

ANNUAL REPORT 2007

TE WHARE WĀNANGA O TE ŪPOKO O TE IKA A MĀUI
 **VICTORIA**
UNIVERSITY OF WELLINGTON



The Annual Report 2007 is web published on www.victoria.ac.nz/annualreports

Published by:

Victoria University of Wellington
Te Whare Wānanga o te Ūpoko o te Ika a Māui
21 Kelburn Parade
PO Box 600
Wellington 6140
NEW ZEALAND

Telephone +64-4-472 1000

Fax +64-4-499 4601

Web www.victoria.ac.nz

ISSN 1171-2740

March 2008

CONTENTS

Introduction.....	2
The Year in Review.....	4
About Victoria University.....	16
2007 Financial Overview.....	20
Financials (including Audit Report).....	22
Statement of Service Performance.....	72
Special Supplementary Grants.....	86
Statement of Resources.....	90
The University Council.....	96
The University Management.....	100

INTRODUCTION



**Emeritus Professor
Tim Beaglehole
Chancellor**

The governance role of Victoria University of Wellington's Council is an important one. The Council is responsible for the strategic direction of the University and is ultimately accountable for the programmes of study, degrees and other qualifications that our students graduate with.

Amongst our planning and governance responsibilities, our overarching goal is clear: graduates of Victoria possess three key attributes – they are leaders, they are good communicators and they use creative and critical thinking in their chosen field. The Council has spent considerable time this year developing the strategic direction of the University to ensure that Victoria continues to produce quality graduates who display these attributes.

There were a number of highlights in 2007 that the University can be justly proud of. During the year the Council received and approved the Campus Development Framework and considered development project plans for the Teaching, Learning and Research Building and the Campus Hub and Library project. These two projects have an estimated expenditure of \$112.6 million. These are exciting developments for Victoria and a significant financial commitment. After careful examination of the associated risks and benefits of this project the Teaching, Learning and Research Building was approved, subject to borrowing approval by Government. Council also monitored progress towards completion of the new student accommodation building which is scheduled to be opened in 2009.

A particularly significant achievement for management and the Council was the development of our Investment Plan, which sets out for the Tertiary Education Commission (TEC) how the University intends to use Government funding in 2008.

The development of the plan by Victoria and other universities is an outcome of the Government's Tertiary Education Strategy 2007-2012, which aims to ensure the sector delivers the education and training New Zealand needs to underpin its economic transformation, and social and cultural development. The development of the Investment

Plan was a challenging, yet ultimately rewarding experience, and it will inform our governance and management decisions about the development of the University in 2008 and beyond.

After widespread consultation across the University community and consideration of a range of factors, a set of 10 interdisciplinary areas has been identified as distinctive strengths for Victoria. The selection of these was guided by many factors, including our commitment to internationalisation, our existing and potential capability in research and teaching and the need for a more intensive research focus.

Another significant highlight for the University in 2007 was the development and approval of a Research Strategy. The strategy underlines our emphasis on being a research-intensive university. This strategy will enable Victoria to continue to develop its research capability by focusing on increasing the number of postgraduate students, particularly those doing research-based study, raising the individual research performance of academic staff and focusing more on the commercial potential of the intellectual property created by the University's researchers. The University will also ensure that the research programmes conducted by its centres and institutes are better aligned with the University's distinctive strengths.

The focus on interdisciplinary strengths will also provide the University with better ways to prioritise capability investment needs; to empower staff; to identify the infrastructure and resources needed to support Victoria's strategic direction; and to respond to the Government's national goals. However, despite the optimism created by the release of the Tertiary Education Strategy, the University sector will need to consider how to operate in an environment where funding will be capped. With funding constraints applying in 2008 and beyond, it is possible Victoria may enrol some students who will not be eligible for Government funding, a cost the University will have to bear. Victoria will need to carefully manage the provision of undergraduate education from 2009. Therefore, when the Council approved the Investment Plan it decided only to approve funding for 2008 rather than the three-year period sought by the TEC.

The response by the University's management, academic and general staff in dealing with these changes in funding and emphasis, as well as keeping the University operating very successfully during 2007, has been particularly noteworthy. Management also made good progress with the objectives in the University's Strategic Plan. However, as the objectives were set in 2004, many of them are no longer relevant or able to be measured in a way that adds meaningful value to Victoria's strategic direction. We are now operating in a different strategic environment and Council will reconsider the University's Strategic Plan during the first part of 2008. A new plan will build on the interdisciplinary strengths articulated in the Investment Plan, respond to opportunities that the current environment brings, address capability development needs and integrate strategic planning with resource allocation.

Many of the University's students have continued to perform with distinction, and this is to be commended. I presided over seven graduation ceremonies where over 2800 students graduated. I had the pleasure of conferring seven honorary doctorates throughout the year.

I also hosted the annual Chancellor's Dinner where we acknowledged our key stakeholders and thanked them for their contribution to the University.

Finally, I would like to acknowledge the commitment of the Officers of Council who met regularly throughout the year, and thank all Council members for their ongoing commitment to the good governance of the University in 2007.



**Emeritus Professor Tim Beaglehole
Chancellor, 2007**

THE YEAR IN REVIEW



Professor Pat Walsh
Vice-Chancellor

The past year has been one of considerable achievement for Victoria University's students and staff, and for the University as a whole. In this year's review I will touch on some of the many achievements of our large and complex organisation.

In 2007, Victoria achieved growth in full-time student numbers of 2.6%, taking our total number of full time students to 17,085. Growth occurred primarily in science, architecture, engineering and teacher education. Whilst this growth presented some challenges from a financial planning perspective, it is heartening to see another year in which the numbers of students who are choosing Victoria University as their place of study have increased.

I believe this growth reflects a winning combination – a quality university offering an outstanding student learning experience with a central location in New Zealand's beautiful, vibrant capital city. Our relationship with the capital is an important one. We hosted 14 inaugural lectures on a range of issues from representation in contemporary democratic societies to cell biology and biotechnology. Inaugural lectures provide an opportunity for the public to share in the academic knowledge that resides within the University, as well as showcasing our new professors.

We have now begun construction of a new hall of residence for nearly 400 students at the southern edge of the campus, due for completion by the end of 2008. We are well advanced in planning a new building for research and teaching on our Kelburn campus as well as our "Campus Hub", a facility integrating library, information access and social learning functions based in the Quad at the Kelburn Campus.

Victoria strives to produce graduates who have the critical thinking, communications and leadership skills to be successful in today's global marketplace. To achieve this, we continue to recruit and retain high-quality academic staff who excelled in both teaching and research in 2007.

The development of a more robust and strategically-focused research culture at Victoria University remains foremost in our priorities. We have laid some strong foundations over the last few years in appointing a Deputy Vice-Chancellor and Assistant

Vice-Chancellor for Research, forming the Office of Research and Postgraduate Studies, and establishing the Victoria Research Trust. In 2007, the Academic Board approved a new Research Strategy which will play an important role as Victoria continues to cement its position as a research-intensive university. Our efforts were also recognised externally, most notably the awarding of three of four prestigious James Cook Research Fellowships to Victoria scientific researchers, Professors Paul Callaghan, Rod Downey and Kenneth McNatty, which reflects the value placed on Victoria University research by leading organisations such as the Royal Society of New Zealand.

ACADEMIC DEVELOPMENTS

⊕ TEACHING AND LEARNING

High-quality teaching and learning are critical to Victoria's success. A key achievement during the year was the Academic Board's approval of the *Pathways to Success* report and its recommendations. The report considered the structure and outcomes of our undergraduate and honours programmes and recommended a more consistent degree structure. The aim is greater transparency for students and staff about the pathways through degrees and beyond into employment and further study.

A new Faculty of Engineering was established to meet the demand for qualified engineering graduates. The Faculty offers a four-year bachelor programme, with specialisations in network, software, computer and electronic engineering. Very strong enrolment for the first year illustrates the interest in this field and, equally, the strength of Victoria's reputation in engineering.

During 2007, Victoria's Library collections grew substantially with over 30,000 books added to the collection across all disciplines to support teaching and research. In addition the electronic collection encompassed 68,000 electronic journals, over 400 bibliographic databases and over 200,000 e-books. The University's Institutional Repository

was also established to provide long-term storage and access to university research outputs such as theses and academic papers, thereby increasing the accessibility and impact of research outputs.

Teaching and learning were also underpinned by the many collaborative partnerships of note this year. The New Zealand School of Music, a partnership with Massey University, was granted \$11.1 million by the Government and \$1.5 million from the McCarthy Trust to support the construction of the new School. Combined with the Wellington City Council's offer of the former Circa Theatre site in Civic Square, the work of fundraising for the rest of the multi-million dollar project can now begin in earnest.

The School of Early Childhood Education and Te Kura Māori developed the Bachelor of Education (Whakaako) Whāriki Papatipu in conjunction with local iwi from Te Awakairangi – a ground-breaking degree programme to prepare teachers for Kōhanga Reo and other Māori immersion early childhood studies.

The School of Government's strategic partnership with the public service was recognised earlier this year when the Prime Minister announced a capital injection of \$4 million for the School of Government and \$6 million for the Australia New Zealand School of Government, the latter being another example of Victoria's partnerships, this time with the leading universities of Australia, the national governments of both countries and the state governments of Australia.

Other significant partnerships include new chairs in entrepreneurship partnering with Industrial Research Limited; official statistics partnering with Statistics New Zealand; and e-Government partnering with the State Services Commission, Datacom, Cisco New Zealand Limited and FX Networks Limited – only the second such chair in the world.

Two new Faculty Advisory Boards were established – in the Faculty of Commerce and Administration and in the Faculty of Engineering. These boards are designed to liaise with industry so that employers have input into the development and operation of academic programmes and ultimately the attributes that Victoria's students graduate with.

Partnerships were also strengthened this year to advance tuatara research and conservation. This successful collaboration is between Victoria, the Department of Conservation, Māori iwi and other organisations such as Wellington Zoo, Karori Wildlife Sanctuary and Weta Workshop, helping to restore tuatara populations across New Zealand.

Our work in the area of climate change has also intensified this year, with several new and innovative developments already making their mark. Among them, the New Zealand Climate Change Centre was launched by the Government as a collaborative initiative between Victoria and Canterbury Universities, and all nine Crown Research Institutes. Our contribution to the Centre builds on a solid, long-standing, multi-disciplinary research and teaching platform in climate change research.

Late in the year, New Zealand climate scientist Martin Manning was appointed as Professor and Research Fellow in Climate Change. Alongside his contribution to the New Zealand Climate Change Centre, he will assist the University in establishing the New Zealand Climate Change Institute, a research centre to be based at Victoria that will facilitate the collaboration of researchers and teachers nationwide in order to seek the best ways of understanding climate change and adapting to and helping to mitigate the rapidly growing challenge of climate change.

The Antarctic Research Centre celebrated 50 years of Victoria University Antarctic Expeditions in 2007. Well-timed additional recognition came from Alan Eggers, a member of the University's 1975 Antarctic Expedition, who generously donated \$1 million to the University's Antarctic Research Centre, enabling it to strengthen its research into the history and behaviour of the Antarctic ice sheet in the face of global warming.



Film-maker and Victoria University Research Fellow Simon Lamb

Production also began during the year on a \$1.8 million film, with the working title *The Tipping Point*. The film is a unique collaborative venture between Victoria University, with its history of Antarctic research, and Oxford University, and will feature scientists' perspectives of Earth's changing climate.

