward Exchange Contracts)	(154)	(27)	(154)	(27)	–
	(1,120)	(1,955)	(1,120)	(1,955)	(4,778)

Fair Value

The fair values 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.

18 / Financial Instruments

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 2018, 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 \$(154,172) (31 December 2017: \$(26,846)).

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 5 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

University & Group	Average contracted fixed interest rate		Notional Principal Amount	
	2018 %	2017 %	2018 (NZ\$000's)	2017 (NZ\$000's)
Swap 1:				
Less than one year	5.95		50,010	
two to five years		5.95		50,010
Swap 2:				
Less than one year	Floating		50,010	
two to five years		Floating		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:

	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)
Surplus/Equity				
Surplus/Equity – increase (i)	1,763	1,491	1,763	1,491
Surplus/Equity – (decrease) (i)	(1,763)	(1,491)	(1,763)	(1,491)

(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 5, 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 2018						
Accounts Payable	30,377	30,377	30,377	-	-	-
Philanthropic Bond	49,869	52,761	52,761	-	-	-
Sonoda Gakuen Corporation of Japan Loan	800	1,112	56	55	54	947
Total	81,046	84,250	83,194	55	54	947
University December 2018						
Accounts Payable	30,371	30,371	30,371	-	-	-
Philanthropic Bond	49,869	52,761	52,761	-	-	-
Sonoda Gakuen Corporation of Japan Loan	800	1,112	56	55	54	947
Total	81,040	84,244	83,188	55	54	947
University & Group December 2017						
Accounts Payable	31,725	31,725	31,725	-	-	-
Sonoda Gakuen Corporation of Japan Loan	832	1,169	57	56	55	1,001
Philanthropic Bond	49,750	55,782	2,886	52,896	-	-
Total	82,307	88,676	34,668	52,952	55	1,001
University December 2017						
Accounts Payable	31,719	31,719	31,719	-	-	-
Sonoda Gakuen Corporation of Japan Loan	832	1,169	57	56	55	1,001
Philanthropic Bond	49,750	55,782	2,886	52,896	-	-
Total	82,301	88,670	34,662	52,952	55	1,001

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 2018						
Net settled derivatives	966	975	975	-	-	-
University & Group December 2017						
Net settled derivatives	1,928	1,978	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 2018						
Cash and Cash Equivalents	35,688	35,688	35,688	-	-	-
Receivables	26,569	26,569	26,569	-	-	-
Other Financial Assets	255,494	259,865	259,865	-	-	-
Term Receivable	2,301	7,000	-	-	-	7,000
Total	320,052	329,122	322,122	-	-	7,000
University December 2018						
Cash and Cash Equivalents	35,622	35,622	35,622	-	-	-
Receivables	26,569	26,569	26,569	-	-	-
Other Financial Assets	255,494	259,865	259,865	-	-	-
Term Receivable	2,301	7,000	-	-	-	7,000
Total	319,986	329,056	322,056	-	-	7,000
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

	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)	2018 University & Group Budget (\$000's)
19 / Equity					
General Equity					
Balance as at 1 January	1,102,602	1,092,540	1,102,565	1,092,515	1,107,078
Net Surplus / (Deficit) for the year	9,562	(5,315)	9,539	(5,327)	(7,887)
Contributions from the Crown	50,000	–	50,000	–	–
Transfer (from) / to General Equity – Te Pourewa Settlement Reserve	–	17,500	–	17,500	–
Transfer (from) / to General Equity – Student Services Levy Capital Reserve	(2,409)	(2,123)	(2,409)	(2,123)	–
Balance as at 31 December	1,159,754	1,102,602	1,159,694	1,102,565	1,099,191
General Equity – Student Services Levy Capital Reserve					
Balance as at 1 January	7,911	5,788	7,911	5,788	5,788
Current year allocation of Levy	2,409	2,123	2,409	2,123	–
Balance as at 31 December	10,320	7,911	10,320	7,911	5,788
Cash Flow Hedge Reserve					
Balance as at 1 January	(1,783)	(2,710)	(1,783)	(2,710)	–
Fair Value Movement in Derivatives – Forward Foreign Exchange Contracts	(127)	49	(127)	49	–
Fair Value Movement in Derivatives – Interest Rate Swaps	878	878	878	878	–
Balance as at 31 December	(1,032)	(1,783)	(1,032)	(1,783)	–
Available-for-Sale Reserve					
Balance as at 1 January	27	36	27	36	–
Adjustment to New Zealand Synchrotron Group Limited valuation	–	(9)	–	(9)	–
Balance as at 31 December	27	27	27	27	–
Revaluation Reserves					
Balance as at 1 January	270,461	273,550	270,461	273,550	273,295
Revaluations and Impairment	981	(3,090)	981	(3,090)	–
Balance as at 31 December	271,442	270,460	271,442	270,460	273,295
Revaluation Reserves consist of:					
Buildings	108,846	113,285	108,846	113,285	114,802
Infrastructure Assets	26,602	26,602	26,602	26,602	28,824
Land	83,168	83,167	83,168	83,167	83,167
Library / Collections	52,826	47,406	52,826	47,406	46,502
Balance as at 31 December	271,442	270,460	271,442	270,460	273,295

