

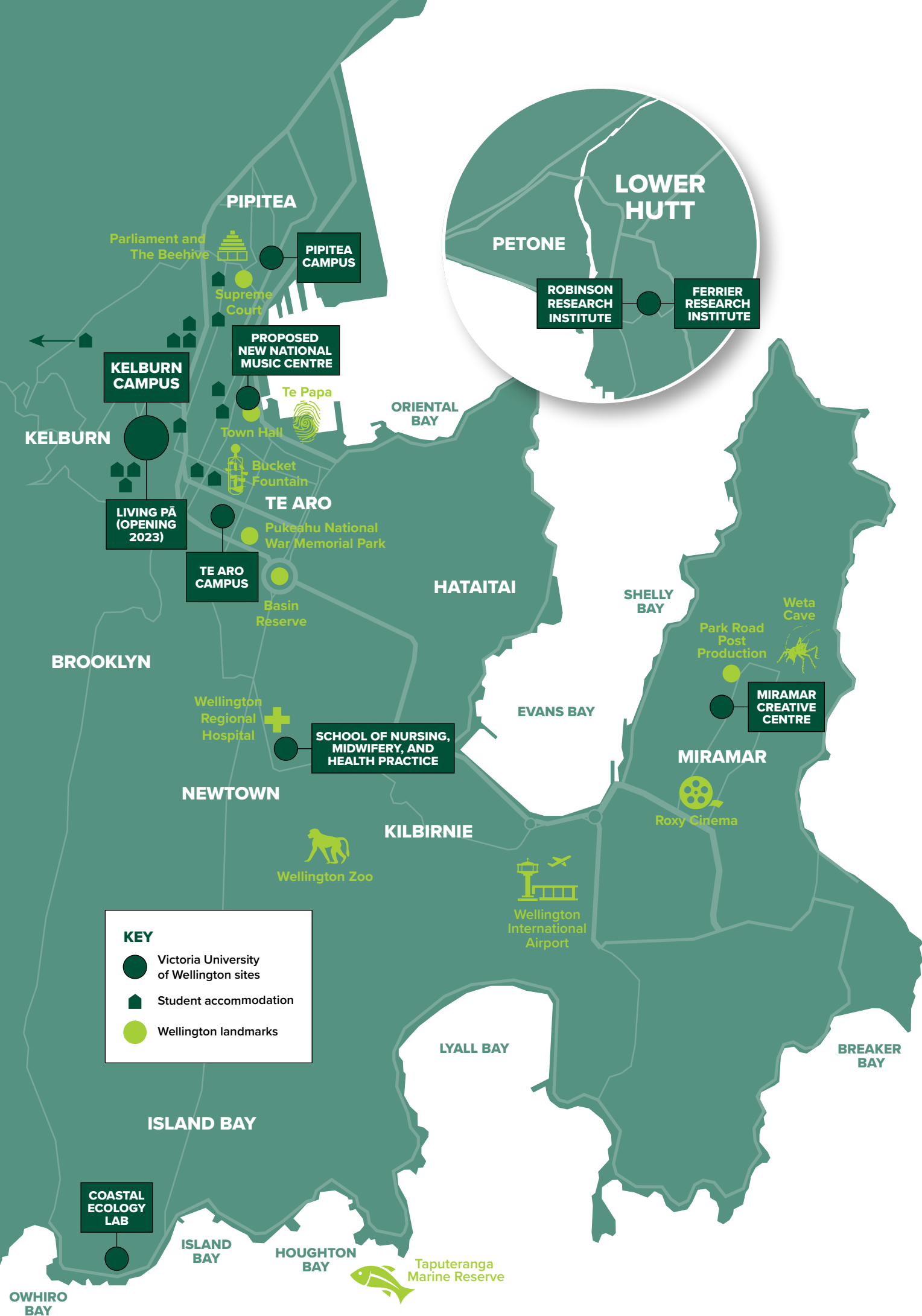
TE HERENGA WAKA—
VICTORIA UNIVERSITY OF WELLINGTON



VICTORIA UNIVERSITY OF
WELLINGTON
TE HERENGA WAKA

ANNUAL REPORT 2020





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April 2021



INTERVIEW WITH THE CHANCELLOR



What have been the Council's top priorities?

2020 was a year like no other. When the COVID-19 pandemic took hold, Council's immediate concern was the safety and wellbeing of our staff and students, and on how to minimise disruption to teaching and research. This required many urgent actions. The response from everyone involved under real pressure was outstanding. Not everything was perfect and that is what happens in a crisis. But the University was able to function despite the challenges of lockdowns, travel restrictions and new protocols. Council's other top priority was the need to rapidly assess the financial position of the University, given the immediate significant reduction in revenues caused by international students unable to come to New Zealand. Council, along with the Vice-Chancellor and Senior Leadership Team, strived to protect the University's public good mission by taking a careful and measured approach, with direction that decisions to address financial considerations were to be proportionate to the risks and not 'at all costs'. In a practical sense, the guiding principles communicated by Council included that decisions must be fair and reasonable, with a priority on revenue growth, efficiencies, and non-people cost savings. It inherently acknowledges that decisions made today will have intergenerational impacts on future students, staff, and governance.

How is the University doing?

Outstanding efforts by staff—ranging from reducing annual leave balances, to salary sacrifices, to accepting voluntary redundancy—have helped ensure the University ended the year with a loss of \$9.9 million rather than the \$19 million forecast if actions were not taken. 2021 is going to be another challenging year. The Council has approved a loss for the University of \$5 million as part of a pathway back to surplus in the period ahead. To achieve this, there is a challenge to reduce a significant budget gap caused by further reduction in international student revenues and cost increases in areas like insurance. However the early signs are encouraging aided by much of the hard work and sacrifice to date. In terms of teaching and learning, the University is well placed. Staff have a year of experience of dual in-person and online delivery and are better positioned to understand its opportunities and constraints. This will be of benefit well beyond the time of the pandemic.

And aside from COVID-19?

We reinforced our position as New Zealand's number one university for intensity of high-quality research in the Performance-Based Research Fund, the country's main measure of research activity. Even in the midst of COVID-19, our academics had their best year ever for grants from the Government's Marsden Fund for 'blue

skies' research. Of the 134 grants awarded, teams led by our researchers received a fifth of these. The 27 grants were the highest number for the University in the fund's 26-year history and their total value of more than \$16 million the most we have received in a single round. Our total external research income for 2020 was \$87 million, well above target and over double the level in 2014 (the first year of our current strategic direction). Wellington UniVentures successfully met its goal of 61 invention disclosures for 2020, well up on the 26 recorded in 2014 and a good indication of the strong pipeline of research commercialisation that has been developed in partnership with faculties.

What other achievements stand out?

This report details numerous achievements of the University across research, teaching and learning, and engagement. Notable achievements include improved scores in student evaluation of courses and teachers (despite the challenges of COVID-19); continued expansion of the Trimester 3 offering to cater for current and new students; establishing Wellington Uni-Professional to ensure growth in non-degree teaching; ranking among the top 40 universities in the world for Sustainable Development Goals social impact and commitment; and the many honours, awards, fellowships and other forms of recognition our academics have received. Council was delighted to approve support for the commencement of the Living Pā project.

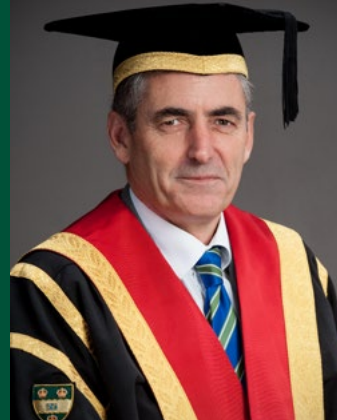
Who would you like to thank?

Our staff and students, for their resilience in the face of COVID-19. Academic and professional staff, in every role and at every level, went above and beyond the call of duty to ensure the University continued to operate and students continued to receive the high-quality education for which the University is renowned. I would also like to thank my Council colleagues, Vice-Chancellor Professor Grant Guilford, his Senior Leadership Team, and management for their hard work and leadership throughout the year. COVID-19 is among the most challenging things that could happen to the University. The response displayed examples of the University community at its very best and exemplifying our core values of respect, responsibility, fairness, integrity, and empathy. Thank you to all of you.

Neil Paviour-Smith

BCA Well, FCA ACIS CFInstD MSAFAA AFA
Chancellor

INTERVIEW WITH THE VICE-CHANCELLOR



How was it ending such a year with the biggest graduation week in the University's history?

Seeing nearly 3,000 students celebrate the milestone of graduation was a wonderful reminder of why we do what we do, especially in a year in which maintaining the academic progress of our students required Herculean efforts by our academic and professional staff. Staff across the University have responded with speed, resourcefulness, and utter professionalism to each stage of the pandemic, while simultaneously dealing with the impacts on their personal lives. I can't thank them enough.

How have you supported students during the pandemic and in other aspects of the year?

The University has worked in partnership with students to ensure their welfare and continued academic success. We provided comprehensive communications so our students had up-to-the-minute information to navigate changes. In Trimester 1, students joined academic and professional staff to help design and develop course resilience. Against a backdrop of COVID-19 and the pivot to dual-mode delivery, student satisfaction with teaching remained very high, with 86 percent of courses and 96 percent of teachers assessed as good, very good, or excellent. Support for students has included a Hardship Fund, a loan laptop scheme, and a Tutor Relief Fund. We also launched Ngā Hoe a Kupe Pathfinder Scholarships for students from low-decile Wellington secondary schools. As well as financial support, scholarship recipients receive one-on-one academic mentoring, are supported by a student adviser from a similar background, and participate in a leadership development programme called Wellington Plus. I am pleased to say that, despite employment opportunities being impacted by COVID-19, our graduates remain in demand, with 95 percent in a job, further study, or not seeking work in their first year after graduating.

Were there any upsides from the pandemic?

Yes, there were. The pandemic required a collective societal pause—a chance to think and to reconsider what we value. One outcome of this reset has been a renewed sense of collective responsibility. Another has been to highlight the value of speaking truth to power—something our academic staff excelled at during this year. A third has been a very clear demonstration of the importance of sustainability. All of these outcomes create a stronger alignment between our society and the University. Responsibility is one of the shared values underpinning our iho as a global-civic university with our marae at our heart. So much so, we chose the niho taniwha pattern found in the kōwhaiwhai and tukutuku panels of our marae to take centre stage in our new visual identity. Institutional autonomy, the repository of expertise in universities, and a commitment to societal engagement are three of the key

ingredients of the critic and conscience role we so highly value. And of course, sustainability is one of our key areas of distinctiveness, whether it be our world-class research and teaching in this area or our efforts to reduce our own environmental footprint through initiatives such as the partnership with the city to plant trees in the city's Outer Green Belt.

What about the University's role in tackling the COVID-19 virus itself?

We have played a lead role in the country's vaccine research and evaluation, working alongside the Malaghan Institute of Medical Research and the University of Otago as part of the Vaccine Alliance Aotearoa New Zealand. Our researchers have provided analysis of such important issues as the legal implications of the New Zealand lockdown and the economic impacts of COVID-19. They have also been regular presences in the media, where they have explained the science behind COVID-19 and potential vaccines, and given mental health and other wellbeing advice.

What were some of the University's other initiatives to help New Zealanders during the pandemic?

More than 420 people took up our Trimester 2 fees scholarship, which covered 100 percent of tuition fees and was available to people whose work and life were disrupted by the pandemic. We also established a Provisional Admission category for 2021, whereby secondary school students who did not achieve University Entrance because of the disruptions, but met certain academic requirements, could start a Bachelor's degree in a restricted programme of study.

How is the University prepared for 2021?

It is going to be another challenging year, in some ways even more so than 2020, as we face the further financial consequences of COVID-19. But, inspired by the huge resilience and innovation shown in 2020, I am confident we will surmount the challenges and continue to build our contribution to society. I wish to thank everyone who is part of our community—staff, students, Council members, partners, stakeholders, alumni, and donors—for all they have done and will do in support of our shared purpose of research, teaching, and engagement that transforms lives.

Professor Grant Guilford
Vice-Chancellor

RESEARCH IS THRIVING

- Continued successes underline our No.1 ranking for intensity of high-quality research (Performance-Based Research Fund)
- Best year ever for Marsden Fund grants in terms of both number—27—and value—more than \$16m—and over \$26m from the Ministry of Business, Innovation and Employment to our Robinson Research Institute for its ground-breaking research
- Total external research income of \$86.8m
- Strong resilience in the face of COVID-19 and its impacts and a leading role in New Zealand's COVID-19 vaccine research and evaluation
- Resounding vote of confidence for the MacDiarmid Institute for Advanced Materials and Nanotechnology, hosted by the University, with its fourth consecutive designation as a Centre of Research Excellence
- Awards for Professor Rawinia Higgins and Associate Professor Maria Bargh from the Royal Society Te Aparangi acknowledging their respective contributions to te reo Māori revitalisation and te ao Māori and the Prime Minister's Science Prize for our Antarctic Research Centre's Melting Ice and Rising Seas team
- Open access research repository launched to make it easier for government, businesses, and other organisations to benefit from our expertise



YEAR IN

TEACHING AND LEARNING

- Most university courses offered online as well as face-to-face to mitigate impact of COVID-19
- Comprehensive support for current students impacted by COVID-19 through technology and hardship grants, accommodation discounts, flexibility in managing workload and assessments, and extension of course withdrawal dates
- Fees scholarships provided to more than 420 people whose work and life had been disrupted by COVID-19 for study in Trimester 2
- Improved scores in student evaluation of courses and teachers, despite the challenges presented by COVID-19
- Continued expansion of our Trimester 3 offering to cater for current and new students
- Established Wellington Uni-Professional to ensure growth in non-degree teaching, including short courses, micro-credentials, and professional development
- Dr Awanui Te Huia from Te Kawa a Māui won a 2020 Tertiary Teaching Excellence Award, one of just nine awarded nationally





ENGAGEMENT

- Continued to rank among the top 2 percent of the world's 18,000 universities overall and in the top 100 universities in the world for 12 subjects
- Sustainability leadership reflected in ranking among the top 40 universities in the world for Sustainable Development Goals social impact and commitment
- Partnerships continued to flourish despite the challenges of COVID-19. Examples include an agreement signed for a joint programme with Communications University of Zhejiang in Hangzhou, China, and a Memorandum of Understanding with California State University, Stanislaus
- Assistant Vice-Chancellor (Pasifika) Luamanuvao Dame Winnie Laban received the 2020 Women of Influence Lifetime Achievement award for service to the Pacific community, both in politics (she was the first Pacific Island woman to be elected to the New Zealand Parliament) and at a grassroots level
- Wellington University International honoured in the Internationalisation Award—Workplace category of the Wellington International Student Excellence Awards for its support for international students and graduates

REVIEW



ENSURING A SUSTAINABLE FUTURE

- Comprehensive university-wide response to the financial challenges delivered by COVID-19 including wide-ranging efforts by staff, ranging from reducing annual leave balances to salary sacrifices to accepting voluntary redundancy
- Te Herenga Waka Resilience Programme, consisting of seven workstreams to improve organisational resilience
- Years of planning came to fruition with a resource consent granted for the Living Pā marae complex redevelopment and approval from the University Council to begin construction in 2021
- Continued to deliver on our commitment to sustainability through teaching, research, and emissions reductions and a partnership with Wellington City Council to plant carbon-removing new native forest on the Outer Green Belt
- Confirmation of establishment of a Fale Male meeting house, New Zealand's first national Pasifika place of belonging
- Campus Master Plan setting a vision for the University until 2030
- Developed a Māori Language Plan for the University for the next five years to increase the visibility and use of te reo Māori across the University

AT A GLANCE

Globally ranked in 2020*

=223rd of the world's **18,000** universities

TOP 1% of the world's universities for 19 subjects and in the top 2% of universities overall

In the world's top 100 for 12 subjects

Earth and Marine Sciences, English Language and Literature, Geography, Geology, Hospitality and Leisure Management, Law, Library and Information Management, Linguistics, Performing Arts, Philosophy, Politics and International Studies, Psychology

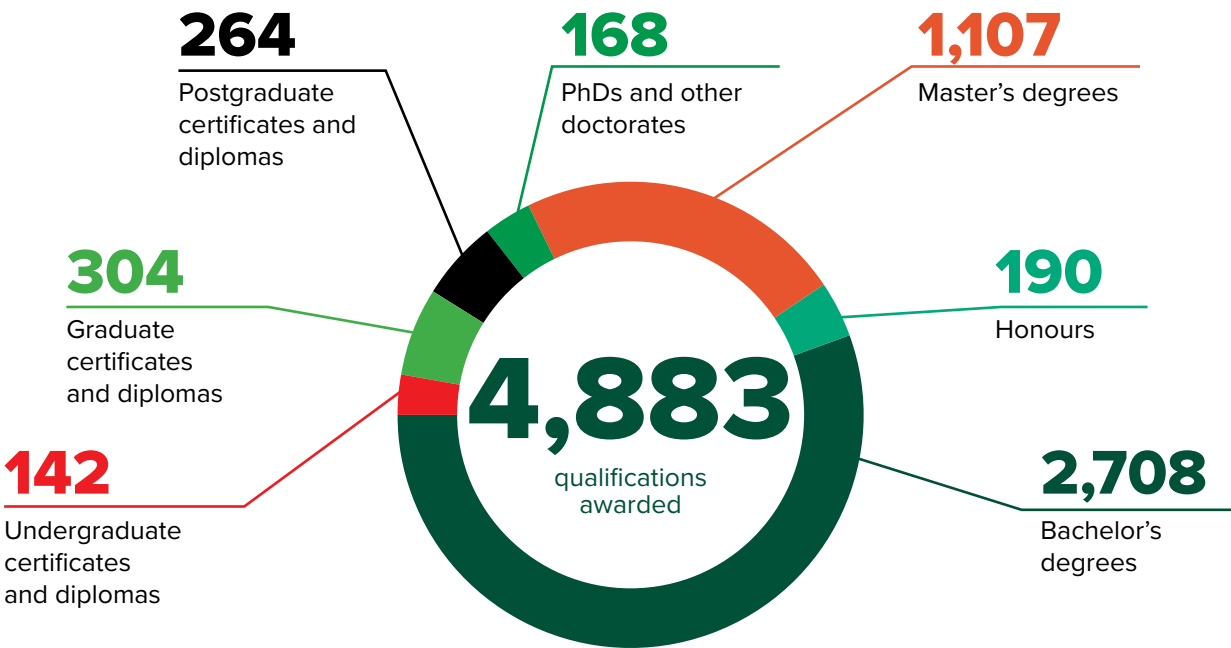
TOP 40 of the world's universities for social impact and commitment to the United Nations Sustainability Development Goals

