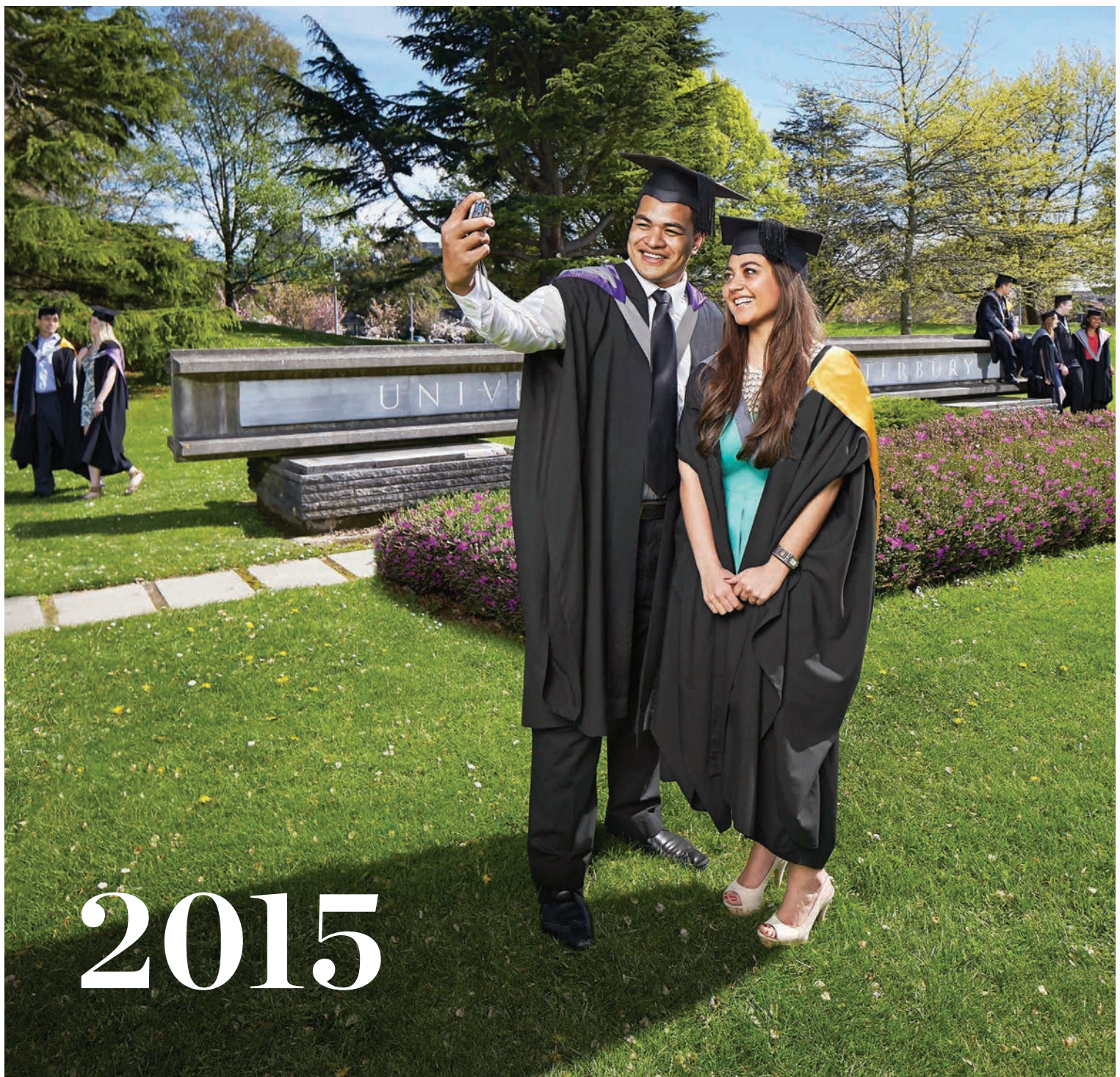


# Annual Report



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

*He mihi maioha tēnei ki a koutou katoa mai i  
Te Whare Wānanga o Waitaha.*

*Kei te manawanui a UC ki te whakawhanake i ōna tāngata, ahakoa kaimahi, ahakoa ākonga, kia puta ai ngā tāura o UC me ngā pūkenga o te Āhuatanga Tāura. E hāngai ana ki tēnā, ko te whakapai i ngā whare me te paenga o te whare wānanga, ā, ko ētahi kei te hangaia houtia, ko ētahi kei te whakahoutia. Ko tēnei whakakaha ā-tangata, ā-ako, ā-rangahau, ā-hanga whare kei te whakakotahi i te hāpori o te whare wānanga kia tū whakahīhī ai i āna tirohanga ki mua, ki ngā tau kei te heke mai.*

*Ko tēnei e whai ake nei te pūrongo ā-tau a Te Whare Wānanga o Waitaha mō te tau 2015. Ko ngā kai o roto he whakarāpopototanga o ngā whakaritenga o te whare wānanga hei pānuitanga mā koutou.*

*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. The campus improvements are evident in the construction and remediation work. This strengthening of the human and physical environment of UC, and of its core work in teaching, learning and research, is uniting the university community so that it stands proud as we face the years ahead.*

*What follows is the annual report of the University of Canterbury for 2015. Its contents summarise for the reader the current state and achievements of UC over the past year.*

# Directory 2015

## Chancellor

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

## Pro-Chancellor

Sue McCormack, BA, LLB(Cant)

## Vice-Chancellor

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

## Deputy Vice-Chancellor (Academic)

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

## Deputy Vice-Chancellor (Research)

Professor Steve Weaver, BSc(Hons)(Birm), PhD(Lond), DSc(Birm), FNZIC, FGS, FRSNZ

## University Registrar Assistant Vice-Chancellor

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

## Assistant Vice-Chancellor (Māori)

Darryn Russell, MIndS(Otago)

## Pro-Vice-Chancellor (Arts)

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

## Pro-Vice-Chancellor (Business and Law)

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

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

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

## Pro-Vice-Chancellor (Engineering)

Professor Jan Evans-Freeman, BSc(Hons)(Manc), PhD(Manc), FInstP, FIPENZ, MInstD

## Pro-Vice-Chancellor (Science)

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

## Chief Financial Officer

Keith Longden, BCom(Cant), CA, MInstD

## Director of Student Services and Communications

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

## Director of Human Resources

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

## Director of Learning Resources

Alexandra Hanlon, BA(UNSW), MAICD

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

## Bank

ANZ Banking Group

## Solicitors

MDS Law

**Annual Report 2015 was produced by staff from Financial Services, the Vice-Chancellor's Office, and Student Services and Communications**

## Statement of Service Performance

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

## Financial Statements

Adrian Hayes BA(Hons), MA (Hist), FCA, CA, Financial Controller, Financial Services

## Design

Dean Patterson, Senior Graphic Designer, Student Services and Communications

## Photography

Duncan Shaw-Brown, Student Services and Communications

## Printer

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# Independent Auditor's Report

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 2015

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, the statement of service performance and the appropriation statement of the University and group on her behalf.

### Opinion on the financial statements, the statement of service performance and the appropriation statement

We have audited:

- the financial statements of the University and group on pages 40 to 79, that comprise the statement of financial position as at 31 December 2015, 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 in the statement of service performance on pages 18 to 33; and
- the appropriation statement of the University on pages 36 and 37.

In our opinion:

- the financial statements of the University and group on pages 40 to 79:
  - present fairly, in all material respects, the University and group's:
    - financial position as at 31 December 2015; and
    - financial performance and cash flows for the year then ended;
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity reporting standards.
- the statement of service performance of the University and group on pages 18 to 33 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 2015.
- The appropriation statement of the University on pages 36 and 37 presents fairly, in all material respects, what has been achieved with the appropriation by the University.

Our audit was completed on 24 February 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

### Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards

require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, the statement of service performance and the appropriation statement are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements, the statement of service performance and the appropriation statement. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, the statement of service performance and the appropriation statement. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements the statement of service performance and the appropriation statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the University and group's financial statements, the statement of service performance and the appropriation statement 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the financial statements, the statement of service performance and the appropriation statement; and
- the overall presentation of the financial statements, the statement of service performance and the appropriation statement.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the statement of service performance and the appropriation statement. Also we did not evaluate the security and controls over the electronic publication of the financial statements, the statement of service performance and the appropriation statement.

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

### Responsibilities of the Council

The Council is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and

- present fairly the University and group's financial position, financial performance and cash flows.

The Council is responsible for preparing a statement of service performance that presents fairly the University and group's service performance achievements measured against the proposed outcomes described in the investment plan.

The Council is also responsible for preparing an appropriation statement that presents fairly, in all material respects, what has been achieved with the appropriation by the University.

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

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, the statement of service performance and appropriation statement that are free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the financial statements, the statement of service performance and the appropriation statement, whether in printed or electronic form.

### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, the statement of service performance and the appropriation statement and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

### Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting 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

# 2015 at a Glance

	2010	2011	2012	2013	2014	2015
Students enrolled (Headcount) <sup>1</sup>	18 783	16 444	15 798	14 872	14 725	14 830
Equivalent Full-time Students (EFTS) <sup>1</sup>	15 494	13 604	13 171	12 180	11 943	11 931
Full-time Equivalent Academic Staff (FTE) <sup>2</sup>	833	817	773	740	726	708
Staff : Student ratio	01:18.6	01:16.7	01:17.0	01:16.5	01:16.5	01:16.8

## Equivalent Full-time Students EFTS EFTS by level of study<sup>3</sup>

Non and sub-degree	426	270	230	183	152	119
Undergraduate	12 950	11 261	10 796	9 936	9 569	9 158
Postgraduate	2 118	2 073	2 145	2 061	2 222	2 654
<b>Total EFTS</b>	<b>15 494</b>	<b>13 604</b>	<b>13 171</b>	<b>12 180</b>	<b>11 943</b>	<b>11 931</b>

## EFTS by Fee Type

Domestic Fee Paying	14 228	12 667	12 334	11 381	11 168	11 053
International Full Fee Paying	1 267	937	837	799	775	878

## UC Total EFTS<sup>4</sup>

<b>UC Total EFTS<sup>4</sup></b>	<b>15 494</b>	<b>13 604</b>	<b>13 171</b>	<b>12 180</b>	<b>11 943</b>	<b>11 931</b>
PBRF funding received	\$25.48m	\$28.4m	\$26.3m	\$24.6m	\$25.8m	\$27.7m

## Operating

(All amounts net of GST)	In \$ 000	In \$ 000	In \$ 000	In \$ 000	In \$ 000	In \$ 000
Government grant	\$117 236	\$119 566	\$125 237 <sup>8</sup>	\$126 996	\$128 209	\$130 812
Tuition fees	\$90 406	\$79 302	\$78 739	\$75 849	\$78 194	\$82 910
Research funding <sup>5</sup>	\$49 820	\$55 407	\$53 612	\$50 848	\$52 429	\$55 089
Cost per EFTS student <sup>6</sup>	\$18.40	\$20.80	\$24.30	\$24.90	\$25.30	\$27.44
Capital expenditure <sup>7</sup>	\$37 612	\$89 892	\$71 362	\$90 545	\$129 843	\$117 173

## Financial position

Non-current assets	\$757 210	\$641 935	\$596 402	\$671 409	\$873 241	\$1 200 483
Net current assets <sup>9</sup>	\$60 795	\$46 536	\$29 324	\$28 944	\$390 588	\$212 564

<sup>1</sup> Excludes enrolments in community education courses.

<sup>2</sup> FTEs are annualised. Unlike a snap shot of FTE taken at 31 December, Annualised FTE takes into account fluctuating staff numbers during the year.

<sup>3</sup> Level of Study is based on the level associated with the course in which the student is enrolled.

<sup>4</sup> Reconciliation with Ministry of Education (SDR) numbers: EFTS from Community Education classes are required to be returned to the Ministry of Education but not typically included in UC's total EFTS. There is also a small number of other EFTS not required to be returned but typically reported in UC's total EFTS. In addition to this, the MoE return may include changes made after the Annual Financial Accounts Year End cut off dates.

MoE SDR Reconciliation	2010	2011	2012	2013	2014	2015
Balance of EFTS returned to Ministry of Education	179	(74)	(79)	(95)	(112)	(119)

<sup>5</sup> Includes PBRF funding received.

<sup>6</sup> Cost per EFTS is based on total operating costs less building impairment and, in 2013, the revaluation loss for the Homestead. The University continues to incur costs of building write offs and College operations relocation, all a consequence of the earthquakes. These are expected to reduce in subsequent years.

<sup>7</sup> Capital Expenditure is taken from the Statement of Cash Flows and is the actual cash amount spent.

<sup>8</sup> \$4.7M of the increase in Government grant from 2011 to 2012 is attributable to a reclassification of the Tripartite component of Government grant that was previously classified as Other Income.

<sup>9</sup> The significant increase from 2013 to 2014 is due to the insurance settlement negotiated in December 2014 and shown as a receivable at 31 December 2014. All cash relating to this amount was received in January 2015.

# Chancellor's Welcome

## **Members and friends of the University of Canterbury, tēna koutou, tēna koutou, tēna koutou katoa.**

2014 marked the close of one of the most significant chapters in the history of our University. In consequence, we regained control of our own destiny.

Throughout 2015, UC deployed its restored autonomy and enhanced financial resources to good effect. Significant further progress was made in pursuit of key strategic objectives, particularly the transformation of the Ilam campus through modern, new and redeveloped facilities. The first of these — the Canterbury Engineering the Future project — will be available for research, learning and teaching during 2016. Others, in science and education, are scheduled to become available in 2017 and 2018. A major priority is to demolish the UCSA complex, and build a streamlined, student owned and operated new centre.

There is vibrancy in the air, generated by those conscious post-earthquake decisions, to maximise development opportunities, to recover student numbers, and to restore the viability of the institution as quickly as possible. There are still tough challenges ahead but UC is, right now, an inspirational, international, interesting, and rewarding place to be. Increasingly we are looking towards the University's 150<sup>th</sup> anniversary in 2023, and are catching tantalising glimpses of what more our already world-class University will have become in just seven years' time. Future development of the campus will be guided by the Campus Master Plan, a living document under continuous review by management and Council, which outlines key projects to 2023 and out to 2048.

A key piece of work for the Council in 2015 was the Post Settlement Review (PSR), which followed UC's settlement in 2014 of its post-quake insurance claim for \$550 million, and takes into account the up to \$260 million new capital provided by the Government. The PSR prioritises UC's capital spending on infrastructure and technology projects, and has helped determine the spending decisions incorporated into the 2016 budget.

Late in the year the University Council led the way among New Zealand universities in adopting its new constitution and reducing its size — from 20 members to 12 — following passage of the enabling Education Amendment Act (No.2), 2015. Through its own earlier review, and decisions, the Council was well-placed to move quickly.

The 12 positions on the new UC Council include four ministerial appointments, members of academic and general staff and students appointed after elections, a Ngāi Tahu appointment, the Vice-Chancellor, and three Council appointments, two of whom must be graduates of the University. The Chancellor and Pro Chancellor continue to be elected by Council from among its members.

Catherine Drayton, Bruce Gemmill, Tony Hall, and Sue McCormack, were reappointed from the former Council by the Minister for Tertiary Education. Professor Roger Nokes was appointed after an election by academic staff, and Malcolm Peterson Scott after an election by general staff, membership of both with effect from August 2015. James Addington, the incoming UCSA President, was appointed following an election by students in October 2015. Peter Ballantyne, Warren Poh and I were reappointed by the Council. University Vice-Chancellor Rod Carr is a member ex-officio.

The outgoing Council members have undertaken much work and contributed to many critical decisions in recent years. I thank Jo Appleyard, Dr Duncan Webb, Dr Andy Pratt, Professor Simon Kemp, Judge Colin Doherty, outgoing UCSA president Sarah Platt, David Ivory and Michael Shurety for their individual and collective contributions. The new Council will miss the former Ngāi Tahu representative, Sacha McMeeking, although the University retained her substantial expertise and experience through her appointment to the University staff. The Council is in consultation with Ngāi Tahu regarding Sacha's successor.

In November 2015, Sue McCormack was re-elected Pro-Chancellor, and I Chancellor, both for two year terms. As I begin my sixth year as your Chancellor, I am honoured to continue to lead the University Council.

In 2015 the University Council bestowed five honorary doctorates, the highest awards in its statutory authority to make.

At the April graduation ceremonies Superintendent Sandra Manderson, the first female Police District Commander appointed in New Zealand, and Canterbury District Commander from 2002-2007, was awarded a Doctor of Laws. Diplomat Rosemary Banks, who recently held the position of New Zealand's Ambassador to France and Permanent Representative to the Organisation for Economic Cooperation and Development, was awarded a Doctor of Literature. She was formerly New Zealand's permanent representative to the United Nations in New York. Ambassador Banks is a Senior Adjunct

Fellow in Political Science. Icebreaker clothing and former Air New Zealand chief executive Rob Fyfe, one of New Zealand's most influential business leaders, was awarded a Doctor of Commerce.

At its December graduation ceremonies the University Council conferred a Doctor of Science (honoris causa) on Professor Roy Kerr, and a Doctor of Engineering (honoris causa) on John Matthews.

Professor Kerr is a mathematician best known for discovering the Kerr vacuum, an exact solution to the Einstein field equation of general relativity. Since receiving his Honorary Doctorate Professor Kerr has been jointly awarded the 2016 Crafoord Prize in Astronomy by the Royal Swedish Academy of Sciences. John Matthews is a brilliant engineer and successful businessman, known for his tireless support for students, the arts and the community. He continues to be an innovator in the development of globally unique bituminous products and road surfacing systems. He has helped turn the artistic ideas of the acclaimed sculptor Len Lye into physical reality, and is the force behind the beautifully designed Len Lye Centre in Taranaki.

2015 was a tremendous year for overall academic achievement at UC. 3,812 degrees, diplomas and certificates were awarded to 3,513 students, with particularly strong post-graduate results across the faculties.

David Schiel was recognised as a Distinguished Professor, a title reserved for UC staff who have demonstrated world-class academic leadership and achievements of the highest international standing, bringing to five the number of UC academics recognised at this senior professorial rank.

UC is a world-class research-led learning institution. Its annual Teaching, Research and Innovation Medals are the highest recognition of excellence the Council can extend to its academic staff. These awards embody the University's vision: people prepared to make a difference — tangata tū, tangata ora.

Professor Jennifer Hay (Language, Social and Political Sciences), Director of the UC-based New Zealand Institute of Language, Brain and Behaviour, specialising in the analysis of words and sounds, was awarded the University's 2015 Research Medal. Professor Hay was also elected Fellow of the Royal Society of New Zealand, and was a finalist in the Women of Influence 2015 awards.

Professor Julia Rucklidge received the Ballin Award for her contributions to clinical psychology, and was also a 2015 Women of Influence finalist.

Associate Professor Rick Beatson received the University's 2015 Innovation Medal for his work with ARANZ Geo and ARANZ Medical — companies which won both their categories at the 2015 Champion Canterbury Awards. His work with mathematical algorithms has had practical application in the mining and medical fields, and resulted in the creation of numerous jobs in Christchurch and overseas. The Innovation Medal recognises excellence in transforming knowledge and ideas so they can be adopted by the wider community.

In 2015 for the first time, two teaching medals were awarded. Professor Ursula Cheer is a nationally recognised leader in research in law pedagogy. Professor Cheer will take up the role of Dean of the Law School from January 2016, the only female Dean of Law in New Zealand. Dr Herb de Vries is a world-renowned management and entrepreneurship academic, who was also the recipient of a national Ako Aotearoa Tertiary Teaching Excellence award in 2015.

Composer Dr Patrick Shepherd's quake symphony was performed at the Christchurch Schools' Music Festival. Professor Angus Hikairo Macfarlane and Dr Herb de Vries, each received an Ako Aotearoa Teaching Excellence Award. Andy Buchanan Professor of Civil Engineering, won three awards for his work on multi-storey timber buildings — technology that will feature in some of UC's own redevelopments. Distinguished Professor of Philosophy Jack Copeland was named 2016 winner of the Covey Award by the International Association for Computing and Philosophy.

UC was awarded \$21.5 million to run the Quake Centre of Research Excellence for earthquake resilience. Its deputy director, Professor in Earthquake Engineering Brendon Bradley, received the TC203 Young Researcher Award. Professor Bradley and Dr Daniel Stouffer received UC Early and Emerging Career Researcher Awards.

UC researchers were awarded \$4.1 million in 2015 Marsden Fund grants. UC researchers continued building the world's first human colour x-ray scanner.

The Erskine Fellowship programme brought 75 international academics to teach at UC, and 10 UC students and staff received Fulbright awards to study abroad.