	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)
20 / Reconciliation of Net Surplus with Net Cash from Operating Activities				
OPERATING ACTIVITIES				
Net Surplus / (Deficit)	9,562	(5,315)	9,539	(5,327)
Add (less) non-cash items:				
Depreciation and Amortisation	53,177	47,215	53,177	47,215
Donated Assets	–	(323)	–	(323)
Movement in Reversionary Interest	(761)	(892)	(761)	(892)
Movement in Long Term Revenue Owing	(150)	(141)	(150)	(141)
Movement in Total Employee Entitlements	(2,142)	2,370	(2,142)	2,370
Unrealised Foreign Exchange Variations	74	(107)	74	(107)
Net Movement in Fair Value of Interest Rate Swaps	(84)	(49)	(84)	(49)
Asset Impairments	–	2,191	–	2,191
Add (less) movements in other working capital items:				
Accounts Payable	(1,910)	(2,932)	(1,909)	(2,931)
Provisions	(913)	913	(913)	913
Revenue in Advance	5,252	7,835	5,252	7,835
Accounts Receivable and Prepayments	(2,079)	(4,851)	(2,081)	(4,855)
Inventories	(159)	50	(159)	50
Add (less) items classified as Investing / Financing Activities:				
Net Loss on Disposal included in Investing Activities	(604)	8	(604)	8
Earthquake Insurance Receipts	4,003	–	4,003	–
Movement in Lease Revenue in Advance	(835)	(832)	(835)	(832)
Movement in Library Serials Prepayment	(3,044)	(3,242)	(3,044)	(3,242)
Movement in Fixed Asset Related Payables / Accruals	2,461	7,197	2,461	7,197
NET CASH PROVIDED BY OPERATING ACTIVITIES	61,848	49,095	61,824	49,080

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.

During 2017 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.

		2018 University Actuals (\$000's)	2017 University Actuals (\$000's)
Revenue recognised for demolition and other operating costs of construction expensed		–	505
Balance owing by UCSA 31 December	ELC loan	350	350
	New UCSA building	10,772	3,985
Balance owed to UCSA 31 December	Earthquake Insurance Proceeds and interest	7,783	7,370

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

Rod Carr was a director of Canterprise Limited and UC International College Limited during the period. Directors' Fees paid were \$nil (December 2017: \$nil).

		2018 University Actuals (\$000's)	2017 University Actuals (\$000's)
Council Members — Council Fee		240	227
Senior Management Team, including the Vice-Chancellor — Remuneration		4,456	4,851
	<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		14	15

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.

Senior Management comprises the Vice-Chancellor, Deputy Vice-Chancellor, Assistant Vice-Chancellor (Academic), Assistant Vice-Chancellor (Māori), Registrar and Assistant Vice-Chancellor,

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 the 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 the 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 5 years.

Senior Management

The compensation of Councillor Members and Senior Management, being the key management personnel of the University, is as follows:

Executive Director / Chief Financial Officer, Pro Vice-Chancellors for the Colleges and the Executive Directors of the Service Areas.

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.