319 EFTS**
The increase to the number of **Māori** students since 2013, an increase of **21%**

187 EFTS**
The increase to the number of **Pasifika** students since 2013, an increase of **24%**

*QS World University Rankings 2020

**Domestic Equivalent Full-Time Students



\$24.2M

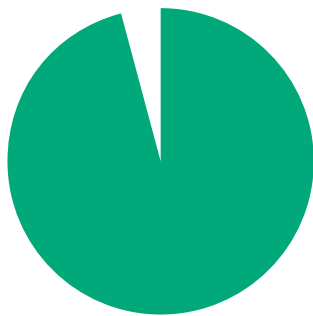
invested in scholarships
by the University

Total revenue

\$490M

Total expenditure

\$500M



96%

of teachers were assessed
by students as 'good',
'very good', or 'excellent'

External research income

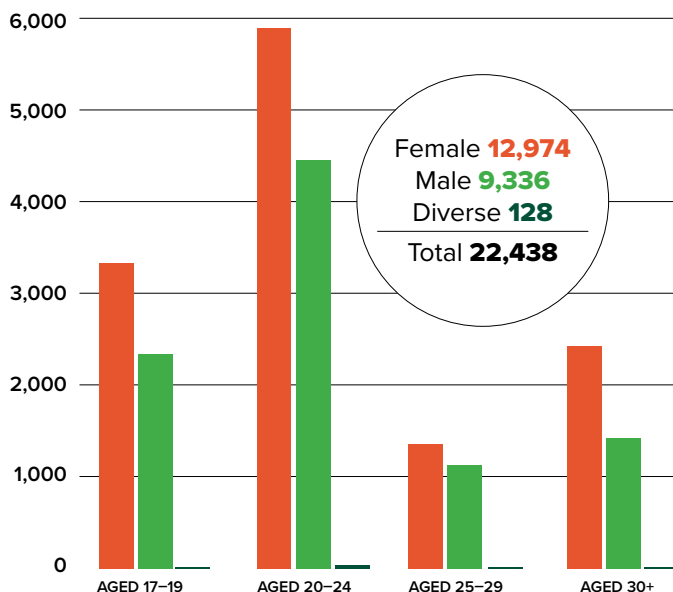
\$86.8M

Equivalent full-time students

15,950 government
funded

1,817 full fee

Student distribution¹



2,336

staff (full-time equivalent)

1,150

teaching and research staff

¹ Student distribution by headcount



STATEMENT OF SERVICE PERFORMANCE 2020

FOR THE YEAR ENDED 31 DECEMBER 2020

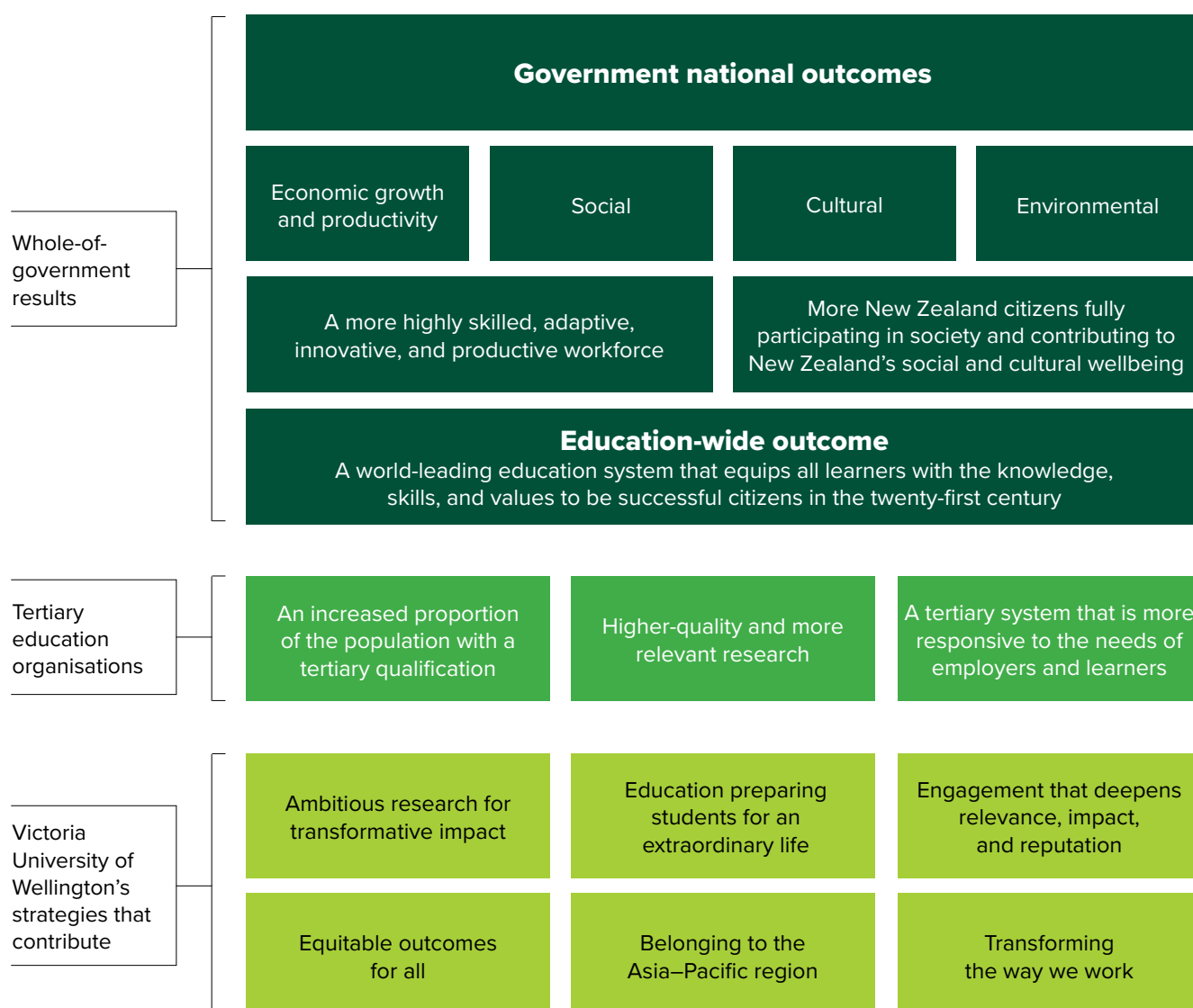
The Statement of Service Performance illustrates the progress made during 2020 towards achieving our vision.

As New Zealand's globally ranked capital city university, Te Herenga Waka—Victoria University of Wellington's vision is to be a world-leading capital city university and one of the great global—civic universities. A civic university is one that values close involvement with the social, cultural, and economic life of its city and region. This is the mandate upon which the University was founded approximately 120 years ago, and it remains as important today.

The vision the University has adopted will ensure the University can make a significant contribution to achieving the desired outcomes of the Tertiary Education Strategy (TES) and New Zealand's education vision. The TES sets out the Government's long-term strategic direction and current and medium-term priorities for tertiary education.

The University's Strategic Plan is designed to guide the University towards achieving this vision. The Strategic Plan drives all decision making and resource allocation across the University and focuses our activities and development of capability.

Outcomes and Performance Framework



Our Outcomes and Performance Framework shows how strategic objectives align with, and respond to, what is expected of tertiary education organisations and the education-wide outcomes of a world-leading education system that equips learners with knowledge, skills, and values to be successful citizens in the twenty-first century.

The 2020 Statement of Service Performance has been prepared with reference to the University's refreshed Strategic Plan, as approved by Council during 2019.

The University's Strategic Plan can be found on our website: www.wgtn.ac.nz/about/governance/strategic-plan

The 2020–2024 Strategic Plan identifies six inter-related strategies that will support the University to achieve its vision of being a world-leading capital city university and one of the great global–civic universities. The distinctive qualities of the University are leveraged in each of the six strategies:

- S1:** Ambitious research for transformative impact
- S2:** Education preparing students for an extraordinary life
- S3:** Engagement that deepens relevance, impact, and reputation
- S4:** Equitable outcomes for all
- S5:** Belonging to the Asia–Pacific region
- S6:** Transforming the way we work.

These strategies draw on our heritage, position, iho (essence), and strategic context. They assist us to make the right choices in a resource-constrained world while committing to our shared purpose of research, teaching, and engagement that transforms lives.

Our key outcomes

The Statement of Service Performance is organised around our three key outcomes—**Research, Teaching and Learning**, and **Engagement**. These outcomes broadly align with the six strategies in our Strategic Plan and with the characteristics of a university as defined in the Education and Training Act 2020¹, namely “a university is characterised by a wide diversity of teaching and research, especially at a higher level, ... and promotes community learning”).

Excellence in research, learning, and teaching lie at the heart of our vision. Over the medium term, Te Herenga Waka—Victoria University of Wellington has an ambitious Learning and Teaching Strategy that signals the University's commitment to working in partnership with students to create and maintain an effective and inclusive learning and teaching environment, and a commitment to quality in design, delivery, and outcomes. Victoria University of Wellington invests significantly to make its student experience the best possible, from the initial contact in school and prior to university entry to the learning experience and after graduation.

Alongside this, the University's Research Strategy 2020–2024 builds on the existing culture of research excellence across Te Herenga Waka—Victoria University of Wellington as the first-ranked university for Performance-Based Research Funding (PBRF). The Strategy guides the University's efforts to increase the international recognition of our research, to build on our distinctive location in Aotearoa New Zealand's political and cultural capital, and to leverage the significant value that we gain from bringing mātauranga Māori to bear on both basic and applied research activity across the disciplines.

The Strategic Plan also signals our long-term commitment to working with the communities we serve, including our commitment to Māori as tangata whenua and Treaty partners; effective engagement with Māori and Pasifika learners, whānau, and communities; working with industry and innovation partners to increase the volume and effectiveness of commercial innovation; and growing the University's international linkages.

A complete list of all performance indicators can be found on pages 19–20.

Service performance reporting

From 2019, the University has adopted PBE FRS 48, a standard that establishes requirements for improved reporting of service performance information in order to meet the needs of users of general-purpose financial reports. This standard aligns with the University's planned progress towards more integrated reporting designed to improve the visibility and relevance of information about the University's activities for students, staff, alumni, government, funders, benefactors, the community, and other stakeholders.

COVID-19

The COVID-19 pandemic and resulting border closures and alert level restrictions had a significant impact on our teaching, learning, research, and engagement activities during 2020. The effect of the pandemic on the University's performance is noted, where relevant, in the following pages of the Statement of Service Performance (SSP). Performance indicators particularly impacted by this global pandemic include international student numbers, the composition of the student body, student satisfaction, fundraising, operating revenue, and surplus.

In response to COVID-19 and subsequent government restrictions, a set of academic provisions for 2020 and 2021 were developed that currently overrule a number of our standard academic regulations. These provisions will remain operative so long as (i) borders remain closed, or heavily restricted and (ii) alert level changes remain a significant risk. These provisions were developed in consultation with a broad spectrum of stakeholders.

In response to the financial pressures brought about by COVID-19, the University initiated a COVID Deficit Reduction Programme to identify and implement mitigations so that we will meet University Council guidance for cost reduction and surplus targets. This work commenced in mid-2020 and will continue into 2021.

¹ The Education and Training Act 2020 (1 August 2020) incorporates and replaces the Education Act 1989.

Disclosure of judgements

In determining key service performance information for each outcome, management has used judgement based on indicators that align with the mission and annual activities of the University. While the University does have discretion over these, the University seeks to maintain consistency across years where appropriate and to determine service performance information that is relevant, reliable, neutral, understandable, and complete. The University’s desire to be a world-leading institution also guides the selection of measures that are based on externally validated information and likely to be comparable with national and international universities. In addition to the University-selected measures, the Tertiary Education Commission (TEC) requires inclusion of TEC-defined Educational Performance Indicators (EPIs). These are provided on page 20 and commented on within.

Linkages between financial and non-financial information

A key concept introduced by PBE FRS 48 is that financial statements and service performance information are both important components of a public benefit entity’s general purpose financial report. The two documents convey a coherent picture about the performance of the entity, and they are linked through the resources that have been applied to each of the three outcomes.

For example, to achieve high-quality research outcomes, the University relies on PBRF funding and external research income, as well as income gained from other sources. All of these sources of funding are relevant to the University’s ability to deliver key outcomes.

A University’s performance objectives are long term and not meaningfully captured within singular output categories. University research and teaching are closely interdependent (as required by the Education and Training Act 2020) and the outcomes of university activities are not fully known within one year (e.g., research results, graduate outcomes).

While noting these interdependencies, the University, using high-level assumptions, is able to estimate that in 2020, 41.9 percent of total operating expenses was attributable to research, 50.7 percent to teaching and learning, and 7.4 percent to engagement/community service. This result reflects the distinctive nature of a research-led university

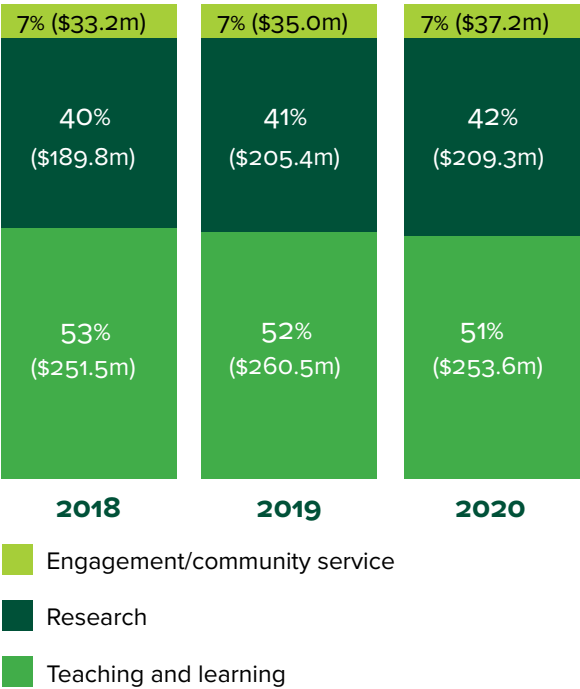
committed to the student experience, high-quality research, and serving its communities.

In determining this estimate of allocation of expenditure, the University has reviewed major operating expenses as reported in the financial statements. Where there is a clear allocation of cost to a particular output, these have been adopted. Where there is ambiguity (e.g., related to the interdependencies described above) the University has exercised judgement based on an underlying workload principle for academic staff involved in both teaching and research of 40–40–20 (i.e., 40 percent research, 40 percent teaching, and 20 percent administration, with administration then allocated proportionally to teaching, research and engagement/community service).

Costs not directly or solely attributable to teaching and learning or research, such as general administrative support or facilities management, have been apportioned on the same basis as academic salaries.

The following pages explore these outputs in greater detail, focusing on successes and challenges during 2020.

Estimated expenditure by output category



RESEARCH

S1

S3

S6

Service Performance Information indicator

Approximately 54 percent of total revenue is sourced from either government funding, the PBRF, or research-specific contracts. Of this, the University allocates \$112m to Research activities. The remainder of revenue has a non-government source (i.e., direct tuition or commercial revenue).

See full list of Performance Indicators (including TEC Educational Performance Indicators) on pages 19–20.

Progress made during 2020

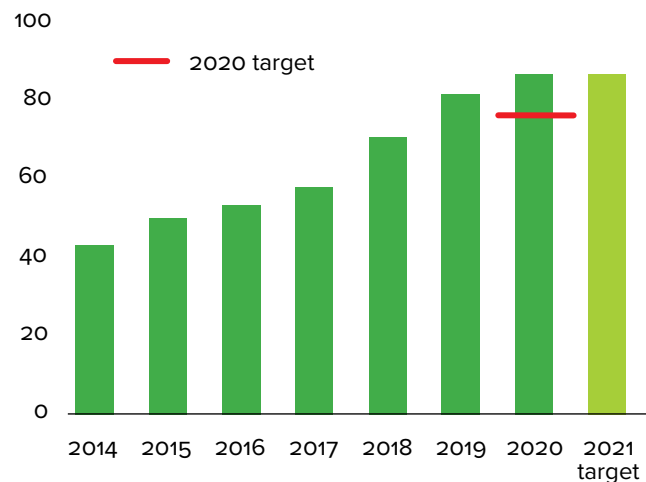
Te Herenga Waka—Victoria University of Wellington reinforced its position as New Zealand's number one university for intensity of high-quality research². In the midst of COVID-19, we had our best year ever for grants from the Government's Marsden Fund for 'blue skies' research addressing some of the biggest issues of our time. The 27 grants were the highest number for the University in the fund's 26-year history and their total value of more than \$16m the most we have received in a single round. The projects represent an impressive breadth of our research capability, with more than half led by women and many incorporating mātauranga Māori and co-designing with Māori to tackle issues of shared concern.