There was an inspirational opportunity for me to open the University of Canterbury Rose Centre for Stroke Recovery and Research at Christchurch's St George's Hospital. The Centre, headed by the University's Professor

Maggie-Lee Huckabee, was made possible by a donation from the Rose family through the Canterbury Medical Research Foundation.

An equally inspirational event was the re-naming by the University Council, with the approval of his widow, Kirsteen Britten, of the College of Engineering office in honour of trailblazing Christchurch innovator and engineer, John Britten. 2015 marked the 20th anniversary of John Britten's early death at age 45.

The generous gifts of many people — alumni, supporters and friends — continue to enable UC to offer an exceptional and in a number of ways, unique experience for our students, giving them tools to develop personally and professionally and to become those people prepared to make a difference.

In particular I would like to thank the volunteer boards of our three charities led by Barry Ramsay, Chair of the University of Canterbury Foundation, Professor David Teece, President of the University of Canterbury Foundation in America Inc and Professor Robin Clark, Chair of the University of Canterbury New Zealand Trust in the United Kingdom. In 2015 these charities received from our friends and alumni more than NZ\$8 million in donations in support of scholarships, research and teaching, building and facilities and community outreach programmes.

More than one thousand alumni joined us at receptions in the United Kingdom, the United States, Canada, Malaysia, Singapore, China, Australia, Indonesia, Wellington and Auckland, with over 2,500 attending lectures, events and activities on the Ilam campus. We are very grateful to our overseas hosts Tan Sri Dr Ngau Boon Keat, Tony Wong, Richard Tankersley, David and Leigh Teece and Craig and Kirsten Nevill-Manning for their hospitality and friendship throughout the year.

The University continues to be immensely grateful to its staff, students, the Christchurch and Canterbury communities, alumni and friends at home, and around the world for their involvement, advocacy and support. They are the guarantee of our bright future. The University of Canterbury is well positioned for what will be a pivotal year in 2016. We await with interest the results of intensive efforts and the many programmes to significantly rebuild student numbers. Tangible evidence of the transformation of the Ilam campus is all around us, as we start the countdown towards progressive opening and re-opening of major facilities over the next three years.



*Dr L. John Wood*

In this spirit, I was humbled in December to be asked to deliver a keynote address at the reopening of the Great Hall and re-dedication of the Memorial Window to our war dead at our original home at the Arts Centre. 2016 will see a modest return to our roots there, as we take possession of the former Chemistry Building to house the Logie Collection of Greek and Roman antiquities, the Classics department and UC Music.

Finally, let me express on behalf of the University its gratitude for the Government's helpful and proactive support throughout, as we have devised, financed and begun strongly to implement our UC Futures programme. The Governance Oversight Group, established by our Funding Agreement with the Crown, under its independent Chair, Garry Wilson, and including senior representatives of the Tertiary Education Commission, the Ministry of Education and the UC Council has been particularly effective in this context.

The developments I have outlined, and the University's very special holistic learning experience, mean that each year, our graduates are ready to connect and contribute to their community and the world. As we begin 2016 it is important to pause and acknowledge the significant progress of your University over the last few years, and to look forward with full confidence to 2023, by which time we will have that much more to celebrate.

A handwritten signature in black ink that reads "L. J. Wood". The signature is fluid and cursive.

**Dr L. John Wood**  
**Chancellor Te Tumu Kaunihera**



# Vice-Chancellor's Report



Dr Rod Carr

UC, like the rest of Christchurch, continues to transform itself — in the University's case, into a teaching and learning institution fit for the 21st century. While much of Christchurch is focussed strongly on building developments, UC is committed to transforming not only its campus, but also the sort of graduate it produces.

While state-of-the-art facilities are a vital part of a modern teaching and learning environment and a critical part of UC's future, we are very conscious that it is the people who make a difference. UC is determined more than ever that its graduates will leave not only with a quality, internationally-recognised qualification, but with the additional attributes that make their future success inevitable. To the greatest extent possible they will also have had opportunities to learn by practical experience during their course of study.

Through the UC graduate attributes we have sought to ensure that students will not only be critically competent in their chosen discipline, they will be employable, innovative and enterprising, with the key skills and attributes sought by employers that can be used in a range of applications. We've also sought to ensure they are biculturally competent and confident, with an awareness and understanding of the nature of biculturalism in a multicultural society. They will be engaged with the community, having observed and understood a culture within a community by reflecting on their own performance and experiences. We also want our graduates to be globally aware of the influence of international conditions on their discipline and competent in engaging in multicultural and worldwide contexts.

We see these attributes as a vital pathway to our students' future success, long after they graduate with their qualification. Two of these attributes, commitment to biculturalism and engagement with the community were embodied in Dr John Wood's appointment as a Companion of the New Zealand Order of Merit for services to tertiary education and Maori. This prestigious achievement rightly recognises his distinguished career and wealth of experience and expertise. Most recently he led the University's governing body through the troubled aftermath of the Canterbury earthquakes in 2010 and 2011. Under his leadership, the University Council oversaw the development and adoption of the UC Futures plan for recovery and transformation. He led the plan to reduce the size of the Council to a compact skill-based governing body in response to the Minister for Tertiary Education's call for university council reform. In 2015 we launched UC7 to further highlight to students, their parents, teachers and careers advisors the complete educational experience on offer at UC. These seven dimensions build on the graduate attributes, and further highlight for students the skills and experiences they need to succeed and change the world.

Above all else, there is a commitment to the highest academic standard. UC is ranked in the top three percent of universities worldwide. Students learn from passionate lecturers in more than 100 programmes of study and have the chance to be part of ground-breaking research at our research centres and field stations. They graduate with a high quality internationally-recognised academic qualification.

UC Enterprise highlights that already, more than 30% of UC programmes of study get students out into the workplace or community, ensuring those students have the relevant experience employers are looking for. Budding entrepreneurs also have the chance to shine with *entré*, UC Innovators and the UC Hatchery, dedicated to supporting innovation and student start-up ventures.

We've built on the international reputation our students have earned for their community involvement. At UC, students can connect with a range of community organisations, join the Student Volunteer Army, or do community-related course work.

UC is committed to biculturalism and works with Ngāi Tahu, the tangata whenua in our region. UC students increasingly gain bicultural perspectives and experience in all

programmes of study, with specific learning opportunities in Te Reo, art, culture and Te Tiriti o Waitangi. We aspire to ensure all our graduates have confidence and competence to live and work in a bicultural nation and multi-cultural society. UC has global reach, with exchange agreements with over 50 universities worldwide in North America, Europe, Asia and Australia. We also bring the world to UC. Our unique Erskine Fellowship programme brings nearly 75 international academics each year to teach at UC.

We're active. UC is on the doorstep of a massive outdoor 'playground' and encourages students to grab a snowboard, surfboard, mountain bike or trail shoes and make the most of the outdoor experience the Canterbury region has to offer. UC has a thriving and inclusive student culture, a strong students' association and more than 130 student-led clubs covering a diverse array of interests.

UC does all it can to support our students. Everyone has different strengths, interests and learning styles. At UC, students have a dedicated support system to help them find their way and make the most of university life, including mentoring by other students who've already learned the ropes.

While working hard to improve the quality of our on campus student experience, the quality of UC's core business — world-class research-led teaching and learning — remains high and has continued to improve. In 2015 UC's QS ranking increased 31 places to 211 in the world, retaining UC's ranking well inside the three per cent of the world's universities. Some 21 disciplines taught at UC are ranked in the top 200 in the world. We are focussed on retaining our place among the top three universities in New Zealand.

UC already has a record number of postgraduate students, and a record level of enrolments in the College of Engineering. We're enhancing our offering even further with a portfolio of new taught Masters qualifications.

Those successes are due in no small part to our dedicated staff from New Zealand and across the globe. Many of them have been recognised at the top of their chosen discipline in 2015 through a string of external awards that highlight UC's research credibility. Many of our students have contributed as well, or had their potential recognised through their own awards.

2015 has proven to be a year where even more of UC's future vision for the University has become apparent, not just through ongoing major projects, but also the development of the overarching plan that will guide future development across the University's Ilam and Dovedale campuses.

UC's extensive campus transformation programme continues to progress well. UC's \$1.2 billion programme is one of the major redevelopment projects in the Canterbury region, and one of the most advanced. It has already seen more than 20 major buildings remediated, improved, made more sustainable and future-proofed for generations to come.

Two multi-million dollar redevelopments, of UC's Engineering and Science facilities, supported by a Government investment of up to \$260 million, are under construction and on schedule to be ready for student use in 2016 and 2017 respectively. The world-class teaching and research facilities they will provide promise to attract even more top quality students to the region.

So does the redevelopment of the former Commerce building as the new home of the College of Education, Health and Human Development, bringing the College onto the Ilam campus from Dovedale for the first time, likely from mid-2017.

The new University of Canterbury Students' Association (UCSA) building will progress on the current site during 2016. This river bank location, with access from Ilam Road and the pedestrian bridge across University Drive, joins the campus with student accommodation. It will ultimately be part of a precinct focused on student wellness with the building of a new Recreation Centre, and the presence of the Health Centre.

UC has continued to operate successfully while this work has progressed, and will continue to do so. Our commitment is to continue to discuss with the community, individually and as a group, projects and plans that may have an impact on them.

Ultimately, the Ilam campus will be redeveloped into a series of precincts, with Matariki (the former Registry) — home to the majority of student services — and the central library in the Puaka-James Hight building at the heart of the campus. The Dovedale campus will be redeveloped for student accommodation and ancillary services.

The revitalisation will create a brighter, newer campus, one that is more stimulating for students and staff who work, study, and

## **“The University is determined to build on its proud 143-year history in the region and to endure as one of the rocks on which the continuing and future success of Canterbury is built.”**

socialise in it. It aims to create a learning environment that is inspirational, innovative and engaging, and one that produces outstanding graduates in all disciplines, be it arts, business and law, education, science or engineering.

UC is considering options to cater for growth and a forecast increased demand for student accommodation. Through partners and independent halls, UC currently provides about 2,000 beds for student accommodation across eight sites but predicts it will need an additional 1,000 student beds in the next 8–10 years. UC's long-term focus to cater for this demand is the Dovedale campus, Homestead Lane and in the longer term, the area around Montana Avenue.

UC's ambition goes beyond its suburban Ilam surrounds. 2016 will also be the year that UC returns to its former home, what is now the Arts Centre of Christchurch in the central city, through a lease of the Chemistry building as a home for performance music, classics and the University's Logie Collection of Greek and Roman antiquities, which will be open to the public. We also look forward to further presence in the central city through involvement as a partner in both in the ICT graduate school and health precinct.

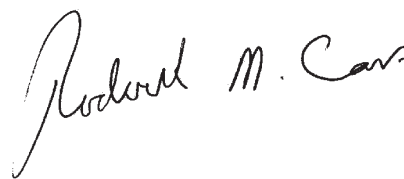
Our focus beyond Ilam, and efforts to engage with the community have progressed in other ways. This year the University progressed partnerships with the Crusaders, Tactix, the Student Volunteer Army and the Christchurch School of Music, seeking to engage with schools, students and parents in more effective ways. We are excited at how those relationships have created discussion and highlighted the opportunities available for young people in tertiary study at Canterbury.

While focussing on our local community, we have not forgotten that half of UC students come from outside the region; UC has opened offices in Auckland and Wellington in order to better highlight UC as a very real alternative to other universities. We see the Canterbury region as a land of opportunity, not only

through the many recreational opportunities available in Christchurch and its hinterland, but also for the careers of young people keen to have an impact while they study and after they graduate.

While 2016 might be the year when Christchurch's central city really kicks off, the University's progress is well advanced and well in hand. The University is determined to build on its proud 143-year history in the region and to endure as one of the rocks on which the continuing and future success of Canterbury is built.

I would like to thank staff again for a year in which their willingness to engage with the challenges and opportunities to undertake research, transform curricula and pass on knowledge and skills has again been exceptional. On behalf of all those who hold dear the future success of the University, thank you.



**Dr Rod Carr**  
Vice-Chancellor Te Tumu Whakarae

# University Statement of Strategic Intent

*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 150<sup>th</sup> 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 revised in 2012.

# Council Membership 2015

Following passage of the Education Amendment Act (No.2), 2015, the University Council membership was reduced from 20 to 12 members. A significant amount of preparatory work had already been undertaken by the Council. The Council was able to propose an updated constitution to the Minister for Tertiary Education in April. The new Council structure was gazetted in June 2015 and came into effect on 1 August 2015.

## The composition of the University Council until 31 July 2015 was:

<b>Council Members</b>	<b>First Appointed</b>	<b>Current Term Appointed</b>	<b>Ending</b>
<i>Four Persons Appointed by the Minister</i>			
Ms Catherine Drayton	2009	2013	07/2015
Mr Bruce Gemmell	2013	2013	07/2015
Mr Tony Hall	2013	2013	07/2015
Ms Sue McCormack	2009	2013	07/2015
<i>Vice-Chancellor</i>			
Dr Rod Carr	2009	2014	07/2015
<i>Two Members of the Academic Staff</i>			
Professor Simon Kemp	2011	2011	07/2015
Dr Andy Pratt	2011	2011	07/2015
<i>One Member of the General Staff</i>			
Mr Michael Shurety	2003	2011	07/2015
<i>One Student/Former Student</i>			
Ms Sarah Platt	2014	2014	07/2015
<i>One Member Appointed in Consultation with the Employers' Federation</i>			
Vacant for 2015			
<i>One Member Appointed in Consultation with the NZ Council of Trade Unions</i>			
Mr David Ivory	2009	2009	07/2015
<i>One Member Appointed Following Consultation with Ngāi Tahu</i>			
Ms Sacha McMeeking	2008	2010	07/2015
<i>Two Members Appointed by the Council</i>			
His Honour Judge Colin Doherty	2005	2005	07/2015
Mr Peter Ballantyne	2012	2012	07/2015
<i>Four Graduates Elected by the Court of Convocation</i>			
Ms Joanne Appleyard	2013	2013	07/2015
Mr Warren Poh	2013	2013	07/2015
Dr Duncan Webb	2011	2011	07/2015
Dr L John Wood	2008	2011	07/2015

**The composition of the University Council from 1 August 2015 is:**

<b>Council Members</b>	<b>First Appointed</b>	<b>Current Term</b>	
		<b>Appointed</b>	<b>Ending</b>
<i>Four Persons Appointed by the Minister</i>			
Ms Catherine Drayton	2009	2015	07/2019
Mr Bruce Gemmell	2013	2015	07/2019
Mr Tony Hall	2013	2015	07/2019
Ms Sue McCormack	2009	2015	07/2019
<i>Vice-Chancellor</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>			
Malcolm Peterson-Scott	2015	2015	07/2019
<i>One Student/Former Student</i>			
Ms Sarah Platt	2014	2015	10/ 2015
Mr James Addington	2015	2015	12/2016
<i>One Member Appointed Following Consultation with Ngāi Tahu</i>			
Sacha McMeeking	2014	2015	10/ 2015
Position currently vacant. To be appointed in consultation with Ngāi Tahu			
<i>Three Members Appointed by the Council</i>			
Mr Peter Ballantyne	2012	2015	07/2019
Dr L John Wood	2008	2015	07/2019
Mr Warren Poh	2013	2015	07/2019

# Council Members 2015



Back row from left to right: Mr Tony Hall, Mr Bruce Gemmell, Mr Malcolm Peterson Scott, Mr Jeff Field (University Registrar), Professor Roger Nokes, Mr Michael Shurety, Dr Andy Pratt, Ms Sacha McMeeking, Professor Simon Kemp, Ms Jo Appleyard, Dr Duncan Webb.

Front row from left to right: Mr Warren Poh, Mr Peter Ballantyne, Pro-Chancellor Sue McCormack, Chancellor Dr John Wood, Ms Catherine Drayton, Vice-Chancellor Rod Carr, Ms Sarah Platt.

Absent: Mr David Ivory, His Hon. Judge Colin Doherty, Mr James Addington

Following passage of the Education Amendment Act (No.2), 2015, the University Council membership was reduced from 20 to 12 members. These changes are shown on page 12

# Governance Statement

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

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

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

## **Code of Conduct**

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

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

A formal 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.

A new constitution was gazetted by the Minister for Tertiary Education in June 2015, creating a new council for the University of Canterbury.

The Council is comprised of:

- (a) Four members appointed by the relevant Minister;
- (b) The Vice-Chancellor of the University of Canterbury;
- (c) One permanent member of the academic staff of the University of Canterbury appointed following an election by the permanent members of that staff;
- (d) One permanent member of the general staff of the University of Canterbury appointed following an election by the permanent members of that staff;
- (e) One member appointed following an election by the students of the University of Canterbury;
- (f) One member appointed by the University of Canterbury Council, following consultation with Te Runanga o Ngāi Tahu;
- (g) Three members appointed by the University of Canterbury Council, two of whom must be graduates of the University of Canterbury.

The term of office of members of the Council, vacation of office, disclosure of members' interest and casual vacancies are covered in sections 173–176 of the Education Act 1989. Subject to section 173, the maximum term for any member, other than the Vice-Chancellor, shall be three consecutive four-year terms.

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

## **Delegation of authority**

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

## **Continuous disclosure obligations**

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

## **Operation of the Council**

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

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

## **Vice-Chancellor**

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

## **Independence of Council Members**

It has been determined by the Council that all Council Members are independent of the University, except for Dr Rod Carr, Professor Roger Nokes and Mr Malcolm Peterson Scott.

## **Council Committees**

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

## **Finance, Planning and Resources Committee**

This committee meets monthly and as at the end of the financial year comprised Ms Catherine Drayton (Chair), Dr John Wood, Ms Sue McCormack, Dr Rod Carr, Mr James Addington, 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 post-project case evaluation including recommendations for the establishment of capital planning, expenditure and monitoring protocols.

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

### **Audit and Risk Committee**

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

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

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

The function of the Audit and Risk Committee is to assist the Council in carrying out its responsibilities under the Education Act 1989, Crown Entities Act 2004 and the Financial Markets Conduct Act 2013 on matters relating to the University's accounting practices, policies and controls relevant to the financial position and to liaise with internal and external auditors on behalf of the Council.

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

### **Vice-Chancellor Employment Committee**

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

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

### **Elections and appointments**

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

### **Audit governance and independence**

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

### **Reporting and disclosure**

Annual and Six Monthly Reports in accordance with the requirements of the Education Act 1989, Crown Entities Act 2004, the Financial Markets Conduct Act 2013 and the NZX Listing Rules are communicated on a periodic basis to all bondholders. The Annual Report is audited.

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

### **Bondholder relations**

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

# Statutory Information

## **Bondholder Statistics**

NZDX debt securities distribution as at 31 December 2015

### **5.77% PHILANTHROPIC BONDS**

Range	No. of Bondholders	Percentage of Bondholders	Number of securities held	Percentage of securities held
1 – 5,000	79	9.19%	395,000	0.79%
5,001 – 10,000	196	22.79%	1,919,000	3.84%
10,001 – 100,000	541	62.91%	17,914,000	35.82%
100,001 – over	44	5.12%	29,782,000	59.55%
	860	100.00%	50,010,000	100.00%

### **NZDX Waivers**

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



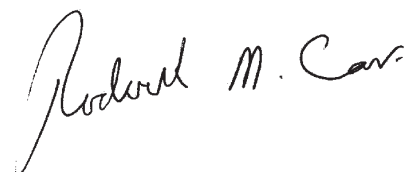
# Statement of Responsibility

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

- We have been responsible for the preparation of these financial statements and statement of service performance and for the judgements used therein; and
- We have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
- We are of the opinion that these financial statements and statement of service performance fairly reflect the financial position and operations of the University and group for the year ended 31 December 2015.