	2018 University Actuals (\$000's)	2017 University Actuals (\$000's)
EARLY CHILDHOOD LEARNING CENTRE		
Statement of Comprehensive Revenue and Expenditure		
OPERATING REVENUE		
Government Grant – Child Funded Hours	613	677
Other Revenue	406	440
TOTAL OPERATING REVENUE	1,019	1,117
OPERATING EXPENDITURE		
Personnel Expenses	921	963
Site & Property Costs	110	107
General / Operating Expenditure	14	15
Depreciation	1	1
TOTAL OPERATING EXPENDITURE	1,046	1,086
NET SURPLUS / (DEFICIT) FOR THE YEAR AND TOTAL COMPREHENSIVE REVENUE	(27)	31

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

	2018 University & Group Actuals (\$000's)	2017 University & Group Actuals (\$000's)
Capital Commitments		
Not later than one-year	47,973	80,091
Later than one year and not longer than five years	793	6,500
Total Capital Commitments¹	48,766	86,591
¹ Capital Commitments relate to buildings.		
Non-cancellable Operating Lease Commitments as Lessee		
Not later than one year	2,297	5,123
Later than one year and not longer than five years	4,566	5,415
Later than five years	4,514	2,729
Total Non-cancellable Operating Lease Commitments	11,377	13,267
The University has rights of renewal of varying periods in some of its leases.		
The above lease commitments for 2017 include the onerous lease for student accommodation disclosed in Note 13 Provisions.		
Non-cancellable Operating Lease Commitments as Lessor		
Not later than one year	804	1,262
Later than one year and not longer than five years	1,081	985
Later than five years	161	171
Total Non-cancellable Operating Lease Commitments	2,046	2,418

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

24 / Contingencies

Earthquake and insurance related contingencies

In 2017, the University had a contingent asset of up to \$50 million, due from the Crown under a 2014 funding agreement dependent on the successful completion of the required plans and other dependencies. The full \$50 million was received in September 2018.

The University has settled its claims on EQC for damage to its halls of residence.

Construction

In common with many large construction projects, the University and its remaining large project construction contractor 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. Both RRSIC (Stage 1) and CETF projects were successfully completed in 2018 and a final contract settlement has been agreed.

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 4 Carnet Indemnities for \$87,500, \$37,000, \$71,240 and \$24,000 to the Wellington Regional Chamber of Commerce. The Carnet for \$87,500 expires March 2020, the Carnet for \$37,000 will expire in June 2020, the carnet for \$71,240 will expire May 2021 and the carnet for \$24,000 will expire June 2021.

The University has no other contingent liabilities or assets at 31 December 2018 (2017: \$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 investment of surplus funds, 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. The University intends to redeem this Bond on maturity on 15 December 2019. The University has yet to determine how the redemption will be financed.

26 / Events After Balance Date

There are no significant events after balance date (31 December 2017: payment received under the new "Fees Free" policy introduced by Government).

27 / Explanations of Major Variances Against the 2018 Budget

Statement of Comprehensive Revenue and Expenses

Revenue

Actual total revenue was above budget, with the University benefitting from increased full fee paying student numbers, but also with a substantial increase in research revenue with increased activity, additional interest revenue from cash on hand as capital projects experienced delays and the early receipt of the final \$50 million Crown contribution under the 2014 Funding Agreement, and a payout from EQC on UC property damage from the earthquakes.

Expenditure

Overall, personnel costs have increased, reflecting the additional student numbers and increased research activity, together with increases in the actuarial valuation of Retirement Leave.

Other operating expenditure was kept within budget, and with significant savings in depreciation, due to the late delivery of significant building projects.

Other Comprehensive Revenue and Expense

The main variances are in the impairment of the University student Events Centre, to be replaced by a Sport and Recreation Centre, but with an increase in the valuation of the University's Medals collection, mostly due to the expected market value of the Ernest Rutherford Nobel Prize medal. Neither of these types of movement is budgeted for normally.

Statement of Changes in Net Assets / Equity

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

Statement of Financial Position

Current

The University continues to maintain sufficient cash to meet its capital programme in 2019 and to repay its Philanthropic Bond. This is in excess of budget, which anticipated higher capital expenditure, and did not include the \$50 million Crown contribution. Current liabilities are also in excess of budget, with higher 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, tuition fees from increases in student numbers, interest received on maturity of long term investments, and research revenue have been offset by increased operating expenditure, largely in personnel.

Net cash used in Investing Activities

This is significantly less than budget, with lower capital expenditure which did not include the move of longer term cash deposits to classification as current.

Net Cash from Financing Activities

This is over budget due to the early receipt of the \$50 million Crown Capital contribution originally expected in 2019.

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.

2018

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 2018

University of Canterbury | Te Whare Wānanga o Waitaha 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 of 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.

The Vice-Chancellor confirms the allocations with Council as part of the University budget setting process.