External Research Income (ERI), as part of PBRF reporting requirements, was \$77.5m, a 7 percent increase from 2019 (\$72.2m). Continued strong success with contestable funds contributed to a \$7.8m increase to \$57.9m in contracted research revenue (\$50.1m in 2019) in the University Research Trust. Other research revenue streams within the University were \$19.6m (\$22.1m in 2019), including Wellington UniVentures (\$5.9m) and the University Foundation (\$4.6m). Sub-contracted research, which is excluded from the figures above, increased to \$9.3m in 2020 (\$9.1m in 2019). This brings total ERI to \$86.8m (\$81.3m in 2019) against a target of \$75m.

The MacDiarmid Institute for Advanced Materials and Nanotechnology received a resounding vote of confidence with its fourth consecutive designation as a national Centre of Research Excellence, and the \$48m that goes with it for the period 2021–2028, which will support the Institute as it partners with business and government to address global challenges such as climate change, renewable energy, and clean water.

Te Kawa a Māui (School of Māori Studies) received \$2.95m from New Zealand's Biological Heritage National Science

External Research Income (\$m)



Challenge to research a new governance structure based on devolving power, decision making, and responsibility, which is to be delivered in partnership with mana whenua.

The University's Robinson Research Institute received nearly \$15m from the Ministry of Business, Innovation and Employment's Science Investment Fund to lead work on high-power electric motors for more environmentally friendly aircraft, ships, and trains, and more than \$11.5m from the Ministry's Endeavour Fund to develop superconducting magnets for a lightweight and energy-efficient propulsion system for satellites.

Despite the challenges presented by COVID-19, our commercialisation arm, Wellington UniVentures, had another strong year, exceeding its target with 61 new invention disclosures, which continues the growth witnessed in recent years. In addition, Wellington UniVentures concluded a number of commercial transactions, four of these resulting in new spin out companies, one significant exit, and a number of licences.

Wellington UniVentures was also instrumental in the University's engagement around COVID-19 vaccines research and antiviral research. The University is playing a lead role in the country's COVID-19 vaccine research and evaluation, collaborating in 2020 with the Malaghan Institute and the University of Otago as part of the Vaccine Alliance Aotearoa New Zealand, which received \$10m in government funding.

Commencing research postgraduate EFTS³ were flat in 2020 (100 EFTS, compared with 99 in 2019) with growth plans impacted negatively by COVID-19. The total number

² Performance-Based Research Fund, the country's main measure of research activity.

³ Commencing students are defined as those new to Victoria University of Wellington and are only a subset of new PhD students (many of whom had undertaken previous study at the University).

of research degree completions grew from 538 to 552. The University remains committed to growing postgraduate research numbers and worked hard with students and various government agencies to support current and prospective PhD students commence and continue their studies offshore wherever possible. From 1 October 2020, the value of Wellington Doctoral Scholarships was raised to \$27,500 per annum plus fees. The increase signals our commitment to supporting and developing the careers of our next-generation academics, who will be critical to realise the aspirations of the University and our country.

Overall, the proportion of research postgraduate students is now 6.1 percent, down from 6.5 percent in 2019. Conversely, the proportion of taught postgraduate students increased from 12.3 percent to 12.9 percent, reflecting the increased demand seen in 2020 for the University's expanding suite of taught Master's degrees.

A team led by Professor Bev Lawton (Ngāti Porou) from our Wellington Faculty of Health, partnering with iwi, received more than \$1m from the Health Research Council of New Zealand to explore how empowering rural communities to screen and provide on-site rapid test results could reduce barriers to cervical cancer screening and treatment. Professor Lawton also received the RANZCOG (Royal Australian and New Zealand College of Obstetricians and Gynaecologists) Māori Women's Health Award and was shortlisted in the Innovation, Science & Health category of New Zealand's Women of Influence Awards.

Professor Rawinia Higgins was awarded the Royal Society Pou Aronui Award for distinguished service to humanities—aronui for Māori language revitalisation.

Associate Professor Maria Bargh was awarded the Royal Society Puāwaitanga Award for her self-determination for Māori through political economy and environmental research.

Our Antarctic Research Centre's Melting Ice and Rising Seas team, a partnership with GNS Science and NIWA, won the Prime Minister's Science Prize (the second time this award has gone to the University). The team's Associate Professor Robert McKay was also awarded the 2020 Asahiko Taira Scientific Ocean Drilling Research Prize by the American Geophysical Union.

Many other university staff received prestigious medals, awards, and other recognition during 2020, including: Dr Carolyn Boulton, Dr Kyle Clem, and Professor John Townend, School of Geography, Environmental and Earth Sciences; Dr Nathaniel Davis and Professor Jim Johnston, School of Chemical and Physical Sciences; Professor Claudia Geiringer, Faculty of Law; Dr Martino Lupini, School of Mathematics and Statistics; Associate Professor Michael Norris and David Long, New Zealand School of Music—Te Kōkī; Dr Robin Skinner, Wellington School of Architecture; Raqi Syed and Areito Echevarria, School of Design Innovation; and Professor Damien Wilkins, International Institute of Modern Letters.

TEACHING AND LEARNING

S2

S4

S5

S6

Service Performance Information indicator

Approximately 54 percent of total revenue is sourced from either government funding, the PBRF, or research-specific contracts. Of this, the University allocates \$152m to Teaching and Learning activities. The remainder of revenue has a non-government source (i.e., direct tuition or commercial revenue). Of this, \$136m can be attributed to Teaching and Learning activities.

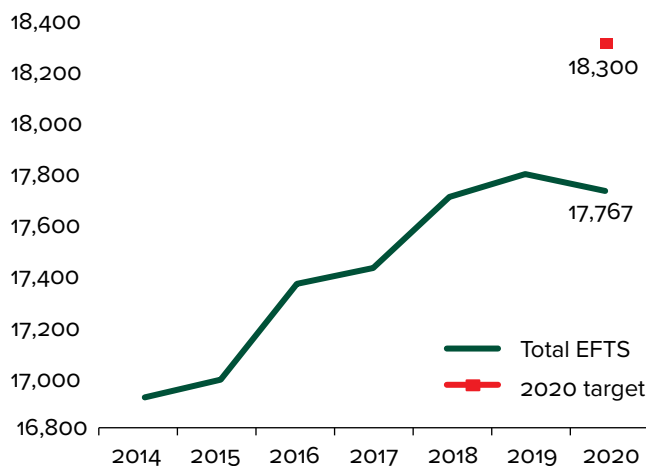
See full list of Performance Indicators (including TEC Educational Performance Indicators) on pages 19–20.

Progress made during 2020

The University ended 2020 with 17,767 EFTS, 94 fewer than 2019 (-0.5 percent), with full-fee EFTS down by 230 EFTS (-11.2 percent) primarily as a result of COVID-19 and the accompanying travel and border restrictions. This was offset partially, in terms of student numbers (but

not revenue), by an increase in government-funded EFTS which grew from 15,814 EFTS in 2019 to 15,950 EFTS in 2020, with growth in architecture and design, engineering, health, law, and the humanities and social sciences.

Total EFTS 2014–2020



This increase in domestic EFTS (+136 EFTS, or +0.9 percent) was largely driven by an increase in new and returning mature students in the second half of the year and aided by a fee scholarship offered by the University for Trimester 2 (T2) to support New Zealand citizens and permanent residents whose work or life had been disrupted by COVID-19. The University received 786 T2 Scholarship applications; 562 applications were awarded and 424 of the successful applications undertook Trimester 2 study. Trimester 3 (summer) enrolments continue to grow, rising to 1,183 in the 2020 calendar year—an increase of 16.8 percent from 2019.

Our operational year was dominated by major logistical challenges to ensure that our students and staff were supported at each stage in the pandemic crises, sometimes with as little as 48 hours' notice of a major change. During Trimester 1, a team of 58 professional staff from within the Centre for Academic Development and in the faculties were trained to work alongside academic staff to design, develop, and support course resilience. Fourteen students, through the Ako in Action programme, also contributed. A series of course design and development workshops were developed to support staff to embed resilience standards into courses and to enable dual mode delivery. In preparation for Trimester 2, 508 of 746 taught courses (excluding self-directed study and research project courses) had staff who attend one of the three resilience design workshops, or had applied resilient templates, structure, or assessment practice to their courses. This translates to 68 percent of Trimester 2 courses. The purpose of this first round of course transformation was to ensure a continuity of course delivery and a minimum standard of student experience was achieved under dual-mode delivery.

The University expanded its academic offerings during the year with the launch of the Bachelor of Communication and Master of Communication degrees. Communication is a new subject for Te Herenga Waka—Victoria University of Wellington and both programmes exceeded their enrolment targets this year. We also gained approval for several new programmes to start in 2021 including the Master of Artificial Intelligence, Master of Data Science, Master of Health Psychology, and Master of Nursing Practice.

A new Minor in Innovation and Entrepreneurship was introduced in the Wellington School of Business and Government in 2020. The first cohort of students for a new Master of Business (Professional) will begin studying in 2021, and the Master of Actuarial Science received approval and is anticipated to commence in 2022.

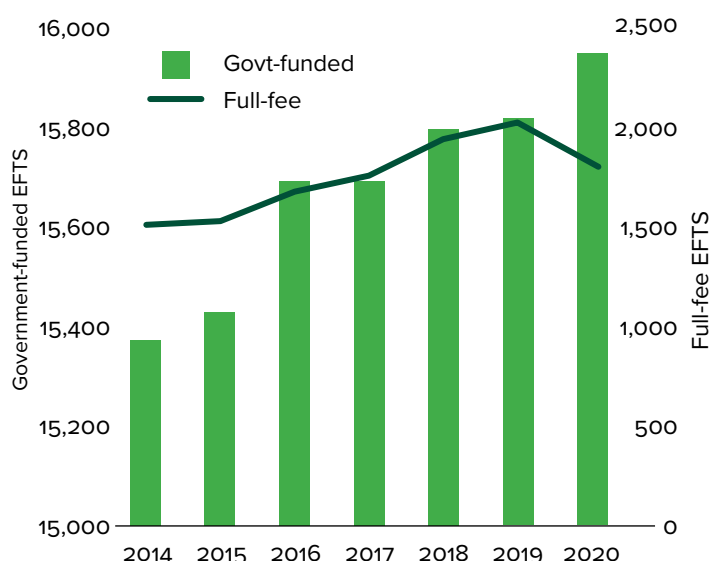
The Wellington Faculty of Education received Teaching Council of New Zealand reaccreditation for six Initial Teacher Education programmes that will be delivered in 2021. There has been extensive programme redesign to remain competitive in the market through meeting new national standards of outcomes-based assessment, authentic community partnerships, increased proficiency in te reo me ngā tikanga Māori, and responsiveness to national education policy settings focused on addressing systemic inequity.

Senior lecturer Dr Awanui Te Huia from Te Kawa a Māui (School of Māori Studies) won a 2020 Tertiary Teaching Excellence Award, one of just nine awarded nationally.

The University approved the introduction of two new academic career option pathways. The Teaching-intensive academic pathway will better support and recognise academic colleagues already in permanent teaching-only roles and provide a career pathway that enables those choosing this route to make a significant contribution to enhancing the University's profile for innovative teaching and providing a high-quality student experience. The Research-intensive pathway is being piloted with Ferrier and Robinson research institutes in preparation for the development of a whole-of-university pathway.

Due to COVID-19, international full-fee paying EFTS declined from 2,047 EFTS in 2019 to 1,817 EFTS. International full-fee paying students represented 10.2 percent of total EFTS in 2020, down from 11.5 percent in 2019. The University met 86 percent of its international full-fee paying student target which it regards as an exceptional result given the pandemic and accompanying challenges.

EFTS by funding source 2014–2020



The number of international students (including government-funded international PhD candidates) decreased from 3,697 in 2019 to 3,215 in 2020, with enrolments from 101 countries. International students (including government-funded international PhD candidates) constituted 14.3 percent of the total student body (headcount), down from 16.5 percent in 2019.

The number of commencing EFTS fell from 5,638 in 2019 to 5,333 in 2020 including 648 international full-fee EFTS. Māori commencing EFTS were slightly below 2019 (561, compared with 567), and below the University's ambitious target of 711 EFTS. Overall, the number of Māori EFTS grew to 11.5 percent of the domestic student population, slightly above 2019 (11.4 percent).

Pasifika commencing EFTS fell to 310, compared with 348 in 2019, in part as a result of fewer international Pasifika students. Overall, the number of Pasifika EFTS remained stable at 6.1 percent of the domestic student population. There was, however, a slight decrease in level 7 (undergraduate degree) participation rates for both Māori and Pasifika students.

We secured philanthropic funding and launched the Ngā Hoe a Kupe Pathfinder Scholarships aimed at growing the participation and success of Māori and Pasifika students, and those from refugee backgrounds and from low socio-economic backgrounds in decile 1–3 Wellington schools. The scholarships provide approximately \$50,000 in support over three years. Ten scholarships were awarded in the inaugural round and the University also increased the distribution of Taihonoa Scholarships to Māori students.

First-year retention rates at undergraduate degree level again rose and exceeded targets for Māori, Pasifika, and non-Māori and non-Pasifika students⁴. This was a pleasing result given the uncertainties and challenges faced by students in 2020. However, Pasifika first-year undergraduate retention rates dropped from 77.4 percent in 2019 to 74.9 percent, just above 2018 levels (74.3 percent) and improving retention remains a necessary focus for the University. The University continues to enrol only small numbers of students in pre-degree-level study, but saw increases in Pasifika participation between 2019 and 2020, boosted by the new level 5 Diploma in University Studies (Pasifika Pathways). This new pre-degree qualification had pleasing retention and completion rates despite the challenges experienced by the first cohort in 2020.

The Student Success Programme was repositioned during 2020 and is moving to a new phase following the approval of a two-year business case. Workstreams include online admissions and enrolment processes, a new approach to student advising, and the establishment of Titoko: Centre for Student Success. These workstreams are underpinned by new ways of working and new technologies. This work will improve both the student experience and our efficiency in delivering it.

The quality of the student experience is measured through regular surveys. This year, as a result of COVID-19, the student evaluation cycle was altered. A one-off internationally benchmarked COVID-19 Student Experience

survey of all students was conducted in May and June 2020, designed to evaluate our COVID-19 response and identify areas for improvement as well as positive experiences. The results found that 62.0 percent of students rated services and facilities as 'good' or 'very good' during this extraordinary time when regular on-campus activities and amenities were curtailed. A second survey of all students was undertaken in August and September 2020 to understand how the student experience changed during the year. In this survey, 77.8 percent of students rated the performance of services and facilities at the University as 'good' or 'very good'—an increase of 16 percentage points from Trimester 1, but below the 2019 result (88.2 percent) and the pre-COVID set target of >90 percent. Given the immense challenges of 2020, the University is pleased that nearly 4 out of 5 students rated the university services and facilities so highly; however, exceeding pre-2020 levels remains a strategic objective.

A total of 1,157 courses and 611 teachers were evaluated in 2020. Against a backdrop of COVID-19 and a pivot to dual-mode delivery from Trimester 2, student satisfaction improved, with 86 percent of courses and 96 percent of teachers assessed as 'good', 'very good' or 'excellent'.

The University's graduates remain in demand, with 95 percent in employment, further study, and not seeking work in their first-year post-graduation (just slightly below the 96 percent target in a year in which graduate employment opportunities were impacted by COVID-19).

An Internships, Placements and Practicums: Good Practice Guide was developed to support academic and professional staff on all aspects involved in coordinating courses that include a placement, practicum, or internship component, including continuity of learning in response to disruptions such as COVID-19. This Guide and accompanying procedures will be integrated into course delivery regulations from 2021.

The University established Wellington Uni-Professional, a new subsidiary that will allow us to scale our non-degree teaching. Wellington Uni-Professional draws together activity that previously occurred within the Centre for Lifelong Learning and Wellington UniVentures and will better position the University to respond to new demands for short-courses, micro-credentials, and professional development.

4 Refer TEC-defined Educational Performance Indicators (EPIs) on page 20.

ENGAGEMENT

S3

S5

S6

See full list of Performance Indicators (including TEC Educational Performance Indicators) on pages 19–20.

Progress made during 2020

The University released *He moana pukepuke e ekengia e te waka: Navigating choppy waters: Te Herenga Waka to 2025* which considers how the University can continue to be a great global–civic university in the future. Prompted by the COVID-19 pandemic, the report looks broadly towards other drivers of change—such as the climate crisis, geopolitical tensions, and social change—and the potential impact of these on the University over the next five years. More than 1,000 staff and students were involved in focus groups, surveys, forums, and workshops. The key recommendation in the report is the adoption of Ngā Herenga, a set of 10 design principles to help develop specific responses to the future. These are that the University is place-based, integrated, inclusive, and agile; and that it fosters creativity, wellbeing, whanaungatanga (connection), kaitiakitanga (stewardship), rangatiratanga (self-determination), in a flexible and fit-for-purpose environment.

Our academics have been prominent conducting COVID-19-related research and providing analysis and commentary to keep the public informed throughout the pandemic, including about mental health issues and economic and legal implications.

With elections in both New Zealand and the United States, our academics also lent their expertise to enhance public understanding. This included pioneering real-time processing of politicians' social media accounts by Professor Jack Vowles and Dr Mona Krewel from our Political Science and International Relations programme.

Mobilising our research within and beyond the academy is a strategic priority which was supported by the launch of the University's Open Access Repository. The repository provides free public access to digital research outputs while respecting the copyright of publishers. By December, there were 970 outputs deposited in the repository with 150,000 views and 79,000 downloads.