*Dr L. John Wood*  
Chancellor Te Tumu Kaunihera



*Dr Rod Carr*  
Vice-Chancellor Te Tumu Whakarae  
24 February 2016

# Statement of Service Performance



# Statement of Service Performance

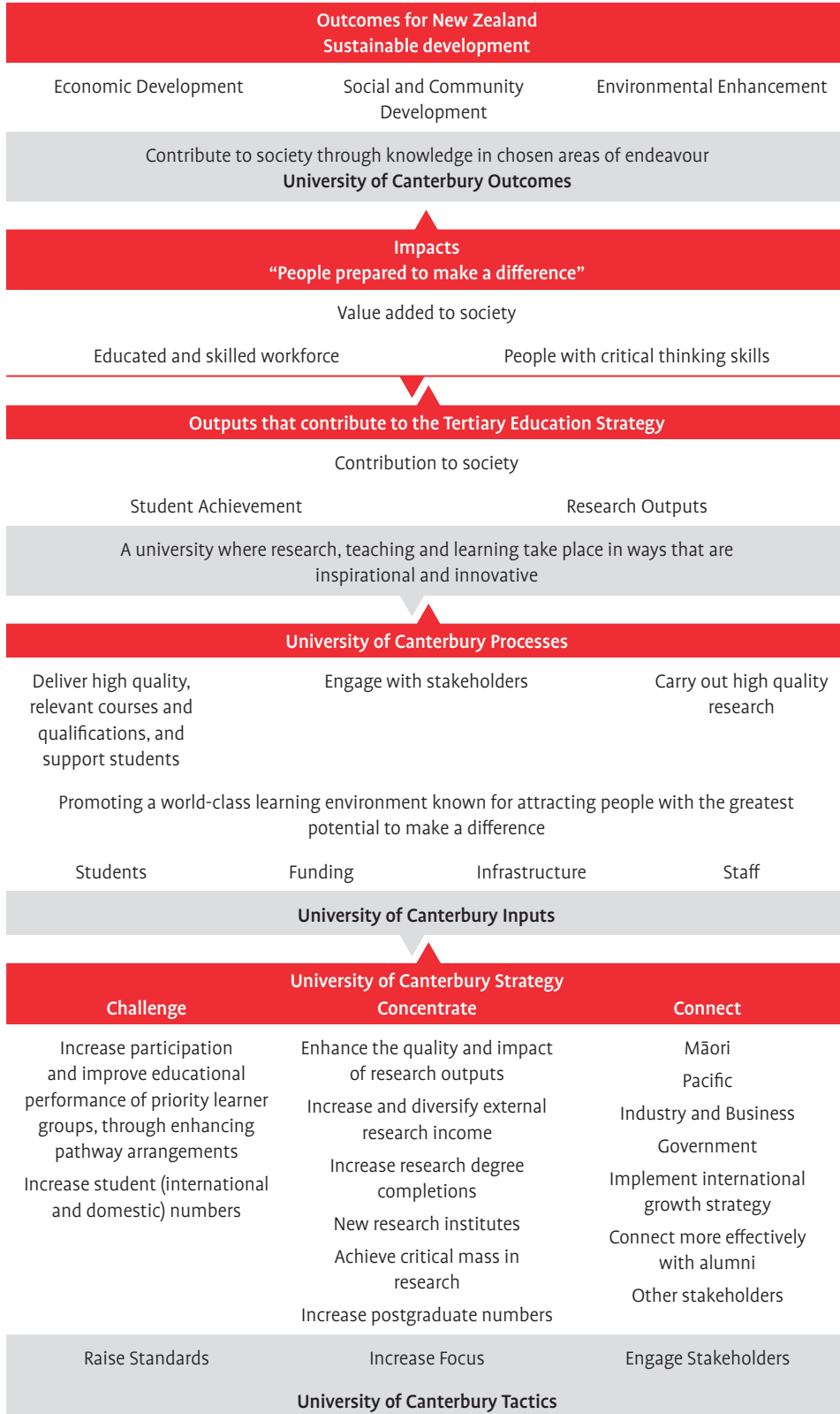
*The vision of the University is “People Prepared to Make a Difference”. The mission of the University is to contribute to society through knowledge in chosen areas of endeavour by promoting a world-class learning environment known for attracting people with the greatest potential to make a difference.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

The relationship between the University’s activities and the wider goals is shown in table 1.

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 which 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. University graduates bring critical thinking to bear on problems and issues. They will develop innovative solutions which contribute to the Social and Economic Development of the wider community. Measurement of progress towards these broader societal goals and in particular the proportion that can be attributed to this institution is not an exact science. Accordingly, a variety of surrogate measures used reassure stakeholders that resources are deployed in a manner that supports the achievement of the University’s vision and mission and, by implication, the wider societal goals.

The environment in which the University of Canterbury 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 on-going development of the campus has been the Government commitment of up to \$260 million to the development of the Regional Science and Innovation Centre and redevelopment of the Engineering facilities, and the successful resolution of the insurance claim for the disruption and damage resulting from the earthquakes. Whilst the redevelopment of the physical infrastructure is an element of the recovery, the rebuilding of student numbers will be critical to the University returning to sustainable financial health. For 2015, there were 11,931 Equivalent Full Time Students (EFTS) enrolled. There was a shortfall in domestic enrolment which was due to several factors including a reduced number of school leavers with university entrance nationally and the resulting increased competition for students. The number of 18 year olds in the population has been declining for some years and will continue for several more before the trend reverses. The University of Canterbury also faces the challenges of the strong regional economy and resulting low unemployment, and the pipeline effect of a significant reduction of first year enrolments in the period 2011–2013. However, the University has seen an increase in “new to UC students” and record numbers of postgraduate students enrolled.

Table 1



The Government requirements for tertiary institutions are laid out in the Tertiary Education Strategy 2014–2019. The priorities relevant to universities are to:

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

The University has internalised these priorities as being to:

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

# Priority Objective 1: Challenge

Improving the educational performance and participation of students

Student Enrolments (EFTS)		Actual 2013	Actual 2014	Actual 2015 <sup>1</sup>	Target 2015
Impact	Input commitments				
Increased student enrolment	Domestic	11,381	11,168	11,053	11,393
	Full Fee	799	775	878	827
	Total	12,180	11,943	11,931	12,220

The number of school leavers with university entrance has declined in recent years due to demographic shifts, changes in the academic threshold for admission and to a diminishing extent, the impact of the 2010 and 2011 earthquakes. These factors have increased the competition between providers and resulted in a reduction in the number of domestic students enrolled. The shortfall has been partially offset by increased enrolments of foreign, full fee paying students.

Priority Learner Group participation (% of total domestic EFTS)		Actual 2012	Actual 2013	Actual 2014	Actual 2015 <sup>2</sup>	Target 2015
Impact	Input commitments					
Increased participation by priority learner groups	Māori enrolments	6.8%	7.0%	7.3%	7.3%	7.2%
	Pacific enrolments	1.9%	2.1%	2.6%	3.1%	2.6%
	Under-25 enrolments	74.6%	76.4%	76.7%	76.5%	77.5%

The planned mix of Māori and Pasifika students was exceeded in 2015. The under-delivery of students under 25 reflects the decline in the number of school leavers with university entrance and the increased competition for enrolments.

Māori and Pacific pathways		Actual 2012	Actual 2013	Actual 2014	Actual 2015 <sup>3</sup>	Target 2015
Impact	Input commitments					
Enhanced Māori and Pacific pathways into tertiary study	First-year Māori enrolments as a proportion of first-year domestic enrolments in first year of tertiary study.	7.4%	7.2%	7.4%	8.0%	8.3%
	First-year Pacific enrolments as a proportion of first-year domestic enrolments in first year of tertiary study.	2.4%	2.8%	3.5%	3.0%	3.3%

First-year Māori enrolments exceeded the prior year but did not meet the plan. The University has implemented a number of changes to the recruitment and enrolment process to increase enrolment of target groups to reflect their proportion of the population.

<sup>1</sup> The 2015 Actuals are based on enrolments as at 31<sup>st</sup> of December and may differ slightly to the enrolments subsequently submitted to the TEC.

<sup>2</sup> The 2015 Actuals are based on enrolments as at 31<sup>st</sup> of December and may differ slightly to the enrolments subsequently submitted to the TEC.

<sup>3</sup> The 2015 Actuals are based on enrolments as at 31<sup>st</sup> of December and may differ slightly to the enrolments subsequently submitted to the TEC.

International (Full Fee) Participation		Actual 2012	Actual 2013 <sup>4</sup>	Actual 2014 <sup>5</sup>	Actual 2015 <sup>6</sup>	Target 2015
Impact	Input commitments					
Increased and more diversified international (full fee) participation	Full Fee enrolments (as a percentage of total enrolments)	6.4%	6.6%	6.5%	7.4%	6.8%
	Concentration ratio (C3) <sup>7</sup>	58.9%	58.7%	55.8%	56.1%	56.1%

Growing the number of international students is a key element of the recovery plan. 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 21<sup>st</sup> century.

Successful Course completion <sup>8</sup>		Actual 2012	Actual 2013 <sup>9</sup>	Actual 2014 <sup>10</sup>	Actual 2015 <sup>11</sup>	Target 2015
Impact	Output commitments					
Increased successful course completions by priority learner groups	Māori completion rates	81%	80%	81%	81%	82%
	Pacific completion rates	69%	70%	70%	71%	74%
	<25 completion rates	87%	87%	87%	87%	87%
	<b>All SAC eligible students</b>	<b>87%</b>	<b>87%</b>	<b>87%</b>	<b>87%</b>	<b>87%</b>
	<i>NZ university median</i>	86%	86%	86%		

Course completion rates have exceeded historic sector medians with an overall course completion rate of 87% (unchanged from the previous year). The University was second equal with Victoria University of Wellington and one percentage point behind the Universities of Auckland and Otago.

Completion rates for Māori and Pasifika students have not met the targeted levels. The numbers of Māori and Pasifika students are comparatively small and therefore small movements materially impact performance.

Qualification completion <sup>12</sup>		Actual 2012	Actual 2013 <sup>13</sup>	Actual 2014 <sup>14</sup>	Actual 2015 <sup>15</sup>	Target 2015
Impact	Output commitments					
Increased qualification completions by priority learners	Māori completion rates	81%	68%	68%	70%	68%
	Pacific completion rates	75%	51%	43%	54%	52%
	<25 completion rates	77%	78%	79%	74%	73%
	<b>All SAC eligible students</b>	<b>85%</b>	<b>88%</b>	<b>86%</b>	<b>84%</b>	<b>83%</b>
	<i>NZ university median</i>	81%	81%	82%		

Qualification completion rates have exceeded expectations and significantly exceeded the sector medians, with the University of Canterbury recording the highest rate of completion across the eight New Zealand universities.

Percentage completion figures were forecast to reduce in the light of an expected decline as student enrolment recovers. The number of Māori and Pasifika students is comparatively small and therefore small movements in student numbers materially impact performance.

4 Updated since 2013 Annual report published.

5 Updated since 2014 Annual report published

6 The 2015 Actuals are based on enrolments as at 31<sup>st</sup> of December and may differ slightly to the enrolments subsequently submitted to the TEC.

7 The C3 Concentration Ratio is a measure of the proportion of the University's international (full fee) student body contributed by the three largest source countries. Reducing the ratio mitigates the risk of over-exposure to a few source countries. In the period 2013 - 2015 the three largest contributing countries were the United States of America, China and Malaysia.

8 Where possible confirmed TEC data has been referenced.

9 Updated since 2013 Annual report published.

10 Updated since 2014 Annual report published.

11 Interim result to 22 January 2015.

12 Where possible confirmed TEC data has been referenced.

13 Updated since 2013 Annual report published.

14 Updated since 2014 Annual report published.

15 Interim result to 22 January 2016

Retention <sup>16</sup>		Actual 2012	Actual 2013 <sup>17</sup>	Actual 2014 <sup>18</sup>	Actual 2015 <sup>19</sup>	Target 2015
Impact	Output commitments					
Increased retention of priority learner groups	Māori completion rates	83%	81%	81%	83%	81%
	Pacific completion rates	78%	76%	78%	77%	78%
	<25 completion rates	89%	88%	89%	89%	86%
	<b>All SAC eligible students</b>	<b>87%</b>	<b>86%</b>	<b>87%</b>	<b>87%</b>	<b>86%</b>
	<i>NZ university median</i>	84%	86%	85%		

Retention rates have been maintained in line with expectations and continue to exceed the average sector performance.

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 earthquakes (approximately 14,000 EFTS by 2019) and to welcome them to an environment that supports students to achieve their potential.

### Domestic students

The University has invested heavily in recruitment 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 130 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. Research conducted in 2015 showed a positive response from high school students in target markets.

Competition for student enrolments is expected to intensify in the coming years as the school leaver population decreases. The University has responded to the challenge of increasing the number of student enrolments through a number of initiatives. The University continued to offer NCEA excellence and merit scholarships for 2015 as the provision of financial support has reportedly made a difference to a number of students, who may otherwise have taken an alternative path. Targeted regional offerings have been made, such as the Go Canterbury initiative to Auckland students and are likely to become more common across the sector.

The other major challenge facing prospective students has been the decreasing availability of affordable rental accommodation in Christchurch. The University has responded through a number of initiatives including the provision of additional student accommodation in conjunction with a third party funder, taking head leases on rental accommodation around the Ilam campus and leasing additional accommodation. These initiatives have ensured that undergraduate students have been able to secure suitable accommodation at affordable rates. In the longer term, investment in additional on campus accommodation is anticipated.

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. In semester 1 (2015), the pass rate for this programme increased by 20% over the prior year, resulting in a total of 61 students enrolling at the University.

<sup>16</sup> Where possible confirmed TEC data has been referenced.

<sup>17</sup> Updated since 2013 Annual report published.

<sup>18</sup> Updated since 2014 Annual report published.

<sup>19</sup> Interim result to 22 January 2016.



### **Māori students**

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.

Te Waipounamu South Island has a comparatively small Māori population (83,460 at 2013 census representing 8.3% of the population) distributed across a number of centres. The major concentration of Māori is in Canterbury (41,910 people living in the region). Taking a more targeted recruitment approach is expected to result in an increased number of students enrolling at the University.

The University has proactively engaged with the wider community through the sponsorship of Māori student leadership events such as the Waitaha and national Manu Kōrero Māori speech competitions. This year Te Matatini National Kapa Haka Festival was held in Christchurch. As a sponsor, the University had the opportunity to engage with school students from across New Zealand.

Increased scholarship funding has been made available to talented Māori students through the Emerging Leaders programme and the enhanced NCEA scholarships. 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.

As a result of the initial activities, 2015 saw a 15.6% increase in the number of new to University of Canterbury Māori students.

In 2015, the Māori Development Team (MDT) established a mentoring programme, with all Tuākana taking part in Taurā Tū, Taurā Ora, a version of Tangata Tū, Tangata Ora tailored to their role as mentors. More than 70 Māori first year students are participating in the mentoring programme. 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 83% of first year Māori students retained in 2015 which is comparative to the retention for all first year students at the University.

University of Canterbury graduates will be distinguished in the workplace as those who can demonstrate the cultural competence and confidence to live and work in a bicultural Aotearoa New Zealand and a multicultural world.

### **Pasifika students**

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.

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

In 2015 Pasifika domestic enrolments increased by 16.8% over the prior year and exceeded the target enrolment by 3%. Pasifika students now comprise 3.0% of the total student population and further growth is expected. Retention of Pasifika students was a priority and in 2014 (reported in 2015) the University was ranked third among New Zealand Universities, with a retention rate of 78%.

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. Initially developed in the post-earthquake environment, to assist high school students who did not have study space available at home, the programme has now evolved into two outreach strands; UC Generate offers schools interactive two hour sessions during school hours for years 9-11. UC Me XL is a two week holiday programme on campus designed to support students studying NCEA levels 1-3. There are now students from 15 schools in Christchurch participating in the programmes.

The University has also facilitated a peer to peer mentoring programme. Students with a record of academic success can volunteer to assist first year students with the transition from school to university. Reports received to date suggest that this programme has been valuable to both the mentees and mentors. 2015 also saw the introduction of the Pasifika Academic Solutions and Success (PASS) programme. Participants in this programme can access individual and group tutorials for specific first year courses. The focus is on academic success. Success has been identified as a significant factor in retaining students in subsequent years.

There have been a number of targeted activities within the academic colleges to support Pasifika students. The initiatives included: the College of Education, Health and Human Development Pasifika Success Group collaborating with the Pacific Development team to promote the Health Science and Sport Coaching opportunities to students and the Pasifika Community; the College of Business and Law, the first year management paper has been modified to be more relevant to Pasifika learners.

### **International students**

Whilst the proportion of international students enrolled is important to the financial sustainability of the University, their presence also enables our students to glean an understanding of other cultures through engagement with classmates from other countries and cultures. Once an international student has decided to study overseas, they have many options. One of the major factors in the decision of where to study is the ranking of the institution. The University of Canterbury was ranked 211<sup>th</sup><sup>20</sup> in the world which is in the top 3%. The University is ranked 44<sup>th</sup> in the world for Civil and Structural Engineering by QS (an international rankings agency). A total of 21 subject areas are ranked in the top 200. The University was also the first New Zealand institution to achieve five stars in the QS STARS ranking that reflects the relative quality of the University.

The International Growth Strategy details how international students will be attracted to study in Christchurch. This strategy has been developed with extensive input from Education New Zealand and focusses on growth in five main areas:

- a. The new Navitas-run University of Canterbury International College (UCIC) is a pathway college that brings students to the University campus, who would not normally meet the University's entry requirements and provides a first year programme structured so that, on completion, students are able to gain direct entry to second year courses. In 2015, UCIC had total enrolments of 232 students. It is expected that the majority of these students will enrol at the University of Canterbury in 2016.
- b. Developing the University's agent network, particularly in China, Malaysia, India, Indonesia and the United States of America. The University has in-country representatives in key markets supported by dedicated Christchurch based staff members. The relationship with Navitas is also being leveraged to strengthen UC's presence particularly in China.
- c. Working with local Christchurch high schools to develop partnerships that attract more international students to secondary study on the basis they provide preparation for tertiary study and guaranteed entry where academic requirements are met.
- d. Developing a small number of close partnerships with second tier universities in China, Indonesia and India with a view to offering 2+2 type articulation agreements, where students do their first two years of undergraduate study at the overseas institution, then complete their degree and a postgraduate degree at the University of Canterbury. At the end of 2015, there were 15 agreements in operation.
- e. Strengthening the University's mix of courses and programmes to better support the expectations of the international market. After a detailed analysis, a number of new qualifications are under development primarily in the area of taught post graduate qualifications.

These actions resulted in a stabilising of the international student numbers and the outlook for 2016 shows an increase of 25% applications to enrol from new domestic students and 22% from new international students over the prior year at the same time (week 17 of the enrolment cycle).

### **Graduate Attributes**

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.

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	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 in 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. This work is ongoing and will take several years to fully implement. Specific programmes that are being implemented include:

**Work integrated learning**

The objective is to provide all students with the opportunity for gaining relevant work experience at some point during their degree studies. This experience is likely to be gained from some combination of internships, volunteer work and/or project work done with or for industry. The objective is to have all graduates able to enter the workforce with at least one referee able to speak to their skills and competencies and some experience demonstrating relevant work skills to potential employers.

Traditionally undergraduates (mainly in vocational subjects such as Engineering and Teaching) have had relevant work experience as a graduating requirement. The strategies for providing work integrated learning experience will necessarily include roles focussed on developing generic transferable competencies and skills at undergraduate level for a large proportion of students.

**Co-curricular record**

From 2015 as part of a pilot programme, first year students have the opportunity to have their non-academic experience and competencies independently validated and documented in a Co-curricular record that can be shared with employers. A Co-curricular record shows not-for-credit activities, such as leadership roles in clubs and societies that the student has been involved in. It could also include volunteering experience and part-time/holiday work experience. The record could also include an assessment of a range of skills and competencies (such as the ability to work in a team and work ethic) and the student’s reflection on learning outcomes.

The Co-curricular Record pilot (CCR) had approximately 243 students registered with the initiative for 2015. There are 26 CCR activities in various stages of development, with 13 currently live.

**Internationalisation programme**

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 100 exchange partnerships is already in place with overseas universities. In 2015, 105 students went on an outbound exchange.

Opportunities were created for the mixing and mingling of cultures within the University by curriculum and study programmes that brought domestic and international students together more often to showcase international cultural and business perspectives.

**Bicultural competence and confidence**

An overarching goal is that all University of Canterbury programmes will have learning objectives that support cultural confidence and competence in graduates, thus providing a unique skill set valued by employers locally and globally. The University has a memorandum of understanding with Ngāi Tahu and is working cooperatively with the iwi to create many valuable outcomes for both parties. To date this cooperation includes involvement by students and staff in the Colleges of Science, Education, Health and Human Development. In 2012, Te Rautaki Whakawhanake Kaupapa Māori was developed in consultation with Ngāi Tahu and adopted by the University Council. The University

has allocated additional resources to support curriculum development, including creating an enhanced understanding of indigenous knowledge across a range of courses and programmes. In 2015, two curriculum development courses were piloted to test the emerging work on the Graduate Attribute pillar. These courses were HIST292 Oral Traditions and Modern Histories of Ngāi Tahu, and LAWS326 Treaty Settlement Negotiations. While recognising these pilots, many offerings also contributed across the Māori and Indigenous Studies, as well as other courses.

From a wider perspective the Office of the Assistant Vice-Chancellor Māori has been working across university faculty in our work with bicultural competence and confidence. The UC Graduate Profile has been considered and adopted by Council and each College has used this framework to look at the learning objectives across their respective faculty curricula. Mapping current curricula against this profile and learning objectives has been a significant focus for Kaiārahi in their work with colleges. 2016 sees the ongoing mapping and integration of new or enhanced curricula to meet this attribute, alongside the others to ensure the graduates are distinctive in the national and international market.

