The University of Canterbury has faced significant challenges over the past couple of years and I have been impressed at how our community has risen to meet them. It will be clear in my report that we are not out of the woods yet, but I would like to take this opportunity to acknowledge the dedication and hard work of our people during 2012. The resilience of our staff and persistence of our students will be hallmarks of UC’s response to an extraordinary period in our history.

**UC’s contribution to recovery, growth and prosperity**

A critical driver for government support is the economic value the University brings as the second largest employer in Christchurch, contributing $1.5 billion (directly and indirectly) annually to the Canterbury economy. It has more than 1900 full time equivalent staff (in excess of 4000 individuals are paid each year by UC). Between now and 2023 — the year of UC’s 150th anniversary — more than 30,000 students will graduate and the University will contribute up to $15 billion to our region’s economy.

We believe that a strong university goes hand in hand with a robust, cohesive and growing economy and community. After considering the UC business case the Government confirmed in November its agreement in principle, subject to a more detailed business case which will determine the level of support to be provided, to help the University address the financial impacts of the earthquakes by providing capital support to advance its science and engineering capabilities.

We appreciate the Government’s understanding of the University’s situation and its recognition of the need for support, and we warmly welcome the confirmation of support. We are now working with the Government to determine the optimum level and options. This will need to be treated with some urgency to ensure that the University remains financially viable in the medium to long-term. On behalf of the University I would like to thank the wide range of individuals and organisations that put their names to UC’s case for support.

However, we know that support from the Government is not the only answer and it is only fair that we do some of the heavy lifting ourselves. We have constrained our spending and must continue to look for savings. Voluntary and compulsory redundancies, and natural attrition, have seen some reduction in staff numbers this year. The University has taken a wide range of measures to control expenditure, including reducing staff numbers by 83 FTEs (full time equivalent staff). Similar reductions are likely to be needed over the next couple of years. We continue to look at ways to reduce our overheads in site and property costs to preserve resources in order to maintain staff levels. This means less space in total, more flexible spaces and higher utilisation of space will be needed.

**Use of resources**

The University is facing a complex financial situation as a result of the 2010 and 2011 Christchurch earthquakes. On the positive side, first year student numbers were 14 per cent or 383 EFTS (equivalent full time students) above budget and total operating revenue increased by $2.5 million from 2011, $175 million higher than budgeted. Total operating expenditure has increased by $36.4 million. Excluding the one-off library adjustment of $20.0 million, this increase is $16.4 million of which $4.4 million was an increase in scholarships offered, $3.2 million increase in actuarially valued employee entitlements, $2.7 million increase in insurance premium, and a $2.5 million increase in cost of procuring library publications due to the change of treatment of electronic serials being treated as operating expenditure rather than a capital purchase.

Excluding insurance premium increases and a one-off adjustment for the library, operating expenditure was close to budget. There has been a decrease in the operating result before the impact of the earthquakes from $7.3 million-surplus in 2011 to a deficit of $26.6 million in 2012. This is after allowing $20.0 million for the adverse impact on the 2012 statement of comprehensive income arising from changes to the accounting treatment of library materials. We have also seen a decrease in the operating result after the impact of the earthquakes from a $28.8 million surplus in 2011 to a deficit of $66.6 million in 2012.

The estimated damage reports, provided to us by Rawlinsons, have seen an increase in the assessed value of costs to remediate damage...
to campus buildings, from $120 million in 2011 to $390 million in 2012. This is largely due to more information being available to make this assessment based on engineering reports, invasive testing and detailed inspections after strip out. By April 2013, the University expects to be in a better position to estimate damage as 40 of the largest structures on campus will have full engineering reports available.

The University’s working capital has decreased by $16.5 million in the last year and the net operating cashflow, excluding earthquake related flows, has decreased by $6.2 million from $43.2 million to $37.0 million. After allowing for operating results, building and other asset revaluations and impairments and recognition of insurance proceeds, the total equity of the University has dropped by $62.6 million year on year.

Our staff

While 2011 was the year everyone, literally, rolled up their sleeves to get us back in business, 2012 has seen us not only delivering teaching and research against a backdrop of uncertainty and change but has also had us all thinking hard about the type of institution we need to be if we are to be sustainable in the post-earthquake environment. 2012 has been a busy and challenging year for staff and I wish to acknowledge their hard work, dedication and persistence in helping get the University on track — all while a number of staff have had to cope with continuing earthquake-related issues at home. To recognise this, in 2011 the University made provision to allow staff up to 15 days of earthquake leave, to be taken by 31 December 2013. In 2012, 398 staff took advantage of this provision, taking 1906 earthquake leave days. I would also like to thank senior staff for their support throughout 2012, particularly those who took on additional responsibilities — among them Professor Jarg Pettinga (Acting Deputy Vice-Chancellor); Professor Adrian Sawyer and Associate Professor Richard Scragg (Acting Pro-Vice-Chancellor, Business and Economics), Associate Professor Richard Scragg (Acting Pro-Vice-Chancellor); Professor Adrian Sawyer and Associate Professor Richard Scragg (Acting Pro-Vice-Chancellor), and Professor Jarg Pettinga (Acting Deputy Vice-Chancellor). They took on additional responsibilities — among them Professor Jarg Pettinga (Acting Deputy Vice-Chancellor); Professor Adrian Sawyer and Associate Professor Richard Scragg (Acting Pro-Vice-Chancellor, Business and Economics).

There have also been a number of changes to the Senior Management Team during the year — Keith Longden has been appointed Chief Financial Officer; Dr Sonia Mazey is the new Pro-Vice-Chancellor of the College of Business and Law; Alex Hanlon joined UC as Director of Learning Resources; and Lynn McClelland has been appointed Director of Student Services and Communications.