In December 2020, more than 1,300 qualifications were awarded to 1,204 students over nine ceremonies in Wellington City. A further 1,644 graduates who received their degrees in absentia due to COVID-19-related postponements earlier in 2020 also took part in the ceremonies.

The University and the Wellington City Council announced a new partnership that will see the University lease 11 hectares of land in Ohariu Valley for 33 years and undertake an annual native tree planting programme to progressively revegetate the site with the aim of removing carbon dioxide from the atmosphere by establishing a new native forest. The initiative is integral to the University's

commitment to becoming carbon neutral by 2030 and also offers significant teaching and research opportunities.

The University's sustainability leadership was reflected in our Times Higher Education ranking among the top 40 universities in the world for social impact and commitment.

During 2020—the first full year since the public launch of the What if ...? philanthropic campaign—we raised \$10.8m. Staff payroll giving was widely promoted, and we streamlined and improved the payroll-giving process. Staff giving increased more than 700 percent over 2019. The University also launched fundraising for the Centre for Women's Health Research with an event followed by a fundraising appeal sent to over 45,000 alumni. Overall, the University's fundraising campaign total grew to \$122.1m in 2020.

Victoria University Press (VUP) continued to grow in scale and profile, producing a substantial list of 28 new books in 2020, which achieved wide media coverage and strong sales. In addition, a number of new editions and reprints were produced. VUP books were recognised in a number of book awards, most significantly the Ockham NZ Book Award for Non-Fiction for *Dead People I Have Known* by Shayne Carter.

Christina Barton, director of the Adam Art Gallery, was made a Member of the New Zealand Order of Merit.

The Adam Art Gallery successfully staged a major exhibition *Frances Hodgkins: European Journeys*, to critical acclaim, with excellent visitor numbers and attendance at public programmes and events. Ane Tonga's catalogue essay in *Edith Amituanai: Double Take*, the Adam Art Gallery publication accompanying the Edith Amituanai exhibition (2019) won the Art Association of Australia and Aotearoa NZ (AAANZ) Arts Writing and Publishing Awards 2020: Best essay by Māori or Pacific art writer.

The Mai i te Iho ki te Pae—Māori Strategic Outcomes Framework was refreshed to align with the refreshed University Strategic Plan. A Māori Language Plan was developed to increase the visibility and use of te reo Māori across the University over the next five years.

The Living Pā project continues to make good progress, with Council support reconfirmed, implementation and planning initiated, the engagement processes commenced, and the preliminary design confirmed. Site clearing is due to commence shortly. The Living Pā will transform 42–50 Kelburn Parade, drawing together mātauranga Māori, innovation, and sustainability.

The University celebrated the formal launch of the Atom—Te Kahu o Te Ao Innovation space on the ground floor of Rutherford House. The Atom is a hub for innovation and entrepreneurship; it is a creative space, a learning space,

a community space for events and other activities, and a research and leadership space.

The University continued to progress delivery of the Digital Roadmap, successfully deploying the new finance planning system and a number of infrastructure projects, alongside supporting the delivery of dual-mode teaching, new network solutions to enhance our offshore online experience, and a major ramp up of our remote working experience and toolset.

Our support for the establishment of a nationally significant Fale Malae meeting house in Wellington continues, with \$10m in central government funding secured in the 2020 Budget. The Fale Malae will celebrate and promote the critical role of Pacific culture in Aotearoa, and be a place to gather, learn, and celebrate culture, the arts, and education.

In September, the Borrin Foundation awarded the University \$230,000 for a ground-breaking study on improving Pasifika legal education in Aotearoa, New Zealand. Led by Pro-Vice-Chancellor and Dean of Law Professor Mark Hickford and Assistant Vice-Chancellor (Pasifika) Honourable Luamanuvao Dame Winnie Laban, the collaborative project seeks to bring together academics, students, graduates, legal practitioners, and policymakers from across the country to take coordinated action to identify the barriers to Pasifika in law schools and recommend interventions or change. The Law Faculty Board also approved a proposal to introduce a Pasifika Admissions Process for entry into 200-level Law, joining the existing similar Māori Admissions Process.

The University signed an agreement to establish a Chinese Ministry of Education-approved undergraduate degree joint programme between the Wellington Faculty of Humanities and Social Sciences and the Communications University of Zhejiang (CUZ) in Hangzhou, China. CUZ is ranked in the top 10 of China's media/communication universities. This will be the University's first joint teaching programme since 2014, and marks a pivot to transnational projects,

which offer particular advantages in the post-COVID environment through proximity to market and local delivery.

The University's Sexual Harassment Response Policy was formally launched in early 2020, together with a new online reporting tool for staff and students. A new Employee Advisory and Resolution Service (EARS)—Te Rauawa was developed by Human Resources in conjunction with staff from the Diana Unwin Chair in Restorative Justice. The service provides staff with the opportunity to seek free and confidential independent advice about workplace concerns or issues and options to address these.

The University successfully remediated a backlog of weathertightness and functionality matters, and, where appropriate, continued to invest in improving the earthquake resilience of our building stock. Major projects delivered during the year included the new Hunter atrium, and the renewal of roofs or windows or facades at Murphy, Laby, Cotton, Robert Stout, and Rankine Brown buildings.

The University successfully moved a large number of international recruitment, student orientation, student collaboration, and student internship programmes into the virtual world. We launched our first interactive digital prospectus for international students, with fully trackable, customisable content for target audiences. The University launched its first market-specific international brand campaign in the US to promote full-degree study, with more than 10,000 new US visitors to our international website.

The University also delivered a host of degree-enhancing and interdisciplinary opportunities for students for global–civic engagement, including 49 seminars with participating academics from around the University, plus globally focused experts from the community (including MFAT, Asia NZ Foundation, VSA, Transparency International, New Zealand Alternative, and the Wellington City Council amongst others, as well as two Diplomatic Dialogues with the Ambassadors of the Netherlands and Viet Nam).

All performance indicators

STRATEGY	INDICATOR	2020 ACTUAL	2020 TARGET	2019 ACTUAL	2018 ACTUAL
Research (pages 13–14)					
S1	External Research Income (\$m)	86.8	75.0	81.3	69.7
S1	Number of new invention disclosures	61	>50	53	46
S1	Publications (Scopus-indexed) in top 25% of journals (%)	>2019⁵	53	53	52
S1, S2	Research postgraduate/Total EFTS	6.1	6.9	6.5	6.4
S1, S2	Commencing research postgraduate EFTS	100	150	99	111
Teaching and Learning (pages 14–16)					
S2	Taught postgraduate/Total EFTS	12.9	13.0	12.3	12.1
S2	Teachers assessed as ≥ good by students (%)	96	>90	95	94
S2, S3	Graduates in employment, further study, and not seeking work first year post-graduation (%)	95	96	96	96
S2, S6	Proportion of students rating services and facilities as 'good' or 'very good' (%)	77.8	>90	88.2	89.9
S2, S4	Commencing Māori student EFTS	561	711	567	555
S2, S4, S5	Commencing Pasifika student EFTS ⁶	310	376	348	337
S4	Proportion of professors who are female (%)	27.8	27.5	24.4	24.0
S4	Proportion of academic staff who are Māori (%)	5.9	5.6	5.9	4.5
S4, S5	Proportion of academic staff who are Pasifika (%)	1.9	3.0	1.9	1.8
Engagement (pages 17–18)					
S3, S5	Commencing full-fee EFTS	648	880	856	895
S3	Fundraising campaign (\$m)—as per accounting policy includes all bequests, pledges, as well as cash donations	122.1	125.0	111.3	97.4
All (pages 13–18)					
S6	Revenue retained as surplus for reinvestment (%)	-0.7	3.0	3.3	3.0
S6	Staff satisfaction— <i>Your Voice</i> (%)	N/A⁷	68	N/A	74

⁵ Provisional based on 2019 journal rankings data.

⁶ Includes international Pasifika students.

⁷ The *Your Voice* survey was not run in 2020.

TEC-defined Educational Performance Indicators (EPIs)

EPI TYPE	DESCRIPTION	2020 PROVISIONAL	2020 TARGET	2019 ACTUAL	2018 ACTUAL
Participation	The proportion of total SAC ⁸ eligible EFTS enrolled at the TEO who are non-Māori, non-Pasifika at level 4–7 (non-degree) (%) ⁹	46.2	59.4	68.7	70.8
Participation	The proportion of total SAC eligible EFTS enrolled at the TEO who are Māori at level 4–7 (non-degree) (%)	29.3	30.5	23.4	21.7
Participation	The proportion of total SAC eligible EFTS enrolled at the TEO who are Pasifika at level 4–7 (non-degree) (%)	26.1	20.0	14.2	8.8
Participation	The proportion of total SAC eligible EFTS enrolled at the TEO who are non-Māori, non-Pasifika at level 7 degree (%)	82.2	81.4	81.9	82.4
Participation	The proportion of total SAC eligible EFTS enrolled at the TEO who are Māori at level 7 degree (%)	12.4	12.8	12.5	12.2
Participation	The proportion of total SAC eligible EFTS enrolled at the TEO who are Pasifika at level 7 degree (%)	6.4	6.8	6.7	6.4
Participation	The proportion of total SAC eligible EFTS enrolled at the TEO who are non-Māori, non-Pasifika at level 8–10 (%)	88.3	88.1	88.8	89.1
Participation	The proportion of total SAC eligible EFTS enrolled at the TEO who are Māori at level 8–10 (%)	8.0	8.0	7.7	7.4
Participation	The proportion of total SAC eligible EFTS enrolled at the TEO who are Pasifika at level 8–10 (%)	4.2	4.6	3.9	3.9
First-year retention	The first-year retention rate for non-Māori, non-Pasifika students at level 7 degree (%)	82.6	80.5	80.3	79.6
First-year retention	The first-year retention rate for Māori students at level 7 degree (%) ¹⁰	72.6	72.0	72.3	77.3
First-year retention	The first-year retention rate for Pasifika students at level 7 degree (%)	74.9	72.0	77.4	74.3
Course completion	The course completion rate for non-Māori, non-Pasifika students (SAC eligible EFTS) at level 1–10 (%) ¹⁰	87.1	89.0	88.8	88.8
Course completion	The course completion rate for Māori students (SAC eligible EFTS) at level 1–10 (%) ¹⁰	80.1	82.1	80.4	80.6
Course completion	The course completion rate for Pasifika students (SAC eligible EFTS) at level 1–10 (%) ¹⁰	72.1	76.0	72.0	71.6
Research	The amount of External Research Income earned (\$m) ¹¹	77.5	72.5	72.2	63.0
International	The number of international student EFTS ¹²	1,817	2,123	2,047	1,964
Research	The number of research degrees completed	552	>2019 result	538	524

⁸ Student Achievement Component funding.

⁹ Participation rates for non-degree EFTS are subject to high variability due to small numbers.

¹⁰ Course completion rates remain provisional until after all final 2020 academic year (including Trimester 3) results are submitted in the following April Single Data Return (SDR). The provisional results tend to underestimate final completion rates as a result.

¹¹ PBRF definition, excluding sub-contracts to other New Zealand universities.

¹² International full-fee paying students plus NZAID and Commonwealth Scholarship students.



STUDENT LEVIES

The Student Services Levy and a separate Student Assistance Levy are paid by all students to contribute to the development of a healthy and inclusive learning community. The Student Services Levy also improves services that can facilitate academic success and a positive student experience. A few services are fully funded by the Levy so they can be provided without individual user charge. Services that are partially funded by the Levy are provided to students at a heavily subsidised rate. Others are funded entirely from other sources.

Victoria University of Wellington staff work in partnership with the Advisory Committee on the Student Services Levy (ACSSL), an oversight body with student representatives from the Victoria University of Wellington Students' Association (VUWSA) and Ngāi Tahu executives who consult with other representation groups including PGSA, Pasifika Student's Council, and other representative student bodies. They run a consultation process before a recommendation on the Levy is made to ACSSL. It should be noted that the Student Assembly, whose administration is supported by the Levy, met for the first time this year. This is a forum led by students for students and includes representation from a diverse range of student communities. The University works in partnership with students to ensure they have a strong voice in how the Student Services Levy is spent. In 2020, VUWSA consulted on a proposed increase to the Levy with the VUWSA and Ngāi Tahu Executives, several VUWSA committees, and with other student representative groups.

As a result of Hardship Fund for Learners unbudgeted contributions from TEC, in total, student levies made a net surplus of \$324,940. This surplus will be ring fenced and used to offset any future deficits, and will be actively managed during the 2022 levy budgeting and planning process.

In 2020, an internal student studying 25 points or more was charged \$822 for the Student Services Levy. A Student Assistance Levy of \$27.60 was paid by all students. The total Compulsory Student Service Fee per student in 2020 was \$849.60, which translates to \$911 per equivalent full-time student.

The revenue from the levies can be used only for those services that fall within the following government-specified categories:

Advocacy and legal advice

Advocacy services delivered by the University manage a range of resolution activities in relation to student complaints, disputes, appeals, pastoral (including accommodation) issues, and academic disputes. VUWSA is also contracted to deliver an independent advocacy

service and train and support class representatives and faculty delegates to ensure that students have a meaningful and independent voice at Victoria University of Wellington.

Careers information, advice, and guidance

Careers and Employment aims to increase the employability of the University's students by providing career and course advice and assessments, and helping students prepare job applications, CVs, and develop interview skills.

Counselling services and pastoral care

Support services include Student Counselling, Āwhina and Pasifika Student for Māori and Pasifika students, peer mentoring, and student support coordinators based in halls of residence. A range of welfare services, such as food bank delivery, are delivered by VUWSA.

Employment information

The University provides information on jobs through publications, career expos, employer and industry presentations, and through an online service, CareerHub, which features study-related job vacancies.

Financial support and advice

The University's student finance advisers provide financial advice to students, administer the Hardship Fund, and teach financial literacy. The Student Assistance Levy contributes to the Hardship Fund (which has had a separate bank account since it was set up in 1991) and is available to assist students if they experience a short-term emergency or one-off immediate need.

Health services

The University's Student Health and Wellbeing services operate from the Kelburn and Pipitea campuses and include Student Health and Student Counselling. Counselling services are also available at Te Aro. Disability Services works alongside students with temporary and ongoing impairments to ensure they are able to engage

fully and achieve in their studies. Wellbeing services operate from the Student Union building on Kelburn campus along with Rainbow and Refugee student advisory services.

Media

VUWSA publishes the weekly magazine *Salient* and operates its website and podcasts. *Salient* provides paid work opportunities and skills development for its contributors, who are all students.

Childcare services

Victoria Kids provides childcare facilities for children of Victoria University of Wellington students.

Clubs and societies

The University has more than 150 clubs across political, cultural, sports, faith-based, and academic interests. Assistance is provided to clubs and societies through the provision of meeting rooms, activity spaces and resources, training programmes, and advice on club financial management.

Sports, recreation, and cultural activities

Victoria Recreation provides space and equipment for students to keep active. Sports leagues, tailored fitness and other programmes, recreational facilities, and venues for student events and activities are offered.

SERVICE CATEGORY	2020 STUDENT SERVICES LEVY (SSL) REVENUE \$'000	2020 STUDENT ASSISTANCE LEVY (SAL) REVENUE \$'000	2020 REVENUE FROM OTHER SOURCES \$'000	TOTAL REVENUE \$'000	TOTAL COST (SSL RELATED AND SAL GRANTS) \$'000	NET SURPLUS/ (COST) \$'000
Advocacy and legal advice	934	—	40	974	941	33
Careers information, advice, and guidance	1,218	—	18	1,236	1,048	188
Counselling services and pastoral care	2,651	—	505	3,156	3,026	130
Employment information	1,074	—	7	1,081	1,072	9
Financial support and advice	552	499	1,105 ¹³	2,156	1,903	253
Health services	3,871	—	2,477	6,348	6,042	306
Media	249	—	—	249	249	—
Childcare services	208	—	—	208	208	—
Clubs and societies	1,218	—	—	1,218	1,108	110
Sports, recreation, and cultural activities	1,655	—	401	2,056	2,760	(704)
Total	13,630	499	4,553	18,682	18,357	325

¹³ Includes \$912,173 received via the Hardship Fund for Learners (HAFL) which was established by TEC to help tertiary education organisations (TEOs) in 2020 provide temporary financial assistance for currently enrolled tertiary learners who were facing hardship due to the COVID-19 pandemic.



FINANCIAL OVERVIEW

The operating deficit for the consolidated Group (excluding the University Foundation) was \$9.9m, which is -2.0 percent of revenue. The consolidated Group operating deficit (including all entities) was \$3.3m, equating to -0.7 percent of revenue.

The decrease in revenue compared to 2019, and the resulting deficit, was primarily due to the impacts of the COVID-19 pandemic, particularly on revenue from international students and from student accommodation. The closure of New Zealand borders early in 2020 prevented a number of international students from being able to enter the country.

This resulted in the number of international full-fee equivalent full-time students (EFTS) reducing by 11 percent on 2019 with a corresponding reduction in revenue. Student accommodation revenue was reduced due to the nationwide lockdowns as the majority of domestic students living in halls of residence returned home for this period, and their accommodation fees were waived.