### Teaching quality

Teaching quality is one of the hardest aspects of university activity to measure. In 2015 the independent rankings agency QS ranked the University of Canterbury 241 for academic reputation<sup>21</sup>. This measure provides a “sense of consensus of opinion amongst the international academic community”<sup>22</sup>.

The University of Canterbury takes a structured approach to assessing the quality of teaching through regular reviews. These reviews include the institutional review as part of the national academic audit cycle, five yearly programme (qualification) reviews and annual course reviews. Ad hoc reviews can be undertaken where an issue of concern is identified. These reviews are conducted by and at the discretion of the Deputy Vice-Chancellor (Academic).

Student feedback is also sought through “individual staff teaching surveys and course surveys. Surveying is one of multiple mechanisms for gaining information that can be used to evaluate the effectiveness of teaching and the learning process. Surveying also has value in engaging with students to indicate that the University, its teachers and departments/schools, care and value the quality of teaching. This is even more valuable when we share with or feedback to students the results and changes that come from course and programme surveys. The results of the teaching surveys relate personally to the teaching staff member and accordingly the results are not published”<sup>23</sup>. Academic staff members are encouraged to reflect on the feedback and adjust teaching methods where appropriate. The University also monitors the complaints received from students and in the event that a pattern is identified in a specific course or programme, the Deputy Vice-Chancellor (Academic) is provided with the information, as a basis for subsequent action.

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

### University success

The Educational Performance Indicators (course completion, qualification completion and retention) described above are prepared by the University using the TEC methodology. TEC reports annually to the sector well after our reporting timeframe. The 2014 figures for qualification completion and student retention are the best estimates currently available<sup>24</sup> and have an expected margin of error of two percentage points.

Professor Angus Macfarlane (Professor of Māori Research) and Dr Herb De Vries (Management, Marketing and Entrepreneurship) were both awarded Ako Aotearoa Tertiary Teaching Excellence Awards. The University has a strong track record of success in the awards, with 10 previous winners, bringing the University’s total to 12 current staff who are members of the Ako Academy.

The University Council continues to support and encourage teaching excellence through the award of the Teaching medal. In 2015 the medal was jointly awarded to Professor Ursula Cheer (Law) and Dr Herb de Vries (Management, Marketing and Entrepreneurship). Professor Cheer was cited as an exceptional teacher who is clearly committed to making law accessible and enjoyable for her students. Despite teaching large classes, her students talk of her approachability and her passion and enthusiasm for teaching. She actively engages her students in class with innovative teaching strategies which challenge them to achieve their best. Dr Herb de Vries was described as a passionate, committed and enthusiastic teacher who is equally at home with engaging large classes whilst recognising and supporting the needs of individual students. He is widely recognised as a dedicated professional who is a team player who actively seeks feedback from colleagues and also acts as mentor and curriculum developer in the Faculty.

Six University of Canterbury students won Fulbright Science and Innovation Graduate Awards (of 18 awarded) to undertake postgraduate study or research at US institutions in fields targeted to support growth and innovation in New Zealand.

<sup>21</sup> 2014/15 World University Ranking

<sup>22</sup> [www.topuniversities.com/university-rankings-articles/world-university-rankings/qs-world-university-rankings-methodology](http://www.topuniversities.com/university-rankings-articles/world-university-rankings/qs-world-university-rankings-methodology)

<sup>23</sup> UC Teaching and Course Surveys Policy, Procedures and Guidelines, p1.

<sup>24</sup> January 2015

# Priority Objective 2: Concentrate

Enhancing the quality and impact of research outputs

Research Outputs		Actual 2012	Actual 2013	Actual 2014	Actual 2015	Target 2015
<b>Impact</b>	<b>Output commitments</b>					
Increased research degree completions and external research income	Number of research degree completions	374 <sup>25</sup>	453 <sup>26</sup>	414 <sup>27</sup>	423 <sup>28</sup>	458
	External research income	\$27.5m	\$26.3m	\$26.7m	\$27.4m	\$24.5m

Additional research funding has been achieved primarily in the College of Science. Enrolments in postgraduate study remain at record levels. Whilst the number of completions fell short of target, it is expected that the number of successful completions will continue to increase.

Postgraduate enrolments		Actual 2012	Actual 2013	Actual 2014	Actual 2015	Target 2015
<b>Impact</b>	<b>Input commitments</b>					
Increased postgraduate enrolments as a % of total EFTS	Postgraduate taught EFTS	8.0%	7.9%	9.3%	12.4%	9.3%
	Postgraduate research EFTS	8.6%	9.4%	9.5%	9.8%	9.4%
	<b>Total postgraduate EFTS</b>	<b>16.6%</b>	<b>17.3%</b>	<b>18.8%</b>	<b>22.2%</b>	<b>18.7%</b>

The number of postgraduate enrolments has not reduced at the same rate as undergraduate which is reflective of the teaching and research opportunities available at the University of Canterbury. There was also a strong uptake of additional professional Master's programmes which commenced in 2015.

Māori and Pacific Research Students		Actual 2012	Actual 2013	Actual 2014	Actual 2015	Target 2015
<b>Impact</b>	<b>Input commitments</b>					
Increased postgraduate enrolments on the part of key priority learner groups	Māori postgraduate research students as a proportion of total Māori EFTS	3.9%	4.3%	4.7%	4.3%	4.6%
	Pacific postgraduate research students as a proportion of total Pacific EFTS	5.5%	6.6%	4.6%	4.2%	4.4%

The number of postgraduate enrolments has not reduced at the same rate as undergraduate which is reflective of the teaching and research opportunities available at the University of Canterbury. There was also a strong uptake of additional professional Master's programmes which commenced in 2015.

## Research Outputs

The number of research degree completions fell short of the target for 2015 but showed an increase on the prior year. The research revenue excluding Performance Based Research Funding continues to exceed budget with a favourable variance of \$5.8m as a result of additional research funding contracts secured during the year.

There were nine departments ranked in the top 100 in the world in their respective disciplines by the international 2015 QS University Ranking by Subject<sup>29</sup> and a total of 21 in the top 200.

<sup>25</sup> Updated since 2013 Annual Report published

<sup>26</sup> Updated since 2013 Annual Report published

<sup>27</sup> Final result for 2014

<sup>28</sup> Forecast based on December 2015 figures

<sup>29</sup> History, Linguistics, Philosophy, Civil and Structural Engineering, Psychology, Geography, Accounting and Finance, Education and Law

### Postgraduate Students

Despite the reduction in the total number of students enrolling, the number and proportion of postgraduate students increased. 2016 research degree completions are expected to exceed the number achieved in 2015.

In addition to increasing the number of research degrees enrolments, the University has developed and promoted new professional masters qualifications. 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 19% from the previous year.

The proportion of postgraduate students from priority groups is also increasing beyond expectations. In recognition of the increased interest, five additional doctoral scholarships have been created to support Māori candidates.

In 2015 all Māori postgraduate students were contacted by Māori Development team members to ensure that they were aware of the support services available. One outcome was a high number of PhD students accessing training workshops and development activities. The Ngāi Tahu Research Centre had its first PhD student graduate in 2015, which is a significant outcome since the revitalisation of the Centre, (previously located within the Macmillan Brown Research Centre). Their postgraduate student numbers are increasing each year and are a notable success for the Ngāi Tahu-University of Canterbury collaboration.

Over recent years there have been a number of support systems put in place to encourage more Pasifika students to enrol in postgraduate degrees. A total of eight Pasifika PhD students were enrolled at University of Canterbury this year, the highest number of Pasifika PhD students in any given year. In total there were 57 Pasifika postgraduate students enrolled. This result is regarded as a first step on a pathway to achieving enrolment parity for Pasifika students at University of Canterbury.

### Research Developments

The quality and breadth of research undertaken at the University of Canterbury is recognised in the developing responses to the National Science Challenges. University of Canterbury researchers will contribute to all 11 of the challenges. The Better Start Challenge is co-directed by Pro Vice-Chancellor (Education, Health and Human Development), Professor Gail Gillon.

The highlights of 2015 were the securing of the Earthquake Centre of Research Excellence (QuakeCoRE) and the opening of the Rose Centre for Stroke Recovery and Research.

QuakeCoRE is a Centre of Research Excellence for earthquake resilience, funded by the Ministry for Business, Innovation and Employment. QuakeCoRE is a joint effort with Auckland University, its Director is Professor Ken Elwood from Auckland University, and the Deputy Director is the University of Canterbury's Professor Brendon Bradley. The Centre will be hosted by the University of Canterbury. One of the aims of the QuakeCoRE is to improve the performance of New Zealand infrastructure in future earthquakes, reduce injury and loss of life, and to ensure essential post-disaster services are able to operate as normally as possible. While centred on engineering, the centre will bring in several disciplines

The Rose Centre for Stroke Recovery and Research at St Georges Medical Centre was opened in 2015, due to the generosity of Mrs Shirley Rose. Stroke is the second most common cause of death worldwide and a common cause of disability in adults in developed countries. The incidence of stroke in New Zealand is high compared to other developed countries with over 6000 new stroke events each year and over 2000 deaths attributable to this condition. At any point in time, there will be over 32,000 New Zealanders who have survived their initial event but are living with the disabilities arising from stroke. This new state of the art facility builds on the successes of the current Swallowing Rehabilitation Research Laboratory and will extend this research and clinical expertise to address all aspects of rehabilitation in this population.

### Recognition of Research Leaders

Professor Jennifer Hay (Dept. of Linguistics) was elected Fellow of the Royal Society of New Zealand. She is one of the world's leading linguists with a diverse range of specialisations including phonology, morphology, sociolinguistics and psycholinguistics.

In 2015, the Royal Society awarded four prestigious James Cook Research Fellowships to researchers who are recognised leaders in their respective fields. Two fellowships were awarded to University of Canterbury researchers, Professor Jennifer Hay and Professor Geoff Chase.

The award will enable Professor Hay to further her research entitled: "How Experience Shapes Words and Words shape Grammar". Professor Hay will conduct a series of experiments which explore hitherto untested hypotheses about the implications of this detailed episodic word storage for morphology (the study of word structure) and phonology (the study of sound structure). These areas have arisen from her many years of study in New Zealand English, and will draw on resources developed through the long-running Origins of New Zealand English project. She will then unify her findings from this study, as well as her previous findings in New Zealand English, into a coherent theory, which she plans to publish as a monograph. The study will increase our understanding regarding accent and social variability in New Zealand, and contribute fundamental knowledge about mechanisms through which speakers from different backgrounds understand each other.

Professor Chase will further his research into "The (unknown) role of arterial mechanics in sepsis and shock (TRAMS)". This programme of research will leverage off a recent discovery by Professor Chase, which suggests that changes to the elastic properties of blood vessels could significantly restrict blood flows and hence contribute to Acute Circulatory Failure (ACF). In healthy individuals, the elastic properties of the aorta are responsible for effectively cushioning the highly pulsatile blood flow from the heart, which facilitates a more steady and constant flow of blood (and hence oxygen) to the tissues. However, in shock-induced ACF, the elastic properties of the aorta get out of sync with the pulsatile blood flows, which impair blood flow and oxygen delivery. The study furthermore aims to use a number of biomarkers related to arterial mechanics to identify the physiological and biochemical signalling pathway leading to ACF. This will shed new insight into how arterial mechanics contribute to this high mortality condition, provide new and non-invasive model-based markers for tracking and treating the condition and, if successful, provide new mechanistic insight that can be exploited to develop new and more effective drugs.

The University Council awarded the Innovation Medal to Associate Professor Rick Beatson (Mathematics and Statistics). Associate Professor Beatson's innovative mathematics, which led to the development of fast radial basis function algorithms, has helped to solve problems in 3D-modelling techniques in the mineral exploration and medical devices industries. His major collaboration has been with Applied Research Associates New Zealand (ARANZ). ARANZ Geo and ARANZ Medical won their categories in the Champion Canterbury Awards last month. This is a superb example of university research powering successful business development.

The Research medal was awarded to Professor Jennifer Hay (Language, Social and Political Sciences) for her work on a diverse range of projects which all aim to answer questions about the nature of our knowledge about words. Hay is a current Rutherford Discovery Fellow and is running the "Wordovators" project together with Janet Pierrehumbert of the University of Oxford. The project is funded by a US\$2.7 million grant from the John Templeton Foundation. The Wordovators project is a major international study into how children and adults make new words.

Internally the University continued to foster excellence through promotion to the rank of Distinguished Professor of Professor David Schiel (Biological Science) for his outstanding contributions in teaching, research, and service as well as significant contributions to science, industry and the wider community. The pre-eminent marine scientist, whose research includes marine intertidal and sub-tidal ecology and aquaculture, was recently named New Zealand Science Communicator of the Year and was elected a Fellow of the Royal Society of New Zealand in 2014, the first year he was nominated. As a world expert on kelp forests and temperate reefs, he has attracted more than \$14.5 million in external research funding, including three Marsden research grants. Professor Schiel also established the Kaikoura Field Station as a marine laboratory of note, and worked with the marine aquaculture industry, in particular the blue pearl industry, paua/abalone and other marine farming.

# Priority Objective 3: Connect

Maintaining strong, collaborative and mutually beneficial relationships with stakeholders

Relationship with Alumni and Supporters		Actual 2012	Actual 2013	Actual 2014	Actual 2015	Target 2015
Impact	Input commitments					
Strengthened relationships with alumni and supporters	Income through UC Foundation to UC	\$3.8m	\$2.9m	\$2.3m	\$4.1m	\$2.7m
	Proportion of alumni with current addresses (electronic or physical)	47%	47%	52%	53%	47%

The income from the UC Foundation is reflective of the support of the alumni. Additional resources have been allocated to ensure that the relationship between the University and its alumni continues beyond graduation. Critical to this exercise is the maintenance of alumni contact details.

International Engagement		Actual 2012	Actual 2013	Actual 2014	Actual 2015	Target 2015
Impact	Input commitments					
Enhanced international connection	Visiting Fellowships awarded	69	72	69	72	75
	Take-up of Outgoing awards	16	29	25	20	25

The shortfall in awards in 2015 was primarily due to candidates requesting deferral of their fellowship until 2016.

## 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, who will be successful in a bicultural Aotearoa (Māori and non-Māori) and a multicultural world. The University is now focused on cementing the relationship with Ngāi Tahu through the implementation of Te Rautaki Whakawhanake Kaupapa Māori (UC Strategy for Māori Development). Through the implementation of Te Rautaki Whakawhanake Kaupapa Māori, a number of significant outcomes have been achieved in 2015.

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

The University has completed an initial intern programme with Te Rūnanga o Ngāi Tahu, (which was initiated by Darryn Russell, AVC Māori and Arihia Bennett, CEO, Te Rūnanga o Ngāi Tahu), in which several students participated as mentors in Ngāi Tahu's development programme "Aoraki Bound". This has resulted in very positive outcomes for Ngāi Tahu and our students. Other collaborations with Ngāi Tahu have provided opportunities for postgraduate students and staff; these activities in 2015 have been of significant mutual benefit. Similarly the first exchange in the professional workforce was initiated and will see a University staff member seconded to work at Ngāi Tahu in 2016. Additionally in 2015, the First Nations' Futures Programme, a development programme created by Te Rūnanga o Ngāi Tahu, Kamehameha Schools and Stanford University, celebrated its tenth anniversary. The University has been involved in this programme since 2011 and a number of Māori students are participating in postgraduate study as a result of participation in this programme. One of the first University of Canterbury students to attend the First Nations' Futures Programme graduated in 2015 with a PhD.



Use of te reo Māori at the University is increasing, with increasing requests made to Te Ohu Reo. In addition to the College names previously created, Te Ohu Reo has provided a range of te reo Māori names for service units, roles and committees.

### **Pasifika**

The UC Pasifika Strategy 2014–2018 was developed in conjunction with the Pacific communities. Through the process of consultation the University response to the aspirations of the communities was formalised. To ensure that the relationship and progress on the implementation of the strategy continue the Pacific Peoples' Advisory Committee and the Pasifika Strategy Advisory Group were formed. These groups meet regularly and provide a forum where the community and senior University managers are able to address concerns and provide feedback.

As a result of an identified desire of the community, the College of Business and Law has offered scholarship support to community leaders who wish to enrol in Executive Business programmes.

### **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:

- 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 dollars to the local economy in the period 2014–2024 and is a major source of economic activity in the city. The University will return to remediated space in the Arts Centre and occupy the Chemistry Building in part to contribute to the revitalisation of the central city. The University has also enhanced its presence in the city through participation in the Health Precinct where clinical teaching will be co-located with the clinical services of the Canterbury District Health Board. The University expects to have a role in the proposed ICT Graduate School that will be located in the Innovation Precinct.

The University attracts thousands of students, staff and visitors to Christchurch every year. As a result the contribution to the economic activity of the city is in excess of \$1.5 billion per annum. This figure does not include the hundreds of millions of dollars that will be spent in the capital development and remediation, funded by Government and the University. For most of 2015, that capital expenditure was in excess of \$2.0 million per week.

### **Industry**

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

The Rose Centre for Stroke Recovery and Research was opened in 2015. Led by Professor Maggie-Lee Huckerbee, the changes in clinical practice in the treatment of stroke that have already been implemented have been estimated to have saved the health sector some \$3.2 million and more importantly improved the quality of life of many stroke victims.

The opportunity for further engagement with the ICT industry has arisen as the University has taken a lead role in developing the South Island bid for the Christchurch based ICT Graduate School with a range of industry and educational partners (CPIT, Otago Polytechnic, Lincoln and Otago Universities). Initial enrolments will commence in 2016.

The University has a multi-faceted relationship with industry based primarily around the research activity and the graduates produced. In 2015, QS (the independent rankings agency) rated the University third in New Zealand for employer reputation. This ranking shows that University of Canterbury graduates are readily accepted by employers.

### **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 licenses, teaching, and student and staff exchanges.

In 2014, University of Canterbury was invited to join the AC21 consortium. The consortium members are committed to innovation in education, research and academic governance through collaborative action. The Universities of Canterbury and Adelaide are the only members in Australasia. Through AC21 University of Canterbury students had opportunities to participate in programmes such as the World Student Forums (2015 Strasbourg, France), international student exchanges with member universities, community learning programmes which are run in a variety of locations in emerging and developed economies, and research opportunities linking with students from across the globe. 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.

The inaugural 21 Day Challenge was launched in May 2015. Teams of five students and five business mentors each, were tasked with creating a practical and unique solution to help improve the socio-economic wellbeing of people living in Carles, a Filipino community hard-hit by typhoon Haiyam, Philippines in November 2013. The specific challenge facing the teams was to devise affordable and sustainable projects utilising local knowledge and resources. Students, supported by business mentors, honed their problem-solving skills, learnt how, and how not to work effectively as a team, and gained first-hand experience of engaging with people from a different culture. The winning team established a beekeeping co-operative for honey and by-product production including pollen, propolis and cosmetic ingredients using the stingless native honeybee species. The co-operative will be held in partnership with The University of the Philippines Los Baños (UPLB) Bee Programme. This programme highlights the University's integration of internationalisation, community engagement and experiential learning.

### **Alumni**

The UC Foundation in North America under the leadership of Professor David Teece has taken the leading role in seeking funds to meet the cost of the fitout of the Chemistry Building at the Arts Centre. This leased space will house the Logie Collection of Greek and Roman antiquities, the Department of Classics and the School of Music. 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 53% of its living alumni. With the use of social media and an on-going recruitment programme it is expected that this number will increase over time.

### **Staff**

The strength of a teaching institution is dependent on the skills and motivation of its academic staff. The academic staff attitudes and values are reflected by the support staff. The students quickly absorb the culture of the institution. Over the recent years the staff members of this institution have demonstrated a level of enthusiasm, determination and resilience that exceeded expectations.



# Appropriation Statement



# Appropriation Statement

## Vote Tertiary Education – Support for the University of Canterbury

The University of Canterbury is required to present end-of-year performance information for reporting on the 2014/15 Appropriations. This report is presented as at 30 June 2015.

### 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), with a total of \$110 million being appropriated as at 30 June 2015. A further \$100 million has been appropriated for the 2015/16 year.

### Output performance measures and standards – performance for the period ended 30 June 2015

Performance measure	Budget standard 2014/15	Actual performance 2014/15	Comments
Funding is allocated in accordance with the funding agreements and conditions.	≥95%	100%	<b>Achieved</b> – The Funding Agreement provided for the payment to the University of \$100 million on completion of related Business Case preparation and independent scrutiny. This payment was made on 25 September 2014.
Achieving business case milestones in building science and engineering facilities	99.5%	100% –	<b>Achieved</b> – at 30 June 2015 the Science and Engineering facility construction projects were on target and all business case milestones to date had been met.