One of Victoria's important roles and its statutory obligation as a university is to act as a critic and conscience of society. Last year many University staff fulfilled this role through a range of activities including research. Staff from Environmental Studies, the Antarctic Research Centre, the Institute of Policy Studies and the School of Government have worked collaboratively on the science and policies of climate change, making the case for urgent policy and practice responses, convening high-level and community discussions about the issues and potential policy responses and hosting seminars and workshops. Management School Lecturer Aroha Te Pareake Mead, appointed to the Council of the World Conservation Union, has worked tirelessly to meld conservation and the need for sustainability with the similarly pressing needs of indigenous people.

Dr Gabrielle Maxwell, Senior Associate at the Institute of Policy Studies and Associate Professor James Liu from the School of Psychology have published an account of restorative and constructive practices for resolving conflict in New Zealand which offer an alternative to the current trend towards naming, blaming and shaming those who have transgressed social norms and the strong emphasis on harsh punishment and continued surveillance of those who have committed crime.

The Innocence Project New Zealand was launched in May this year; this not-for-profit group investigates possible cases of wrongful conviction in the New Zealand legal system. The School of Psychology's Reader Maryanne Garry and Dr Matthew Gerrie jointly organised this project with Otago University academics. Research carried out by Professor Luanna Meyer, Associate Professor John McClure and their colleagues on motivation led to the endorsement of the National Certificate of Educational Achievement (NCEA) with Merit and Excellence from 2007. They emphasised the need to motivate young people to do their best in school and the serious consequences for society if our failure to do so leads to underachievement by students.

School of Law Associate Professor Richard Boast wrote a new interpretation of the alienation of Māori land use and of the Native Land Court. He unearthed

the fact that a great deal of land was the subject of separate treaties – aside from the Treaty of Waitangi – between the Crown and Māori.

Academic staff also generated discussion through a variety of forums such as public lectures, conferences and Select Committees. Issues included New Zealand's dependency on an agricultural-based economy, the strengths and weaknesses of the New Zealand public management model, the use of physical discipline by caregivers, housing affordability and organ donation.

⊕ RESEARCH AND INNOVATION

The 2006 Performance Based Research Fund results, released this year, confirmed that Victoria is, and will continue to be, a research-led university, with many researchers of national and international standing. We were either first or second in 14 of the 33 subject areas in which the University has academic staff.

In keeping with our research strategy, a new research information management system was installed and research performance reviews of academic units began in December.

Other key initiatives saw the Stout Centre appoint prize-winning author James Belich as Research Professor of History. Professor Belich's research leadership will help strategically position Victoria University as the premier location for New Zealand Studies.

Building on the strong academic and research base on which we were founded, Victoria University also strives to make its mark in the area of innovation. Victoria Link Limited, our wholly-owned commercial arm, focuses on commercialising the intellectual property from research carried out by both Victoria staff and students. During the year, Magritek, a Victoria Link Limited and Massey Holdings company, was acknowledged for its innovative products in the field of Nuclear Magnetic Resonance, winning the Emerging Gold Award in the Wellington Gold Awards.

Another innovative product, ipredict, a prediction market tool that focuses on New Zealand-based political, economic, business and social events, is jointly owned by the Institute for the Study of Competition and Regulation (ISCR) and Victoria University, and is expected to begin operating in time for the 2008 New Zealand general election, with one major private client already signed up.



Tim Miller's CUTform chair

Revolutionary new chairs designed and created by a Victoria researcher featured in one of the world's most prestigious furniture shows in Milan earlier this year. Senior Lecturer, Tim Miller from the School of Design, showed his designs in a joint exhibition with David Truebridge. Tim's CUTform designs supported and patented by Victoria Link Limited, use state-of-the-art laser technology to make a unique series of perforated cuts that ingeniously transform flat sheets of material into fluid three-dimensional forms.

We continued to enjoy significant growth in external research income. From just \$7 million in the year 2000, our income increased to \$27.7 million last year, and we are well on the way to reaching our strategic objective of \$40 million in external research revenue by 2015.

The Foundation for Research, Science and Technology funding round saw four research teams win more than \$5.5 million in contracts in the areas of global warming, tectonic science, nano technology and nuclear magnetic resonance technology. The MacDiarmid Institute for Advanced Materials and Nanotechnology was awarded a further \$39.1 million in operational funding for 2008-2014, and capital funding of \$9.8 million in the second round of funding for Centres of Research Excellence. The 2007 Marsden funding round saw the total awarded to 18 Victoria researchers up from \$4.7 million last year to just under \$6 million, for projects in a range of disciplines spanning sciences, the humanities and social sciences, and commerce.

⊕ STUDENT ACHIEVEMENTS

Once again the talent and academic excellence of our students have shone brightly during the year.

Scholarships recognise, support and reward excellence, enabling students and graduates to further their studies, often in an international setting.

Victoria postgraduate students were awarded four of nine prestigious William Georgetti Scholarships. Administered by the New Zealand Vice-Chancellor Committee and the Public Trust, these scholarships are given to postgraduate research judged to be important to the social, cultural and economic development of New Zealand. The scholarships went to Elizabeth Bisley, for Masters research in design history during the modern period at the Royal College of Art in London; Greta Hawes, for PhD research in classical mythology, reception and Italian mediaeval literature at the University of Bristol; Adrian Jongenelen, for PhD research to develop a compact, portable, real-time range imaging system at Victoria University; and Vanessa Schouten, for PhD research in moral and political philosophy at Princeton University.

The Government's Top Achiever Doctoral Scholarships were awarded to 12 Victoria postgraduate students who received support totalling over \$1.5 million. Seven of the 12 students are studying at Victoria, including Adrian Jongenelen, who also received a William Georgetti Scholarship; Robyn Langlands, who is researching self-harm behaviours in adolescents and young adults; Bradley Anderson, who is investigating efficient new methods of converting petroleum and natural gas to valuable products using catalytic processes; Carl Benton, who is researching and designing a fully digital amplifier for audio applications using a high-power switch-mode power supply; Gareth Prosser, who is investigating the characterisation of novel bacterial enzymes that activate chemotherapeutic pro-drugs; Lauren Christie, who is researching how to communicate sustainability and create a culture for sustainable homes in New Zealand; and Susan Liebich, who is researching book markets and reading culture in the British World and New Zealand from 1890 to the 1950s. Matthew French is researching the influence of bioclimatic architectural principles in the morphology of contemporary Latin American urban informal settlements at the University of Cambridge; Jason Varuhas, also at Cambridge, is studying damages for human rights breaches; Terence Green

is undertaking research at Columbia University into how evolutionary theory changed political theory in Victoria's Britain 1850-1914; John Dennison is studying poetic redress and negotiation of political conflict in the poetry of Seamus Heaney at St Andrew's University; and Anna Smaill is studying self and impersonality in contemporary poetry at University College London.

The Fulbright and Rhodes Scholarships are both highly prestigious international awards. Four Victoria graduates were awarded Fulbright Graduate Awards to study in their specialist fields at United States institutions. Shane Geange will conduct research on interactions in reef fish communities at the University of Florida, towards a PhD in Marine Ecology from Victoria University of Wellington; Charlotte Brown will undertake a Master of Laws degree specialising in human rights and media law at Columbia University; Ben Steele will undertake a Master of Arts degree in Anthropology, specialising in indigenous rights and treaty issues also at Columbia University; and Georgina White will complete a Master of Arts degree in Museum Studies at New York University.

Amanda Gilbertson was one of only three New Zealand students selected for a Rhodes Scholarship, the oldest international fellowship, which entitles outstanding students worldwide to three years' postgraduate study at Oxford University. Amanda will study towards a DPhil in Anthropology and intends to base herself in India to pursue ethnographic research.

Beyond the scholarship rounds, Victoria University students were also acknowledged for their achievements by receiving a huge array of prizes and awards and excelling in cultural and sporting endeavours.

Victoria students and alumni took out five of the six Young Community Leaders Awards presented by the Governor-General, the Hon Anand Satyanand in May. The winners included Christopher Bishop, President of the Victoria Debating Society and LLB (Hons) student; Tanya Newman, who holds a BA from Victoria; Hannah Kennedy, who is studying for a Graduate Diploma in Teaching; Matthew Gifford, BA student and member of the Musical Island Boys Barbershop Quartet; and Areti Metuamate, who holds a BA from Victoria and is studying towards his Honours degree.

School of Architecture student Jun Tsujimoto was awarded the 2007 New Zealand Institute of Architects' Dulux Student Design Award for his

design for a Cistercian Catholic Monastery which shares facilities with a public bath house. Judged as a combination of cutting-edge techniques and age-old principles, Jun's design was selected from 12 finalists from New Zealand's three Schools of Architecture.

Political Science and International Relations student Jordan Carter was awarded a New Zealand European Union Centre's Network Internship with a member of the European Parliament; Politics Honours student Nicola Kean was awarded a Young People's journalism scholarship to attend the United Nations in New York; and Anthropology student Kate Yesberg was chosen to be the New Zealand Youth Delegate at the Youth Forum of the UNESCO General Conference in Paris in October 2007.

Opinionated students are still an integral part of our landscape – as befits a capital city university. Our debating team extended an enduring Victoria tradition by reaching the final of the Australasian Intersarsity Debating Championships, with Sayeqa Islam winning the award for the best speaker out of 324 competitors. The Victoria 1 team also outshone a strong opposition to take home the Joynt Scroll, retaining their title at the most prestigious debating competition in New Zealand. First awarded in 1902, the Joynt Scroll has been awarded to Victoria more times than to any other university team.



Champion debater and Sportsperson of the Year, Sayeqa Islam

Congratulations also to all students who received Blues Awards for their outstanding sporting achievements during the year, with many recipients representing not only Wellington, but New Zealand in their chosen discipline. More than 40 students received Blues, with debater Sayeqa Islam awarded the title of Sportsperson of the Year, and Victoria University Ski and Snowboard Club Manager Mark Davis awarded the title of Sports Administrator of the Year.

+ STAFF ACHIEVEMENTS

The success of our students is in no small part attributable to their teachers. We are fiercely proud of the collaboration that goes on within the University – between student and teacher, colleague and colleague. And individually, in their own chosen fields of teaching and research, our staff have achieved outstanding success during the year.

Bill Manhire's international standing as one of the finest poets of his generation was reinforced when he was awarded a \$60,000 Prime Minister's Award for Literary Achievement, one of only three New Zealand writers to be honoured. His colleague from the International Institute of Modern Letters, Damien Wilkins, also achieved considerable success this year, winning the most valuable New Zealand international writer's residency programme, the \$100,000 New Zealand Post Mansfield Prize and Katherine Mansfield Memorial Fellowship. He will work at the Villa Isola Bella in Menton, France, where writer Katherine Mansfield lived and wrote.

Members of the Science Faculty also made their mark. Professor Paul Callaghan, Director of the MacDiarmid Institute for Advanced Materials and Nanotechnology, was awarded the 2007 Blake Medal for Leadership, and Dr Ann Wood from the School of Biological Sciences, was acknowledged by the Foundation for Research, Science and Technology as one of New Zealand's 11 brightest researchers with a Post Doctoral Fellowship.

Professor Jim Johnston from the School of Chemical and Physical Sciences won the prestigious New Zealand Institute of Chemistry Council's prize for Applied and Industrial Chemistry for his research into the development of new chemical process technology and the new high-value products which can be made from the natural waste of cheap raw material resources.

Professor of Geophysics and Geology, Dr Timothy Stern, was one of 10 scientists elected as a Fellow of the Academy of the Royal Society of New Zealand and a Fulbright Senior Scholar Award was awarded to Dr Phil Lester from the School of Biological Sciences to investigate the control of red fire ants using pheromones at Texas A&M University.