	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Financial performance					
Total operating revenue ¹⁴	490,209	506,655	490,381	448,094	415,214
University surplus/(deficit) for the year	(9,872)	5,608	15,869	6,447	9,897
EBITDA	49,241	60,908	68,046	66,414	51,417
Surplus/(deficit) (including the Foundation)	(3,267)	16,939	14,985	13,450	14,098
Financial position					
Total current assets	165,338	168,859	148,396	146,103	102,239
Total non-current assets	968,369	989,068	912,449	904,731	829,788
Total assets	1,133,707	1,157,927	1,060,845	1,050,834	932,027
Total current liabilities	156,376	209,996	137,867	191,616	107,117
Total non-current liabilities	85,193	51,133	115,112	64,715	123,333
Total liabilities	241,569	261,129	252,979	256,331	230,450
Total community equity	892,138	896,798	807,866	794,503	701,577
Statistics					
University surplus/(deficit) to total revenue	(2.0%)	1.1%	3.2%	1.4%	2.4%
University surplus/(deficit) to total assets	(0.9%)	0.5%	1.5%	0.6%	1.1%
Current assets to current liabilities	106%	80%	109%	76%	98%
Assets to equity	127%	129%	131%	132%	133%

The Victoria University of Wellington Foundation (the fundraising arm of the University) earned \$13.5m from donations and investment returns. Funds raised through the generous engagement of alumni and civic supporters of the University are critical to help us invest in key initiatives and scholarships that support the realisation of the Strategic Plan. Total Foundation funds increased to \$80.6m at year end.

Net cash flow from operations at \$59.9m decreased by \$21.4m from 2019 mainly due the impact of the pandemic on full-fee tuition and accommodation revenue. The COVID-19 pandemic also had an impact

on the University's ability to complete its planned capital programme of works for 2020 resulting in capital expenditure for the year of \$46.7m, which is \$13.6m lower than 2019. Key projects that were progressed during 2020 include the ongoing refurbishment of Rutherford House and the completion of the Hunter building atrium replacement.

With the border restrictions continuing into 2021, the University will face ongoing financial challenges from a further reduction in international tuition revenue as current students complete their studies and are not replaced by as many new students.

¹⁴ These numbers are University Group (excluding the Foundation).



FINANCIAL STATEMENTS

For the year ended 31 December 2020

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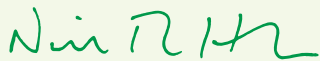
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STATEMENT OF RESPONSIBILITY

We are responsible for:

- the preparation of the annual financial statements and statement of service performance and the judgements used in them
- establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, the financial statements and statement of service performance for the financial year ended 31 December 2020 fairly reflect the financial position and operations of Victoria University of Wellington and the Group.



Neil Paviour-Smith

Chancellor
1 April 2021



Professor Grant Guilford

Vice-Chancellor
1 April 2021

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the year ended 31 December 2020

		CONSOLIDATED			UNIVERSITY		
	NOTE	ACTUAL 2020 \$'000	BUDGET 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	BUDGET 2020 \$'000	ACTUAL 2019 \$'000
Revenue							
Government funding		158,346	160,800	155,092	158,346	160,800	155,092
Performance-Based Research Fund (PBRF) funding		35,236	35,300	35,472	35,236	35,300	35,472
Domestic tuition		95,466	98,100	94,304	95,466	98,100	94,304
Full-fee tuition		40,661	48,000	45,576	40,661	48,000	45,576
Research		76,719	72,100	64,546	42,346	32,400	31,393
Commercial		12,312	14,400	14,696	12,521	13,100	13,002
Other revenue	2	71,469	84,500	96,969	53,354	65,500	77,098
Total operating revenue	2	490,209	513,200	506,655	437,930	453,200	451,937
Expenses							
People	3	270,353	265,600	266,437	253,396	248,600	251,353
Operating	4	125,553	136,400	139,014	104,521	94,100	103,211
Occupancy	4	45,062	40,700	40,296	43,690	39,400	38,662
Finance costs	5	2,265	2,100	3,637	2,794	3,100	4,258
Depreciation & amortisation	11,13	56,848	55,700	51,663	56,236	55,600	50,794
Total operating expenses		500,081	500,500	501,047	460,637	440,800	448,278
University surplus/(deficit)		(9,872)	12,700	5,608	(22,707)	12,400	3,659
Victoria University of Wellington Foundation							
Movement of net assets	6	6,605	2,700	11,331	–	–	–
Surplus/(deficit) (including the Foundation)		(3,267)	15,400	16,939	(22,707)	12,400	3,659
Other comprehensive revenue and expense							
Movements in revaluation reserve	11	(982)	–	72,224	(982)	–	68,499
Movements in cash flow hedge reserve		(411)	–	(231)	(411)	–	(231)
Total other comprehensive income		(1,393)	–	71,993	(1,393)	–	68,268
Total comprehensive income		(4,660)	15,400	88,932	(24,100)	12,400	71,927

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		CONSOLIDATED			UNIVERSITY		
	NOTE	ACTUAL 2020 \$'000	BUDGET 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	BUDGET 2020 \$'000	ACTUAL 2019 \$'000
Current assets							
Cash & cash equivalents	8	64,116	64,200	75,790	21,009	30,000	27,809
Investments & other financial assets	9	70,180	45,400	45,671	7,714	–	(1,875)
Accounts receivable & accruals	10	10,676	23,100	23,637	15,118	20,400	32,834
Pre-paid expenses		15,930	13,000	16,952	13,998	10,000	14,078
Other current assets		4,436	4,200	4,421	96	100	110
Loans to related parties		–	–	–	4,510	4,300	6,310
Non-current assets held for sale	12	–	–	2,388	–	–	2,388
Total current assets		165,338	149,900	168,859	62,445	64,800	81,654
Non-current assets							
Property, plant, & equipment	11	959,019	1,024,100	974,782	936,458	1,018,400	952,235
Intangibles	13	6,210	14,400	7,476	6,210	14,400	7,476
Investments in related parties	9,14	3,140	6,300	6,810	5,261	3,500	5,261
Total non-current assets		968,369	1,044,800	989,068	947,929	1,036,300	964,972
Total assets		1,133,707	1,194,700	1,157,927	1,010,374	1,101,100	1,046,626
Current liabilities							
Accounts payable & accruals	15	74,780	64,800	80,500	67,433	58,700	73,498
Revenue in advance	16	63,444	57,900	59,967	24,274	30,000	31,059
Related party borrowings	20	–	–	–	54,000	36,000	36,000
Employee entitlements	17	18,042	19,200	19,475	17,731	18,800	19,149
Deferred revenue—contractual obligation	18	–	–	3,944	–	–	3,944
Bank borrowings	19	–	–	46,000	–	–	46,000
Other current liabilities		110	2,000	110	110	100	110
Total current liabilities		156,376	143,900	209,996	163,548	143,600	209,760
Non-current liabilities							
Employee entitlements	17	24,110	22,200	24,940	24,110	22,200	24,940
Bank borrowings	19	61,000	100,000	26,000	61,000	100,000	26,000
Other non-current liabilities		83	400	193	83	400	193
Total non-current liabilities		85,193	122,600	51,133	85,193	122,600	51,133
Total liabilities		241,569	266,500	261,129	248,741	266,200	260,893
Net assets		892,138	928,200	896,798	761,633	834,900	785,733
Community equity							
Accumulated surplus		445,815	447,400	446,082	318,979	354,100	338,686
Other reserves		446,379	480,800	450,772	442,654	480,800	447,047
Non-controlling interest		(56)	–	(56)	–	–	–
Total community equity		892,138	928,200	896,798	761,633	834,900	785,733

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	NOTE	CONSOLIDATED			UNIVERSITY		
		ACTUAL 2020 \$'000	BUDGET 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	BUDGET 2020 \$'000	ACTUAL 2019 \$'000
Community equity at 1 January		896,798	912,800	807,866	785,733	822,500	713,806
Surplus/(deficit) for the year		(3,267)	15,400	16,939	(22,707)	12,400	3,659
Other comprehensive revenue and expense							
Increase/(decrease) in asset revaluation reserve	11	(982)	–	72,224	(982)	–	68,499
Decrease in cash flow hedge reserve		(411)	–	(231)	(411)	–	(231)
Community equity at 31 December	22	892,138	928,200	896,798	761,633	834,900	785,733
Community equity represented by:							
Accumulated surplus							
Opening balance		446,082	432,000	429,143	338,686	341,700	335,027
Surplus/(deficit) for the year		(3,267)	15,400	16,939	(22,707)	12,400	3,659
Transfer from revaluation reserve		3,000	–	–	3,000	–	–
Closing balance		445,815	447,400	446,082	318,979	354,100	338,686
Non-controlling interest							
Opening balance		(56)	–	(56)	–	–	–
Closing balance		(56)	–	(56)	–	–	–
Asset revaluation reserve							
Opening balance		452,648	480,800	380,424	448,923	480,800	380,424
Increase/(decrease) in revaluation reserve	11	(982)	–	72,224	(982)	–	68,499
Transfer to accumulated surplus		(3,000)	–	–	(3,000)	–	–
Closing balance		448,666	480,800	452,648	444,941	480,800	448,923
Cash flow hedge reserve							
Opening balance		(1,876)	–	(1,645)	(1,876)	–	(1,645)
Decrease in cash flow hedge reserve		(411)	–	(231)	(411)	–	(231)
Closing balance		(2,287)	–	(1,876)	(2,287)	–	(1,876)
Community equity at 31 December		892,138	928,200	896,798	761,633	834,900	785,733

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	NOTE	CONSOLIDATED			UNIVERSITY		
		ACTUAL 2020 \$'000	BUDGET 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	BUDGET 2020 \$'000	ACTUAL 2019 \$'000
Cash flows from/(to) operating activities							
Government funding		156,385	160,800	155,552	157,347	160,800	155,552
PBRF revenue		35,236	35,300	35,472	35,236	35,300	35,472
Tuition fees		132,329	146,200	144,727	132,330	146,200	144,748
Research, commercial, & other revenue		163,488	163,700	173,618	108,109	108,700	104,672
Interest received		1,426	1,000	2,022	1,119	800	1,459
Dividends received		4	–	707	–	–	1
Cash donations		9,021	6,400	7,732	5,862	1,400	3,398
GST (net)		(2,161)	–	2,979	(1,522)	–	2,318
Payments to employees		(272,921)	(264,400)	(262,886)	(256,039)	(247,600)	(247,821)
Payments to suppliers		(160,627)	(176,700)	(174,924)	(139,825)	(132,500)	(140,744)
Interest paid		(2,265)	(2,100)	(3,637)	(2,794)	(3,100)	(4,258)
Net cash flow from operating activities		59,915	70,200	81,362	39,823	70,000	54,797
Cash flows from/(to) investing activities							
Receipts from sale of property, plant, equipment, & intangibles		727	1,100	1,625	727	–	1,707
Purchase of property, plant, equipment, & intangibles		(46,693)	(80,100)	(60,284)	(46,040)	(80,000)	(48,663)
Payments for investments		(14,523)	–	(803)	(10,000)	–	(1,812)
Net cash flow from/(to) investing activities		(60,489)	(79,000)	(59,462)	(55,313)	(80,000)	(48,768)
Cash flows from/(to) financing activities							
Proceeds from borrowings		35,000	45,000	–	61,000	45,000	9,000
Repayment of borrowings		(46,100)	(25,000)	(25,120)	(72,110)	(25,000)	(25,120)
Proceeds from related party borrowings		–	–	–	19,800	–	–
Net cash flow (to)/from financing activities		(11,100)	20,000	(25,120)	8,690	20,000	(16,120)
Net (decrease)/increase in cash & cash equivalents		(11,674)	11,200	(3,220)	(6,800)	10,000	(10,091)
Cash & cash equivalents at the beginning of the year		75,790	53,000	79,010	27,809	20,000	37,900
Cash & cash equivalents at the end of the year	8	64,116	64,200	75,790	21,009	30,000	27,809

The accompanying notes form part of these financial statements.

RECONCILIATION OF SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

For the year ended 31 December 2020

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Surplus/(deficit)	(3,267)	16,939	(22,707)	3,659
Add/(less) non-cash items				
Depreciation & amortisation	56,848	51,663	56,236	50,794
Other non-cash items	(3,073)	5,717	–	6,802
Total non-cash items	53,775	57,380	56,236	57,596
Add/(less) items classified as investing or financing activities				
Losses/(gains) on disposal of property, plant, & equipment	5,246	181	5,227	181
(Gains)/losses on investments held at fair value	(3,640)	(9,260)	–	–
Add/(less) changes in working capital items				
(Increase)/decrease in receivables	12,965	(7,158)	17,743	(19,179)
(Increase)/decrease in deferred revenue	(3,519)	352	(3,519)	352
(Increase)/decrease in prepayments	1,022	(3,589)	80	(3,728)
(Increase)/decrease in other current assets	(15)	(188)	14	(3)
Increase/(decrease) in accounts payable	(3,849)	13,187	(4,218)	8,030
Increase/(decrease) in employment provisions	(2,264)	5,814	(2,248)	5,859
Increase/(decrease) in revenue received in advance	3,461	7,704	(6,785)	2,030
Net cash inflow/(outflow) from operating activities	59,915	81,362	39,823	54,797

The accompanying notes form part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 STATEMENT OF ACCOUNTING POLICIES

THE REPORTING ENTITY

Te Herenga Waka—Victoria University of Wellington (the University) is a Tertiary Education Institution domiciled in New Zealand, and is governed by the Crown Entities Act 2004 and the Education and Training Act 2020.

The primary purpose of the Consolidated Group (the Group) is to provide tertiary education services. This includes advancing knowledge by teaching and research, and offering courses leading to a range of degrees, diplomas, and certificates. It also makes research available to the wider community for mutual benefit, and provides research and scholarships for the purpose of informing the teaching of courses. These aspects are covered fully in the statement of service performance.

The University and the Group are designated as public benefit entities (PBEs) for financial reporting purposes.

The financial statements of the University and the Group for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Victoria University of Wellington Council (the University Council) on 1 April 2021.

BASIS OF PREPARATION

The accounting policies have been applied consistently to all periods presented. Significant accounting policies can be found in the specific notes to which they relate.

These financial statements are presented in accordance with the Education and Training Act 2020, the Crown Entities Act 2004, and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with PBE Standards and other applicable financial reporting standards, as appropriate for PBEs.

The financial statements are presented in New Zealand dollars, which is the presentation currency and the functional currency of all entities within the Group. All values are rounded to the nearest thousand dollars (\$'000). The measurement base applied is historical cost except where specifically identified.

All components in the financial statements are stated exclusive of GST, with the exception of receivables and payables, which include any GST invoiced. The University is exempt from income tax. However, there are some controlled entities and associates within the Group that are not exempt from income tax.

The Group financial statements are prepared on a consolidation basis, 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. The Group financial statements comprise the financial statements of the University, its controlled entities (including controlled trusts and subsidiary companies), and investments in associates and joint ventures as at 31 December each year. Investments in associates and joint ventures have been recognised at fair value through surplus or deficit.

The budget for 2020 was approved by the University Council on 2 December 2019.

STANDARDS, AMENDMENTS, AND INTERPRETATIONS ISSUED THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the University and Group, are:

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement and PBE IFRS 9 Financial Instruments and is effective for financial years beginning on or after 1 January 2022, with earlier adoption permitted. The main changes compared to PBE IPSAS 29 that are relevant to the University are:

- new Financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost
- a new impairment model for financial assets based on expected losses, which might result in the earlier recognition of impairment losses.

The University intends to adopt PBE IPSAS 41 for the 31 December 2022 financial year. The University has not yet assessed in detail the impact of the new standard.

PBE IPSAS 2 Statement of Cash Flows (amendment)

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and no-cash changes.

This amendment is effective for annual periods beginning on or after 1 January 2021, with early adoption permitted. The University does not intend to early adopt the amendment.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In applying the Group's accounting policies, management continually evaluates judgements, estimates, and assumptions based on experience and other factors, including expectations of future events that may impact the Group. All judgements, estimates, and assumptions made are believed to be reasonable, based on the most current set of circumstances available to management. Significant judgements, estimates, and assumptions made by management in the preparation of these financial statements are outlined below.

- Management relies on the services of an independent valuer to assess the recoverable value of land and building assets and the remaining useful lives on a regular basis (refer note 11).
- Asset impairment judgements will be made where there is reason to suggest that the carrying value of the assets has changed materially since the previous balance date (refer notes 11 and 13).
- Management relies on the services of an independent actuary to assess the carrying value of retirement and long service entitlements (refer note 17).
- Valuation of Level 3 investments (refer note 9).
- Stage of completion of research projects is regularly assessed to determine the carrying value of deferred revenue recognised.

The Statement of service performance requires judgement from management. Refer to page 11 for further disclosure.

Effect of COVID-19

On 11 March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The New Zealand Government introduced a 4-stage Alert Level system to manage and minimise the risk of COVID-19 in New Zealand. The entire country went into a full lockdown of all non-essential services when the Government raised its Alert Level to 4 on 25 March 2020.

Early impacts of COVID-19 related to reduction in international students, particularly those from China. During Alert Level 4 the University had to shut down all of its business operations, except those related to essential businesses within New Zealand (including the majority of domestic students who resided in the student accommodation halls returning to their homes). The New Zealand Government shifted to Alert Level 3 on 27 April 2020 after which the University began a gradual return to on-campus operations. The University has continued to offer its dual mode of Teaching and Learning activities (face-to-face and online) for the remainder of 2020. Throughout 2020, as Alert Levels have fluctuated through the country, the University has continued to follow all Ministry of Health requirements.

The shutdown and progressive return to on-campus operations had an adverse impact on the Group's earnings for the financial year. Revenue related to full-fee tuition and student accommodation has fallen as a result of the government restrictions. Certain group costs have fallen as a result of the government restrictions, although these are immaterial to the overall results of the Group. Management has assessed the possible effect on accounts receivable and formed the view that no impairment needs to be recognised. Management has no evidence that the fair value of property, plant, and equipment has changed since the valuation carried out in 2019 and has not impaired any assets because of this.