It provides a formal forum for UCSA representatives to present the view of the student body to the management of the 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 UC Students' Association in the years 2011 through to 2018, 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 2018 the Compulsory Student Services Levy per Equivalent Full-Time student was \$811.00. 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 2018	Income/Revenue		Expenditure	
	CSSF Levy collected (\$000's)	Actual (\$000's)	Budget (\$000's)	Variance (\$000's)
Compulsory Student Services Levy Collected	9,588	9,588	9,394	194
Services Funded by the Compulsory Student Services Fees				
1. Advocacy, legal and financial advice	926	926	929	(3)
2. Careers & employment information, advice & guidance	581	581	649	(68)
3. Counselling services and pastoral care	836	836	1,000	(164)
4. Health services	781	781	782	(1)
5. Media	361	361	361	0
6. Sports, recreation & cultural activities; clubs & societies	3,651	3,651	3,471	179
7. Balance to Student Space Capital Fund	2,453	2,453	2,203	250
Total	9,588	9,588	9,394	194
Surplus/(Deficit)	0	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 2018	(\$000's)
Opening Balance 01 Jan 2018	7,911
Capital Reserve allocation from 2017 Levy	2,453
Minor Capital Works expenditure	(44)
Closing Balance 31 Dec 2018	10,320

	(\$000's)	
<i>Amounts allocated towards future year spending</i>		
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
Capital Works Building Projects	2,409	From 2018 allocations
Future Year Allocations	10,320	

UC Student Services Levy Allocations for 2018 (\$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 Success teams , composed of 12 staff, develop and deliver a specialised range of student-focussed support services to facilitate the academic, social and cultural development of students from diverse backgrounds and help students succeed at UC. The Student Care team offers practical advice for student wellbeing and success, and the Student Experience team are involved in university-led initiatives to support student engagement, retention and success.	64	95	318	32	0	127	0	635
2. UC Health Centre Counselling : a team of 5 counsellors deal with challenges students experience such as loneliness, grief, anxiety, depression, stress, homesickness, relationship problems, gender worries. Most counselling is short to medium term. ^{Note 2}	0	0	306	0	0	0	0	306
3. UC Health Centre : a team of 25 doctors, nurses and support staff, the Health Centre provides high quality, responsive and cost effective services to its clients, to enable students to pursue their academic endeavours with minimal hindrance from medical and psychological problems, by providing affordable, accessible and comprehensive health services. ^{Note 2}	0	0	0	749	0	0	0	749
4. UC Rec Centre : a team of 15 plus group fitness and exercise instructors manage UC Recreation Centre membership, programmes and facilities for registered members.	0	0	0	0	0	1,709	0	1,709
5. UC Sport : a team of 4 and 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	454	0	454
6. UC Careers, Internship and Employment : a team of 4 engage with students and graduates by providing quality career education informed through effective connections with employers and industry.	0	472	0	0	0	0	0	472
7. UC Māori Development : a team of 6 deliver integrated support programmes for Māori students, focusing on skill development, community connections and pathways to academic success. A significant portion of their funding comes from TEC Equity Funding. ^{Note 1}	91	0	75	0	0	110	0	276
8. UC Pacific Development : a team of 6 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}	41	14	138	0	0	83	0	276
9. UCSA Advocacy & Welfare : provide advice, dispute resolution services, and welfare provision (free legal advice, budgeting help and a food bank); and 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.	730	0	0	0	0	0	0	730
10. UCSA Media & Comms : handle UCSA's communication channels to inspire debate, make readers laugh, cry, angry, informed, ambivalent, nonplussed or otherwise.	0	0	0	0	361	0	0	361
11. UCSA Activities & Events : provide direct support to clubs, weekly student events and organise the big events of the year including Orientation, and Grad Ball.	0	0	0	0	0	995	0	995
12. UCSA UC Sport : services are provided in partnership with the UC Sport and UC Recreation Services, with their separate allocation shown above.	0	0	0	0	0	172	0	172
13. Student Space Capital : the balance of the Student Services Levy is transferred to the Student Space Capital Fund.	0	0	0	0	0	0	2,453	2,453
Total	926	581	836	781	361	3,651	2,453	9,588

Note 1: UC Maori 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.

Note 2: UC funds an additional \$265,000 of expenditure towards UC Health Centre & Health Centre Counselling.