Two appointments to external bodies by Victoria academics mark the esteem in which their expertise is held. Dr Sean Weaver of the School of Geography, Environment and Earth Sciences, was appointed as an official Vanuatu delegate and negotiator for the United Nations Framework Convention, alongside

his role as advisor to the Vanuatu Government on climate change policy. Dr James J. Bell from the School of Biological Sciences was invited to join the World Conservation Union's World Commission on Protected Areas, to contribute to its work in protecting the oceans.

In the Faculty of Humanities and Social Sciences, staff achieved acclaim across a wide range of disciplines. Professor Paul Morris, Director of the Religious Studies Programme, was awarded the 2007 International Council of Christians and Jews Gold Medal for Peace through Dialogue for his national and international contributions to interfaith co-operation and understanding. The Religious Studies Programme and the Centre for Applied Cross-Cultural Research also received an award from the Human Rights Commission for Outstanding Contributions to the New Zealand Diversity Action Programme.

Political Scientist, Dr John Leslie, received a research award from the Royal Society's International Science and Technology Linkage Fund, and a New Zealand European Union Centre's Network Research Grant.

Professor Sekhar Bandyopadhyay was made an Inaugural Fellow of the New Zealand Academy of Humanities for outstanding achievement in research in Indian history.

Lissa Meridan, Lecturer in Sonic Arts and Director of the Lilburn Electronic Music Studio at the New Zealand School of Music, was awarded the 2007 Edwin Carr Foundation Scholarship by Creative New Zealand which supports outstanding New Zealand composers to further overseas study.

In the Law Faculty, alumnus and Professor of Law, Dr Campbell McLachlan, was appointed as a Queen's Counsel, only the second New Zealand academic to receive this honour. In the Faculty of Commerce and Administration, Associate Professor Rowena Cullen, from the School of Information Management, was appointed as a Fellow of the Library and Information Association of New Zealand, the highest professional award within the New Zealand library and information professions.

The University also acknowledged the success of its own through a range of awards and promotions.

Teaching and Research Excellence Awards recognise and celebrate academic staff who have achieved at the highest level. In 2007, Teaching Excellence Awards were awarded to John Downie (Theatre Studies), Dr John McDowall (Psychology), Eusebio

Scornavacca (Commerce and Administration) and Dr Kathryn Sutherland (University Teaching Development Centre). Research Excellence Awards were given to Dr Rowena Cullen, Dr Warwick Murray, Associate Professor Jonathan Gardner, Dr Kevin Burns, Professor Tony Ward and Professor James Noble. Early Career Researcher Awards were given to Dr Ron Fischer, Dr Chern Li Liew and Joanna Mossop.

Nine Associate Professors were promoted to Professor effective from 1 January 2008. They were: John Davies, School of Management; Robert Gregory, School of Government; Susy Frankel, School of Law; John Miller, School of Biological Sciences; Joel Baker, School of Geography Environment and Earth Sciences; Arthur Pomeroy, School of Art History, Classics and Religious Studies; Nigel Roberts, School of History, Philosophy, Political Science and International Relations; Edwin Mares, School of History, Philosophy, Political Science and International Relations; Brigitte Bönisch-Brednich, School of Social and Cultural Studies. In addition, seven staff were promoted to Associate Professor and 21 to Senior Lecturer.

✚ ALUMNI ACHIEVEMENTS

Our Victoria alumni are among our brightest stars and we actively work to foster ongoing relationships with past students through our alumni and friends magazine, *Victorious*, our online directory, *Life After Vic* and various alumni functions throughout the year.



Alumni Dinner – Clockwise from back left: Bernice Mene, Professor Pat Walsh, Harry Keys, Emeritus Professor Tim Beaglehole, Robin Congreve, Ross Mountain, Janice Campbell, Theresa Gattung

Our second Alumni Dinner was held in October, with distinguished alumni awards presented to Janice Campbell, Robin Congreve, Theresa Gattung, Harry Keys, Bernice Mene and Ross Mountain.

We hosted alumni events in Singapore, Kuala Lumpur, Sydney, Melbourne, Hong Kong, Shanghai, Beijing, Auckland, Napier and Hamilton.

We are immensely proud of the contribution our Victoria alumni make in their chosen fields and to society in general.

Two recent MA graduates won the Best First Book categories at the 2007 Montana New Zealand Book Awards: Rachael King (fiction) for her novel, *The Sound of Butterflies*, and Airini Beautrais (poetry) for her collection of prose poems, *Secret Heart*. Craig Cliff, 2006 MA student, also won the Novice Award in the 2007 BNZ Katherine Mansfield Short Story Awards.

Three Victoria alumni were made Distinguished Fellows of the New Zealand Institute of Directors in 2007 – Auckland barrister, Bill Falconer (LLB 1964) CNZM, Emeritus Professor Don Trow (BCom 1960) and leading world authority in corporate governance, Geoffrey Bowes (BA 1980) MNZM.

Victoria alumni also shone at this year's Wellingtonian of the Year Awards with former arts student Jemaine Clement taking the limelight for his role in comedy duo Flight of the Conchords and fellow alumni Janice Campbell receiving the Education Award.

Honorary Doctorates honour people whose achievements and contributions demonstrate our graduate attributes of leadership, creative thinking, critical thinking and communication skills. In 2007, the University conferred Honorary Doctorates to business leader, Wade Thompson (Commerce); satirist, writer and actor, John Clarke (Literature); poet Fleur Adcock (Literature); ornithologist Christopher Robertson (Science); and producer and chief executive of South Pacific Pictures, John Barnett (Commerce). In addition, Don Scott, a longstanding supporter of the University, was recognised with a Hunter Fellowship.

EXTERNAL RELATIONSHIPS

Victoria sees itself as a connected university, valuing its relationships across business, government, the judiciary, the diplomatic corps, professional groups, other universities and tertiary education providers, and a vast range of individuals and non-governmental organisations.

+ MĀORI AND IWI

The relationship with manawhenua, with both Te Āti Awa and Ngāti Toarangatira, constitutes the focus of the University's partnership with iwi.

During the year, a number of new initiatives were progressed, including the establishment of an iwi internship course by Te Kawa a Maui (Māori Studies) at the Honours and Masters levels. The aim of the internship is to build and foster long-term and reciprocal relationships with iwi, initially in the Wellington area. Students completed research projects for Ngāti Toa (Rangataua Mauriora) and the Wellington Tenth Trust.

In addition, a Māori Alumni Network is currently being developed as both a communications tool and as part of a strategy to explore wider research opportunities within iwi and the Māori community.

+ GOVERNMENT RELATIONS

As a capital city university our relationship with Government is key. The Government's \$4 million of funding for the School of Government alongside \$6 million for the Australia New Zealand School of Government cemented Victoria's unique position as a partner with the public sector in the areas of public policy and public sector management.

This is significant because it advances our core mission of research and learning, and it connects integrally to the Government's new tertiary funding system which challenges all tertiary institutions to define their special character – ours will include our collaborations – and places great emphasis on the importance of partnership.

We welcome this aspect of the new tertiary funding system. We also welcome the Government's decision to shift the focus from volume to quality. The new funding system, however, presented a number of challenges throughout the year particularly in terms of budgeting. In the new funding environment, Victoria University, like many other tertiary institutions, is deciding how best to use our resources to provide our students with quality degrees in an environment of funding constraints.

We have been working on a strategy for 2009 as the current funding regime, guided by the Tertiary Education Strategy 2007-2012, will be continuing, and the situation we face next year is not a one-off event. Like other tertiary institutions we will be looking at all our options including managing

enrolments. I am very concerned about any equity implications which could arise with managed enrolment and this issue will be given high priority in any decisions made.

+ INTERNATIONAL

Along with other activities, the presence of international students at Victoria makes the campus a stimulating and cosmopolitan place and globalises the University. Likewise, the learning that international experience can offer our own students is invaluable in an era where globalisation has blurred national boundaries.

The University's outstanding orientation and introduction experience for international students was acknowledged this year with an International Excellence Award in Student Support from Education New Zealand, following last year's Excellence Award for International Marketing. Congratulations go to Pro Vice-Chancellor International, Professor Rob Rabel and the Victoria International team for the innovative range of programmes and initiatives designed to ease international students' transition to life in New Zealand.

The percentage of postgraduate students within the international student population continued to increase during 2007 in line with the University's strategy. In the undergraduate area, the number of Chinese students continued to decline during the year, but there were encouraging increases in students from Malaysia, the United States and Vietnam. Over 200 Vietnamese students have been enrolled at the University this year, either in Wellington or at our Ho Chi Minh City Campus, making Vietnam the fourth largest source country for international students and giving Victoria more Vietnamese enrolments than any other New Zealand university. Many of these Vietnamese students had the rare opportunity of meeting with their country's President when he included a visit to Victoria during his brief trip to New Zealand.

The University now has 120 students on NZAID Scholarships, the highest number of any New Zealand university. NZAID provides scholarships to citizens of some developing countries to undertake vocational training or tertiary-level study in their home country, in New Zealand or in the Pacific region.

Victoria University has formal staff and student exchange agreements with 71 international universities and our staff and postgraduate students

engage in research collaboration with scholars worldwide. We are teaching an international MBA programme in Hong Kong in conjunction with the Chinese University of Hong Kong, and we have taken our English Proficiency Programme and our Commerce degree to the campus which we operate with our partner institution, the University of Economics in Ho Chi Minh City, Vietnam.

The number of Victoria University students participating in study abroad (short course, semester or year-long exchanges) grew by over 60% to approximately 170 students, well exceeding the original target of 80 set in the University Profile 2007-2009.

Several new international co-operation agreements were signed during 2007, many with prestigious universities in capital cities, such as Université Paris 1 – La Sorbonne-Pantheon, France; Warsaw School of Economics, Poland; and Universidade de Brasilia, Brazil.

The Pro Vice-Chancellor International was the sole representative from New Zealand universities invited to be part of the Prime Minister's delegation to Indonesia. During the delegation, the Prime Minister announced funding initiatives to support a Victoria University seconded staff member to spend a semester teaching at Gadjah Mada University, one of Indonesia's two most prestigious universities, and to support a staff member from the State Islamic University in Jakarta to spend a semester at Victoria's School of Government. The University also received Seriously Asia funding to support a leading Psychology Professor from the University of Indonesia to visit Victoria University.

The University's growing relationship with the Latin American region was recognised during the year with the establishment of the Victoria Institute for Links with Latin America (VILLA). The University also began teaching Portuguese and Brazilian culture, thanks to co-funding from the Brazilian Government. Victoria is the only university in New Zealand and one of a few around the world to be offered this funding. The University signed a new agreement with CONICYT, the Chilean Government's scholarship agency, to receive more Chilean PhD students to join the four already studying science here under a co-funding arrangement.

Other highlights for the year included the implementation of two successful International Business courses, Global Enterprise Experience

and Export Bridge, which engage directly with international student groups and business organisations, and the development of the Victoria International Leadership Programme, for which we are currently seeking external funding.

The University also moved to strengthen the significance of internationalisation within its strategic planning, incorporating it as one of the University's 10 distinctive interdisciplinary strengths in the new Investment Plan and drafting a new Strategic Internationalisation Plan for widespread consultation within the University in 2008.

+ UNIVERSITY COMMUNITY

The Victoria University of Wellington Foundation was established in 1990 as an independent charitable trust, and in 2007 was approved for registration with the new Charities Commission.