Part of the Government's response to the COVID-19 pandemic was to guarantee the Crown would not claw back funding should the University fall below the 99 percent minimum of the Investment Revenue Plan for 2020 as stipulated in the TEC contract. In addition to this, the Ministry of Education (MOE) has granted the University permission to operate outside a number of financial covenants for the years 2020 and 2021. The University has breached TEC's interest cover and net surplus covenants. There are no bank covenant breaches.

Further COVID-19-related disclosures can be found in the Statement of service performance, Note 23—Events after balance date, and Note 24—Explanations of major variances against budget.

We anticipate there will be a multi-year significant financial impact as a result of COVID-19. Due to the financial challenges associated with COVID-19, the University offered a voluntary redundancy programme in November 2020. As a result of this, a redundancy provision of \$5.9m (2019: nil) has been recorded.

2 REVENUE

Revenue is measured at fair value. The Group's significant revenue items are explained below.

Government funding: This is recognised as revenue as the courses to which the funding relates are taught, unless there is an obligation to return the funds if the conditions of the funding are not met. If there is such an obligation, the funding is initially recorded as a deferred revenue liability and then recognised as revenue when the conditions of the funding are satisfied. In addition to this, the Government provided additional funding to support students through COVID-19. This was used to bolster the Student Hardship Fund and to provide student technological solutions.

Performance-Based Research Fund (PBRF) funding: This is non-exchange in nature, and is measured based on the estimated funding entitlement at the commencement of the year plus or minus adjustments from the previous year.

Tuition fees: Domestic student tuition fees are considered non-exchange. Revenue is recognised when the course withdrawal date has passed, which is when the student is no longer entitled to a refund. International student tuition fees are accounted for as exchange transactions and recognised as revenue on a course percentage of completion basis.

Fees-free revenue: Fees-free revenue is considered non-exchange revenue and recognised when the course withdrawal date for an eligible student has passed. This funding is recognised as a part of domestic tuition, on the basis that receipts from TEC are for a payment on behalf of the student as specified in the relevant funding mechanism.

Research revenue: For an exchange research contract, revenue is recognised on a percentage of completion basis. The percentage of completion is measured with reference to the actual research expenditure incurred as a proportion of 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 is a condition attached to the funding with performance and return obligations, the funds are recognised initially as a liability to the extent that the conditions remain unfulfilled. Revenue is then recognised when the conditions are satisfied.

Other revenue

	CONSOLIDATED	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Fees for accommodation and services provided to students	48,291	54,766
Payments on insurance claims	—	18,300
Proceeds from disposal of fixed assets	727	417
Interest received	1,272	1,967
Gains on investments	3,087	1,086
Donations received	2,000	658
Sundry revenue	16,092	19,775
Total	71,469	96,969

The interest amount is predominantly from on call or on short-term deposits. In 2020, interest rates ranged from 0.15 percent to 2.59 percent (2019: 1.00 percent to 3.26 percent).

3 PEOPLE EXPENSES

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Salaries	249,984	241,434	233,993	226,961
Contractors	4,282	5,335	3,683	4,961
Entitlements	16,087	19,668	15,720	19,431
Total	270,353	266,437	253,396	251,353

Entitlements include contributions to KiwiSaver, UniSaver, and other defined contribution superannuation schemes, which are recognised as an expense when incurred.

4 OPERATING AND OCCUPANCY

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
The following items are included within operating & occupancy expenses:				
Audit fees to Ernst & Young	366	340	238	223
Property leases	17,739	16,264	17,512	15,849
IT leases	3,115	2,674	3,101	2,618
Losses on disposal of property, plant, & equipment	5,973	598	5,954	598
Information technology	11,337	5,716	11,070	5,325
Grants & scholarships	26,054	25,881	21,032	12,501
Insurance	7,994	6,999	7,578	6,634
Travel & accommodation	4,715	15,047	1,506	5,587

Operating lease payments (net of any operating lease incentive received) are recognised as an expense on a straight-line basis over the lease term. Operating lease incentives are recognised as a reduction in the lease expense over the term of the lease. Refer to note 21.

5 FINANCE COSTS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Interest on borrowings	2,311	3,789	2,840	4,411
Capitalised borrowing costs	(46)	(152)	(46)	(153)
	2,265	3,637	2,794	4,258

Borrowing costs are expensed when incurred. The portion of borrowing costs directly attributable to qualifying assets is capitalised up to the point the qualifying asset is commissioned for use.

6 VICTORIA UNIVERSITY OF WELLINGTON FOUNDATION

The movement of net assets for the Foundation includes investment returns of \$6.0m (2019: \$9.3m) and donation revenue of \$7.0m (2019: \$7.0m).

7 FINANCIAL INSTRUMENTS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Financial assets				
Loans and receivables				
Cash & cash equivalents	64,116	75,790	21,009	27,809
Trade receivables	9,035	13,382	14,542	24,600
Loans to related parties	–	–	4,510	6,310
Other current assets	4,436	4,421	96	110
Total	77,587	93,593	40,157	58,829
At fair value through surplus or deficit				
Investments	74,964	53,787	10,000	–
Total	74,964	53,787	10,000	–
At fair value through other comprehensive revenue and expense—cash flow hedges				
Derivative financial instruments	(1,644)	(1,306)	(2,286)	(1,875)
Total	(1,644)	(1,306)	(2,286)	(1,875)
Financial liabilities				
Financial liabilities at amortised cost				
Accounts payable	21,337	29,694	18,570	26,246
Bank borrowings	61,000	72,000	61,000	72,000
Related party borrowings	–	–	54,000	36,000
Total	82,337	101,694	133,570	134,246

Financial risk management objectives and policies: Unless otherwise stated, the carrying value equates to fair value for all financial assets and liabilities. Fair value is determined using quoted prices in active markets (where available) or other observable inputs. Where neither of these are available, then fair value is determined using observable price data and other relevant models used by market participants.

All purchases and sales of financial assets are recognised on the trade date (i.e., the date that the Group commits to purchase the asset). Purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Financial assets at fair value through surplus or deficit: The Group's investments in shares, managed funds, and fixed interest securities are classified as financial assets held for trading, with gains or losses recognised in surplus or deficit.

Financial liabilities: Financial liabilities measured at amortised cost include accounts payable, related party, and bank borrowings. After initial recognition, these liabilities are subsequently measured at amortised cost using the effective interest rate method.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective-interest-rate method. Gains and losses are recognised within the surplus or deficit when the loans and receivables are derecognised or impaired. These are classified as current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

Impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect amounts due. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of

the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e., not past due). For other financial assets, impairment losses are recognised directly against the instrument's carrying amount.

(a) Market risk and sensitivity

Currency risk exposure arises on foreign exchange sales and purchases (typically library items and scientific equipment) denominated in a foreign currency. Wherever possible, the University transacts in the functional currency, including the setting of fees for international students. The Group's policies require that foreign currency forward-purchase contracts are used to limit the Group's exposure to movements in exchange rates on foreign currency denominated liabilities and purchase commitments above \$100,000, where the committed payment date is known and is within 12 months. The Group entered into multiple foreign-exchange contracts during 2020 to mitigate any such risk, and held USD\$2.8m (2019: USD\$1.8m) of forward-exchange contracts at 31 December 2020 with a fair value of \$200k (2019: \$209k). These contracts are held to offset exchange rate risk on expected purchases in USD.

The Foundation holds \$38.5m of investments at fair value through surplus or deficit (2019: \$37.0m), which are invested in a range of foreign denominations and are exposed to foreign exchange risk. The fair value of the Foundation's forward foreign exchange contracts totals \$0.6m (2019: \$0.5m). A 10 percent movement in the New Zealand dollar against all currencies would give rise to a \$1.6m gain or loss that would equally impact equity (2019: \$1.5m).

Price risk arises as the fair value of shares in listed companies and units in managed funds will fluctuate as a result of changes in market prices. Market prices for a particular share may fluctuate due to factors specific to the individual share or its issuer, or factors affecting all shares traded in the market. This price risk is managed by diversification of the portfolio. A 10 percent movement in the market price of investments at fair value through surplus or deficit would give rise to a \$3.9m gain or loss that would equally impact equity (2019: \$3.7m).

Fair-value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to fair-value interest rate risk due to the exposure created by borrowings and investments issued at fixed rates of interest.

Cash flow interest rate risk exposure arises due to the exposure on bank borrowings and investments issued at variable interest rates. Generally, the Group raises long-term borrowings at floating rates and enters interest swaps to manage the cash flow interest rate risk. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed-term contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts, and applies hedge accounting to ensure fair-value fluctuations on the interest rate portfolio are taken to other comprehensive revenue or expense. The fair value of interest rate swaps totals \$(2.3m) (2019: \$(1.9m)). The fixed interest rates of interest rate swaps vary from 0.5 percent to 3.2 percent (2019: 2.5 percent to 3.4 percent).

The following table demonstrates the potential effect of movements in interest rates on the University and Group's surplus or deficit and equity, if interest rates had been 1.5 percent higher or lower with all other variables held constant. The calculation effectively changes the actual average of the contracted borrowing rates for the year by 1.5 percent.

	CONSOLIDATED 2020	
	-150BPS \$'000	+150BPS \$'000
Potential effect of movement in interest rates	(762)	762

(b) Credit risk

Credit risk is the risk that a third party will default on its obligations to the Group, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, which gives rise to credit risk.

In the normal course of business, the Group is exposed to credit risk from cash and term deposits with banks, debtors, other receivables, government bonds, loans to subsidiaries, and derivative financial instrument assets. For each of these, the maximum credit exposure is best represented by their carrying amount.

The Group limits the amount of credit exposure to any one financial institution for term deposits to no more than the greater of \$40.0m or 40 percent of total investment held. The Group invests funds only with registered banks with high credit ratings and for a period not exceeding 365 days.

Investments held at fair value through surplus or deficit are predominantly managed by an external fund manager in a range of securities to diversify the risk.

The Group transacts with its students. These transactions do not create a significant credit risk, as students have no concentration of credit because of the relatively low value of individual student transactions. The Group also transacts with the Crown. These transactions do not create significant credit risk.

The Group holds no collateral or other enhancements for financial instruments that give rise to credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting financial liabilities as they fall due. The Group monitors and manages this risk in accordance with its Treasury Statute.

The Group's objective is to ensure there is access to cash, treasury investments, and committed bank funding at a future time when funds are required. The maturity profile of the total committed funding in respect to all external debt should be spread where practicable to reduce the concentration risk of having all or most of the University's committed funding maturing at the same time and at least 50 percent of committed funding facilities must expire more than 2 years beyond the reporting date. See note 19. The amount and expiry date of all bank loans, committed bank facilities, and term debt will not exceed the maximum amount and term of the Ministerial Consent to Borrow.

The Group's assessment of risk with respect to refinancing its debt is low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The maturity profile of the Group's financial liabilities based on contractual undiscounted payments is such that, other than borrowings, all accounts payable are expected to be repaid within six months. Borrowings of \$nil will mature within 12 months and will need to be refinanced or repaid (2019: \$46m).

8 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Cash at bank	1,780	1,281	322	(38)
Bank on-call deposits	59,252	49,829	17,687	12,467
Short-term deposits	3,084	24,680	3,000	15,380
Closing balance	64,116	75,790	21,009	27,809
Including:				
Funds held by controlled trusts	42,334	40,219	—	—

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits for a period not exceeding 180 days, which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Funds held by controlled trusts may have donor restrictions and will be used for specified purposes. When donor restrictions exist, the funds are held in trust until the University fulfils the donor's request.

9 INVESTMENTS AND OTHER FINANCIAL ASSETS

Quantitative disclosure of fair-value measurement hierarchy for investments as at 31 December 2020:

	CONSOLIDATED			CONSOLIDATED		
	2020 \$'000 LEVEL 1	2020 \$'000 LEVEL 2	2020 \$'000 LEVEL 3	2019 \$'000 LEVEL 1	2019 \$'000 LEVEL 2	2019 \$'000 LEVEL 3
Investments	23,677	48,147	3,140	1,387	45,590	6,810
Derivatives—Forward foreign exchange	—	642	—	—	569	—
Derivatives—Interest rate swaps	—	(2,286)	—	—	(1,875)	—
Closing balance	23,677	46,503	3,140	1,387	44,284	6,810

Due to the diverse nature of the Group's operations, the Group has a number of investments. Primarily, the Foundation holds investments in accordance with its Statement of Investment Policy (SIPO). Insurance proceeds received are held on deposit until reinvested in building and infrastructure. Deposits held for greater than 180 days are classified as investments. Investments to commercialise research are typically in unlisted entities, whose trading activity may be limited.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair-value hierarchy, described as follows, based on the lowest level input that is significant to the fair-value measurement as a whole.

Level 1: Fair value of investments in listed shares and fixed interest instruments obtained using quoted bid price at balance date.

Level 2: Fair value of investments in managed funds, obtained using closing unit prices as at balance date, published by the respective fund managers. The fair value of the forward foreign exchange contracts was determined by a present value model with reference to current forward exchange rates for contracts with similar maturity profiles at balance date. The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value.

Level 3: Fair value of investments is determined using latest market transactions and impairment tests based on milestones and performance, being the best available market data at the time of valuation.

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value investments.

	CONSOLIDATED	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Opening balance	6,810	6,255
Sale of Investments	(4,893)	(531)
Purchases	1,477	–
Gain or losses recognised in surplus	(254)	1,086
Closing balance	3,140	6,810

The table below provides a sensitivity analysis for level 3 fair value measurements.

	2020		2019	
	\$'000 +10%	\$'000 -10%	\$'000 +10%	\$'000 -10%
Investments—aggregate share price at year end	171	(171)	511	(511)
Joint Venture—aggregate share price at year end	142	(142)	165	(165)
Change in fair value	313	(313)	676	(676)

Derivative financial instruments and hedge accounting

The Group does not hold or issue derivative financial instruments for trading purposes. The Group uses financial instruments to manage exposure to interest rate fluctuations and foreign exchange risks, and are stated at fair value. For the purposes of hedge accounting, hedges are classified as cash flow hedges where they hedge exposure to variability for a forecast transaction. Interest rate swaps that meet the conditions for hedge accounting as cash flow hedges can have the effective portion of the gain or loss on the hedging instrument recognised directly in other comprehensive revenue and expense and the ineffective portion recognised in the net surplus/(deficit). Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in the hedging reserve is kept in the reserve until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive revenue and expense is transferred to the net surplus/(deficit) for the year. For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken direct to the net surplus/(deficit) for the year.

10 ACCOUNTS RECEIVABLE AND ACCRUALS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Receivables & accruals	11,519	23,921	15,465	33,056
Less: Provision for doubtful debts	(881)	(500)	(351)	(339)
Other	38	216	4	117
Closing balance	10,676	23,637	15,118	32,834
Ageing of receivables and accruals				
Not past due	7,627	19,064	14,368	31,542
Past due 1–30 days	1,021	816	96	320
Past due 31–60 days	711	522	184	374
Past due 61–90 days	556	724	271	165
Past due over 91 days not impaired	723	2,430	196	316
Past due over 91 days impaired	881	365	350	339
Total gross trade receivables	11,519	23,921	15,465	33,056

Accounts receivable are initially measured at fair value and subsequently measured at amortised cost using the effective-interest-rate method, less any provision for impairment.

11 PROPERTY, PLANT, AND EQUIPMENT

CONSOLIDATED	LAND \$'000	BUILDINGS & INFRASTRUCTURE \$'000	COMPUTERS & NETWORKS \$'000	PLANT & EQUIPMENT \$'000	ART COLLECTION, HERITAGE, & LIBRARY \$'000	CAPITAL WORK IN PROGRESS \$'000	TOTAL \$'000
Cost and valuation							
Balance as at 1 January 2019	125,895	686,398	32,685	92,265	112,042	25,844	1,075,129
Additions	2,252	12,693	5,779	13,205	7,016	62,391	103,336
Disposals & reclassifications	(2,195)	(7,847)	(4,544)	(5,969)	(40,904)	(43,707)	(105,166)
Impairment	–	–	–	(52)	–	–	(52)
Valuation movement	110,457	(82,288)	–	–	–	–	28,169
Balance as at 31 December 2019	236,409	608,956	33,920	99,449	78,154	44,528	1,101,416
Additions	2,810	35,654	4,511	9,435	8,472	47,572	108,454
Disposals & reclassifications	(800)	(1,272)	(18,582)	(11,260)	(8,451)	(63,493)	(103,858)
Valuation movement	(60)	(922)	–	–	–	–	(982)
Balance as at 31 December 2020	238,359	642,416	19,849	97,624	78,175	28,607	1,105,030
Accumulated depreciation							
Balance as at 1 January 2019	–	31,819	21,947	53,317	74,775	–	181,858
Depreciation charge	–	23,426	5,331	9,889	7,642	–	46,288
Disposals	–	(6,415)	(4,393)	(5,745)	(40,904)	–	(57,457)
Impairment movement	–	(44,055)	–	–	–	–	(44,055)
Balance as at 31 December 2019	–	4,775	22,885	57,461	41,513	–	126,634
Depreciation charge	–	23,506	4,758	9,807	15,205	–	53,276
Disposals & reclassifications	–	(784)	(15,196)	(9,789)	(8,130)	–	(33,899)
Balance as at 31 December 2020	–	27,497	12,447	57,479	48,588	–	146,011
Net book value							
As at 1 January 2019	125,895	654,579	10,738	38,948	37,267	25,844	893,271
As at 31 December 2019	236,409	604,181	11,035	41,988	36,641	44,528	974,782
As at 31 December 2020	238,359	614,919	7,402	40,145	29,587	28,607	959,019

UNIVERSITY	LAND \$'000	BUILDINGS & INFRASTRUCTURE \$'000	COMPUTERS & NETWORKS \$'000	PLANT & EQUIPMENT \$'000	ART COLLECTION, HERITAGE, & LIBRARY \$'000	CAPITAL WORK IN PROGRESS \$'000	TOTAL \$'000
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Cost and valuation

Balance as at 1 January 2019	115,645	678,909	32,658	91,341	112,032	25,844	1,056,429
Additions	2,252	12,692	5,724	12,235	7,016	60,827	100,746
Disposals & reclassifications	(2,195)	(7,846)	(4,544)	(5,969)	(40,904)	(42,682)	(104,140)
Impairment	–	–	–	(52)	–	–	(52)
Valuation movement	106,938	(82,363)	–	–	–	–	24,575
Balance as at 31 December 2019	222,640	601,392	33,838	97,555	78,144	43,989	1,077,558
Additions	2,810	35,654	4,457	9,226	8,472	46,928	107,547
Disposals & reclassifications	(800)	(1,272)	(18,581)	(11,222)	(8,451)	(63,231)	(103,557)
Valuation movement	(60)	(922)	–	–	–	–	(982)
Balance as at 31 December 2020	224,590	634,852	19,714	95,559	78,165	27,686	1,080,566

Accumulated depreciation

Balance as at 1 January 2019	–	31,819	21,924	52,767	74,775	–	181,285
Depreciation charge	–	23,295	5,320	9,162	7,642	–	45,419
Disposals & reclassifications	–	(6,415)	(4,393)	(5,745)	(40,904)	–	(57,457)
Impairment movement	–	(43,924)	–	–	–	–	(43,924)
Balance as at 31 December 2019	–	4,775	22,851	56,184	41,513	–	125,323
Depreciation charge	–	23,506	4,714	9,239	15,205	–	52,664
Disposals & reclassifications	–	(784)	(15,196)	(9,769)	(8,130)	–	(33,879)
Balance as at 31 December 2020	–	27,497	12,369	55,654	48,588	–	144,108

Net book value

As at 1 January 2019	115,645	647,090	10,734	38,574	37,257	25,844	875,144
As at 31 December 2019	222,640	596,617	10,987	41,371	36,631	43,989	952,235
As at 31 December 2020	224,590	607,355	7,345	39,905	29,577	27,686	936,458

Capital work in progress: This is valued on a basis of expenditure incurred and certified gross progress claim certificates up to balance date. Work in progress is not depreciated, and includes borrowing costs on qualifying assets. The total costs of the project are transferred to the relevant asset class on completion and then depreciated accordingly.