This Appropriation is limited to capital expenditure on the Science and Engineering Facilities at the University of Canterbury, shown below as at 30 June 2015:

Components of the Appropriation	Actual 2013/14 \$000	Budgeted 2014/15 \$000	Actual 2014/15 \$000	Notes
Professional fees and costs	10,000	–	–	1
Construction	–	100,000	100,000 <sup>1</sup>	2

### Notes

- 1 The \$10 million was received by the University in November 2013 towards the costs of professional fees to produce the Detailed Business Cases and Individual Business Cases for the Science and Engineering projects, and has been spent in full.
- 2 The \$100 million was received in September 2014 on completion of the Funding Agreement with the Crown.

### Subsequent events

#### Variation in respect of insurance settlement

On 29 September 2015, the University and the Crown agreed a variation to the original Funding Agreement, in respect of the insurance settlement becoming due 30 September 2015, and an \$8 million repayment was made to the Crown on 30 September 2015.

#### Variation in respect of Regional Science and Innovation Centre (RSIC) Business Case development

The next tranche of \$100 million capital contribution under the Funding Agreement was due no earlier than one year after the date on which the first \$100 million instalment had been paid, and was subject to certain conditions.

On 16 November 2015, the Crown proposed a payment of \$85 million to the University, with an undertaking to review payment of the remaining \$15 million subject to certain further conditions. This proposal was accepted by Council on 25 November 2015, and the payment was received 4 December 2015.

<sup>1</sup> The University spend on science and engineering facilities as at 30 June 2015 was a cumulative \$47.032 million, and as at 31 December 2015 was a cumulative \$97.731 million.



# Annual Financial Statements





# Statement of Accounting Policies

For the year ended 31 December 2015

## 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 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 2015. The financial statements were authorised for issue by Council on 24 February 2016.

## 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.

These financial statements are the first full year financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in Note 26.

### Presentation currency and rounding

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

### Changes in accounting policies

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

### Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The University has applied these standards in preparing the 31 December 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The University will apply these updated standards in preparing the 31 December 2016 financial statements and it expects there will be minimal or no change in applying these updated accounting standards.

## SIGNIFICANT ACCOUNTING POLICIES

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

### Basis of Consolidation

The purchase method is used to prepare the group financial statements, which involves 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.

The University has a guaranteed amount of SAC funding agreed with TEC. 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 at the commencement of the specified funding period, which is the same as the University’s financial year.

#### 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 at the commencement of the specified funding period, which is the same as the Institute’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

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

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

### **Research revenue**

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

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

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

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

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

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

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

### **Insurance reimbursements**

Up until 31 December 2013, insurance reimbursements were recognised as revenue when the claimable expenditure was incurred. This expenditure was verified by the Marsh Risk Consulting forensic accounting team prior to submission to the insurer. At the end of 2014, the University negotiated a final settlement with its insurers. As a result the full amount of the final settlement (less revenue recognised to 31 December 2013) was recognised as revenue in the 31 December 2014 surplus.

### **Interest**

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

### **Other revenue**

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

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

### **Donations**

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

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

## **FINANCIAL INSTRUMENTS**

### **Derivative Financial Instruments**

The University enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Notes 16 and 17.

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 either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), 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 18.

### **Cash Flow Hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are 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 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 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.

Further details of other financial assets and liabilities are included in Notes 9, 10 and 16.

### **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.

All receivables are reviewed for recoverability. 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.

### **INVENTORIES**

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the first-in, first-out (FIFO) method), adjusted, when applicable, for any loss of service potential. Loss of service potential is assessed by physical inspection when stocktakes occur.

Where inventories are acquired through non-exchange transactions they are measured at fair value, at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Any obsolete inventories are written off.

### **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 are expensed on acquisition, with the exception of computers and data projectors, which are capitalised regardless of cost.

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

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

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

#### **Land**

Independent registered valuers undertake revaluations of Land every three years in conjunction with that of buildings. As buildings are currently being revalued outside of the three year cycle, land is also being valued at the same time.

Land has been valued at fair value by CB Richard Ellis Limited as at 31 December 2015. 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, which is currently the case.

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 2015, 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 a Land and Building 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.

### **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, which is currently the case.

Residential and commercial property is valued at market value, taking into account recent market activity, and was revalued by CB Richard Ellis Limited at 31 December 2015.

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 at 31 December 2015.

### **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 2014 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 2013 by Jones Lang Lasalle Limited. The valuation was carried out in accordance with the University's valuation guidelines. Non-specialised assets have been valued at market value and specialised assets have been valued on a depreciated replacement cost basis.

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/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 31 May 2014 by James Parkinson of Art + Object Limited.

Medals were valued at fair value by R. J Watt & Associates as at 18 December 2013. Fair value was determined by reference to the NZ 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 25 September 2012. 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.

## **INTANGIBLE ASSETS**

### **Software acquisition and development**

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

## **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. For revalued assets, any impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

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

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

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

### **DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT**

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

Buildings Components:

Structure	1.25–3.3%
Building Services	2.50–3.3%
Fittings and Fit-out	4.00%
Furnishings (chattels)	5.00%
Infrastructure Assets	0.95%–33.3%
Other Plant and Equipment	6.7% to 33.3%
Leased Equipment	33.3%
Current Collection (Library)	10.00%

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

### **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**

Leases which effectively transfer substantially all the risks and benefits of ownership of the leased item are classified as finance leases. These

are capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments.

The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. The leased assets are depreciated over the period of expected benefit from the asset's use on a straight line basis.

The finance charge is included in the surplus or deficit over the lease period so as to produce a constant periodic rate of interest.

#### **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 thirty-five 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.

### **EMPLOYEE ENTITLEMENTS**

Provision is made in respect of the University's liability for annual leave, long service leave, retirement leave, 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 which has already vested in the employee (an entitlement has been established) is presented as a current liability using remuneration rates current at reporting date. The balance is shown as a non-current liability.

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

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

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 2015. They have based their valuation on the model recommended by Treasury for the reporting purposes of Crown Entities.

## **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 — Te Pourewa Settlement Reserve

- general equity — student service levy capital reserve
- cash flow hedge reserve
- property revaluation reserves, and
- available-for-sale reserve.

### **General equity — Te Pourewa Settlement Reserve**

This reserve has been created to acknowledge the University's undertakings to its insurers on receipt of the Te Pourewa insurance settlement of \$17.5 million. Principally, the University undertakes to replace the work space provided to the College of Education, Health and Human Development by the demolished Te Pourewa building. The University has begun the refurbishment of the New Education Building on the Ilam Campus, which is planned to be available for occupation by the College of Education, Health and Human Development in 2017. The reserve will be released back into general equity once this building has been completed.

### **General equity — student service levy capital reserve**

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

The University is in receipt of insurance proceeds for the repair of the UCSA building on campus, which is jointly owned by UCSA and the University. UCSA has the majority holding. The University will be managing any earthquake remediation work, but has 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.

This will be released back to General Equity as the UCSA building is repaired.

### **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. The Building Revaluation Reserve was reduced to nil in previous years due to significant impairment in 2011 as a result of Earthquake damage. Cumulative repairs and revaluations have resulted in the reinstatement of the Building Revaluation Reserves in 2015.

### **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. GST due from Inland Revenue as at 31 December 2015 is included in Accounts Receivable.

## TAXATION

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

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements the University has made estimates and assumptions concerning the future. These 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 which 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 as at 31 December 2015 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.

#### (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, estimates are made when determining the remaining useful lives over which the asset will be depreciated. If useful lives do not reflect the actual consumption of the benefits of the asset, then the University could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. The cost element is determined with reference to building cost indices and/or market data if available.

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.

#### (f) Dovedale Campus

In 2014, the valuation merged the interests of the Crown and the University in respect of the Dovedale campus. In 2015, the Crown completed the transfer of ownership of this land to the University.

### Reversionary interest

A reversionary interest amount is recognised representing the progressive recognition of the value of the Campus Living accommodation which will vest in the University in 2040. The key assumption used in calculating this revenue is the discount rate at 5.79% (December 2014: 6.33%). Any changes in this rate will impact on the revenue recognised.

### Long Service, Retirement Leave and Sick Leave

The estimates and uncertainties surrounding these valuations include an estimation of salary growth rate of 3.0%, resignation rates (as per Government Superannuation Fund), retirement rates (as per Government Superannuation Fund), and discounting rates based on the yields on Government Bonds (consistent with all entities that form part of the Crown's annual reporting).

### Recognition of Buildings Impairments

The University has estimated the extent of damage to its buildings 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.

# Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2015

	Notes	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>OPERATING REVENUE</b>						
Government Grant		130,812	128,209	130,812	128,209	130,494
Performance Based Research Funding (PBRF)		27,656	25,763	27,656	25,763	25,832
Student Tuition Fees Domestic Fee Paying		61,428	59,673	61,428	59,673	62,971
Student Tuition Fees Full Fee Paying		21,482	18,521	21,482	18,521	18,780
Student Services Levy		7,888	7,728	7,888	7,728	8,024
Other Student Related Fees		701	1,202	701	1,202	861
Research Revenue		27,433	26,666	27,433	26,666	21,566
Interest Revenue		19,799	6,103	19,799	6,103	6,100
Other Revenue	1	33,076	24,533	33,016	24,248	20,846
Insurance reimbursements and settlements	1	160	370,306	160	370,306	39,075
Increase in revaluation of Buildings	8	558	73,388	558	73,388	-
<b>TOTAL OPERATING REVENUE</b>		<b>330,993</b>	<b>742,092</b>	<b>330,933</b>	<b>741,807</b>	<b>334,549</b>
<b>OPERATING EXPENDITURE</b>						
Personnel Expenses	2	171,384	167,790	171,384	167,790	170,682
General / Operating Expenditure	3	107,854	89,992	107,837	89,687	89,932
Finance Charges	4	4,360	3,814	4,360	3,814	3,736
Depreciation and Amortisation	8	43,982	40,429	43,982	40,429	40,613
(Decrease) / Increase in impairment of Buildings	8	(118)	6,790	(118)	6,790	-
<b>TOTAL OPERATING EXPENDITURE</b>		<b>327,462</b>	<b>308,815</b>	<b>327,445</b>	<b>308,510</b>	<b>304,963</b>
<b>SURPLUS/(DEFICIT)</b>		<b>3,531</b>	<b>433,277</b>	<b>3,488</b>	<b>433,297</b>	<b>29,586</b>
<b>Other Comprehensive Revenue and Expense</b>						
Movements in revaluation reserves relating to the Art Collection	8	-	434	-	434	-
Movements in revaluation reserves relating to Infrastructure Assets	8	-	12,808	-	12,808	-
Movements in revaluation reserves relating to Building Assets	8	70,266	-	70,266	-	-
Movements in revaluation reserves relating to Land	8	(4,910)	16,450	(4,910)	16,450	-
Net Movements in revaluation reserves	18	65,356	29,692	65,356	29,692	-
Effective portion of changes in fair value of cash flow hedges	18	619	(2,703)	619	(2,703)	-
Adjustment to New Zealand Synchrotron Group Limited Valuation	18	24	8	24	8	-
Adjustment to New Zealand South African Large Telescope (SALT) Limited Valuation	18	(57)	33	(57)	33	-
<b>Other Comprehensive Revenue and Expense</b>		<b>65,942</b>	<b>27,030</b>	<b>65,942</b>	<b>27,030</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>69,473</b>	<b>460,307</b>	<b>69,430</b>	<b>460,327</b>	<b>29,586</b>

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 28 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2015 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 2015

	Notes	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>Balance at 1 January</b>		1,164,512	604,205	1,164,459	604,132	799,932
<b>Comprehensive revenue and expense</b>						
Surplus / (deficit)	18	3,531	433,277	3,488	433,297	29,586
Other comprehensive revenue and expense	18	65,942	27,030	65,942	27,030	–
<b>Total comprehensive revenue and expense</b>		69,473	460,307	69,430	460,327	29,586
<b>Non Comprehensive revenue Items</b>						
Capital Contributions from the Crown	18	77,000	100,000	77,000	100,000	100,000
<b>Total Non Comprehensive revenue Items</b>		77,000	100,000	77,000	100,000	100,000
<b>Balance as at period end</b>		1,310,985	1,164,512	1,310,889	1,164,459	929,518

Significant variances to budget are explained in Note 28 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2015 BUDGET  
The accompanying policies and notes form an integral part of these financial statements.

# Statement of Financial Position

As at 31 December 2015

	Notes	2015 University & Group Actuals (\$'000's)	2014 University & Group Actuals (\$'000's)	2015 University Actuals (\$'000's)	2014 University Actuals (\$'000's)	2015 University Budget (\$'000's)
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	5	41,202	98,756	41,178	98,730	114,455
Other Financial Assets / Short Term Deposits	16	202,000	66,846	202,000	66,846	–
Receivables	6	24,180	276,851	24,180	276,847	8,250
Prepayments		9,589	8,239	9,589	8,239	9,000
Derivative Financial Instrument Assets	16	–	150	–	150	–
Inventories	7	1,329	1,139	1,329	1,139	1,391
<b>Total Current Assets</b>		<b>278,300</b>	<b>451,981</b>	<b>278,276</b>	<b>451,951</b>	<b>133,096</b>
<b>LESS CURRENT LIABILITIES</b>						
Revenue Received in Advance	11	27,233	24,222	27,233	24,222	23,900
Accounts Payable	12	27,298	26,118	27,370	26,141	25,528
Derivative Financial Instrument Liabilities	16	121	–	121	–	–
Loans	13	32	32	32	32	32
Philanthropic Bond	14	2,000	2,000	2,000	2,000	2,000
Employee Entitlements	15	8,956	8,968	8,956	8,968	10,700
<b>Total Current Liabilities</b>		<b>65,640</b>	<b>61,340</b>	<b>65,712</b>	<b>61,363</b>	<b>62,160</b>
<b>WORKING CAPITAL</b>		<b>212,660</b>	<b>390,641</b>	<b>212,564</b>	<b>390,588</b>	<b>70,936</b>
<b>NON CURRENT ASSETS</b>						
Property, Plant and Equipment	8	801,254	736,964	801,254	736,964	926,226
Intangible Assets	8	9,427	8,206	9,427	8,206	–
Capital Work-in-Progress	8	131,590	76,134	131,590	76,133	–
Investments	9	107,402	786	107,402	786	745
Derivative Financial Instrument Assets	16	1,604	33	1,604	33	–
Other Financial Assets / Long Term Deposits	16	129,500	39,500	129,500	39,500	17,500
Receivables	10	1,879	1,756	1,879	1,756	1,878
Other Non Current Assets	10	17,827	9,862	17,827	9,862	7,664
<b>Total Non Current Assets</b>		<b>1,200,483</b>	<b>873,241</b>	<b>1,200,483</b>	<b>873,241</b>	<b>954,013</b>

Significant variances to budget are explained in Note 28 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2015 BUDGET. The accompanying policies and notes form an integral part of these financial statements.

	Notes	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>NON CURRENT LIABILITIES</b>						
Loans	13	864	896	864	896	864
Derivative Financial Instrument Liabilities	16	5,320	4,515	5,320	4,515	–
Philanthropic Bond	14	47,512	47,392	47,512	47,392	47,978
Employee Entitlements	15	26,297	23,572	26,297	23,572	24,499
Revenue Received in Advance	11	22,165	22,995	22,165	22,995	22,090
<b>Total Non Current Liabilities</b>		<b>102,158</b>	<b>99,370</b>	<b>102,158</b>	<b>99,370</b>	<b>95,431</b>
<b>NET ASSETS</b>						
		<b>1,310,985</b>	<b>1,164,512</b>	<b>1,310,889</b>	<b>1,164,459</b>	<b>929,518</b>
<b>Represented by:</b>						
General Equity	18	1,074,180	996,152	1,074,084	996,099	794,370
General Equity – Te Pourewa Settlement Reserve	18	17,500	17,500	17,500	17,500	17,500
General Equity – Student Services Levy Capital Reserve	18	10,671	8,168	10,671	8,168	–
Revaluation Reserves	18	212,269	146,913	212,269	146,913	117,648
Cashflow Hedge Reserve	18	(3,643)	(4,262)	(3,643)	(4,262)	–
Available-For-Sale Reserve	18	8	41	8	41	–
<b>TOTAL EQUITY</b>		<b>1,310,985</b>	<b>1,164,512</b>	<b>1,310,889</b>	<b>1,164,459</b>	<b>929,518</b>

Significant variances to budget are explained in Note 28 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2015 BUDGET.  
The accompanying policies and notes form an integral part of these financial statements.

# Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>OPERATING ACTIVITIES</b>						
<b>Cash provided from:</b>						
Government Grant		158,468	153,972	158,468	153,972	156,326
Tuition Fees		86,518	78,612	86,518	78,612	81,751
Other Revenue		52,845	57,845	52,781	57,892	50,919
Agency Funds		5,044	4,818	5,044	4,818	–
Interest Received		9,879	4,585	9,879	4,585	6,200
Earthquake Insurance Receipts – Business Interruption		22,689	–	22,689	–	–
		<b>335,443</b>	<b>299,832</b>	<b>335,379</b>	<b>299,879</b>	<b>295,196</b>
<b>Cash applied to:</b>						
Personnel Expenses		168,010	166,263	168,010	166,263	170,683
General / Operating Expenses		101,797	91,020	101,731	90,699	86,916
Agency Funds		5,044	4,818	5,044	4,818	–
Interest Paid		3,646	3,727	3,646	3,727	3,617
Net GST Movement		5,612	(4,134)	5,612	(4,134)	(1,500)
		<b>284,109</b>	<b>261,694</b>	<b>284,043</b>	<b>261,373</b>	<b>259,716</b>
<b>Net cash provided by Operating Activities</b>	<b>19</b>	<b>51,334</b>	<b>38,138</b>	<b>51,336</b>	<b>38,506</b>	<b>35,480</b>
<b>INVESTING ACTIVITIES</b>						
<b>Cash provided from:</b>						
Proceeds from disposal of Fixed Assets		16,764	3,485	16,764	3,485	–
Proceeds from disposal of Investments		–	329	–	–	–
Earthquake insurance receipts		246,493	105,578	246,493	105,578	39,075
Maturity of deposits with terms greater than 3 months but less than 12 months		66,846	5,299	66,846	5,299	22,000
		<b>330,103</b>	<b>114,691</b>	<b>330,103</b>	<b>114,362</b>	<b>61,075</b>
<b>Cash applied to:</b>						
Capital Expenditure		117,173	129,843	117,173	129,843	224,366
Deposits with terms greater than 3 months but less than 12 months		202,000	66,846	202,000	66,846	–
Deposits with terms greater than 12 Months		90,000	22,000	90,000	22,000	–
Purchase of Investments		106,786	–	106,786	–	–
		<b>515,959</b>	<b>218,689</b>	<b>515,959</b>	<b>218,689</b>	<b>224,366</b>
<b>Net cash used in Investing Activities</b>		<b>(185,856)</b>	<b>(103,998)</b>	<b>(185,856)</b>	<b>(104,327)</b>	<b>(163,291)</b>

	Notes	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>FINANCING ACTIVITIES</b>						
<b>Cash provided from:</b>						
Capital Contribution from the Crown		85,000	100,000	85,000	100,000	100,000
		<b>85,000</b>	<b>100,000</b>	<b>85,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Cash applied to:</b>						
Repayment of Loans		32	1,032	32	1,032	32
Capital Contribution – Repayment under Funding Agreement		8,000	–	8,000	–	–
		<b>8,032</b>	<b>1,032</b>	<b>8,032</b>	<b>1,032</b>	<b>32</b>
<b>Net cash provided by Financing Activities</b>		<b>76,968</b>	<b>98,968</b>	<b>76,968</b>	<b>98,968</b>	<b>99,968</b>
Net increase (decrease) in cash held		(57,554)	33,108	(57,552)	33,147	(27,843)
Cash and Cash Equivalents on hand at beginning of period		98,756	65,648	98,730	65,583	142,298
<b>Cash and Cash Equivalents on hand at end of period</b>	<b>5</b>	<b>41,202</b>	<b>98,756</b>	<b>41,178</b>	<b>98,730</b>	<b>114,455</b>

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 28 EXPLANATIONS OF MAJOR VARIANCES AGAINST THE 2015 BUDGET.