The role of the Foundation is to raise funds for priority projects at the University that cannot be funded from the University budget. In the first 10 months of 2007, the Foundation raised \$3.58 million from the corporate and public sectors, professional firms, alumni and friends of the University and trusts and non-profit organisations.

Sponsors and donors are vital to the University given the limitations of Government investment. Of particular note in 2007 was a bequest of just under \$1 million from the late Robert Bostock for undergraduate scholarships and, as mentioned earlier, the \$1 million donation from Victoria alumnus Alan Eggers to the University's Antarctic Research Centre Management.

MANAGEMENT

+ STAFFING CHANGES

A number of key changes were made to the University's senior management in 2007.

New Pro Vice-Chancellor and Dean of Law, Professor Tony Smith and Pro Vice-Chancellor and Dean of Education, Professor Dugald Scott took up their positions in January.

We also welcomed Professor Mark Ahn to the new position of Chair in Entrepreneurship, Professor Miriam Lips as our inaugural Chair in e-government, and Sharlene Forbes as Adjunct Professor of Official Statistics.

Christina Barton, a Senior Lecturer in the School of Art History, Classics and Religious Studies, was appointed as Director of the Adam Art Gallery. Sue Roberts was appointed as the University's Librarian. Helen Morgan-Banda took on the newly created role of Director of Communications and Marketing, and Information Technology Services' new Director, Stuart Haselden, was appointed.

A number of new appointments were also made late in the year which will be effective in 2008. Dr Terry Stokes was appointed as Head of the School of Government, Professor Bob Buckle was appointed as the University's new Pro Vice-Chancellor and Dean of Commerce and Administration and Professor Martin Manning was appointed as inaugural Professor in Climate Change.

+ PLANNING

The current tertiary reforms have provided impetus for establishing Victoria's comparative advantage and setting out a coherent strategy to achieve excellence in teaching, learning and research. After an extensive consultation process, a university-wide commitment was achieved to the vision of Victoria developing as a university with national and international distinction in innovation and future technologies while retaining an unyielding commitment to the University's traditional areas of excellence. This is the first time in over 25 years that Victoria University has focused on a comparative advantage and gained support for it from Council, staff, students and the Government funding authority.

The identification of 10 interdisciplinary strengths further supports a strategic move from a "one-size-fits-all" university and strengthens Victoria's potential to develop as a research-led university in areas of new knowledge.

A University-wide planning and funding framework linked to the budgeting process and cycle has also been established.

+ EQUITY

Ethnicity data for staff was updated during the year, and the Academic Mentoring programme was continued, with increased participation from 36 to 50 academic staff.

An action plan designed to support the development of female academic staff was commissioned and completed by Tall Poppies in 2007. The process

involved the establishment of a reference group and extensive consultation. An implementation plan is now under development.

Using the strategic goals relating to equity, a key project has also been underway during the year to analyse data relating to the recruitment, retention and achievement of Māori and Pacific students plus those with disabilities. During 2007, Faculties and Schools for the first time received a report that contained information on the recruitment, retention and achievement of equity group students specific to their Faculty and School. Selections of responses to this report were used in the 2007 Equity Report to Council.

Five women from Victoria University participated in the New Zealand Vice-Chancellor Committee Women in Leadership programme, a week-long residential course offered twice during the year. This national programme was designed to complement local initiatives and offers upper-middle-level academic women an opportunity to enhance their leadership capacities with a view to addressing the gender imbalance in senior academic and managerial positions.

+ FINANCE

A significant amount of work has been undertaken in 2007 to prepare the initial investment plan and develop a robust budgeting system to meet the new funding regime, which will be introduced in 2008. Work to support the Campus Development Plan has also been a focus given the need to source external financing.

Further enhancements were made to the Cognos BI system during the year to improve financial information dissemination at the University and help users make effective organisational decisions.

+ INFORMATION TECHNOLOGY AND SERVICES

The new Director of Information Technology Services, Stuart Haselden, came on board in 2007.

The Information Technology (IT) Strategic Plan 2008-2010 was completed following extensive consultation and included the development of formal IT governance for the University. A major user survey for staff and students was also completed, providing valuable input for enhancing IT services to students in 2008.

Significant enhancements to the fibre computer network for Kelburn Campus and the links between Pipitea and Te Aro were introduced during 2007, with the University connected to KAREN (Kiwi Advanced Research and Education Network), a leading-edge telecommunications link providing high-capacity, ultra high-speed connectivity between New Zealand's tertiary institutions, research organisations, libraries, wānanga, schools and museums and the rest of the world.

A new secure web infrastructure was put in place with the new Victoria website and the new myVictoria portal. The portal is a web-based communication resource that enables staff and students to find and share information about the University in a secure, personalised environment.

Another key initiative is the development of enterprise architecture for the University, which will enable more effective management and maximise the value of information used by the University. In 2007, the University Enterprise Architecture Committee was established, which provides direction and governance for the architecture. Additionally, development of the information and business models began. These provide a picture of the information in the University and how it is created and used as a basis for better-informed decisions about information systems.

The New Zealand Electronic Text Centre continues to achieve success as a recognised leader in the digitisation and online delivery of New Zealand's documentary heritage. This year, in addition to winning contracts for work from major cultural institutions in New Zealand and Australia and contributing to the development of the national digital content strategy, the Centre has expanded the online library through the digitisation of several significant collections of material including the essays of J.C. Beaglehole, several historical Māori dictionaries, a manuscript collection of songs and legends from the Cook Islands and a complete archive of *The New Zealand Design Review*. The Centre provides full access to over 2000 texts and associated resources. Use of the online collection has increased by over 50% since 2006 and the NZETC now receives an average of 10,000 visits each day.

+ CAPITAL PROJECTS

The key focus has been on the construction of the new student accommodation facility at the southern end of the Kelburn Campus and design work for the new teaching and research building slightly further north. Preliminary plans for the Hub-Library redevelopment project were also completed and the contract let for the new Marine Laboratory building at Island Bay.

Regular investment in a planned asset management programme to upgrade campus infrastructure and amenities began this year. This is based on a 25-year planning framework, driven by condition assessment and risk issues. Projects in this area include replacing Cotton roof, and upgrading Cotton chillers, electrical switchboards and lifts.

New facilities for the Bachelor of Engineering have been developed, primarily involving refurbishing of spaces in Cotton, with some consequential relocations.

Other projects included an additional rehearsal space for Film and Theatre, upgrading Levels 0 and 4 of Hunter to accommodate more staff, improving postgraduate facilities, laboratory enhancements in New Kirk and Laby and safety improvements to the northern stairwell in Rankine Brown. The staged sprinkler installation programme for Weir House will be completed over summer, along with engineering assessments of required earthquake strengthening of the various Weir buildings.

CONCLUSION

The end of the year marks a time of reflection for the University – one in which we can celebrate our successes and consider the challenges we've faced during the year. But it is also a time of looking outward and looking forward. What is Victoria's picture of success in the future? What must we do to thrive? We are in a changing and complex environment, where we need to continue to adapt to survive. Building on our proud history we need to face the future with an open mind and a continued commitment to excellence.



Professor Pat Walsh
Vice-Chancellor

ABOUT VICTORIA UNIVERSITY

KEY FACTS

⊕ EQUIVALENT FULL-TIME STUDENTS (EFTS)

Total Students		
2006		2007
16,650	EFTS	17,085
1.3%	Change	2.6%

Government-Funded Students		
2006		2007
14,177	EFTS	15,111
3.9%	Change	6.6%

Non-Government-Funded Students		
2006		2007
2,473	EFTS	1,974
-12.0%	Change	-20.2%

Māori Students		
2006		2007
1,385	EFTS	1,407
5.2%	Change	1.6%

Pacific Students		
2006		2007
692	EFTS	775
1.3%	Change	12.0%

*Government-Funded Students include domestic students, international students who have their fees paid for by Government including international PhD students. Non-Government-Funded Students are all other international students. 2006 figures have been restated on the same basis.

+ ENROLMENTS

Total Students		
2006		2007
21,076	Students	21,889
3.4%	Change	3.9%

Domestic Students		
2006		2007
17,672	Students	18,923
4.1%	Change	7.1%

International Students		
2006		2007
3,404	Students	2,966
-0.1%	Change	-12.9%

Māori Students		
2006		2007
1,744	Students	1,769
7.4%	Change	1.4%

Pacific Students		
2006		2007
871	Students	1,008
3.2%	Change	15.7%

+ OTHER KEY FACTS

Degrees, Diplomas & Certificates Awarded		
2006		2007
5,323	Awards	5,496
10.6%	Change	3.25%

Space Occupied		
2006		2007
107,372	Square metres	107,219
-0.9%	Change	-0.1%

Full-time Equivalent Staff		
2006		2007
1,906.7	Staff FTE	1,985.5
0.3%	Change	4.1%

Victoria University of Wellington was created by its own Act of Parliament, which came into force on 1 January 1962. Prior to that, Victoria University College was a constituent part of the University of New Zealand. Founded by an Act of Parliament to celebrate the Diamond Jubilee of Queen Victoria in 1897, Victoria College commenced teaching and research in 1899. The original part of that building now known as Hunter was opened in 1906. On 1 January 2005, by Order in Council, the Wellington College of Education, which was established in 1880, was disestablished and incorporated into the University. On 1 January 2006, the New Zealand School of Music, a centre of musical excellence, was established as a joint venture between the University and Massey University, combining the musical programmes of both institutions.

Academic decisions and qualifications are the responsibility of the University and its seven Faculties. Teaching, learning and research are carried out by 27 Schools and a number of Institutes and Centres.

The University operates from several sites. The Kelburn Campus is the home of the Schools with interests in science and humanities and social sciences and the University's administration. The Te Aro Campus, on the southern fringe of the central business district, is the home of the Schools of Architecture and Design. The Pipitea Campus, close to Parliament and the courts, consists of the Government Buildings Historic Reserve and the neighbouring Rutherford House and the Wellington Railway Station West Wing. This Campus is the home of the University's Schools specialising in the study of law, government, commerce and administration and professional development. The Karori Campus is the home of the Schools specialising in teacher education and education studies. The University also teaches an International Master of Business Administration programme in Hong Kong in association with the Asia-Pacific Institute of Business, of the Chinese University of Hong Kong.

⊕ FACULTY ENROLMENTS AS AT OCTOBER 2007

	Architecture & Design	Commerce & Admin	Education	Humanities & Social Sciences	Law	Science*	Total**
	%	%	%	%	%	%	%
GENDER							
Female	40.9	49.6	83.5	59.7	60.4	47.0	56.4
Male	59.1	50.4	16.5	40.3	39.6	53.0	43.6
ETHNICITY							
Asian	21.9	34.6	6.7	11.0	10.4	17.8	17.4
Māori	6.8	7.2	11.0	8.3	10.4	6.6	7.9
Other	7.8	7.2	10.2	12.3	12.4	11.2	11.2
Pacific	2.1	4.5	9.4	5.3	3.8	3.3	4.9
Pākehā- European	61.4	46.5	62.7	63.1	63.0	61.1	58.6
Total	1,244	5,122	1,251	12,085	1,903	2,735	21,868

*The Faculty of Engineering enrolments are included in the Science Faculty figure.

**Faculty enrolments are higher than total enrolments as students may enrol in more than one Faculty, such as those studying towards a conjoint degree.

2007 FINANCIAL OVERVIEW

The Consolidated Group Surplus for the 2007 year, before unusual items, was \$16.7 million with the significant contributions coming from the University (\$11.3 million), the Research Trust (\$2.5 million) and the Victoria University Foundation (\$2.4 million).