Additions: The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Measurement subsequent to initial recognition for non-revalued assets: Computers and network assets, plant and equipment assets, and library assets are measured after initial recognition at cost less accumulated depreciation and impairment. Art collections and heritage assets are measured after initial recognition at cost less accumulated impairment.

Disposals: Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in property revaluation reserves in respect of those assets are transferred to general funds within equity.

Depreciation: This is provided on a straight-line basis on all property, plant, and equipment other than land and heritage collections, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Heritage collections are not depreciated because they are maintained such that they have indefinite or sufficiently long useful lives that any depreciation is considered negligible.

Impairment: Property, plant, and equipment are reviewed for indicators of impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable amount, the asset is considered to be impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the 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, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of an impairment loss is also recognised 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.

CLASS OF ASSET DEPRECIATED	ESTIMATED USEFUL LIFE	DEPRECIATION RATES
Buildings & infrastructure	5–86 years	Straight line
Computers & networks	3–10 years	Straight line
Plant & equipment	2–25 years	Straight line
Library	2–100 years	Straight line

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Asset revaluation reserve

	CONSOLIDATED	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Land	215,287	216,569
Buildings & infrastructure	233,379	236,079
Closing balance	448,666	452,648

Land, buildings, and infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. Independent registered valuers undertake such revaluations every three years, unless there is reason to suggest that the values have changed materially in the intervening years, in which case a revaluation may be undertaken outside the three-year cycle. Property, plant, and equipment revaluation movements are accounted for on a class-of-asset basis. Land, buildings, and infrastructure assets were independently valued as at 1 December 2019 by Mr P. Todd, registered valuer with Darroch Limited and member of the New Zealand Institute of Valuers.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised within the surplus or deficit. Any subsequent increase on revaluation that reverses 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 recognised in other comprehensive revenue and expense.

The valuation of land occupied by non-residential buildings (i.e., the campuses) takes into account various aspects, including zoning, title implications, alternative uses, subdivision, and development potential. Land is measured at fair value, which is determined by reference to its highest and best use if vacant, in line with market-based evidence.

Non-residential buildings are, for the purposes of the valuation, deemed to be 'specialised assets'. Specialised assets are valued using the optimised depreciated replacement cost methodology that is based on the current gross replacement cost of the building less allowances for physical deterioration (including planned future seismic and asbestos remediation), earthquake damage, and optimisation for obsolescence and relative surplus capacity. Residential buildings and properties located in the Wellington CBD are valued based on the market value that is the estimated price for properties should

an exchange occur between a willing buyer and willing seller in an arm's length transaction. As part of the revaluation process, the independent valuer provided the Group with an estimation of useful lives.

Under the Education and Training Act 2020, the University is required to obtain prior consent of the Ministry of Education to dispose of, or sell, assets where the value of those assets exceeds an amount determined by the Minister of Education.

The rate for capitalisation of borrowing costs was 4.2 percent.

Kaikoura earthquake: The University's property, plant, and equipment suffered damage as a result of a November 2016 earthquake. An ongoing structured work programme is supporting both the claim process with our insurers, and any required remediation works. The programme is supported by both external consultant engineers and quantity surveyors and is sequentially structured. The initial focus has been on damage identification to the overall property portfolio, which has now progressed to remediation scopes and associated costing for a sample of buildings. Required activity within the programme may take a number of years to complete.

Damage has been identified to both buildings and infrastructure, and plant and equipment fixed asset categories. To date, other than the Rankine Brown building, no other major structural damage to buildings has been identified.

As a result of the Kaikoura earthquake, the University has incorporated a fair value adjustment within the movement in revaluation reserve of other comprehensive revenue and expense. The adjustment has been determined with reference to the damage identified to date, supported by insurance progress payments received.

12 NON-CURRENT ASSETS HELD FOR SALE

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Land & buildings held for sale	–	2,388	–	2,388

Land and buildings classified as non-current assets held for sale relate to property sales of surplus land going unconditional in 2020.

13 INTANGIBLES

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Cost and valuation				
Opening balance	24,759	30,368	24,759	30,368
Additions	3,102	3,253	3,102	3,253
Disposals & reclassifications	(5,478)	(886)	(5,478)	(886)
Impairment	–	(7,976)	–	(7,976)
Closing balance	22,383	24,759	22,383	24,759
Accumulated amortisation				
Opening balance	17,283	17,445	17,283	17,445
Amortisation charge	3,572	5,375	3,572	5,375
Disposals & reclassifications	(4,682)	(3,341)	(4,682)	(3,341)
Impairment	–	(2,196)	–	(2,196)
Closing balance	16,173	17,283	16,173	17,283
Net book value	6,210	7,476	6,210	7,476

Intangible assets represent the Group's major IT systems and supporting processes that have been purchased, developed, and implemented. These are capitalised at cost. Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment. Amortisation for intangible assets is calculated using a straight-line basis and the amortisation periods are three to five years, with the expense recognised in the surplus or deficit.

Impairment: Intangible assets initially measured at cost, or which are not yet available for use, are tested annually for impairment. Where the estimated useful life of the asset is deemed to be shorter than the originally recognised life, the reduction in useful life will result in an impairment loss being recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

14 INVESTMENTS IN RELATED PARTIES

NAME	PERCENTAGE CONTROLLED/OWNED	PRINCIPAL ACTIVITY
Controlled entities		
Controlled trusts		
Victoria University of Wellington Foundation	100%	Manages funds raised for the University
Research Trust of Victoria University of Wellington	100%	Conducts academic research
Victoria University of Wellington Art Collection Funding Trust	100%	Supports the University's art collection
Victoria University of Wellington School of Government Trust	100%	Manages funds raised for the University
Presbyterian Methodist Halls of Residence Trust	100%	Provides student accommodation
Subsidiary companies		
Te Puni Village Limited	100%	Provides student accommodation
Wellington Uni-Professional Limited	100%	Provides non-degree teaching Not yet trading as at 31 December 2020
Victoria Link Limited (trading as Wellington UniVentures)	100%	Commercialises research
iPredict Limited	100%	Non-trading
Predictions Clearing Limited	100%	Non-trading
Wetox Limited	100%	Develops waste-water-treatment technology
Boutiq Science Limited	84%	Provides nanoparticle solutions
New Zealand School of Music Limited	100%	Non-trading
General Cable Superconductors Limited	100%	Manufactures high temperature superconducting cable

All controlled entities have a 31 December balance date.

Joint venture

NZ Innovation Booster Limited Partnership	50%	Commercialises research
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The Group recognises its share of the jointly controlled equity at fair value utilising the exemption for 'Venture Capital Organisations' under paragraph 25 of PBE IPSAS 36 Investments in Associates and Joint Ventures. The Group's share in 2020 is \$1.4m (2019: \$1.6m).

15 ACCOUNTS PAYABLE AND ACCRUALS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Accounts payable	8,475	13,052	5,707	9,604
Contract retentions	1,421	1,325	1,421	1,325
Deposits held on behalf of students	11,442	15,317	11,442	15,317
Other accruals	45,849	42,506	42,500	40,641
Statutory payables	7,593	8,300	6,363	6,611
Closing balance	74,780	80,500	67,433	73,498

Short-term creditors and other short-term payables are initially recognised at fair value and subsequently measured at amortised cost using the effective-interest-rate method.

16 REVENUE IN ADVANCE

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Pre-paid tuition fees	14,992	18,778	14,731	18,338
Deferred revenue on research contracts	38,307	28,433	—	—
Other revenue in advance	10,145	12,756	9,543	12,721
Closing balance	63,444	59,967	24,274	31,059

17 EMPLOYEE ENTITLEMENTS

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Current liabilities				
Annual leave	15,799	17,371	15,488	17,045
Retirement & long-service leave	2,243	2,104	2,243	2,104
Closing balance	18,042	19,475	17,731	19,149
Non-current liabilities				
Retirement & long-service leave	24,110	24,940	24,110	24,940
Closing balance	24,110	24,940	24,110	24,940

The retirement and long-service leave liabilities were independently assessed as at 31 December 2020 by Lee-Ann du Toit, an actuary with Deloitte and a Fellow of the New Zealand Society of Actuaries.

An actuarial valuation involves the projection, on a year-by-year basis, of the long-service leave and retirement leave benefit payment, based on accrued services in respect of current employees. These benefit payments are estimated in respect of their incidence according to assumed rates of death, disablement, resignation, and retirement, allowing for assumed rates of salary progression. Of these assumptions, the discount, salary progression, retirement age, and resignation rates are the most important. The projected cash flow is then discounted back to the valuation date at the valuation discounted rates. The present obligation appears on the statement of financial position and movements in those provisions are reflected in the statement of comprehensive revenue and expense.

The discount rate applied was a single rate of 1.0 percent (2019: 1.39 percent). The salary projections assume a 0 percent increase for 2021 and 1.50 percent from 2022 onwards every year. Resignation rates vary with age and the length of service and are reflective of the experience of company superannuation schemes of New Zealand. No explicit allowance has been made for redundancy.

Employee entitlements are recognised when the University has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Liabilities in respect of employee entitlements that are expected to be paid or settled within 12 months of balance date are accrued at nominal amounts calculated on the basis of current salary rates. Liabilities in respect of employee entitlements that are not expected to be paid or settled within that period are accrued at the present value of expected future payments, using discounted rates as advised by the actuary.

Annual leave for all staff is accrued based on employment contract/agreement entitlements using current rates of pay. Annual leave is classified as a current liability. Long service leave has been accrued for qualifying general staff.

18 DEFERRED REVENUE—CONTRACTUAL OBLIGATION

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Opening balance	3,944	3,593	3,944	3,593
Research funding received	6,556	2,112	6,556	2,112
Research revenue recognised	(10,500)	(1,761)	(10,500)	(1,761)
Closing balance	–	3,944	–	3,944
Made up of:				
Current portion	–	3,944	–	3,944

The University had an obligation, as a result of two research teams transferring into the University from Callaghan Innovation Limited, a Crown Research Institute. The University committed to funding these two teams, which became the Robinson and Ferrier Institutes, during their establishment phase. This phase is now complete and there is no ongoing obligation. The balance carried at 31 December 2019 has been recorded as income in 2020.

19 BANK BORROWINGS

The University has the following loan facility agreements.

NAME OF BANK	FACILITY LIMIT	TERM
Bank of New Zealand	\$75.0m	Split equally to mature January 2023 & January 2025
ASB Bank Limited	\$37.5m	Maturity January 2022
Industrial and Commercial Bank of China (New Zealand) Limited	\$37.5m	Maturity January 2025

These facilities were approved by the Secretary for Education for the purposes of funding the University's long-term capital development programme.

The facilities under the Loan Agreements are unsecured, the lending banks receive the benefit of various financial and other covenants under a Negative Pledge Deed.

As at 31 December 2020, \$61.0m (2019: \$72.0m) of the above facilities have been drawn down. Interest rates on borrowings are reset for a period not exceeding 180 days.

Borrowings are initially recognised at the amount borrowed plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective-interest-rate method. Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Interest rate swaps with a total face value of \$45.0m are in place to hedge the \$61.0m of borrowings drawn at balance date (2019: \$50.0m face value of interest rate swaps to hedge \$72.0m of borrowings).

20 RELATED PARTIES

Related party disclosures have not been made for transactions with related parties that are within a normal client/recipient relationship on terms and conditions no more or less favourable than those that are reasonable to expect that the Group would have adopted in dealing with the party at arm's length in the same circumstances.

a) Transactions with key management personnel

Key management personnel represent Council members and staff in key strategic positions (including senior leaders reporting directly to the Vice-Chancellor).

Council remuneration includes meeting fees and honoraria paid to Council members, but excludes salaries paid to Council members who are also staff members of the University (including the Vice-Chancellor and two other staff members on Council). There are 12 members of Council.

	CONSOLIDATED	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Council members (3 FTE)*	238	245
Senior Leadership Team (13 FTE)**	4,438	4,430
Total remuneration	4,676	4,675

* Due to the difficulty in determining the full-time equivalent for Council members, the full-time equivalent figure is taken as the total number of Council members who received compensation in their capacity as employees.

** Due to an error, the 2019 comparatives for Senior Leadership Team remuneration have been restated from \$4,190.

To support the University as it faces the financial challenges of COVID-19, most Council members reduced their fees for eight months to December 2020. To effect the reduction, standard fees have been paid to the members, who then donated a portion of their fee to the University's Foundation. Some Senior Leadership Team members made payroll giving donations, some agreed pay reductions and furloughs. The above amounts are presented before deducting payroll giving, and net of pay reductions and furloughs.

	CONSOLIDATED	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Directors' fees		
Victoria Link Limited	90	90
Wellington Uni-Professional Limited	23	–
Total	113	90

21 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

Construction

In common with many large construction projects, the University regularly reviews its construction projects. These discussions are often complex and technical and do not always result in a financial outcome. Accordingly, the University is unable to estimate any amount payable in relation to current variations or other risk sharing arrangements under review.

Commitments

Property, plant, and equipment

Projects for which firm commitments have been made are presented below. Commitments include planned maintenance costs and capital expenditure projects.

	CONSOLIDATED	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Buildings	79,172	51,174

Non-cancellable leases and other commitments—the Group as lessee

The University has entered into commercial leases on certain land and buildings (remaining terms of between one to 65 years) and equipment (average term of three years) with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. Future minimum rentals payable under non-cancellable operating leases are as follows.

	CONSOLIDATED	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Due not later than 1 year	16,317	17,149
Due between 1–5 years	63,207	58,217
Due later than 5 years	171,188	162,852
Total capital commitments	250,712	238,218

Non-cancellable leases and other commitments—the Group as lessor

Property is leased under operating leases. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows.

	CONSOLIDATED	
	ACTUAL 2020 \$'000	ACTUAL 2019 \$'000
Due not later than 1 year	482	500
Due between 1–5 years	1,342	1,602
Due later than 5 years	380	373
Total non-cancellable operating leases	2,204	2,475

No contingent rents have been recognised during the year.

22 EQUITY AND CAPITAL MANAGEMENT

Equity is the community's interest in the Group, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

- accumulated surplus
- the cash flow hedging reserve, which reflects the revaluation of derivatives designated as cash flow hedges. It consists of the cumulative effective portion of net changes in the fair value of these derivatives
- the asset revaluation reserve, which reflects the revaluation of those property, plant, and equipment items that are measured at fair value after initial recognition
- the non-controlling interest is the portion of subsidiaries not 100 percent owned.

The Group's capital is its equity, which is represented by net assets. The Group is subject to the financial management and accountability provisions of the Education and Training Act 2020, which includes restrictions in relation to disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings and borrowing. The Group manages its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently, and in a manner that promotes the current and future interests of the community. The objective of managing the Group's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which it has been established, while remaining a going concern.

23 EVENTS AFTER BALANCE DATE

The judgements and estimates made in preparing these financial statements were based on facts and circumstances as at 31 December 2020.

As a result of COVID-19, heavy border restrictions remain in place. New Zealand's borders remain closed to all non-citizens and non-permanent residents. Student visa holders cannot currently enter New Zealand. It is unclear when these restrictions will be removed or relaxed.

In January 2021, the New Zealand Government announced that 1,000 international tertiary students who began their study in New Zealand, but were caught offshore when border restrictions began, can return to New Zealand from April onwards. While this is positive news, based on strict government criteria the University will only receive a small proportion of the 1,000 students, and therefore any financial benefit will be limited.