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

# Notes to the Financial Accounts

For the year ended 31 December 2015

	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>1 / Revenue</b>					
<b>Other Revenue</b>					
Donations / Koha	82	62	82	62	100
Donations from Trusts	4,561	2,467	4,561	2,467	3,298
Rentals	3,911	3,380	3,911	3,380	4,360
External Sales	3,597	2,781	3,597	2,781	2,890
Consultancy	3,606	3,391	3,606	3,391	2,812
Membership Fees	636	635	636	635	737
Reversionary Interest	7,965	4,784	7,965	4,784	377
Dividends Received	–	–	–	261	–
Sundry Revenue	8,718	7,033	8,658	6,487	6,272
<b>TOTAL OTHER REVENUE</b>	<b>33,076</b>	<b>24,533</b>	<b>33,016</b>	<b>24,248</b>	<b>20,846</b>

In December 2014 a final global settlement was agreed with the University's insurers. The final settlement was \$550 million.

Insurance Claims Paid:					
Global settlement	–	550,000	–	550,000	–
Reimbursements recognised	160	179,694	160	179,694	39,075
<b>Insurance reimbursements and settlements included in Revenue</b>	<b>160</b>	<b>370,306</b>	<b>160</b>	<b>370,306</b>	<b>39,075</b>
<b>Non exchange revenue included in total revenue</b>	<b>248,062</b>	<b>240,775</b>	<b>248,062</b>	<b>240,775</b>	<b>234,857</b>

<b>2 / Personnel Expenses</b>					
Academic Salaries	76,059	76,399	76,059	76,399	78,443
General Salaries*	80,379	78,132	80,379	78,132	79,572
Superannuation Contributions	6,807	6,722	6,807	6,722	6,942
Councillors' Honoraria	170	83	170	83	100
Redundancy Costs	1,289	1,133	1,289	1,133	1,750
Movement in Actuarially Valued Employee Entitlements	2,829	1,076	2,829	1,076	–
Special Leave Provision Used	–	(29)	–	(29)	–
Special Leave Provision Released	–	(721)	–	(721)	–
Other Salary Related Expenditure	3,851	4,995	3,851	4,995	3,875
<b>TOTAL PERSONNEL EXPENSES</b>	<b>171,384</b>	<b>167,790</b>	<b>171,384</b>	<b>167,790</b>	<b>170,682</b>
*The General staff classification includes Education Plus staff.	3,912	4,028	3,912	4,028	3,935

	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>3 / General / Operating Expenditure – Disclosures</b>					
<b>General / Operating Expenditure includes the following:</b>					
Audit New Zealand – External Financial Statements Audit	210	195	210	195	227
Audit New Zealand – External Financial Statements Audit – additional fees for earthquake related issues	–	21	–	21	–
Audit New Zealand – External Financial Statements Audit Subsidiaries	7	9	7	9	–
Audit New Zealand – Other Assurance Work: Report to Bond Trustees, PBRF and Overhead Recovery Rate Certification	14	22	14	22	–
Bad Debts Written Off	58	53	58	53	9
Building Write Offs	5,042	118	5,042	118	–
Demolition Costs	1,464	819	1,464	819	–
Equipment Rentals	323	161	323	161	223
Exchange Losses	597	52	597	52	–
Fair Value Movement in Interest Rate Swaps	125	70	125	70	–
Increase / (Decrease) in Provision for Doubtful Debts	157	(410)	157	(410)	35
Loss on Disposal of Property, Plant & Equipment	2,962	500	2,962	500	20
Property Rentals	5,034	1,515	5,034	1,515	2,673
Software Asset Impairment	42	3,162	42	3,162	–
Student Association Service Provision	2,010	1,928	2,010	1,928	2,077

<b>4 / Finance Charges</b>					
Finance Charges – Interest Paid	4,360	3,790	4,360	3,790	3,736
Finance Charges – Interest on Finance Leases	–	24	–	24	–
<b>TOTAL FINANCE CHARGES</b>	<b>4,360</b>	<b>3,814</b>	<b>4,360</b>	<b>3,814</b>	<b>3,736</b>

<b>5 / Cash and Cash Equivalents</b>					
Cash at Bank	2,230	8,405	2,206	8,379	114,455
Call Deposits	17,635	29,911	17,635	29,911	–
Term Deposits with maturities less than 3 month at acquisition	21,337	60,440	21,337	60,440	–
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>41,202</b>	<b>98,756</b>	<b>41,178</b>	<b>98,730</b>	<b>114,455</b>

The weighted average interest rate as at 31 December 2015 is 3.14% (31 December 2014 is 4.12%).

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

	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>6 / Receivables</b>					
Receivables (gross)	24,428	276,943	24,428	276,939	8,500
Less Provision for Doubtful Debts	(248)	(92)	(248)	(92)	(250)
<b>TOTAL RECEIVABLES</b>	<b>24,180</b>	<b>276,851</b>	<b>24,180</b>	<b>276,847</b>	<b>8,250</b>
Total Receivables comprise:					
Receivables from exchange transactions <sup>1</sup>	21,970	275,539	21,970	275,535	8,250
Receivables from non exchange transactions	2,210	1,312	2,210	1,312	–
<b>TOTAL RECEIVABLES</b>	<b>24,180</b>	<b>276,851</b>	<b>24,180</b>	<b>276,847</b>	<b>8,250</b>

<sup>1</sup> Receivables from exchange transactions include Insurance Receivable of \$nil (31 December 2014: \$269 million).

Insurance receivables are in respect of a small number of insurance companies which represent a concentration of credit risk. These receivables were paid in full subsequent to 31 December 2014.

A summary of the impact of the insurance settlement is set out in Note 1.

#### Fair Value

Rare generally short-term and non-interest bearing. Therefore, 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 2014: greater than 91 days past due). The majority of receivables are current.

#### 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. In 2014 there was a concentration of receivables due from a small group of insurers. This balance was subsequently received.

<b>7 / Inventories</b>					
Held for distribution	1,142	985	1,142	985	1,391
Commercial inventory	187	154	187	154	–
<b>Total Inventory</b>	<b>1,329</b>	<b>1,139</b>	<b>1,329</b>	<b>1,139</b>	<b>1,391</b>

No inventories are pledged as security for liabilities.



## 8 / Property, Plant and Equipment and Intangibles

	COST / VALN DEC 13 (\$000's)	ACCUM DEPN & AMORTISATION DEC 13 (\$000's)	NET BOOK VALUE DEC 13 (\$000's)	CURRENT YEAR ADDITIONS DEC 14 (\$000's)	CURRENT YEAR DISPOSALS COST DEC 14 (\$000's)	CURRENT YEAR DISPOSALS ACCUM DEPN DEC 14 (\$000's)	CURRENT YEAR DEPN & AMORTISATION DEC 14 (\$000's)	CURRENT YEAR REVALUATION/ MOVEMENTS DEC 14 (\$000's)	CURRENT YEAR REVALUATION/ ACCUM DEPN DEC 14 (\$000's)	CURRENT YEAR IMPAIRMENT MOVEMENTS DEC 14 (\$000's)	COST / VALN DEC 14 (\$000's)	ACCUM DEPN & AMORTISATION DEC 14 (\$000's)	NET BOOK VALUE DEC 14 (\$000's)
<b>UNIVERSITY &amp; GROUP</b>													
Land at Valuation	89,290	–	89,290	–	–	–	–	16,450	–	–	105,740	–	105,740
Buildings at Valuation	337,341	–	337,341	111,907	(3,350)	451	(22,432)	53,698	21,981	(6,790)	492,806	–	492,806
Infrastructure Assets	24,428	(1,920)	22,508	806	(413)	32	(1,079)	9,842	2,966	–	34,663	–	34,663
Plant & Equipment at Cost	113,209	(78,641)	34,568	12,883	(5,437)	5,203	(8,810)	–	–	–	120,655	(82,248)	38,407
Leased Equipment at Cost	11,050	(9,817)	1,233	–	–	–	(1,233)	–	–	–	11,050	(11,050)	–
Library (Current Collection) at Cost	86,907	(65,546)	21,361	3,136	–	–	(4,651)	–	–	–	90,042	(70,197)	19,845
Library (Permanent Collection) / Other Collections at Valuation	45,008	–	45,008	62	–	–	–	434	–	–	45,503	–	45,503
<b>Property, plant &amp; equipment</b>	<b>707,233</b>	<b>(155,924)</b>	<b>551,309</b>	<b>128,794</b>	<b>(9,200)</b>	<b>5,686</b>	<b>(38,205)</b>	<b>80,424</b>	<b>24,947</b>	<b>(6,790)</b>	<b>900,459</b>	<b>(163,495)</b>	<b>736,964</b>
<b>Intangible Assets – Software</b>	<b>18,794</b>	<b>(15,077)</b>	<b>3,717</b>	<b>9,985</b>	<b>(257)</b>	<b>148</b>	<b>(2,224)</b>	<b>–</b>	<b>–</b>	<b>(3,162)</b>	<b>25,359</b>	<b>(17,153)</b>	<b>8,206</b>
<b>UNIVERSITY &amp; GROUP</b>													
Land at Valuation	105,740	–	105,740	560	(325)	–	–	(4,910)	–	–	101,065	–	101,065
Buildings at Valuation	492,806	–	492,806	45,779	(25,065)	809	(26,236)	43,558	25,428	1,957	559,037	–	559,037
Infrastructure Assets	34,663	–	34,663	6,495	–	–	(1,710)	–	–	–	41,158	(1,710)	39,448
Plant & Equipment at Cost	120,655	(82,248)	38,407	8,517	(2,627)	2,607	(9,864)	–	–	–	126,545	(89,505)	37,040
Leased Equipment at Cost	11,050	(11,050)	–	–	–	–	–	–	–	–	11,050	(11,050)	–
Library (Current Collection) at Cost	90,042	(70,197)	19,845	3,297	–	–	(4,061)	–	–	–	93,339	(74,258)	19,081
Library (Permanent Collection) / Other Collections at Valuation	45,503	–	45,503	80	–	–	–	–	–	–	45,583	–	45,583
<b>Property, plant &amp; equipment</b>	<b>900,459</b>	<b>(163,495)</b>	<b>736,964</b>	<b>64,728</b>	<b>(28,017)</b>	<b>3,416</b>	<b>(41,871)</b>	<b>38,648</b>	<b>25,428</b>	<b>1,957</b>	<b>977,777</b>	<b>(176,523)</b>	<b>801,254</b>
<b>Intangible Assets – Software</b>	<b>25,359</b>	<b>(17,153)</b>	<b>8,206</b>	<b>3,333</b>	<b>(4,519)</b>	<b>4,518</b>	<b>(2,111)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>24,173</b>	<b>(14,746)</b>	<b>9,427</b>

There is no difference between 'University' and 'University and Group' balances.

## 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 increased in recent years as the University has followed a programme of significant building repairs following the earthquakes and, latterly, new building projects that take some time to complete. The University expects this balance to continue to be significant for the next few years as the building projects for Regional Science and Innovation Centre (RSIC), Canterbury Engineering the Future (CETF), and the New Education Building (NEB) are pursued.

Capital Work in Progress	Dec 2015 \$000's	Dec 2014 \$000's
Buildings	128,129	73,635
Plant and Equipment	62	30
Intangible Assets – Software	3,399	2,468
	131,590	76,133

### Revaluation Movement

The building revaluation at 31 December 2015 was an increase of \$70.942 million (31 December 2014: \$75.679 million reduced for contract works insurance for 2012 and 2013 of \$2,291 million. The net movement was \$73,388 million). The revaluation movement is split \$0.676 million in operating reserves (\$0.558 million revaluation and \$0.118 million decrease in impairment and \$70.266 million in the revaluation reserves). All impairment previously charged has now been overtaken by subsequent revaluations and remediation work.

### Crown Land

The Crown transferred the land at Dovedale Campus, Solway Avenue, Christchurch to the University in August 2015. Previously, the Crown had legal title to the land and a portion of the buildings. However, the University had 'in substance' ownership of the land and buildings and reported these assets as if owned by the University. The University had a 99 year lease of these land and buildings at a peppercorn rent, subject to the rights of renewal being exercised.

### Restrictions and Security

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

### Revaluations

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

Land and Buildings, including residential and commercial property and the Ilam Homestead were revalued at 31 December 2015 by Chris Barraclough, Registered Valuer of CBRE, Christchurch.

Infrastructure Assets at Valuation have been established as a separate category within Property, Plant and Equipment, and revalued at 31 December 2014 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 2013 by Basil J Roberts, registered Plant and Machinery Valuer of Jones Lang LaSalle Limited.

The Logie Collection was revalued at 25 September 2012 by James Ede of Charles Ede Limited.

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

The Art Collection was revalued at 31 May 2014 by James Parkinson, Director of Valuations, Art + Object Limited, Auckland.

### Buildings Revaluation Reserve

Due to the rapidly moving construction environment in Canterbury, as in previous years the University engaged CBRE to provide a full valuation at 31 December 2015. The University is now in a position where previous impairments have been replenished by remediation work and subsequent revaluations. Accordingly, the University is now able to reflect revaluation increases in its revaluation reserves.

As the damage incurred from the earthquakes was not factored into this valuation, the University adjusted the carrying value of buildings as at 31 December 2015 to reflect the estimated cost of repairing the buildings back to the state that existed prior to the earthquakes.

This impairment does not reflect the full cost of making buildings compliant with the new building code.

The University has accounted for impairments to all damaged buildings at a value equal to each building's estimated damage per Inovo Projects Limited (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.

### Earthquake Impairment

The impairment of buildings at 31 December 2015 was a decrease of \$1.957 million. The impairment of buildings at 31 December 2014 was net impairment of \$6.790 million.

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

The main effect of the earthquake has been the extensive damage to the University's buildings. The consequential impairment recorded in the University's financial statements has proved to be complex given the level of estimation, particularly in the structural investigation of the affected buildings. As more information has become available and work has been carried out, these estimates have been refined and increased. The risk remains that the final cost to the University will be in excess of estimates, sometimes significantly so.

The University has employed Inovo Projects Limited to provide the estimate of total repairs, which is set at \$511.2 million at 31 December 2015 (31 December 2014: \$511.0 million).

The University continues to work to improve the quality and accuracy of the information available, but there remain important inherent uncertainties in the estimates, and they include several key assumptions:

- the degree of cracking across the large surface area of concrete structures across campus

- the availability of detailed engineering reports and the degree these are informed by invasive testing and
- the changing quantification of damage estimates when the remediation and strip out work is commenced, which can expose a greater degree of damage than first thought.

The estimate of damage remains subject to considerable potential variability and consequently the cost of repair estimated in these financial statements could increase. Additionally, there is no allowance in these estimates for inflation, whereas forecast increases in construction costs in the Canterbury region are expected by Government and local business organisations to be significant.

The inherent uncertainty in the damage estimates is reflected in the assessed amounts, although estimates have stabilised for now. The University has written down many of its buildings to \$nil, and as a consequence any increase in assessed remediation cost for those buildings has minimal effect – there can be no further reduction in NBV.

There has been no significant increase in the damage assessment as at 31 December 2015 (31 December 2014: increase of \$28 million), and as a consequence the University has only recorded a small decrease in impairment of \$1.957 million (31 December 2014: increase \$6.790 million), reflecting the growing maturity of the estimates and the existing allocation of the impairment to buildings already with \$nil NBV, and the exclusion from the impairment calculation of those buildings now remediated. The University considers that, on this basis, any further increase in damage assessment will continue to demonstrate a similar pattern. While building impairment to date is estimated at \$511.2 million (31 December 2014: \$511.0 million), only \$275.0 million (31 December 2014: \$277 million) has been shown as an impairment cost, for the reasons outlined. As the remediation programme progresses and assessments become more accurate, the University also considers that the effect of any increase in the remediation assessment will attenuate.

	Dec 2015 \$000's	Dec 2014 \$000's
Fair Value of buildings as at 1 January	492,806	337,341
Building Additions	45,779	111,907
Depreciation	(26,236)	(22,432)
	512,349	426,816
Increase in valuation of buildings	68,986	75,679
Building write offs	(5,042)	(117)
Building disposals	(19,214)	(2,782)
Decrease / (Increase) in impairment of buildings	1,957	(6,790)
Fair Value of buildings as at balance date	559,036	492,806

Of the overall impairment estimate of \$511.2 million, \$218.0 million relates to buildings that are yet to be remediated. The University continues to develop its remediation and wider capital asset management plans, which it anticipates will be complete in five to 10 years.

	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>9 / Investments</b>					
Investment Category					
<i>Investments at Fair Value through other Comprehensive Revenue and Expense</i>					
Investment in South African Large Telescope (SALT)	702	758	702	758	725
Investment in New Zealand Synchrotron Group Limited	51	28	51	28	20
<i>Investments at Amortised Cost</i>					
Government Bonds	106,649	–	106,649	–	–
<b>TOTAL INVESTMENTS</b>	<b>107,402</b>	<b>786</b>	<b>107,402</b>	<b>786</b>	<b>745</b>

#### Investment in South African Large Telescope (SALT)

The South African Large Telescope Foundation is a collaboration of various universities and research organisations, to design, construct and operate a ten metre telescope for the advancement of science and the promotion of astronomy and astrophysics. The University has a 3.1% shareholding in the South African Large Telescope Foundation.

#### Investment in New Zealand Synchrotron Group Limited

The New Zealand Synchrotron Group Limited is made up of 7 universities and currently 4 Crown Research Institutes. The University has a 10.12% shareholding.

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

#### Government Bonds

The government bonds classified as held to maturity investments have been revalued at amortised cost using the effective interest rate method. The effective interest rate amortisation is included in finance revenue.

The University also has equity investments of minimal or nil value as follows:

Name	Percentage Held
Canterprise Limited	100%
Entrē Limited	100%
UC International College Limited	100%
Geospatial Research Centre (NZ) Limited	30%
Te Tapuae O Rehua Limited	17%
Stratified Concrete Technologies Limited	15%
Veritide Limited	8%
Kiwi Innovation Network Limited	8%
Tiro Life Sciences	8%
WQI Limited	2%

	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>10 / Term Receivable and Other Non Current Assets</b>					
Campus Living Villages – Term Receivable	1,879	1,756	1,879	1,756	1,878
<b>Other non current assets</b>					
Reversionary interest	17,827	9,862	17,827	9,862	7,664

#### 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, dependant on the discount rate used and the valuation of the buildings, and is valued on a present value basis.

## 11 / Revenue Received in Advance

<b>Current Revenue Received in Advance</b>					
Student Fees	9,236	5,649	9,236	5,649	7,200
Research Revenue	13,403	14,767	13,403	14,767	13,119
Future minimum operating lease revenue not later than one year	868	868	868	868	868
Other	3,726	2,938	3,726	2,938	2,713
	27,233	24,222	27,233	24,222	23,900
<b>Term Revenue Received in Advance</b>					
<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	18,694	19,524	18,694	19,524	18,618
	22,165	22,995	22,165	22,995	22,090
<b>TOTAL REVENUE RECEIVED IN ADVANCE</b>	<b>49,398</b>	<b>47,217</b>	<b>49,398</b>	<b>47,217</b>	<b>45,990</b>

	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>12 / Accounts Payable</b>					
<b>Payables under exchange transactions</b>					
Trade Payables	3,989	3,428	3,989	3,428	10,000
Other Payables	20,764	15,170	20,836	15,890	13,358
<b>Total Payables under exchange transactions</b>	<b>24,753</b>	<b>18,598</b>	<b>24,825</b>	<b>19,318</b>	<b>23,358</b>
<b>Payables under non-exchange transactions</b>					
Taxes payable (GST, PAYE, and rates)	2,545	7,520	2,545	6,823	2,170
<b>Total Payables under non-exchange transactions</b>	<b>2,545</b>	<b>7,520</b>	<b>2,545</b>	<b>6,823</b>	<b>2,170</b>
<b>TOTAL ACCOUNTS PAYABLE</b>	<b>27,298</b>	<b>26,118</b>	<b>27,370</b>	<b>26,141</b>	<b>25,528</b>

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.

<b>13 / Loans</b>					
<b>Current Loans</b>					
Sonoda Gakuen Corporation of Japan Loan	32	32	32	32	32
<b>Non current Loans</b>					
Sonoda Gakuen Corporation of Japan Loan	864	896	864	896	864
<b>TOTAL LOANS</b>	<b>896</b>	<b>928</b>	<b>896</b>	<b>928</b>	<b>896</b>
<b>Analysis of Loan</b>					
Analysis of Loan Liabilities					
Within one year	32	32	32	32	32
One – five years	128	128	128	128	128
Greater than five years	736	768	736	768	736
	<b>896</b>	<b>928</b>	<b>896</b>	<b>928</b>	<b>896</b>

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 and leases approximates their fair value.

The University operates a purchasing card facility and had a credit limit of \$11 million as at 31 December 2015 (31 December 2014: \$11 million).