For the University, the surplus was \$11.3 million which included interest of \$4.6 million. The operating surplus, which excludes interest, was \$6.8 million (2.5% of revenue), \$3.2 million higher than Budget. The operating surplus increase over Budget was mainly due to higher EFTS and tight control over operating costs. Victoria experienced strong growth in Government-funded students in 2007, up 920 EFTS on 2006 but the revenue impact of this growth was largely offset by a 495 EFTS reduction in non-Government-funded students. The increase in operating surplus over the previous year relates mostly to one-off charges taken in 2006 which were not repeated in 2007. In 2006 the University changed the method of calculating depreciation on plant and equipment from diminishing value to straight line, resulting in a one-off increase in the depreciation charge of \$1.2 million. Also, an amount of \$1.4 million was transferred from the University to the Research Trust which reduced the operating surplus for the University.

The University acknowledges the assistance of Government which contributed \$3.7 million specifically to continue to address the gap between domestic and international salaries for staff. This additional funding support resulted from the continuing tripartite agreement between the Government, the universities and the university staff unions.

Funds generated from the surplus and depreciation, together with strong cash balances, have enabled the University to maintain an effective capital expenditure programme with \$45.4 million spent in 2007, following expenditures of \$31.6 million in 2006 and \$32.6 million in 2005. There has been significant expenditure on the construction of new student accommodation and major upgrades to the Hunter and Rankine Brown buildings. Additional expenditure was incurred for the concept designs for campus redevelopment, and Weir House seismic strengthening. Additions were also made to the Library collection and to the IT infrastructure to improve performance and reliability.

Elsewhere in this report the University is reporting many positive developments including increased research income, growth in undergraduate and postgraduate student numbers and strong growth in science, engineering and architecture. These developments have introduced a range of financial challenges including the need for a much greater investment in physical and human resources. Physical accommodation is stretched, particularly on the Kelburn Campus, and the University has embarked on a series of large-scale developments to provide additional accommodation.

In 2007 work started on a new student accommodation complex adjacent to the Kelburn Campus (\$50 million) and a replacement marine laboratory on Wellington's South Coast. The University Council has approved, subject to borrowing approval from the TEC, a new Teaching, Learning and Research building (\$47.6 million) on the Kelburn Campus with construction expected to commence in 2008. This building will support the recent growth in science and engineering and Victoria's strategic goals to grow postgraduate enrolments and to partner with external research and commercial organisations. A further major project, the expansion and reconfiguration of the Library and central Hub area (\$65 million) is scheduled to commence construction in 2010/2011.

Despite large cash balances and strong cash flows in recent years this investment programme, together with normal annual capital expenditure, will require the University to borrow in order to finance the programme. The University is currently seeking the appropriate Government approvals to embark on a borrowing programme. The acquisition of debt will place greater financial pressure on the University as interest income will be replaced with interest expense, which will require the University to maintain budget discipline to maintain prudent financial ratios.

Given the investment programmes facing the University and the financial challenges identified, it is disappointing that Government policy is preventing Victoria from setting its undergraduate fees at the levels charged by other New Zealand universities. Earlier in the year, the application by Victoria to increase its humanities, education, law and architecture fees to levels already charged by most other universities was refused by the TEC.

The Tertiary Advisory and Monitoring Unit (TAMU) has established several financial measures they use to monitor the financial health of organisations in the tertiary sector. In the table below ratios from the 2007 university accounts are compared with the minimum recommended levels established by TAMU.

Measure	TAMU Minimum Targets	2007 Consolidation	2007 University
	%	%	%
Surplus ¹	3.0	5.8	4.3
Operating surplus ²		3.9	2.5
Cash cover ³	8.0	25.5	13.8
Asset productivity ⁴	40.0	50.4	48.4
Return on assets ⁵	1.0	2.6	1.9


1 Surplus excluding unusual items as a percentage of total revenue

2 Surplus excluding interest income

3 Liquid funds as a percentage of annual cash outgoings

4 Revenue over net assets

5 Surplus as a percentage of assets



Wayne Morgan
Chief Financial Officer

STATEMENT OF RESPONSIBILITY

The management of Victoria University accepts responsibility for:

- + the preparation of the annual financial statements and the judgments 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 the opinion of Council and management of Victoria University the financial statements for the financial year ended 31 December 2007 fairly reflect the financial position and operations of Victoria University and the Group.



Emeritus Professor Tim Beaglehole
Chancellor, 2007



Professor Pat Walsh
Vice-Chancellor

25 February 2008

AUDIT REPORT

for the year ended 31 December 2007



**AUDIT REPORT
TO THE READERS OF
VICTORIA UNIVERSITY OF WELLINGTON AND GROUP'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2007**

The Auditor-General is the auditor of Victoria University of Wellington (the University) and group. The Auditor-General has appointed me, Brent Penrose, 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, for the year ended 31 December 2007.

Unqualified Opinion

In our opinion:

- the financial statements of the University and group on pages 26 to 34 and 38 to 71:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the University and group's financial position as at 31 December 2007; and
 - the results of operations and cash flows for the year ended on that date.
- the performance information of the University and group on pages 72 to 95 fairly reflects its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 25 February 2008, and is the date at which our opinion is expressed.

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

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;

- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the University and group as at 31 December 2007. They must also fairly reflect the results of operations and cash flows for the year ended on that date. The Council is also responsible for preparing performance information that fairly reflects the service performance achievements for the year ended 31 December 2007. The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit we have carried out an assignment to provide NZ IFRS transition support which is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the University and Group.



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

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of Victoria University of Wellington and Group (VUW) for the year ended 31 December 2007 included on VUW's website. The Council is responsible for the maintenance and integrity of VUW's web site. We have not been engaged to report on the integrity of VUW's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 25 February 2008 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIALS

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 December 2007

⊕ THE REPORTING ENTITY

The financial statements of Victoria University (the “University”) and Consolidated Group (the “Group”) for the year ended 31 December 2007 were authorised for issue in accordance with a resolution of Victoria University Council on 25 February 2008.

The University was created as a University and body corporate by the Universities Act 1961 and the Victoria University of Wellington Act 1961.

The University provides for the advancement of knowledge and the dissemination thereof by teaching and research by offering courses leading to a wide range of degrees, diplomas and certificates. It also makes research available to the wider community for mutual benefit, and provides research and scholarship for the purpose of informing the teaching of courses. These aspects are covered fully in the Statement of Service Performance. The University is located in Wellington and offers most courses and research from there.

The financial statements for the University only and the Consolidated Group financial statements are presented. The financial statements are presented as at and for the year ended 31 December 2007 for the University only and the Consolidated Group. Included in these financial statements are:

1. The **University** as the parent entity.
2. The **Consolidated Group** comprising the University together with:

Subsidiary Company

- **Victoria Link Limited (“VLL”)** is a wholly-owned subsidiary of the University formed in April 1992. VLL is the University’s commercial interface with the business and government sectors and manages commercial research and consulting on behalf of the University.

Joint Ventures

- **NZ School of Music Limited (“NZSM”)** is a joint initiative between Massey University and Victoria University of Wellington. NZSM was formed in January 2006 with each university holding a 50% share in the company. All existing full music degrees previously offered by either university are now awarded jointly as NZSM qualifications.
- **MacDiarmid Institute for Advanced Materials and Nanotechnology (the “Institute”)** is an unincorporated joint venture between Victoria University of Wellington, University

of Canterbury, Massey University and the University of Otago to undertake research on a project funded by the Ministry of Education via the Royal Society of New Zealand. The Institute was formed in July 2002 to collaborate on research in the field of advanced materials and nanotechnology. The Institute is proportionally included in the University's results and financial position.

Wholly-Owned Controlled Trusts

- **Victoria University of Wellington Foundation (“VUWF”)** is a controlled and charitable trust incorporated in October 1990. VUWF raises private funds for projects that promote academic excellence at the University.
- **Victoria University of Wellington Art Collection Funding Trust (“VUWACFT”)** is a controlled and charitable trust formed in December 2000. VUWACFT is established to provide funding for the acquisition, collection, care, management, exhibition and promotion of art collection.
- **Research Trust Victoria University of Wellington (“RTVUW”)** is a controlled and charitable trust incorporated in September 2006. RTVUW was established to provide academic research that contributes to academic excellence.
- **VUW School of Government Trust (“VUWSGT”)** is a controlled and charitable trust incorporated in May 2007. VUWSGT was established to provide support to research, training and education in connection with public policy, public management, public administration and strategic studies.

Associates

- **Library Consortium of New Zealand Limited (“LCoNZ”)** is a collaborative venture formed in June 2004 between the libraries of Auckland University of Technology, the University of Waikato, the University of Otago and the University. The University acquired a 25% shareholding in LCoNZ upon incorporation.
- **Magritek Limited (“Magritek”)** is a collaboration formed in November 2004 between the University, Massey University and private shareholders. Magritek is a science and technology company creating innovative products in the field of nuclear magnetic

resonance (NMR). The University has a 33.33% direct interest in the company via its subsidiary VLL.

- **NZ Tertiary Education Consortium Limited (“NZTEC”)**. Victoria is a shareholder in NZTEC, a limited liability company (investment in associates) formed for the purpose of providing education services to the Sultanate of Oman's Ministry of Higher Education. Victoria acquired the 16.67% share in March 2006. All six shareholders hold equal shares and equal voting rights in the company. As this company has equal shareholding, we have deemed it appropriate to treat this entity as an associate.

⊕ BASIS OF PREPARATION

The financial statements have been prepared in accordance with generally accepted accounting practices in New Zealand (“NZ GAAP”) being the New Zealand equivalent to International Financial Reporting Standards (“NZ IFRS”), the Financial Reporting Act 1993 and the Crown Entities Act 2004. The financial statements have also been prepared on a historical cost basis, except for land, buildings and equity securities/debt security investments which have been measured at fair value.

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 have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined in the “Summary of Significant Accounting Policies” (page 29).

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

+ STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and the other applicable Financial Reporting Standards, as appropriate for Public Benefit Entities.

This is the first set of financial statements prepared based on NZ IFRS and comparatives for the year ended 31 December 2006 have been restated accordingly. Reconciliations of equity at 1 January 2006 and 31 December 2006 and profit for the year ended 31 December 2006 under NZ IFRS to the balances reported in the 31 December 2006 financial statements are detailed in note 24.

+ FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The University and Group's financial instruments comprise investments in equity and debt securities ("other investments"), derivatives such as forward exchange contracts, cash and cash equivalents. It has various other financial assets and liabilities such as accounts receivables and accounts payables, which arise directly from its operations.

The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the University and Group's financial instruments are interest rate risk, liquidity risk, foreign exchange risk and credit risk. The Victoria University Council reviews and agrees policies for managing each of these risks as summarised below. Compliance is monitored monthly and deviations from the target are reported to the Chief Financial Officer in the first instance.

Interest Rate Risk

No borrowing may be arranged until approval has been granted by Victoria University Council and the Minister of Education.

Liquidity Risk

Funding commitments are monitored to ensure that there are cash reserves (or other liquid assets), or secured committed financing arrangements to cover a minimum of 120% of the forecast peak funding requirements at any one point in time of the University, for the next 12 months. Amendment of the funding targets may only be made with approval of Victoria University Council.

Foreign Exchange Risk

The University and Group may not enter into any financing arrangement in any foreign currency unless approval is granted by Victoria University Council and the Minister of Education, where prescribed by the Education Act 1989.