We also saw the departure of Dr Nello Angerilli, who came to the University in 2010 to take up the role of Pro-Vice-Chancellor (Student Services and International). During his time at UC, Dr Angerilli worked tirelessly to advance our student recruitment and retention activities. He was also a key player in developing the University’s partnership with global education provider Navitas.

Our students and their learning

In April, UC’s Student Volunteer Army was presented with the Royal New Zealand RSA’s Anzac of the Year Award 2012 in recognition of this significant contribution to the Christchurch community following the earthquakes of 2010 and 2011. It was the first time the award, which recognises the efforts of New Zealanders who exemplify the Anzac qualities of comradeship, compassion, courage and commitment, had been given to non-military personnel or to more than one person. For the third consecutive year, a student from UC — physics and maths student James Bonifacio — has been awarded a Rhodes Scholarship, evidence of our ability to attract, retain and educate truly world-class scholars. Engineering student Samuel Corbett-Davies won the Institute of Electrical and Electronics Engineers Innovation (IEEE) award for his work on a grape vine cutting robot.

We have worked hard to attract students back to the University with our Liaison staff visiting 204 individual schools in 2012. The enrolment period for 2013 opened on 2 October and, so far, applications to enrol (ATEs) from first-year domestic students are similar to last year, while applications to enrol from first-year international students are showing some improvement on last year. ATEs for domestic returning students are below that of 2012, which was expected due to the impact of the earthquakes on our student pipeline. ATEs for international returning students are similar to 2012. Applications to our halls of residence are nearly 30 per cent higher than the same time last year.

Despite challenging times, the University of Canterbury continued to improve its educational performance and remained above the university sector average. UC was ranked second in New Zealand for course completion and progression to higher levels of study. More than 4400 certificates, diplomas and degrees were awarded throughout 2012 — a number comparable to 2009.

How others see UC

UC has maintained its ranking among the top three per cent of the world’s universities, and third ranked among New Zealand’s eight universities, according to the latest annual QS World University Rankings. Overall, UC is...
ranked 221st in the world and, as an employer, UC is ranked 151st in the world. The University has a QS 5 star rating.

Internationally, the University is consolidating its partnership programmes, with approximately 100 partnership agreements in place with high calibre institutions worldwide. In October, I headed a six-day mission to Indonesia, which resulted in partnership agreements with eight public and private universities located in six cities on the islands of Java and Sulawesi. The University is also encouraging students, through its exchange programme, to undertake study abroad visits at a partner university as part of their degree programme; approximately 100 students participated in such programmes in 2012. A new international studies initiative is currently in development.

The University is also supportive of the Study Christchurch initiatives, which include a student hub in the central district. Thanks to a financial contribution from Education New Zealand, the University is working with other education providers under the “Christchurch Educated” brand to attract international students to Christchurch as a quality study destination.

Our research and teaching

In July, UC submitted 678 portfolios to the Tertiary Education Commission as part of the Performance-Based Research Fund (PBRF) Research Assessment exercise. The submission of portfolios represents the culmination of a tremendous amount of work so my thanks go to our academic staff and the PBRF team which advised and supported them. PBRF funding is very significant for the University. We received $26.2 million from this source in 2012. TEC panels are reviewing the portfolios and we expect the results of the assessment will be available in March 2013.

The earthquakes generated a significant number of research opportunities across all disciplines. In early 2012 we had more than 200 earthquake-related research projects under way or planned, not just in geosciences and engineering as one might predict but many in social science, education and business looking at how the earthquakes had impacted on human activity in our city. We also established six new PhD scholarships for earthquake-related research.

UC’s commitment to promoting the best of our teaching and research initiatives continued throughout 2012 with more than 400 media releases issued and an inaugural series of “What if” lectures, which attracted several thousand attendees.

It is always pleasing to follow the successes of our staff and students. UC researchers received almost $11 million in funding for trailblazing energy, infrastructure, hearing, diabetes and nanotechnology research from the Ministry of Business, Innovation and Employment. Dr Martin Allen (Electrical and Computer Engineering) and Dr Clemency Montelle (Mathematics and Statistics) were awarded Rutherford Discovery Fellowship grants, each worth $800,000, to pursue concentrated research in their fields of expertise. Five University of Canterbury researchers were awarded Marsden Fund grants to research projects as diverse as the history of forensic psychology and the conversion of carbon dioxide into methanol. In December, Emeritus Professor Roy Kerr became the first New Zealander to be awarded the Einstein Medal by the Albert Einstein Society in Switzerland for his 1963 discovery of a solution to Einstein’s gravitational field equations. Law professor, Philip Joseph, received the 2012 UC Research Medal while the UC Innovation Medal was awarded to computer scientist Professor Tim Bell for his creative work in developing new materials and methods for teaching computer science.

Our teaching talent was recognised nationally at the annual Tertiary Teaching Excellence Awards with senior teaching fellow Stephen Hickson (Economics and Finance) one of 10 lecturers nationwide to receive an award.

The year ahead

2013 will bring new challenges. However, I believe the experiences gained in 2012 and the foundations we have created in the wake of the 2010 and 2011 earthquakes will drive the University of Canterbury forward to become a learning institution that is much better and stronger than ever before. The opportunities that current and prospective staff and students have to shape the city of Christchurch, New Zealand’s second largest city, in the near term will attract, excite and reward those prepared to make a difference.

Dr Rod Carr
Vice-Chancellor
27 February 2013