	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>14 / Philanthropic Bond</b>					
Philanthropic Bond – Current	2,000	2,000	2,000	2,000	2,000
Philanthropic Bond – Long Term	47,978	47,978	47,978	47,978	47,978
Capitalised bond issue costs	(466)	(586)	(466)	(586)	–
	47,512	47,392	47,512	47,392	47,978
<b>TOTAL PHILANTHROPIC BOND</b>	<b>49,512</b>	<b>49,392</b>	<b>49,512</b>	<b>49,392</b>	<b>49,978</b>

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 5 years to be reset for a further 5 years at a 1.75% margin over the then prevailing 5 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 5 years in line with the original offer terms.

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

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

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

On 29 November 2012 an amendment to the 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 Bond is regarded as a Current Liability and disclosed separately on the face of the Statement of Financial Position.

#### 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 (2014: 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 2015 year (2014: full compliance).

#### Fair value

The fair value of the bonds as at 31 December 2015 was \$53.0 million (31 December 2014: \$50.9 million). The fair values of the bonds are determined by reference to the quoted market price on the NZDX at 31 December.

	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>15 / Employee Entitlements</b>					
Sick Leave	722	717	722	717	750
Annual Leave	5,851	6,105	5,851	6,105	7,700
Long Service Leave	1,702	1,505	1,702	1,505	1,950
Retirement Leave	26,661	24,046	26,661	24,046	24,799
<b>Total</b>	<b>34,936</b>	<b>32,373</b>	<b>34,936</b>	<b>32,373</b>	<b>35,199</b>
Redundancy Provision <sup>1</sup>	317	167	317	167	–
<b>Total Employee Entitlements</b>	<b>35,253</b>	<b>32,540</b>	<b>35,253</b>	<b>32,540</b>	<b>35,199</b>
Made up of:					
Current	8,956	8,968	8,956	8,968	10,700
Non Current	26,297	23,572	26,297	23,572	24,499
<b>Total</b>	<b>35,253</b>	<b>32,540</b>	<b>35,253</b>	<b>32,540</b>	<b>35,199</b>

**<sup>1</sup>Redundancy Provision – University & Group**

Redundancy Provision Opening Balance	167	433
Provision made	317	167
Amounts used	(167)	(433)
Redundancy Provision Closing Balance	317	167

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



	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>16 / Other Financial Assets and Liabilities</b>					
<b>Other Financial Assets / Term Deposits</b>					
Short term deposits with maturities over 3 months but less than 12 months	202,000	66,846	202,000	66,846	–
<b>Other Financial Assets / Long Term Deposits</b>					
Long term deposits with maturities greater than 12 months	129,500	39,500	129,500	39,500	17,500
<b>Derivative Financial Instrument Assets – Current</b>					
Forward Currency Exchange Contracts – Current	–	150	–	150	–
<b>Derivative Financial Instrument Assets – Non Current</b>					
Interest Rate Swap Derivative	1,604	33	1,604	33	–
<b>Derivative Financial Instrument Liabilities – Current</b>					
Forward Currency Exchange Contracts - Current	121	–	121	–	–
<b>Derivative Financial Instrument Liabilities – Non Current</b>					
Forward Currency Exchange Contracts – Non Current	10	22	10	22	–
Interest Rate Swap Derivative	5,310	4,493	5,310	4,493	–
	5,320	4,515	5,320	4,515	–

	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>17 / Financial Instruments</b>					
The accounting policies for financial instruments have been applied to the line items below:					
<b>FINANCIAL ASSETS</b>					
<b>Loans and Receivables</b>					
Cash and Cash Equivalents	41,202	98,756	41,178	98,730	114,455
Receivables	24,180	276,851	24,180	276,847	8,250
Other Financial Assets – Deposits	331,500	106,346	331,500	106,346	17,500
Term – Receivable	1,879	1,756	1,879	1,756	1,879
<b>Total Loans and Receivables</b>	<b>398,761</b>	<b>483,709</b>	<b>398,737</b>	<b>483,679</b>	<b>142,084</b>
<b>Held to Maturity</b>					
Investments	106,649	–	106,649	–	–
<b>Total Held to Maturity</b>	<b>106,649</b>	<b>–</b>	<b>106,649</b>	<b>–</b>	<b>–</b>
<b>Fair value through Surplus / (Deficit)</b>					
Interest Rate Swap Derivative	1,604	33	1,604	33	–
<b>Total Fair value through Surplus / (Deficit)</b>	<b>1,604</b>	<b>33</b>	<b>1,604</b>	<b>33</b>	<b>–</b>
<b>Fair value through Other Comprehensive Revenue and Expense</b>					
Forward Currency Exchange Contracts – Current & Term	–	150	–	150	–
Investments	753	786	753	786	745
<b>Total Fair value through Other Comprehensive Revenue and Expense</b>	<b>753</b>	<b>936</b>	<b>753</b>	<b>936</b>	<b>745</b>
<b>FINANCIAL LIABILITIES</b>					
<b>Financial Liabilities at amortised cost</b>					
Accounts payable	27,298	26,118	27,370	26,141	25,528
Sonoda Gakuen Corporation of Japan Loan	896	928	896	928	896
Philanthropic Bond	49,512	49,392	49,512	49,392	49,978
<b>Total Financial Liabilities at Amortised Cost</b>	<b>77,706</b>	<b>76,438</b>	<b>77,778</b>	<b>76,461</b>	<b>76,402</b>
<b>Fair value through Surplus / (Deficit)</b>					
Interest Rate Swap Derivative	5,310	4,493	5,310	4,493	–
<b>Total Fair value through Surplus / (Deficit)</b>	<b>5,310</b>	<b>4,493</b>	<b>5,310</b>	<b>4,493</b>	<b>–</b>
<b>Fair value through Other Comprehensive Revenue and Expense</b>					
Forward Currency Exchange Contracts – Current & Term	131	22	131	22	–
<b>Total Fair value through Other Comprehensive Revenue and Expense</b>	<b>131</b>	<b>22</b>	<b>131</b>	<b>22</b>	<b>–</b>

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 2015 is 4.70% per annum (31 December 2014 is 4.88% 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 2015 is 4.18% per annum (31 December 2014 is 5.50% per annum).

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.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the statement of financial position:

	Total (\$000's)	Quoted market price (\$000's)	Observable inputs (\$000's)	Significant non-observable inputs (\$000's)
<b>31 December 2015 — University &amp; Group</b>				
<b>Financial Assets</b>				
Investments	753	–	–	753
Derivative Financial Instruments — Non Current	1,604	–	1,604	–
<b>Financial Liabilities</b>				
Derivative Financial Instruments — Current	(121)	–	(121)	–
Derivative Financial Instruments — Non Current	(5,320)	–	(5,320)	–
<b>TOTAL</b>	<b>(3,084)</b>	<b>–</b>	<b>(3,837)</b>	<b>753</b>
<b>31 December 2014 — University &amp; Group</b>				
<b>Financial Assets</b>				
Investments	786	–	–	786
Derivative Financial Instruments — Current	150	–	150	–
Derivative Financial Instruments — Non Current	33	–	33	–
<b>Financial Liabilities</b>				
Derivative Financial Instruments — Current	–	–	–	–
Derivative Financial Instruments — Non Current	(4,515)	–	(4,515)	–
<b>TOTAL</b>	<b>(3,546)</b>	<b>–</b>	<b>(4,332)</b>	<b>786</b>

### Price Risk

The equity investments that are held by the University are reflected within the financial statements either at cost, less impairment, or at fair value. It is deemed that there is limited price risk since at balance date no events had occurred to counter the view that their fair values were significantly different to their respective capitalisation figures.

### 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 2015, 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 (\$130,996) (31 December 2014: \$128,259).

### 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, Loans and Leases.

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 13 and Note 14 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 will be 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 will settle on a quarterly basis from December 2014. The floating rate on the interest rate swap is the floating rate in New Zealand. The University will settle 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	
	2015 %	2014 %	2015 (NZ\$000's)	2014 (NZ\$000's)
Swap 1:				
Less than 1 year	5.95	5.95	–	–
1 to 2 years	5.95	5.95	–	–
2 to 5 years	5.95	5.95	50,010	50,010
5 years+	n/a	–	n/a	–
Swap 2:				
Less than 1 year	Floating	–	–	–
1 to 2 years	Floating	–	–	–
2 to 5 years	Floating	–	50,010	50,010
5 years+	N/A	–	–	–

### 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:

	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)
<b>Surplus/Equity</b>				
Surplus/Equity – increase (i)	2,082	689	2,082	632
Surplus/Equity – (decrease) (i)	(2,082)	(689)	(2,082)	(632)

(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 and the University also invests in Government bonds. 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. There was significant exposure to a small group of insurance companies at 31 December 2014, but they have all paid in full.

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, Government bonds and forward foreign exchange contract assets.

## Credit Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates.

	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>Counterparties with Credit ratings</b>					
Cash and Cash Equivalents, Short and Term Deposits:					
AA	–	–	–	–	–
AA-	345,702	205,102	345,678	205,076	114,455
A+	27,000	–	27,000	–	–
<b>Total Cash and Cash Equivalents, Short and Term Deposits</b>	<b>372,702</b>	<b>205,102</b>	<b>372,678</b>	<b>205,076</b>	<b>114,455</b>
Government Bonds					
AA	106,649	–	106,649	–	–
Derivative Financial Instrument Assets					
AA-	1,604	33	1,604	33	–
Other Receivables					
Insurance Companies:					
A+	–	141,237	–	141,237	–
A	–	45,734	–	45,734	–
AA-	–	82,052	–	82,052	–
	–	269,023	–	269,023	–
<b>Total Cash and Cash Equivalents, Short and Term Deposits Government Bonds, Derivatives and Other Receivables</b>	<b>453,955</b>	<b>474,158</b>	<b>453,931</b>	<b>474,132</b>	<b>114,455</b>
<b>Counterparties without Credit Ratings</b>					
Existing counterparty with no defaults in the past	24,180	7,828	24,180	7,824	8,250
<b>Total counterparties without Credit ratings</b>	<b>24,180</b>	<b>7,828</b>	<b>24,180</b>	<b>7,824</b>	<b>8,250</b>

## 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 13, 14 and 16 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)
<b>University &amp; Group December 2015</b>						
Accounts Payable	27,298	27,298	27,298	-	-	-
Sonoda Gakuen Corporation of Japan Loan	896	1,286	59	58	57	1,112
Philanthropic Bond	49,512	64,438	2,886	2,886	2,886	55,781
<b>Total</b>	<b>77,706</b>	<b>93,023</b>	<b>30,243</b>	<b>2,944</b>	<b>2,943</b>	<b>56,893</b>
<b>University December 2015</b>						
Accounts Payable	27,370	27,370	27,370	-	-	-
Sonoda Gakuen Corporation of Japan Loan	896	1,286	59	58	57	1,112
Philanthropic Bond	49,512	64,439	2,886	2,886	2,886	55,781
<b>Total</b>	<b>77,778</b>	<b>93,096</b>	<b>30,315</b>	<b>2,944</b>	<b>2,943</b>	<b>56,893</b>
<b>University &amp; Group December 2014</b>						
Accounts Payable	26,118	26,118	26,118	-	-	-
Sonoda Gakuen Corporation of Japan Loan	928	1,346	60	59	58	1,169
Philanthropic Bond	49,392	64,438	2,886	2,886	2,886	55,781
<b>Total</b>	<b>76,438</b>	<b>91,902</b>	<b>29,064</b>	<b>2,945</b>	<b>2,944</b>	<b>56,950</b>
<b>University December 2014</b>						
Accounts Payable	26,141	26,141	26,141	-	-	-
Sonoda Gakuen Corporation of Japan Loan	928	1,346	60	59	58	1,169
Philanthropic Bond	49,392	64,439	2,886	2,886	2,886	55,781
<b>Total</b>	<b>76,461</b>	<b>91,926</b>	<b>29,087</b>	<b>2,945</b>	<b>2,944</b>	<b>56,950</b>

### 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)
<b>University &amp; Group December 2015</b>						
Net settled derivatives	3,706	3,956	989	989	989	989
<b>University &amp; Group December 2014</b>						
Net settled derivatives	4,460	4,941	986	989	989	1,977

### 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)
<b>University &amp; Group December 2015</b>						
Cash and Cash Equivalents	41,202	41,202	41,202	-	-	-
Receivables	24,180	24,180	24,180	-	-	-
Other Financial Assets	331,500	357,710	216,165	90,089	51,456	-
Government Bonds	106,649	116,625	5,500	58,000	2,500	50,625
Term Receivable	1,879	7,000	-	-	-	7,000
<b>Total</b>	<b>505,410</b>	<b>546,717</b>	<b>287,047</b>	<b>148,089</b>	<b>53,956</b>	<b>57,625</b>
<b>University December 2015</b>						
Cash and Cash Equivalents	41,178	41,178	41,178	-	-	-
Receivables	24,180	24,180	24,180	-	-	-
Other Financial Assets	331,500	357,710	216,165	90,089	51,456	-
Government Bonds	106,649	116,625	5,500	58,000	2,500	50,625
Term Receivable	1,879	7,000	-	-	-	7,000
<b>Total</b>	<b>505,386</b>	<b>546,693</b>	<b>287,023</b>	<b>148,089</b>	<b>53,956</b>	<b>57,625</b>
<b>University &amp; Group December 2014</b>						
Cash and Cash Equivalents	98,756	98,756	98,756	-	-	-
Receivables	276,851	276,847	276,847	-	-	-
Other Financial Assets	106,346	106,346	66,846	39,500	-	-
Term Receivable	1,756	7,000	-	-	-	7,000
<b>Total</b>	<b>483,709</b>	<b>488,949</b>	<b>442,449</b>	<b>39,500</b>	<b>-</b>	<b>7,000</b>
<b>University December 2014</b>						
Cash and Cash Equivalents	98,730	98,730	98,730	-	-	-
Receivables	276,847	276,847	276,847	-	-	-
Other Financial Assets	106,346	106,346	66,846	39,500	-	-
Term Receivable	1,756	7,000	-	-	-	7,000
<b>Total</b>	<b>483,679</b>	<b>488,923</b>	<b>442,423</b>	<b>39,500</b>	<b>-</b>	<b>7,000</b>



	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)	2015 University Budget (\$000's)
<b>18 / Equity</b>					
<b>General Equity</b>					
Balance as at 1 January	996,152	470,494	996,099	470,420	662,016
Net Surplus / (Deficit) for the year	3,531	433,277	3,488	433,297	29,586
Contributions from the Crown <sup>1</sup>	85,000	100,000	85,000	100,000	100,000
Contributions from the Crown – Repayment under Funding Agreement <sup>1</sup>	(8,000)	–	(8,000)	–	–
Transfer (from) / to General Equity – Te Pourewa Settlement Reserve	–	–	–	–	–
Transfer (from) / to General Equity – Student Services Levy Capital Reserve	(2,503)	(7,618)	(2,503)	(7,618)	2,768
Transfer from revaluation reserve on retirement of assets	–	–	–	–	–
<b>Balance as at 31 December</b>	<b>1,074,180</b>	<b>996,152</b>	<b>1,074,084</b>	<b>996,099</b>	<b>794,370</b>
<sup>1</sup> Further details on the Crown Contributions are contained in note 23.					
<b>General Equity – Te Pourewa Settlement Reserve</b>					
Balance as at 1 January	17,500	17,500	17,500	17,500	17,500
Transfer from General Equity	–	–	–	–	–
<b>Balance as at 31 December</b>	<b>17,500</b>	<b>17,500</b>	<b>17,500</b>	<b>17,500</b>	<b>17,500</b>
<b>General Equity – Student Services Levy Capital Reserve</b>					
Balance as at 1 January	8,168	550	8,168	550	–
Current year allocation of Levy	1,962	1,718	1,962	1,718	–
Insurance Settlement – UCSA Building	254	6,000	254	6,000	–
Interest on Insurance Settlement	327	–	327	–	–
Current year usage	(40)	(100)	(40)	(100)	–
<b>Balance as at 31 December</b>	<b>10,671</b>	<b>8,168</b>	<b>10,671</b>	<b>8,168</b>	<b>–</b>
<b>Cashflow Hedge Reserve</b>					
Balance as at 1 January	(4,262)	(1,560)	(4,262)	(1,560)	–
Fair Value Movement in Derivatives – Forward Foreign Exchange Contracts	(259)	135	(259)	135	–
Fair Value Movement in Derivatives – Interest Rate Swaps	878	(2,837)	878	(2,837)	–
<b>Balance as at 31 December</b>	<b>(3,643)</b>	<b>(4,262)</b>	<b>(3,643)</b>	<b>(4,262)</b>	<b>–</b>
<b>Available-For-Sale Reserve:</b>					
Balance as at 1 January	41	–	41	–	–
Adjustment to South African Large Telescope (SALT)	(57)	33	(57)	33	–
Adjustment to New Zealand Synchrotron Group Limited valuation	24	8	24	8	–
<b>Balance as at 31 December</b>	<b>8</b>	<b>41</b>	<b>8</b>	<b>41</b>	<b>–</b>
<b>Revaluation Reserves</b>					
Balance as at 1 January	146,913	117,221	146,913	117,221	117,648
Revaluations and Impairment	65,356	29,692	65,356	29,692	–
<b>Balance as at 31 December</b>	<b>212,269</b>	<b>146,913</b>	<b>212,269</b>	<b>146,913</b>	<b>117,648</b>
<b>Revaluation Reserves consists of:</b>					
Buildings	70,266	–	70,266	–	–
Infrastructure Assets	28,824	28,824	28,824	28,824	16,016
Land	76,275	81,185	76,275	81,185	64,735
Library / Collections	36,904	36,904	36,904	36,904	36,897
<b>Balance as at 31 December</b>	<b>212,269</b>	<b>146,913</b>	<b>212,269</b>	<b>146,913</b>	<b>117,648</b>

	2015 University & Group Actuals (\$000's)	2014 University & Group Actuals (\$000's)	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)
<b>19 / Reconciliation of Net Surplus with Net Cash from Operating Activities</b>				
<b>OPERATING ACTIVITIES</b>				
Net Surplus / (Deficit)	3,531	433,277	3,488	433,297
<b>Add (less) non-cash items:</b>				
Depreciation and Amortisation	43,982	40,429	43,982	40,429
Donated Assets	74	56	74	56
Movement in Reversionary Interest	(7,965)	(4,784)	(7,965)	(4,784)
Movement in Long Term Revenue Owing	(123)	(115)	(123)	(115)
Movement in Total Employee Entitlements	2,725	929	2,725	929
Unrealised Foreign Exchange Variations	493	(30)	493	(30)
Net Movement In Fair Value of Interest Rate Swaps	(125)	-	(125)	-
Impairment in Software Asset	-	3,162	-	3,162
Increase in Revaluation of Buildings	(676)	(73,388)	(676)	(73,388)
Increase in Impairment of Buildings	-	6,790	-	6,790
<b>Add (less) movements in other working capital items:</b>				
Accounts Payable	1,180	(5,588)	1,229	(5,573)
Revenue in Advance	3,011	1,525	3,011	1,525
Accounts Receivable and Prepayments	251,320	(261,290)	251,317	(261,286)
Inventories	(190)	252	(190)	252
<b>Add (less) items classified as Investing / Financing Activities:</b>				
Net Loss on Disposal included in Investing Activities	7,561	(651)	7,561	(322)
Movement in Lease Revenue in Advance	(830)	(830)	(830)	(830)
Movement in Library Serials Prepayment	(2,461)	(2,254)	(2,461)	(2,254)
Movement in Fixed Asset Related Payables / Accruals	(3,680)	6,226	(3,680)	6,226
Insurance Receipts related to PPE	(246,493)	(105,578)	(246,493)	(105,578)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>51,334</b>	<b>38,138</b>	<b>51,336</b>	<b>38,506</b>

## 20 / Related Party Transactions

### Transactions with related parties

The University transacts with other Government owned or related entities independently and on an arm's 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 arm's length basis.

During the year to 31 December 2015 the University had the following inter-group transactions with Canterprise and its Subsidiaries:

	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)
Payable to Canterprise Limited	75	25
Payments to University of Canterbury from Canterprise Limited	–	90
Payments to University of Canterbury from Entre Limited	–	2
Dividend Received from Canterprise	–	261

In addition to the above transactions that Canterprise Limited had with the University, Canterprise had a number of small transactions with its subsidiaries. All transactions were conducted on an arm's length basis.

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 2014: \$nil).

### Senior Management

The compensation of Councillors and senior management, being the key management personnel of the University, is as follows:

	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)
<b>Council Members</b> – Council Honoraria	170	83
<b>Senior Management Team, including the Vice-Chancellor</b> – Remuneration	3,989	3,994
	<i>Number</i>	<i>Number</i>
<b>Council Members</b> – Full-time equivalent members <sup>1</sup>	12	17
<b>Senior Management Team, including the Vice-Chancellor</b> – Full-time equivalent members	14	14

<sup>1</sup>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-Chancellors, Assistant Vice-Chancellor (Maori), Registrar and Assistant Vice-Chancellor, Chief Financial Officer, Pro-Vice-Chancellors for the Colleges and the Directors of the Service Areas.