Hedging of Foreign Currency Exposures

Individual expenses/receipts with an equivalent spot value of up to NZD 100,000 will be transacted at the spot rate on payment/receipt date. Foreign exchange risk for this class of transaction will be monitored but will be left unhedged.

Individual expenses/receipts with an equivalent spot value of over NZD 100,000 are economically hedged within five working days of commitment, provided there is reasonable certainty over the amount and timing of the exposure, and the term of the latest payment/receipt does not exceed 12 months. Details of all hedging for foreign currency risk management are reported to Council at the first monthly meeting following the transaction. Hedge accounting will not be applied.

The University and Group seek to limit exposure to foreign currency risk by communicating its preference to transact in NZD wherever practicable, to both suppliers and customers.

Credit Risk

The University and Group only transact with banks or financial institutions that have been granted "approved counterparty" status by Victoria University Council. A requirement for approval is that the counterparty has a minimum Standard and Poors long-term credit rating of A, or a minimum Moody's Investors long-term credit rating of Aa.

Short-term deposits are only placed with the major New Zealand trading banks.

Counterparty limits are set to manage the University and Group's financial exposure to any one counterparty. The University and Group's financial exposure to any one counterparty will not exceed 33% of total funds. Amendment of counterparty limits may only be made when approval has been granted by Victoria University Council.

⊕ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include separate financial statements for the University as an individual entity and the Group consisting of the University, its subsidiaries, joint ventures, controlled trusts and associates.

Accounts Payable

Accounts payable are recognised upon receipt of the goods or when the service has been performed and are measured at the agreed purchase contract price, net of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30-day terms.

Accounts Receivable

Accounts receivable are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. The two categories of accounts receivables are:

- + Trade receivables which are due for settlement in no more than 14 days
- + Tuition fees receivables which are due for settlement prior to a course starting. However, in some cases, domestic students may opt for an instalment plan whereby regular payments are made to ensure all fees are paid in full by the completion of that course.

Collectability of trade receivables and tuition fees is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. A provision is raised for any doubtful debts based on a review of all outstanding amounts at reporting date.

Basis of Consolidation

The Consolidated Group financial statements comprise the financial statements of the University, its subsidiary, joint ventures, controlled trusts and associates as at 31 December each year (the Group).

A subsidiary is an entity over which the University and Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity. Subsidiaries are

fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Joint ventures are entities over whose activities the University and Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Joint ventures are accounted for using the equity method.

Controlled trusts are those entities in which the University and Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity. Controlled trusts are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Associates are those entities in which the University and Group has significant influence, but not control over the financial and operating policies. Associates are accounted for using the equity method.

The financial statements of the subsidiary, joint ventures, controlled trusts and associates are prepared for the same reporting period as the University using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the Group financial statements, all intercompany balances and transactions, income and expenses, profits and losses arising from intra-group transactions have been eliminated in full.

Business Combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Transaction cost arising on the issue of equity instruments is recognised directly in equity.

Budget

The budget is set prior to the beginning of each year and is a requirement of the Crown Entities Act 2004. The budget for 2007 was approved by the Victoria University Council on 26 November 2006.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, and short-term deposits with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash and cash equivalents as defined above.

Construction in Progress

Construction in progress represents the cost of unoccupied and incomplete building projects and other major capital works projects at reporting date. It also includes the costs of major information technology (IT) systems such as software, networks and audio visuals projects that had not been implemented as at reporting date and is stated on the basis of expenditure incurred and gross progress claim certificates up to balance date. Contract retentions for capital works are recorded as accounts payable. Financing costs are not material and have been expensed as costs are incurred. Construction in progress is not depreciated. Costs cease to be capitalised when all the activities substantially necessary to bring an asset to the location and condition for its intended use are complete. All feasibility costs are expensed as incurred.

Employee Entitlements

Provisions 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.

With the exception of annual leave, all other entitlements are valued by an independent actuary on an annual basis with the present obligation appearing on the Statement of Financial Position and movements in those provisions reflected in the Statements of Performance.

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 has been accrued based on employment contract/agreement entitlements using current rates of pay. This provision is stated as a current liability.
- + **Long service leave** has been accrued for qualifying general staff. The liability is equal to the present value of the estimated future cash flows as a result of employee service provided at balance date as assessed by an independent actuary. This provision is stated as a non-current liability.
- + **Retiring leave** for all eligible staff is equal to the present value of the estimated future cash flows as a result of employee service provided at balance date as assessed by an independent actuary. This provision is stated as a non-current liability.
- + **Sick leave** has been accrued for a small group of ex-Wellington College of Education employees. The liability that is expected to be settled within 12 months of the reporting date is recognised in respect of employees' services up to the reporting date. The provision is stated as a current liability. No accrual is made for other University employees because the University has a policy of unlimited sick leave for all permanent staff.

Financial Instruments

Financial instruments comprise investments in equity and debt securities ("other investments"), trade and other receivables, derivatives such as forward exchange contracts, cash and cash equivalents, trade and other payables.

Financial instruments are recognised in the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. All purchases and sales of financial assets are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, financial assets are periodically revalued to the current fair value. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Revenue, costs and fair value movements in relation to all financial instruments are recognised in the Statement of Financial Performance.

Foreign Currency

Both the functional and presentation currency of the University and the Group is New Zealand dollars (\$).

Foreign currency transactions are translated into New Zealand dollars at the exchange rate prevailing at the date of the transaction. Amounts receivable and payable in foreign currency at reporting date are translated at the rates of exchange ruling on that date. Foreign currency balances have been converted into New Zealand dollars using the exchange rate at the close of business on balance date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the Statement of Financial Performance. Foreign exchange gains and losses are recognised in the Statement of Financial Performance.

Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable (excluding accruals), which are stated as GST inclusive. Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Inland Revenue Department (IRD). The net amount of GST recoverable from, or payable to, the IRD is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the IRD are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Intangible Assets

+ Acquired separately

Intangible assets acquired separately are capitalised at cost. The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the Statement of Financial Performance through the "Depreciation and amortisation" line item.

+ Software costs

IT computer software represents the cost to the University and Group of major IT systems that have been purchased, developed and implemented. These are capitalised at cost. Amortisation for IT computer software is

calculated using a straight line basis and the amortisation periods are 3-5 years. This expense is taken to the Statement of Financial Performance through the "Depreciation and amortisation" line item. Internally generated software is expensed as costs are incurred.

+ Development costs

Development expenditure incurred on an individual project (for example, for a university teaching course) is carried forward when it is probable that expected future economic benefits will flow to the entity. It can only be recognised as an intangible asset where it meets certain criteria set out in NZ IAS 38:

- it is identifiable
- it is probable that the future economic benefits that are attributable to the asset will flow to the entity
- the cost of the asset can be measured reliably.

+ Impairment of capitalised intangibles

All capitalised intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite lived intangibles, an annual review is performed. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition ready for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Investments

Investments comprise equity and debt securities held in managed portfolios. All purchases of securities are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, financial assets are periodically revalued to the current fair value. Fair value movements are recognised in the Statement of Financial Performance.

Lease Costs

All the University and Group leases are operating leases as the risks and rewards of ownership do not transfer to the lessee. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Property, Plant and Equipment

Treatment for specific classes of property, plant and equipment:

- **Land, building structures, building services, building fit-outs and infrastructure assets**
Following the initial recognition at cost, land and buildings are carried at a revalued amount less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Revaluations are performed at least once every three years by an independent registered valuer. The valuations are revised based on advice from an independent registered valuer during the intervening years to reflect any material movements in values. The method of valuation is fair value. All movements in revaluation are taken direct to the Revaluation reserve within Community equity. Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the Statement of Financial Performance.
- **Leasehold improvements** are recorded at cost less accumulated depreciation and any accumulated impairment loss. Improvements are depreciated over the shorter of the unexpired period of the lease or the estimated useful life of the assets.
- **Works of art, classical antiquities, heritage collection and heritage musical instruments** are recorded at cost, and due to the nature of these heritage assets, no depreciation is charged.
- **Computing equipment, furniture and equipment, finance leased computer equipment, library collections in general use, musical equipment, marine vessel and vehicles** are recorded at cost less accumulated depreciation and any accumulated impairment loss.

+ Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in the Statement of Financial Performance.

+ Fair value

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

+ Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Financial Performance in the year the item is derecognised.

+ Depreciation

Depreciation of property, plant and equipment except for land, heritage collections, works of art, classical antiquities, heritage musical instruments and marae carvings, has been provided for on a straight line basis at depreciation rates calculated to allocate the assets' cost or the revalued amounts less estimated residual value, over their estimated useful lives. Major depreciation periods are:

Building structures	3–50 years
Building services	10–30 years
Building fit-out	10–50 years
Infrastructure assets	5–40 years
Finance leased	
computer equipment	1–3 years
Leasehold improvements	20–50 years
Computing equipment *	3–5 years
Furniture & equipment *	3–15 years
Library collections—general use	5–10 years
Musical instruments	5–13 years
Vehicles	5 years
Marine vessel	16 years

* Assets purchased solely for specific research projects may be depreciated over the life of the project.

+ Property in the name of the Crown

Property in the name of the Crown and occupied by the University, for which the University has all the responsibilities of ownership (such as insurance and maintenance), and for which no rentals have been paid to the Crown, have been included as though they were assets of the University with effect from 1993. This is in accordance with the announced policy of Government that these assets would be transferred into the name of the University.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the University and Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

The University's revenue consists of:

+ Bequests and other monies held in trust

Bequests and donations received on trust for particular purposes are recorded as revenue on a cash received basis in the Statement of Financial Performance. These monies are not available for funding operating expenditure of the University.

+ Dividend

Dividend revenue is recognised when the shareholders' right to receive the payment is established.

+ Externally funded research

Externally funded research revenues are reflected in the Statement of Financial Position as "Research grants unexpended" where fulfilment of any contractual obligation is yet to occur. When the contractual obligation has been fulfilled, externally funded research revenue is transferred as "Research support" in the Statement of Financial Performance.

+ Fees and charges

Student fees and charges are recognised as "Revenue in advance" upon enrolment in the Statement of Financial Position. Revenue from rendering services is recognised only when the University has a right to be compensated, it is probable that compensation will be received, and the amount of revenue and the stage of completion of a transaction can be reliably measured.

+ Government grants

Domestic student funding is recognised as "Revenue in Advance" upon receipt in the Statement of Financial Position. Revenue from rendering services is recognised only when the University has a right to be compensated, and the amount of revenue and the stage of completion of a transaction can be reliably measured.

Capital contributions from the Crown that are non-reciprocal in nature are recognised as "Other revenue" in the Statement of Financial Performance in the year in which the Group obtains control over them.

Research-related funding is accounted for on the same basis as "Externally funded research" noted above.

+ Interest

Interest revenue is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

+ Other revenue

This represents contributions from external organisations and miscellaneous income not derived from core operations.

+ Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods

to the customer.

+ **Rendering of services**

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance sheet date.

+ **Rental income**

Rental income is recognised as it accrues over the period that the properties are leased to third parties.

Segment Reporting

The University and Group predominantly operate in a single business segment, in one geographical location. Therefore no segmental information is disclosed in these financial statements.

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 on 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:

- + **Valuation of land and building assets:** management relies on the services of independent valuers to assess the carrying values land and building assets.
- + **Valuation of retirement, long service and sick leave entitlements:** management relies on the services of independent valuers to assess the carrying value of these employee entitlements.
- + **Bad debt provisioning:** where receivables are outstanding beyond the normal trading terms, the likelihood of recovery is assessed by management.