2018

Equity Report | Kia Taurite



Equity Report | Kia Taurite

Frameworks

Te Tiriti o Waitangi provides the context and foundation for equity and diversity at the University of Canterbury | Te Whare Wānanga o Waitaha (UC). Our strategic partnership with Ngāi Tūāhuriri, and Te Rūnanga o Ngāi Tahu, recognises the legitimacy of Māori in the Te Waipounamu the South Island. Similarly, 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 UC'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 UC community and student experience.

The Central Equity and Diversity Advisory Committee, 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. The policy underpins UC's commitment to eliminating discrimination and reflects Te Rautaki Whakawhanake Kaupapa Māori (Te Rautaki), UC's bicultural strategy.

The Equity and Diversity Plan 2018–2020 seeks to deepen that culture of inclusiveness at UC. The plan outlines strategic priorities for adult (mature-aged) students, faith groups, students who are first in their family to attend university, international students, LGBTQIA+, Māori, Pasifika, postgraduates, people with disabilities, and women.

Embedding into learning programmes

The UC Graduate Profile has provided a mechanism for students to understand and reflect on equity and diversity within the curriculum. The UC Graduate Profile has, as part of its attributes, knowledge and understanding of diverse communities through bicultural competence and confidence (BiCC), global awareness and community engagement. At the heart of all three of those pillars is a reflection and understanding of a culture other than one's own.

The BiCC attribute focuses on the unique nature of biculturalism in Aotearoa New Zealand. The community engagement attribute ensures students will have observed and understood a culture within a community by reflecting on their own performance and experiences within that community. Finally, global awareness ensures students will be competent in engaging with global and multicultural contexts.

The unique aspect of the UC Graduate Profile is that it is embedded throughout the curriculum so students experience issues of equity and diversity as part of the curriculum as well as individually. One example of how the curriculum has developed to grow greater understanding of diversity has been through changes in the focus of the courses. For example, SOWK205 Social Work and Community Engagement focuses on the development of the practice skills needed by students to engage well with individuals and community groups. This process of engagement will emphasise working biculturally as well as with individuals, groups and organisations that serve diverse groups across the lifespan. Another example is how the courses are delivered. In the "From UC to Helsinki" initiative in the College of Arts | Tē Rāngai Toi Tangata, students from across the globe work via social media to share views, comments, questions and even assessments, bringing multiple perspectives to a single topic.

Small additions to courses, such as a practice aimed at enhancing global awareness through short videos shown at the beginning of each class at 100-level, have grown across courses. Students report it gives a sense of belonging across both national and international cohorts.

Finally, the BiCC attribute has been extensively embedded throughout the undergraduate curriculum after its early introduction across degrees. It not only provides a Māori perspective but also teaches our students about multiple perspectives across their discipline and demonstrates that there are many ways to look at a single issue.

Māori

Our strategic approach to Māori development at UC is outlined in Te Rautaki and defines our commitment to Māori advancement. This is led through the Office of the Assistant Vice-Chancellor Māori | Te Tari o te Amokapa Māori and is underpinned by the overall vision of bicultural competence and confidence, within the UC Graduate Profile.

The year 2018 saw the greatest number of Māori students enrolled at UC to date, at 1,331. Of these, 1,111 were enrolled full time. The Office of the Assistant Vice-Chancellor Māori | Te Tari o te Amokapa Māori works across academic colleges and academy systems, while providing services that meet the academic, pastoral and cultural needs of Māori students. A range of Māori student innovations and engagements are facilitated with colleges and alongside wider student services across the institution.

Locally, we have continued our strategic approach to creating local partnerships with local learners. This relationship with schools was the genesis for our Ekea! initiative. Ekea! has a Year 10, 11 and 12 focus and provides on-campus exposure and interface with UC staff and academic disciplines at UC. We have also run another He Puna Pūtaiao programme, a Year 10 science-based wānanga, focused on Te Waihora Lake Ellesmere and in conjunction with Te Taumutu Rūnanga. Māori scholarships parallel our wider scholarship programme, as a means to ensure we provide Māori prioritisation across our student profile.

In regard to retention, UC runs an annual application-to-enrol phone call-out project. Here, every Māori student making an application to enrol is contacted to understand their interest(s) in study at UC and ensure we have a good understanding of their aspirations, while also providing the initial relationship-building opportunity with potential new-to-UC students. This also supports an introduction to our extensive orientation programme and mihi whakatau to new students and their whānau.

The total student engagement numbers for 2018 saw some 3,094 engagements during the year, an increase of 342 from 2017. The strategic intervention was also refocused on a more intense prioritisation of first- and second-year students. The intention of this focus is to facilitate more in-depth engagements with students perceived to be most at risk of not completing their qualification.