## 21 / 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.

	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)
<b>Early Childhood Learning Centre</b>		
Statement of Comprehensive Revenue and Expense		
<b>OPERATING REVENUE</b>		
Government Grant – Child Funded Hours	693	686
Other Revenue	432	423
<b>TOTAL OPERATING REVENUE</b>	<b>1,125</b>	<b>1,109</b>
<b>OPERATING EXPENDITURE</b>		
Personnel Expenses	967	1,002
Site & Property Costs	60	59
General / Operating Expenditure	25	21
Depreciation	1	1
<b>TOTAL OPERATING EXPENDITURE</b>	<b>1,053</b>	<b>1,083</b>
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR AND TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>72</b>	<b>26</b>

## 22 / 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. Further details of the University's wider construction intentions are included in Note 24.

### 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 26 years.

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

	2015 University Actuals (\$000's)	2014 University Actuals (\$000's)
<b>Capital Commitments</b>		
Not later than one year	177,266	55,764
Later than one year and not longer than five years	22,761	59,744
<b>TOTAL CAPITAL COMMITMENTS<sup>1</sup></b>	<b>200,027</b>	<b>115,508</b>
<sup>1</sup> Capital Commitments relate to buildings.		
<b>Non-cancellable Operating Lease Commitments as Lessee</b>		
Not later than one year	7,401	2,113
Later than one year and not longer than five years	12,487	6,022
Later than five years	1,444	1,430
<b>TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS</b>	<b>21,332</b>	<b>9,565</b>
The University has rights of renewal of varying periods in some of its leases.		
<b>Non-cancellable Operating Lease Commitments as Lessor</b>		
Not later than one year	1,690	1,955
Later than one year and not longer than five years	4,878	4,824
Later than five years	13,929	15,163
<b>TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS</b>	<b>20,497</b>	<b>21,942</b>

The University entered into a 35 year lease arrangement with Campus Living Village for the University's student accommodation in 2005.

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

## 23 / Contingencies

### Earthquake and insurance related contingencies

The University entered into a funding agreement with the Crown in September 2014, which commits the Crown to funding UC up to \$260 million for the construction of the Regional Science and Innovation Centre (RSIC) and the Canterbury Engineering the Future (CETF) project. The University has received \$195 million so far under this agreement, and has repaid \$8 million in line with the terms of the funding agreement. There are a number of conditions in the funding agreement that may either delay receipt or result in the University receiving less than the remaining amount in full, including the satisfactory completion of implementation plans for Stage Two of the RSIC, review of the University's capital expenditure programme, and the maintenance of EFTS numbers within the forecasts made by the University in its business cases to the Government.

As a result, the University has a contingent asset of up to \$65 million, dependent on the successful completion of the required plans and other dependencies.

The University is exposed to potential sharing of its insurance settlement with other claimants. Negotiations continue, and involve allocation of receipts to damage in specified buildings, and to claim recovery costs. In certain cases there may be no requirement to share the insurance receipts at all. Accordingly, the University is unable to

quantify any amount that might become payable. The contingent liability in respect of the Crown's share of insurance proceeds reported in the 31 December 2014 financial statements has now been settled, as noted above. The University is also exploring the potential for further claims on EQC for damage to its halls of residence. This is at a very early stage, and the University is unable to quantify any contingent asset relating to these potential claims.

### 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 provided a bond of \$15,455 to the New Zealand Automobile Association for a vehicle trailer. This bond is held by the University's bankers, ANZ and will expire November 2019.

The University has also provided 3 Carnet Indemnities for \$42,000, \$46,000 and \$57,000 to the Wellington Regional Chamber of Commerce for the export of a Formula 1 car to Australia for testing. The Carnet for \$42,000 will expire in May 2016, the Carnet for \$46,000 will expire in June 2017 and the Carnet for \$57,000 will expire in June 2018.

The University has no other contingent liabilities or assets at 31 December 2015 (2014: \$nil).

## 24 / 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. This includes restrictions in relation to disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings, and borrowing.

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

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

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

In 2009, the University issued a \$50 million, 10 year, fixed rate, unsubordinated, unsecured Bond (refer Note 14) to assist with capital investment.

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

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

Having settled its insurance claim, the University has prioritised its capital and operational programmes for the short to medium term, with the goal of optimising the use of the insurance funds supplemented by the University's operating cash flow surpluses.

## 25 / Events After Balance Date

Following the earthquake event of 14 February 2016, the University closed the campus and performed reviews of individual indicator buildings. Those reviews revealed only minor additional damage had been incurred and the campus was reopened. Further structural investigation will be carried out, but the University does not consider the effect of the latest earthquake to have been significant.

There have been no other significant events after the balance date (2014: received the balance of the insurance settlement, \$269,023,000).

## 26 / Adjustments Arising On Transfers to PBE Accounting Standards

The University's financial statements for 31 December 2015 are the first full year financial statements prepared in accordance with PBE IPSAS. The University has applied PBE FRS 46 "First time adoption of PBE Standards by entities previously applying NZ IFRS" in preparing those financial statements. The University's transition date is 1 January 2014 and it has prepared its opening PBE IPSAS Statement of Financial Position at that date.

The University has made adjustments to its disclosures throughout these financial statements to reflect the requirements of the new standards. In particular, for the first time, the University discloses separately the total revenue from non-exchange revenue transactions (note 1) and receivables from non-exchange transactions (note 6). In making these disclosures, the University notes that there is limited guidance in the new PBE accounting standards on determining whether a transaction is exchange or non-exchange in nature. Accordingly, it can sometimes be difficult to determine the appropriate standard to apply in accounting for some revenue streams. The University will continue to refine its approach in this area as the Tertiary Sector responds to the new standards and guidance develops.

The other major change in disclosure is for the presentation of related party transactions (note 20). In these financial statements, the University has only disclosed transactions with entities which it controls, together with a description of transactions with Government or related entities. Transactions with entities with which Council members and Senior Managers of the University are involved in a management or ownership capacity were disclosed previously, but this is not now required unless the transactions are at other than arm's length.

The transition to PBE IPSAS has resulted in the presentation and disclosure changes outlined above. There were no recognition or measurement changes.

## 27 / Interim Financial Statements

The University published unaudited interim six monthly financial statements to 30 June 2015 on 26 August 2015. These interim statements were the first prepared in accordance with PBE IPSAS. The University applied PBE FRS 46 "First time adoption of PBE Standards by entities previously applying NZ IFRS" in preparing those financial statements. In the financial statements to 31 December 2015, there have been some changes to disclosed Research Grant Receivables and related Revenue in Advance to reflect developed practice in the Tertiary Sector. There was no impact on the reported surplus for the six months ended 30 June 2015.

## 28 / Explanations Of Major Variances Against The 2015 Budget

### Statement of Comprehensive Revenue and Expense

**Performance Based Research Funding (PBRF)** — revenue is \$1.8 millions higher than budget, mostly due to the increase in the total funding pool.

**Student Tuition Fees Domestic Fee Paying** — fees are \$1.5 millions lower than budget, with student numbers (EFTS) 1.1% lower than the budget anticipated.

**Student Tuition Fees Full Fee Paying** — fees are \$2.7 millions higher than budget, with student numbers (EFTS) 13.9% higher than the budget anticipated.

**Research Revenue** — this is \$5.9 millions higher as a result of a number of large contracts that were not in place at the time the budget was set.

**Interest Revenue** — higher cash balances have resulted in higher interest against budget of \$13.7 millions. This is the result of the timing of receipt of the final insurance settlement at the end of January.

**Other Revenue** — the main variance to budget is the increase in reversionary interest of \$7.6 millions, which is based on discount rates and price indices at balance date and which are difficult to budget.

**Insurance reimbursements and settlements** — revenue is \$39.1 millions unfavourable due to the full insurance settlement in late 2014. The 2015 budget had been set at the estimated level of remediation spend for the year.

**General / Operating Expenditure** — this category is \$17.8 millions unfavourable overall. There are three individual items that have materially impacted this category. Rental costs have increased and the University has experienced a loss on sale of assets (including building write offs) and increased contractor costs for decanting and demolitions.

**Depreciation and Amortisation** — costs are \$3.4 millions higher than budget due to the increased depreciation on buildings as a result of the 2014 end of year revaluation exercise increasing the overall buildings' values by \$66.6 millions, hence increasing the value to be depreciated.

### Other Comprehensive Revenue and Expense

**Movements in revaluation reserves relating to Buildings Assets** — the value of the buildings increased by a net of \$70.3 millions in the 2015 building revaluation exercise. Revaluations are not budgeted for given the uncertainty around predicting the movements.

**Movements in revaluation reserves relating to Land** — the Land assets were revalued as at the end of 2015. The valuation decreased \$4.9 millions based on recent sales analysis.

### Statement of Changes in Net Assets / Equity

**Capital Contributions from the Crown** — the \$23.0 millions unfavourable variance represents \$8.0 millions paid by the University to the Crown, based on insurance proceeds, and a further \$15.0 millions that was budgeted to be received in 2015 that is now expected to be received in 2016, in line with the revised Funding Agreement.

### Statement of Financial Position

**Cash and Other Financial Assets / Short Term Deposits** — a favourable balance against budget by \$128.7 millions. However, including the balance in Long Term Deposits of \$129.5 millions, this favourable variance increases to \$240.7 millions. This variance is the result of receiving the full settlement of the insurance funds, not budgeted for.

**Receivables** — the \$15.9 millions favourable balance is mainly due to accrued interest where long term deposits pay interest only at maturity.

**Revenue Received in Advance** — the favourable variance of \$3.3 millions reflects the additional student fees received in advance for courses new to the University in 2015 of \$2.0 millions as well as research revenue received but not yet earned of \$1.3 millions.

**Accounts Payable** — The \$1.8 millions higher balance than budget reflects the accrual of money owed to contractors for earthquake remediation and other construction work completed.

**Current Provisions / Employee Entitlements** — a \$1.7 millions lower balance is due to the higher use of annual leave in 2015 than anticipated.

**Property, Plant and Equipment / Intangible Assets / Capital work-in-progress** — the favourable variance of \$16.0 millions against budget is due to the 2015 budget being prepared in advance of the 2014 year end, therefore the impairment and revaluations impacts were not included in the budget. Likewise the 2015 impairment and revaluation movements are unbudgeted and significant. In addition, the University instigated a post insurance settlement review upon receiving the insurance settlement delaying capital works until the review was complete.

**Investments** — the \$106.7 millions is the investment in Government bonds, not budgeted for.

**Derivative Financial Instrument Assets** — the favourable variance is the fair value movement of the interest rate swaps, not normally budgeted for.

**Other Financial Assets / Long Term Deposits** — the \$112 millions favourable variance against budget is due to the investment of funds long term to maximise interest revenue returns in line with treasury policy. These were not known at the time of setting the budget.

**Other Non Current Assets** — these are \$10.2 millions higher than budget due to the increased value for the reversionary interest in the Campus Living leased assets. The increase is due to the movement in discount rate and the increase in value of the underlying assets.

**Derivative Financial Instrument Liabilities** — the unfavourable variance is the fair value movement of interest rates swaps, not normally budgeted for.

**Term Provisions — Employee Entitlements** — the actuarially valued employee entitlements increased in value during 2015 resulting in unfavourable variance to budget of \$1.8 millions.

**General Equity — Student Services Levy Capital Reserve** — the \$10.7 millions variance is the allocation of insurance funds received as part the final insurance settlement that relate to the UCSA building.

**Revaluation Reserves** — see Movements in Revaluation Reserves under Other Comprehensive Revenue and Expense above. These movements are not budgeted for due to the difficulty in predicting any changes so far in advance of the valuation process.



# NZDX Waivers

**The University of Canterbury (UC) 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 UC'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;
  - UC make an announcement, as soon as it is known, and in any event within 60 days of each of UC's financial year ends, disclosing the date on which UC's annual report and UC's preliminary announcement are expected to be released to the market, and
  - not later than 60 days after the end of each of UC's financial years, UC provide to the market a certificate from the Chancellor or the Vice Chancellor, and the Chief Financial Officer of UC, that all relevant financial information required to be disclosed to the market, pursuant to NZDX listing Rule 10.1.1, has been provided.

# Compulsory Student Services Levy



# Compulsory Student Services Levy

For the year ended 31 December 2015

The University of Canterbury (UC) 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 University Canterbury Student Association (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.

It provides a formal forum for UCSA representatives to present the view of the student body to the management of UC related 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 UCSA in the years 2011 through to 2015, surveys of student preferences on the allocations of operational and student space capital fund allocation have been carried out through JOAB. The 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 2015 the Compulsory Student Services Levy per Equivalent Full Time student was \$745. These fees are separately accounted for in UC's accounting system. Details of Student Services Fees expenditure are provided to students in the *Guide to Enrolment* publication, online, in student publication *Canta* and via campus poster campaigns.

<b>UC Student Services Levy Allocations</b>	<b>Actual (\$000's)</b>	<b>Budget (\$000's)</b>	<b>Variance (\$000's)</b>
Compulsory Student Services Levy Collected	7,888	8,024	(136)
<b>Services Funded by the Compulsory Student Services Levy</b>			
1. Advocacy, legal and financial advice	545	544	1
2. Careers & employment information, advice & guidance	509	607	(98)
3. Counselling services and pastoral care	863	848	15
4. Health services	1,036	1,101	(66)
5. Media	314	314	-
6. Sports, recreation & cultural activities; Clubs & societies	2,766	2,659	107
7. Balance to Student Space Capital Fund	1,962	1,962	-
<b>Total</b>	<b>7,994</b>	<b>8,035</b>	<b>(41)</b>
<b>Surplus/(Deficit)</b>	<b>(106)</b>	<b>(11)</b>	<b>(95)</b>

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.

<b>Student Space Capital Reserve for 2015</b>	<b>(\$000's)</b>		<b>(\$000's)</b>
<b>Opening Balance 01 Jan 2015</b>	<b>2,168</b>	Amounts allocated towards future year spending	
Capital Reserve allocation from 2015 Levy budget	1,962	Recreation Centre Development	500 From 2013 allocations
Minor Capital Works expenditure	(40)	Capital Works Building Projects	1,168 From 2014 allocations
		Recreation Centre Development	500 From 2014 allocations
		Capital Works Building Projects	1,922 From 2015 allocation
<b>Closing Balance 31 Dec 2015</b>	<b>4,090</b>	<b>Future Year Allocations</b>	<b>4,090</b>

**UC Student Services Levy Allocations for 2015 (\$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. <b>UC Student Support:</b> a team of eight staff develop and deliver a range of student-focused support services that facilitate the academic, social and cultural development of students from diverse backgrounds.	66	99	331	33		132		661
2. <b>UC Disability Resource Services:</b> Disability Resource Services deliver specialist advice and resources to disabled students. This funding is to cover the additional expenses for servicing temporary disabilities and international students. Almost all of their funding comes from Tertiary Education Commission (TEC) Equity Funding. Note <sup>1</sup>				16				16
3. <b>UC Health Centre Counselling:</b> a team of five counsellors deal with all sorts of problems, e.g. loneliness, grief, anxiety, depression, stress, homesickness, relationship problems and gender worries. Most counselling is short to medium term.			310					310
4. <b>UC Health Centre:</b> a team of 25 doctors, nurses and support staff provide high quality, responsive and cost-effective services to 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.				692				692
5. <b>UC Rec Centre:</b> a team of 15 and an array of group fitness and exercise instructors manage UC Recreation Centre membership, programmes and facilities for registered members.						1,002		1,002
6. <b>UC Sport:</b> a team of four coaches 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 UCSA with their separate allocation shown below.						366		366
7. <b>UC Careers, Internship and Employment:</b> a team of four they engage with students and graduates by providing quality career education as a result effective connections with employers and industry.		394						394
8. <b>UC Māori Development:</b> a team of six deliver integrated support programmes for Māori students, focussing on skill development, community connections and pathways to academic success. A significant portion of their funding comes from TEC Equity Funding. Note <sup>1</sup>	86		70			104		261
9. <b>UC Pacific Development:</b> a team of six provide leadership in identifying and meeting Pacific educational aspirations, focussing on skill development, community connections and pathways to academic success. A significant portion of their funding comes from TEC Equity Funding. Note <sup>1</sup>	46	15	152			91		304
10. <b>UCSA Advocacy &amp; Welfare:</b> the team provide advice, dispute resolution services, and welfare provision (free legal advice, budgeting help and a food bank), and administer the Class Representatives system.	347							347
11. <b>UCSA Media &amp; Comms:</b> coordinate UCSA's communication channels.					314			314
12. <b>UCSA Activities &amp; Events:</b> provides direct support to clubs, weekly student events and organise the big events of the year including Orientation, Grad Ball.						906		906
13. <b>UCSA Dental:</b> provides access for basic dental care (check-up, x-ray, fillings, extractions).				295				295
14. <b>UCSA Sport:</b> provide services in partnership with the UC Sport and UC Recreation Services.						165		165
15. <b>Student Space Capital:</b> the balance of the Student Services Levy transferred to the Student Space Capital Fund.							1,962	1,962
<b>Total</b>	<b>545</b>	<b>509</b>	<b>863</b>	<b>1,036</b>	<b>314</b>	<b>2,766</b>	<b>1,962</b>	<b>7,994</b>

Note 1: UC Disability Resource Services, 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.



# Equity & Diversity



# Equity & Diversity

**The University of Canterbury (UC), in line with the Human Rights Act (1993) and Education Act (1989), is committed to ensuring quality of opportunity in employment and education for all its staff and students, irrespective of background. It is accepted that age, gender, ethnicity or disability should not disadvantage or hinder appointment, professional development, promotion, advancement or successful study.**

The University recognises its responsibility to adopt procedures to ensure the absence of discrimination in relation to all facets of university life in accordance with prevailing community standards of best practice and relevant legislation.

Equity and diversity issues underpin the core business of the University and are therefore considered to be of concern to every member of the University community. The aim of the University's Equity and Diversity Programmes is to foster a campus environment of inclusion, knowledge and understanding in which students and staff feel a sense of belonging, learn to value diversity and to respect individual differences that enrich the University community and student experience.

While acknowledging that all members of the UC community are accountable for equity and diversity, formal oversight rests with the Director of Student Services and Communications, the Assistant Vice-Chancellor (Māori), and the Director of Human Resources who jointly hold the Equity and Diversity portfolio within the University's Senior Management Team. A Central Equity and Diversity Advisory Committee (CEDAC) composed of UC students, general staff, and academic staff from each of the colleges meets monthly to discuss initiatives and best practice. The Coordinator Student Equity and Diversity Services leads the implementation of educational initiatives and programmes identified as priorities by the committee.

The University of Canterbury continues to make progress towards gender equity amongst its staff. Overall the University staff comprises 49% women. The Senior Management Team is 43% female (six of 14). 28% of senior academic positions (Professor or Associate Professor) in 2015 are held by women. Recruitment of appropriately qualified women for the vacancies that do arise continues to be a challenge. The situation amongst other academic positions is different; 43% of roles occupied by women.

The Office of the Assistant Vice-Chancellor Māori has been working with University Faculty to provide learning opportunities for students so they can develop bicultural confidence and competence. Within the Office of the Assistant Vice-Chancellor Māori, which includes the Māori Development Team, eight of the 12 continuing full time roles are held by women.

The UC Pasifika Strategy 2014–2018, adopted by Council in November 2014 has led to an encouraging number of positive responses and new initiatives set-up in 2015 to improve educational outcomes for Pasifika.

In 2015 the UCSA Student Wellbeing Advisory Group was established to improve the representativeness of student views and input into policymaking. This group worked closely with CEDAC to incorporate a wide range of student views into ongoing discussions about the future of equity and diversity on campus. A Student Success Internship provided two undergraduate students with an opportunity to engage staff, students and the wider community in discussions regarding equity and diversity at UC. This resulted in an annual stocktake of equity with a series of recommendations.

Other initiatives progressed in 2015 were:

- a Diversity Week with over 2,000 staff and students attending 24 events focuses on the theme, 'everyone belongs'
- enhanced training of leaders of student clubs and societies to provide them with a context and tools to support diversity
- review of the UC code of student conduct to make it more accessible and reflective of diversity principles
- development of gender-neutral wash facilities
- creation of a diversity calendar with the aim of promoting and championing equity and diversity events across campus.

As UC progresses its remediation and building projects, consideration is being given as to how to incorporate universal building design and improvements to support all students, staff and community members, including those with disabilities.

# Notes



# Notes

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