Taxation

The IRD treats the University, for the purposes of income tax, as a charitable organisation. Within the consolidated entity, only Magritek Limited is not exempt from Income Tax. For this entity, the consolidated entity adopts the liability method of tax effect accounting where the income tax expense for the period is based on the profit from ordinary activities adjusted for any permanent differences between taxable and accounting income.

Changes in Accounting Policies

There have been no changes in accounting policies during the year. All accounting policies have been applied on bases consistent over the two years presented.

Standards of Interpretations Issued But Not Yet Effective:

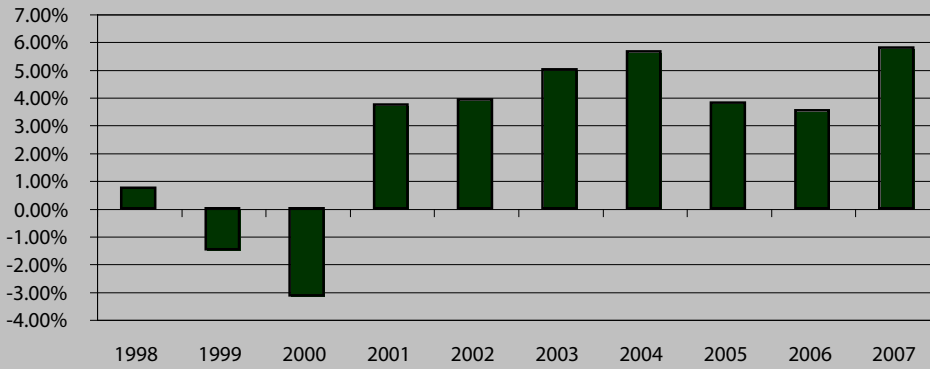
NZ IFRS 8 Operating Segments was approved by the Accounting Standards Review Board in December 2006 and is applicable for accounting periods beginning on or after 1 January 2009, although early adoption is encouraged. The Standard requires additional disclosures about the Group's operating segments. However, the Group will adopt a Public Benefit Entity exemption on the Standard. Consequently it will not impact the financial statements.

NZ IAS 1 amendments require certain additional disclosures, including a Statement of Comprehensive Income. This will result in revised disclosures.

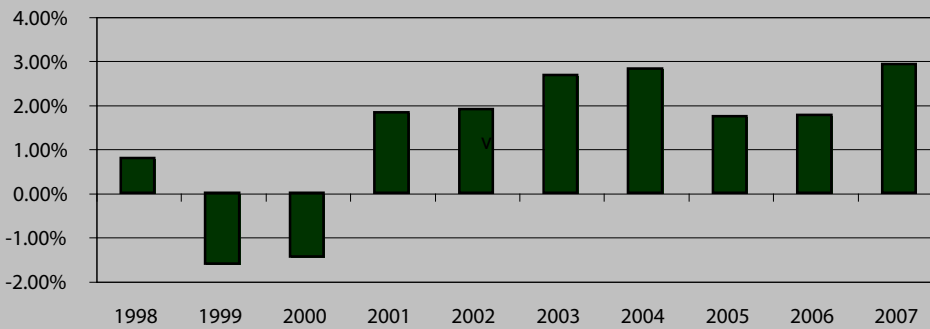
⊕ CONSOLIDATED TREND STATEMENT

	2003	2004	2005	2006	2007
	\$000	\$000	\$000	\$000	\$000
Financial Performance					
Total revenue	191 647	206 114	237 698	266 112	289 397
Surplus for the year before unusual items	9 590	11 621	9 010	9 371	16 728
Material, unbudgeted and non-recurring items	6 811	-	32 471	-	-
Surplus for the year	16 401	11 621	41 481	9 371	16 728
Financial Position					
Total current assets	53 724	53 590	61 654	67 734	76 663
Total non-current assets	349 470	408 995	515 982	521 900	565 560
Total assets	403 194	462 585	577 636	589 634	642 223
Total current liabilities	36 866	41 492	46 036	46 225	55 866
Total non-current liabilities	8 137	9 354	10 274	11 844	12 236
Total liabilities	45 003	50 846	56 310	58 069	68 102
Total community equity	358 191	411 739	521 326	531 565	574 121
Statistics					
Surplus before unusual items to community equity	2.68%	2.82%	1.73%	1.76%	2.91%
Surplus before unusual items to total assets	2.38%	2.51%	1.56%	1.59%	2.60%
Surplus before unusual items to total revenue	5.00%	5.64%	3.79%	3.52%	5.78%
Current assets to current liabilities	1.46	1.29	1.34	1.47	1.37
Assets to equity	1.13	1.12	1.11	1.11	1.12
Liabilities to equity	0.13	0.12	0.11	0.11	0.12

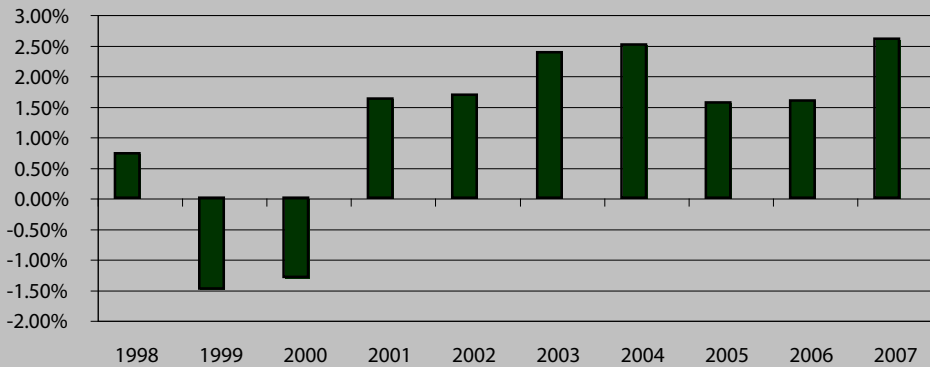
Consolidated Surplus* to Total Revenue



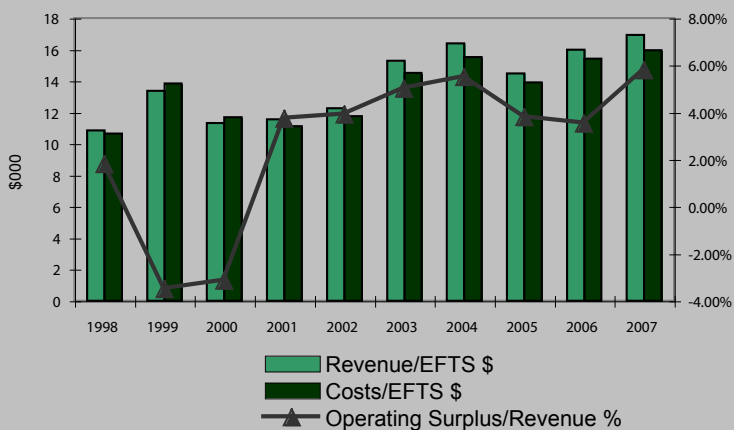
Consolidated Surplus* to Community Equity



Consolidated Surplus* to Total Assets

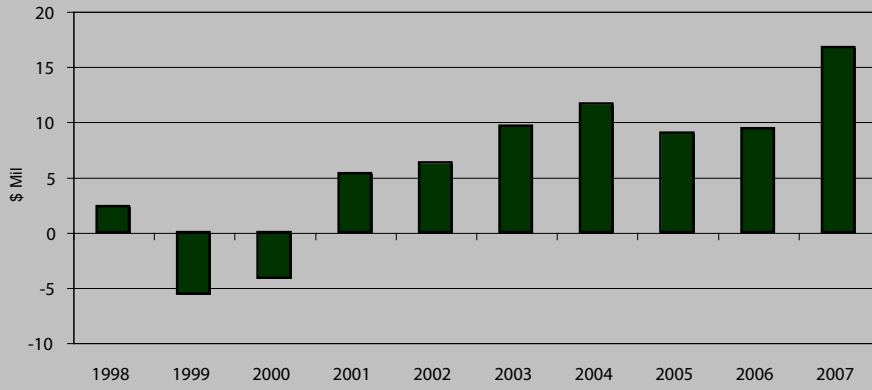


Consolidated Revenue, Costs and Surplus*

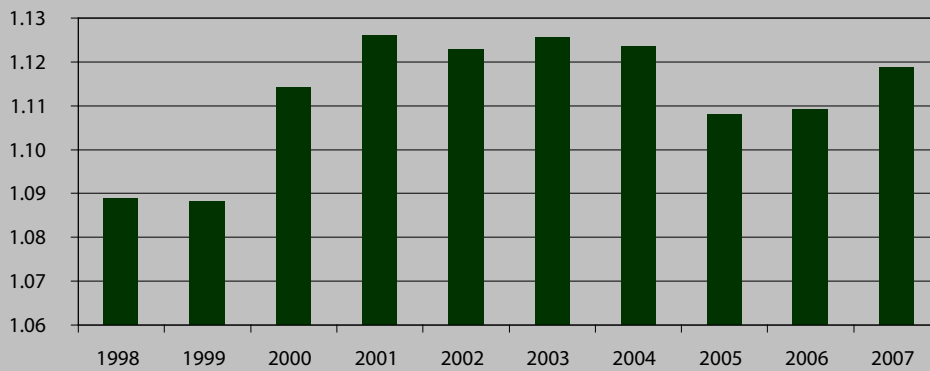


* Consolidated surplus is the total surplus for the year before material, unbudgeted and non-recurring items

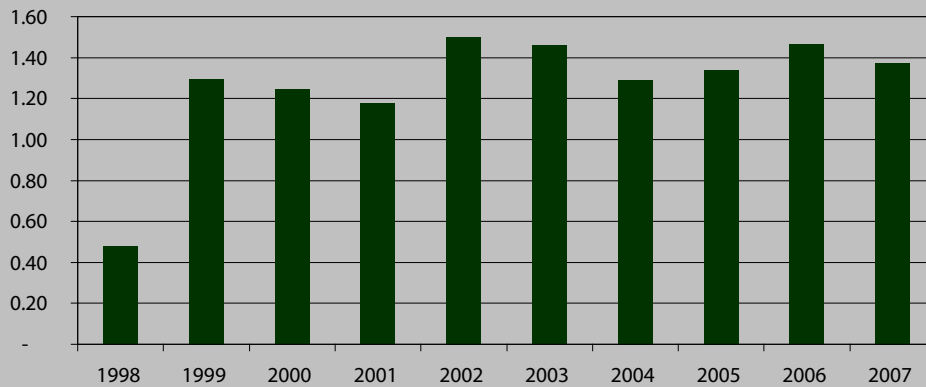
Consolidated Surplus* for the Year



Consolidated Assets to Community Equity



Consolidated Current Assets to Current Liabilities



* Consolidated surplus is the total surplus for the year before material, unbudgeted and non-recurring items

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 December 2007

	Note	Consolidated		University		
		31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-07 (budget)	31-Dec-06
		\$000	\$000	\$000	\$000	\$000
Revenue						
Government grants		126 756	112 808	124 209	113 822	110 796
Domestic tuition fees		56 216	50 103	55 198	53 204	49 256
International tuition fees		31 254	33 900	31 254	39 662	33 900
Research support		27 795	25 307	17 058	16 573	14 424
Commercial		19 367	21 031	17 531	18 343	18 693
Student and family		11 007	10 198	11 016	10 804	10 198
Other revenue	1	12 883	8 525	9 585	10 296	8 341
		285 278	261 872	265 851	262 704	245 608
Interest earnings of controlled trusts		933	887	-	-	-
Fair value movements of controlled trusts		(413)	47	-	-	-
Other earnings by controlled trusts (donations)		3 532	3 171	-	-	-
Share of surplus of associates	17	67	135	-	-	-
<i>Total revenue</i>		289 397	266 112	265 851	262 704	245 608
Expenditure						
People	2	157 933	148 170	150 325	150 107	143 874
Occupancy	3	19 787	18 542	18 655	18 896	17 425
Equipment		1 779	2 215	1 494	1 172	1 609
Information technology	4	8 597	8 045	8 412	8 474	7 870
Operating	5	57 281	53 185	48 406	50 075	44 355
Depreciation and amortisation	6	27 292	26 584	27 236	27 371	26 448
<i>Total expenditure</i>		272 669	256 741	254 528	256 095	241 581
Surplus for the year		16 728	9 371	11 323	6 609	4 027

The statement of Accounting Policies and the Notes to the Financial Statements form part of, and should be read in conjunction with, this statement.