On 14 February 2021, as a result of community transmission, Auckland moved to Alert Level 3 and the rest of New Zealand moved to Alert Level 2. While the whole country is now back to Alert Level 1, it is possible that we could move to any stage of the 4-stage Alert Level system during 2021. A change in Alert Level could occur nationally or by a specific region. Should a change in Alert Level occur, at this time, we are not able to accurately estimate how long the change in Alert Level would apply for, and/or the possible financial impact.

Wellington is currently at Alert Level 1, which enables the University to continue to run both online and face-to-face courses. Most courses in 2021 will be offered in a way that supports both in-person and online enrolment, and student halls of residence are currently back to 2019 occupancy levels.

24 EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations against the 2020 budget are as follows.

Statement of comprehensive revenue and expense

- Full-fee tuition revenue was \$7.3m unfavourable to budget as a result of a reduction in number of international students due to COVID-19 and the associated border closure and international travel restrictions.
- Other revenue was \$13.0m unfavourable to budget primarily as a result of the effect of the impact of the government Alert Level 3 and 4 restrictions on revenue from student accommodation. The majority of domestic students who resided in the student accommodation halls returned to their homes over this period.
- Operating costs were \$10.8m favourable to budget primarily as a result of savings made on operating costs to partially offset the revenue impacts of COVID-19.

Statement of financial position

- Investments and other financial assets were \$24.8m higher than budget as a result of funds held in investments and longer-term deposits rather than cash and short-term deposits.
- Intangibles were \$8.2m lower than budget primarily as a result of the 2019 impairment of certain assets associated with process and system improvement projects.
- Property, plant, and equipment were \$65.1m lower than budget as a result of the impact of the 2019 revaluation of certain fixed assets being less than was budgeted on the opening balance and lower than budget capital expenditure.
- Accounts payable and accruals were \$10.0m higher than budget as a result of timing of payments.
- Bank borrowings were \$39.0m lower than budget as a result of lower than budget capital expenditure.
- Other reserves were \$34.4m higher than budget as a result of the impact of the 2019 revaluation of land, buildings, and infrastructure being less than was budgeted on the opening balance.



INDEPENDENT AUDITOR'S REPORT



Chartered Accountants

TO THE READERS OF VICTORIA UNIVERSITY OF WELLINGTON AND GROUP'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2020

The Auditor-General is the auditor of Victoria University of Wellington (the University) and group. The Auditor-General has appointed me, Grant Taylor, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and statement of service performance of the University and group on his behalf.

Opinion

We have audited:

- the financial statements of the University and group on pages 26 to 49, that comprise the statement of financial position as at 31 December 2020, the statement of comprehensive revenue and expense, statement of changes in 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; and
- the statement of service performance of the University and group on pages 10 to 20.

In our opinion:

- the financial statements of the University and group on pages 26 to 49:
 - present fairly, in all material respects:
 - the financial position as at 31 December 2020; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the statement of service performance on pages 10 to 20:
 - presents fairly, in all material respects, the University and group's service performance achievements as compared with the forecast outcomes included in the investment plan for the year ended 31 December 2020; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 1 April 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to the impact of COVID-19 on the University. In addition, we outline the responsibilities of the Council and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Emphasis of Matter

Without modifying our opinion, we draw your attention to note 1 on page 32 which outlines the impact of COVID-19 on the University.

Basis for our opinion

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

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

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

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the financial statements and statement of service performance for the current year. These matters were addressed in the context of our audit of the financial statements and statement of service performance as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the responsibilities of the auditor for the audit of the financial statements and statement of service performance section of the audit report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements and statement of service performance. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements and statement of service performance.

Student enrolment, Government grant revenue and academic results

WHY SIGNIFICANT	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>The core function of the University is to deliver tertiary education to students at a consistently high level of academic quality.</p> <p>The University recognised \$158.3m of Government funding, received through the Tertiary Education Commission (TEC), the quantum of which has in part historically been based on equivalent full-time student enrolments (EFTS) and retention and achievement results.</p> <p>As part of the Government's COVID-19 response, the link between achievement of enrolment, retention and achievement targets and government funding was suspended for 2020.</p> <p>The University reports its actual achievement against enrolment, retention and achievement targets in the statement of service performance. Due to the significance of student enrolment, retention and academic results in assessing the University's overall performance for the period, we view the University's reporting of EFTS, retention and achievement results as a key audit matter.</p>	<p>In obtaining our audit evidence we:</p> <ul style="list-style-type: none"> ■ understood the University's key processes, systems and controls to support accurate EFTS calculations and student achievement performance information; ■ used our professional judgement to select performance measures that in our view are significant in terms of assessing the University's performance in the period. Our detailed testing was focused on assessing the accuracy of reported performance against these selected measures; ■ tested on a sample basis the controls surrounding the Student Management System from which the reported enrolment, retention and achievement data is extracted; ■ tested a sample of student enrolments and withdrawals and their recognition within the Student Management System to assess whether EFTS numbers have been accurately reported; ■ tested the reconciliation of reported student achievement performance, on a sample basis, to the Student Management System; ■ compared the University's actual EFTS results against target EFTS in the Investment Plan and sought to understand significant variances; ■ reviewed correspondence and verified a sample of remittances from TEC to assess the appropriateness of Government grant revenue recorded in the financial statements; ■ compared recorded Government grant revenue with the University's investment plan and sought to understand any significant variances; and ■ considered Government grant revenue financial statement disclosures and the presentation of student enrolment, achievement and retention information in the statement of service performance for compliance with PBE IPSAS 23: Revenue from Non-Exchange Transactions and PBE FRS 48: Service Performance Reporting.

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

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

The Council is also responsible on behalf of the University and group for preparing a statement of service performance that is fairly presented and that complies with generally accepted accounting practice in New Zealand.

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

In preparing the financial statements and the statement of service performance, the Council is responsible on behalf of the University and group for assessing the University and group's ability to continue as a going concern.

The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate the University and group or to cease operations, or has no realistic alternative but to do so.

The Council's responsibilities arise from the Education and Training Act 2020, Crown Entities Act 2004 and the Public Finance Act 1989.

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

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

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

For the budget information reported in the financial statements and the statement of service performance, our procedures were limited to checking that the information agreed to the University and group's Council

approval budget for the financial statements and the Investment Plan for the statement of service performance.

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

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

- We identify and assess the risks of material misstatement of the financial statements and the statement of service performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University and group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of service performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University and group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement

of service performance of the entities or business activities within the group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with the Council, the auditor determines those matters that were of most significance in the audit of the consolidated financial statements and service performance information of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information. The other information comprises the information included on pages 1 to 9, 21 to 25 and 55 to 58, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

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

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

Independence

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

We also provide reasonable assurance compliance services for the University and group in relation to the reported external research income included in its Performance-Based Research Fund return, on behalf of the Auditor-General. We have no other relationship with, or interest in, the University or any of its subsidiaries.



Grant Taylor

Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand



COUNCIL 2020



Back row from left: Rhianna Morar (Ngāti Porou, Te Arawa), Alan Judge, Professor Brigitte Bönisch-Brednich, Hugo Lawrence, Caroline Ward (Secretary to Council), Cath Nesus (Ngāti Porou), Dr Farib Sos MNZM
Front row from left: John Allen, Professor Kate Hunter, Chancellor Neil Paviour-Smith, Pro-Chancellor Dame Therese Walsh DNZM, Vice-Chancellor Professor Grant Guilford, Dr Dianne McCarthy CRSNZ CNZM

Meetings and payments

The payments to Council members listed below include attendance at Council and committee meetings during 2020. The Vice-Chancellor, Professor Grant Guilford, is not eligible to receive fee payments.

As a result of COVID-19, most Council members reduced their fees for eight months from May to December 2020. To effect the reduction, standard fees have been paid to the members, who then donated a portion of their fee to the University's Foundation to support the University as it faces the financial challenges of COVID-19.

NAME	COUNCIL MEETINGS		COMMITTEE MEETINGS		PAYMENT (\$)
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	
John Allen	8	8	9	9	20,000
Brigitte Bönisch-Brednich	8	8	6	6	20,000
Grant Guilford	8	8	17	17	N/A
Alan Judge	8	8	6	6	20,000
Kate Hunter	8	8	4	4	20,000
Hugo Lawrence	8	8	4	4	20,000
Rhianna Morar	8	8	9	8	20,000
Dianne McCarthy	6	6	5	5	13,333
Cath Nesus	7	6	3	3	16,666
Neil Paviour-Smith	8	8	22	22	40,000
Farib Sos	8	8	4	4	20,000
Therese Walsh	8	7	19	16	25,000
Traci Houppa	1	0	0	0	3,333

Disclosures—Council 2020

John Allen

- Chair, Be. Accessible Charitable Trust
- Chair, New Zealand Police: Audit & Risk Committee
- Board Member, New Zealand Stroke Foundation
- Chief Executive, WellingtonNZ
- Board Member, Koi Tu, Centre for Informed Futures at Auckland University
- Member, Regional Skills Committee—Ministerial appointee
- Director, Wellington Uni-Professional Ltd

Professor Grant Guilford

- Director, New Zealand School of Music Ltd
- Trustee, Victoria University of Wellington Foundation
- Chair, Universities New Zealand Committee on International Policy

Traci Houpapa

(term ended February 2020)

- Chair, W3 Wool Unleashed PGP
- Director, Primary Industry Training Organisation
- Chair, Our Land and Water National Science Challenge Kahui
- Director, Ontario Teachers' Pension Plan, NZ Forestry Investments Ltd
- Honorary Advisor, Asia New Zealand Foundation
- Deputy Crown Co-Chair, Waikato River Authority and Associated entities
- Chair, National Advisory Council on the Employment of Women
- Chair, Federation of Māori Authorities
- Director, Predator Free 2050 Ltd
- Chair/Director, Hineuru Property Ltd
- Chair/Director, Hineuru Holdings Ltd
- Member, Oranga Tamariki Risk & Audit Committee
- Director, Traci Houpapa Consulting Group Ltd
- Director, Agriculture Services Ltd
- Director, Maximum Potential Management Consultants Ltd
- Co-Chair, Australia NZ Leaders Forum Indigenous Business Sector Group
- Non-executive Director, New Zealand Treasury Board

- Director, New Zealand Trade & Enterprise
- Director, Te Arawa Group Holdings Ltd
- Member, Ministry for Primary Industry Audit & Risk Committee

Alan Judge

- Chair/Shareholder, Aquatx Holdings Ltd
- Shareholder, Biotelliga Holdings Ltd
- Trustee, The Dame Malvina Major Foundation
- Chair, Habit Group Holdings Ltd

Hugo Lawrence

- Winter/Summer clerk, Chapman Tripp

Dr Dianne McCarthy CRSNZ CNZM (appointed March 2020)

- Deputy Chair, NZ Institute of Economic Research
- Member, National Science Challenge: Ageing Well
- Member Governance Group, National Science Challenge: Healthier Lives
- Trustee, Malaghan Institute of Medical Research
- Trustee, Hearing Research Foundation
- Member Governance Group, Dodd Walls Centre for Photonic and Quantum Technologies
- Director, Bragato Research Institute
- Trustee, Royal Society of NZ Endowment Fund Trust

Rhianna Morar (Ngāti Porou, Te Arawa)

- Taura representative, Te Hunga Rōia—Māori Law Society
- Tumuaki Wahine (Female Co-President), Ngā Rangahautira—Māori Law Students' Association

Cath Nesus (Ngāti Porou) (appointed February 2020)

- Director, Nesus & Associates

Neil Paviour-Smith

- Managing Director, Forsyth Barr Ltd
- Chair, New Zealand Regulatory Board (Chartered Accountants Australia and New Zealand)
- Director, The New Zealand Initiative Ltd
- Chancellor, Victoria University of Wellington

- Director, NZ Art Show Ltd
- Trustee, Victoria University of Wellington Foundation
- Member, Mayoral Recovery Advisory Group
- Director, Forsyth Barr Subsidiaries and Entities:
 - Forsyth Barr Cash Management Nominees Ltd
 - Forsyth Barr Custodians Ltd
 - Forsyth Barr Group Ltd
 - Forsyth Barr (Hamilton) Ltd
 - Forsyth Barr Investment Management Ltd
 - Leveraged Equities Finance Ltd
 - Forsyth Barr Asia Ltd (HK registered)

Dr Farib Sos MNZM

- Trustee, Asia Pacific Research Institute
- Executive Chair, Asia Forum Wellington
- Chapter Chair, NZ-ASEAN Business Council
- Council Member, NZ-Indonesia Council
- Trustee, Kandy Connection
- Trustee, Victoria University of Wellington Foundation
- Honorary Advisor, Asia New Zealand Foundation (Ministerial appointment)
- Deputy Chair & Member, The New Zealand Amateur Sport Association
- Member, Expert Advisory Panel (EAP) of the New Zealand Open Government Partnership (OGP)

Dame Therese Walsh DNZM

- Ambassador, Wellington Homeless Women's Trust
- Board Member, Antarctica NZ
- Chair/Director, Air New Zealand Ltd
- Director, ASB Bank Ltd
- Director, On Being Bold Ltd
- Director, Therese Walsh Consulting Ltd
- Director, Contact Energy Ltd
- Member, Climate Change Commission Nominations Panel

Nothing to disclose

Professor Brigitte Bönisch-Brednich Professor Kate Hunter



SENIOR LEADERSHIP TEAM 2020



Back row from left: Vicki Faint, SLT Secretary, Les Montgomery, Chief Financial Officer, Jane Bryson, Acting Pro-Vice-Chancellor and Dean of Commerce, Mark Loveard, Chief Operating Officer, John Randal, Acting Vice-Provost (Academic), Blair McRae, Deputy Vice-Chancellor (Engagement), Jennifer Windsor, Pro-Vice-Chancellor Humanities and Education, Annemarie de Castro, Director, Human Resources

Front row from left: Rawinia Higgins, Deputy Vice-Chancellor (Māori), Mark Hickford, Pro-Vice-Chancellor and Dean of Law, Margaret Hyland, Vice-Provost (Research), Grant Guilford, Vice-Chancellor, Wendy Larner, Provost, Ehsan Mesbahi, Pro-Vice-Chancellor Science, Health, Engineering, Architecture and Design Innovation

Absent **Stuart Brock**, Vice-Provost (Academic)

Disclosures—Senior Leadership Team 2020

Annemarie de Castro

- Director, Adams Properties (Blenheim) Ltd

Dr John Randal

(term November–December 2020)

- Director, Virtual Trade Mission (NZ) Trust

Associate Professor Jane Bryson

(term began November 2020)

- Member, Queen Margaret College
- Member, Human Resources Institute of NZ (Academic Board)

Professor Grant Guilford

- Director, New Zealand School of Music Ltd
- Trustee, Victoria University of Wellington Foundation
- Chair, Universities New Zealand Committee on International Policy
- Member, Victoria University of Wellington Council

Professor Mark Hickford

- Board Member, Board of Institute of Judicial Studies
- Panel Member, Michael and Suzanne Borrin Foundation Grants and Scholarships Committee
- Executive Committee Member, New Zealand Council of Legal Education
- Advisory Board Member, 32 Stylus

Professor Rawinia Higgins

- Member, Waitangi Tribunal
- Board Member, Ngā Pae o te Māramatanga, Centre of Research Excellence
- Commissioner, Te Taura Whiri I te Reo (Māori Language Commission)

Professor Margaret Hyland

- Director, Victoria Link Ltd
- Board member, Return on Science Physical Sciences Investment Committee
- Board Member, Eureka! Trust
- Trustee, The Research Trust of Victoria University of Wellington
- Director, Circus Material Science Ltd

Professor Wendy Larner

- Board Member, Fulbright New Zealand
- Director, Wellington Uni-Professional Ltd
- President, Royal Society Te Apārangi
- Trustee, Rutherford Foundation Trust
- Trustee, Royal Society of New Zealand Endowment Trust Fund
- International Member, REF2021 Main Panel C: Social Sciences

Mark Loveard

- Director, Strategy 2 Results Ltd
- Director, Te Puni Village Ltd
- Director, Victoria Link Ltd

Les Montgomery

- Director/Shareholder, Bessmount Investments Ltd
- Director, Te Puni Village Ltd
- Trustee, The Research Trust of Victoria University Of Wellington
- Trustee, Victoria University of Wellington School of Government Trust
- Trustee, Fale Malae Trust

Professor Ian Williamson
(term ended October 2020)

- Director, S3 Futures Ltd
- Board Member, Inspire Inspirational Advisory Board
- Director, Victoria Link Ltd

Professor Ehsan Mesbahi
(term began April 2020)

- Board Member, MacDiarmid Institute Board
- Trustee, The Research Trust of Victoria University Of Wellington
- Director, Victoria Link Ltd

Professor David Harper
(term ended March 2020)

- Board Member, MacDiarmid Institute Board
- Board Member, Maurice Wilkins Centre
- Board Member, New Zealanders Health Research
- Trustee, The Research Trust of Victoria University Of Wellington
- Trustee, Malaghan Trust Board

Professor Jennifer Windsor

- Trustee, Victoria University of Wellington Art Gallery Collection Funding Trust
- Trustee, Victoria University of Wellington Art Gallery Collection Trust

Professor Stuart Brock

- CEO/Member Australasian Association of Philosophy Board

Blair McRae

- Director, Wellington Uni-Professional Ltd
- Trustee, Victoria University of Wellington Art Gallery Collection Trust
- Member, Universities New Zealand International Policy Committee
- Member, Confucius Institute, Victoria University of Wellington
- Trustee, Williamstown Trust







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