UC's commitment to BiCC has been reflected in an exceptional redevelopment of our curricula across all programmes of study. Further, the BiCC strategy has seen a significant increase in demand from UC staff for their own te reo Māori development as well as an increase in te reo Māori naming, text and translations, as well as whakataukī.

As a result, the presence of te reo Māori around campus has increased, with bilingual signage on and in new buildings. During Te Wiki o Te Reo Māori, campus cafes providing a discount for coffees ordered in te reo were very popular. Paralleling the signage, a UC Cultural Narrative video was created in 2018 and has been received positively. The narrative imbues the campus with indigenous knowledge and philosophies to broaden and enrich the UC community's awareness of Māori language, culture and contribution.

BiCC content is incorporated in a wide range of undergraduate degrees. Staff participation in professional development programmes such as "Tangata Tū, Tangata Ora", "Te reo Māori for the workplace" and "Culturally responsive pedagogy" has continued to increase.

During 2018, UC facilitated two celebrations for Māori graduands, graduates and whānau, alongside the UC graduation ceremonies. These were attended by significant numbers across the year and provided an opportunity to celebrate the success of the students, while highlighting tertiary study to wider whānau, including potential future students.

Finally, during 2018 UC has been an active participant and leader in the AQA Enhancement Theme project, focusing on Māori and Pasifika learner recruitment, retention and achievement. This has included the establishment of an internal working party as well as participation in the national steering group and symposium held at the end of 2018. The life cycle of the learner has been the UC approach to understanding our strengths and identifying opportunities to expand in these critical areas. This work continues over the next two-year association with the enhancement theme and academic audits that AQA will lead over the next five to six years.

Pasifika

UC is committed to ongoing strong relationships with Pacific communities through the Pacific Peoples' Advisory Committee. A significant milestone in progress was celebrated when the number of Pasifika students enrolled at UC reached 500 for the first time. This is a testament to successful recruitment and outreach efforts and the implementation of the UC Pasifika Strategy 2014–2018. In 2018, the Pasifika Strategy for 2019–2023 was developed and approved by Council.

The launch of the Pasifika Success Indicator (PSI) tool this year at the National Pacific Tertiary Forum was the culmination of a research project led by the Pacific Development Team at UC in collaboration with Ako Aotearoa. Working with Ara Institute of Canterbury and Lincoln University, the working group developed a Pasifika Resource Kit that includes this PSI tool to assist tertiary staff implement suggested changes to better engage Pasifika learners. This research was also translated into two one-day training courses in Pasifika Professional Development, available to all staff.

The UC Pasifika Law Students' Society also organised and hosted the 2018 Pacific Law and Culture Conference, only a year after the association formed.

Students with disabilities

The Disability Policy was reviewed to provide a clearer understanding of the connection between the Disability Resource Service (DRS) and other resources available within the University from other areas, as

‘The UC Graduate Profile has provided a mechanism for students to understand and reflect on equity and diversity within the curriculum. The UC Graduate Profile has, as part of its attributes, knowledge and understanding of diverse communities through bicultural competence and confidence (BiCC), global awareness and community engagement.’

well as a stronger connection to the Equity and Diversity Policy. UC supported 675 students with disabilities, an increase of 5% on the previous year. Students registered with DRS passed nearly 90% of their courses and reported high levels of satisfaction with the service.

Women

Fifty-two percent of employees at UC are women, a proportion mirrored by the Senior Management Team — seven of the 13 members are female. UC regularly assesses the value of positions in relation to pay equity, which includes work by an independent consultant and systems that monitor promotions. Student and staff identities, including gender, are appropriately captured in student and staff management systems. A "UC Women" initiative was undertaken to establish priorities to support equal employment opportunities for women at UC.

UC took the opportunity, in the context of the #Metoo movement, to improve education for students on sexual consent and healthy relationships, which was developed by the Sexual Violence Prevention Working Group.

Rainbow community

A Rainbow hui was organised by Q Canterbury and funded by the UC Foundation. Representatives from all colleges and the UCSA provided an overview of what has been done to support UC's rainbow community. Workshops were held on future development priorities. Gender-neutral toilet options available to both students and staff on campus were progressed, including re-signing and re-zoning.

Notes | Pitopito kōrero

Notes | Pitopito kōrero

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