⊕ STATEMENT OF MOVEMENTS IN EQUITY

for the year ended 31 December 2007

	Note	Consolidated		University		
		31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-07 (budget)	31-Dec-06
		\$000	\$000	\$000	\$000	\$000
Surplus for the year		16 728	9 371	11 323	6 609	4 027
Increase in revaluation reserve	13	25 636	-	25 636	-	-
<i>Total recognised revenue and expenses for the year</i>		42 364	9 371	36 959	6 609	4 027
Community equity at start of the year		531 757	522 386	512 481	509 703	508 454
Community equity at end of the year	15	574 121	531 757	549 440	516 312	512 481

The statement of Accounting Policies and the Notes to the Financial Statements form part of, and should be read in conjunction with, this statement.

STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2007

	Note	Consolidated		University		
		31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-07 (budget)	31-Dec-06
		\$000	\$000	\$000	\$000	\$000
Current assets						
Cash and cash equivalents	8	48 852	46 727	30 717	29 891	30 260
Investments	9	13 389	5 441	232	-	131
Accounts receivable and accruals	10	7 452	7 583	4 565	5 369	4 501
Pre-paid expenses		4 960	6 063	4 960	5 001	5 879
Inventories		589	520	589	400	520
Other current assets	11	1 421	1 298	-	-	-
<i>Total current assets</i>		76 663	67 632	41 063	40 661	41 291
Non-current assets						
Property, plant and equipment	12	536 071	501 524	535 939	515 534	501 359
Intangibles	14	7 315	6 052	7 315	6 877	6 052
Construction in progress	16	21 365	13 778	21 357	6 100	13 773
Investments in subsidiary and associates	17	809	773	601	733	601
Investment in joint ventures	21	-	-	250	250	250
<i>Total non-current assets</i>		565 560	522 127	565 462	529 494	522 035
Total assets		642 223	589 759	606 525	570 155	563 326
Current liabilities						
Accounts payable and accruals	18	24 736	21 863	23 412	24 550	20 071
Revenue in advance		11 864	9 992	6 302	3 974	4 691
Research grants unexpended		7 182	2 984	3 182	2 200	2 984
Provision for annual leave	19	12 008	11 263	11 900	11 265	11 211
Provision for sick leave	19	76	56	76	-	56
<i>Total current liabilities</i>		55 866	46 158	44 872	41 989	39 013
Non-current liabilities						
Provision for retiring and long service leave	19	12 236	11 844	12 213	11 854	11 832
Total liabilities		68 102	58 002	57 085	53 843	50 845
Total net assets		574 121	531 757	549 440	516 312	512 481
<i>Represented by:</i>						
Community equity	15	574 121	531 757	549 440	516 312	512 481

The statement of Accounting Policies and the Notes to the Financial Statements form part of, and should be read in conjunction with, this statement.

⊕ STATEMENT OF CASH FLOWS

for the year ended 31 December 2007

	Note	Consolidated		University		
		31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-07 (budget)	31-Dec-06
		\$000	\$000	\$000	\$000	\$000
Operating activities						
<i>Cash was provided from:</i>						
Government grants		126 775	103 267	124 228	114 322	101 515
Tuition fees and other income		162 590	153 000	141 528	146 048	139 700
Investment income from controlled trusts		3 530	2 340	-	-	-
Interest received		6 533	4 396	4 539	3 000	3 984
		299 428	263 003	270 295	263 370	245 199
<i>Cash was applied to:</i>						
Employees and suppliers		(243 892)	(228 548)	(224 681)	(229 299)	(214 716)
		(243 892)	(228 548)	(224 681)	(229 299)	(214 716)
Net cash flows from operating	23	55 536	34 455	45 614	34 071	30 483
Investing activities						
<i>Cash was provided from:</i>						
Sales of property, plant & equipment		311	214	311	-	199
		311	214	311	-	199
<i>Cash was applied to:</i>						
Purchase of property, plant & equipment		(45 367)	(31 827)	(45 367)	(37 649)	(31 662)
Purchase of investments		(251)	(29)	(101)	-	(279)
Purchase of investments - controlled trusts		(8 104)	(2 527)	-	-	-
		(53 722)	(34 383)	(45 468)	(37 649)	(31 941)
Net cash flows from investing		(53 411)	(34 169)	(45 157)	(37 649)	(31 742)
Financing activities						
<i>Cash was applied to:</i>						
Repay finance leases		-	(92)	-	-	(92)
		-	(92)	-	-	(92)
Net cash flows from financing		-	(92)	-	-	(92)
Effect of exchange rate fluctuations on cash held		-	-	-	-	-
Net cash flows for the year		2 125	194	457	(3 578)	(1 351)
Add cash at start of year		46 727	46 533	30 260	33 469	31 611
Cash at end of the year	8	48 852	46 727	30 717	29 891	30 260

The statement of Accounting Policies and the Notes to the Financial Statements form part of, and should be read in conjunction with, this statement.

⊕ STATEMENT OF COMMITMENTS AND CONTINGENCIES

for the year ended 31 December 2007

Commitments (Consolidated and University)

Property, Plant and Equipment commitments

Detailed below are those projects for which firm commitments have been made at 31 December 2007.

Commitments include planned maintenance costs expended in the year incurred and capital expenditure projects.

Contracted projects

	Projected contract cost 31-Dec-07	Expended to date 31-Dec-07	Future commitment 31-Dec-07
	\$000	\$000	\$000
Cotton Building roof	349	-	349
Heritage Lab	554	219	335
IT equipment	1 400	-	1 400
Science Innovation Centre	1 390	1 042	348
Student accommodation	42 068	10 861	31 207
Weir House sprinkler upgrade	900	522	378
New Zealand School of Music Building - 50% joint venture	81	35	46
Total contracted projects	46 742	12 679	34 063

	Projected contract cost 31-Dec-06	Expended to date 31-Dec-06	Future commitment 31-Dec-06
	\$000	\$000	\$000
Total contracted projects	17 239	13 204	4 035

Non-cancellable leases and other commitments – Group as lessee

The Group has entered into commercial leases on certain land and buildings (remaining terms of between 5.5 and 77 years), equipments (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:

	Land	Buildings	Equipment	Maintenance	31-Dec-07	31-Dec-06
	\$000	\$000	\$000	\$000	\$000	\$000
Due not later than one year	94	4 071	2 216	5 777	12 158	11 379
Due between one and two years	29	4 013	1 282	5 784	11 108	11 112
Due between two and five years	16	11 920	326	1 088	13 350	19 357
Due later than five years	165	13 847	-	-	14 012	18 147
Total minimum lease payments	304	33 851	3 824	12 649	50 628	59 995

Contingencies (Consolidated and University)

Liability: The University has entered into various arrangements with student accommodation providers whereby the University has guaranteed a minimum level of occupancy. An approximate charge of \$6,000 (2006: \$6,000) per bed per annum is payable upon falling below the guaranteed occupancy rate. The maximum contingent liability, should no students be placed in the contracted accommodation facilities, is \$10.1 million (2006: \$19.9 million) over the remaining term of the contracts, however at 31 December 2007 there is no liability (31 December 2006: \$Nil).

⊕ NOTES TO THE FINANCIAL STATEMENTS

Note 1 Other revenue (Consolidated and University)

Other revenue includes:

	Consolidated		University	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	\$000	\$000	\$000	\$000
Bequests and other monies held in trust (refer note 22)	-	65	-	65
Donations received	1 737	1 314	1 865	1 314
Foreign exchange gains	-	212	-	212
Interest received	5 498	4 400	4 551	3 877
Gain on sale of property, plant and equipment	32	49	32	30
Dividends from subsidiaries	-	-	30	-
Sponsorship and scholarships	2 847	448	307	448
Sundry income	2 769	2 037	2 800	2 395
Total other revenue	12 883	8 525	9 585	8 341

The interest amount is predominantly the income from cash which is surplus to immediate requirements and which has been invested at call or on short-term deposits. In the 2007 year, interest rates have been between 7.25% and 8.25% (2006: 7.25% to 7.65%).

Note 2 People (Consolidated and University)

People costs include:

	Consolidated		University	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	\$000	\$000	\$000	\$000
Salaries	148 467	130 646	141 242	127 487
Contractors	3 999	4 647	3 751	4 075
Accruals – annual leave & holiday pay	821	2 235	747	2 102
Accruals – retiring leave & long service leave	383	1 577	385	1 579
ACC Levies	674	447	640	418
Super – employer contribution	3 564	3 071	3 530	3 044
Staff development, recruitment, travel and welfare*	-	4 750	-	4 364
Other	25	797	30	805
Total people cost	157 933	148 170	150 325	143 874

* These costs are now recorded as operating costs in 2007.

Note 3 Occupancy (Consolidated and University)

Occupancy expenses include:

	Consolidated		University	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	\$000	\$000	\$000	\$000
Rental property leases	4 073	3 606	3 844	3 423

Note 4 Information technology (Consolidated and University)

Information technology expenses include:

	Consolidated		University	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	\$000	\$000	\$000	\$000
Leased equipment	3 068	2 877	3 032	2 863
Annual licences	3 036	2 251	3 035	2 251

Note 5 Operating (Consolidated and University)

Operating expenses include:

	Consolidated		University	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	\$000	\$000	\$000	\$000
Audit fees: Ernst & Young	208	182	177	146
Fees for other service: Ernst & Young	17	-	17	-
Internal audit and other fees to other providers	123	124	123	124
Foreign exchange losses	65	-	53	-
Losses on sale of property, plant and equipment	3	5	3	-
Bad debts written off	29	120	27	114
Increase to provision for doubtful debts	399	147	296	147
Professional and consultancy fees	7 197	9 250	4 209	3 317
Sponsorship and donations	244	305	169	305

Note 6 Depreciation and amortisation (Consolidated and University)

Depreciation

	Note	Consolidated		University	
		31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
		\$000	\$000	\$000	\$000
Building structure and fit-outs		10 083	9 784	10 083	9 785
Infrastructure		492	547	492	547
Leasehold improvements		823	774	823	774
Computing equipment and networks		3 267	4 224	3 229	4 194
Furniture and equipment		4 366	4 519	4 348	4 413
Vehicles		259	294	259	293
Collections in use		5 667	4 416	5 667	4 416
Total depreciation	12	24 957	24 558	24 901	24 422
Amortisation					
Intangibles – computer software	14	2 335	2 026	2 335	2 026
Total depreciation and amortisation		27 292	26 584	27 236	26 448

Note 7 Financial instruments (Consolidated and University)

The Group's principal financial instruments comprise the following:

	Note	Assets at fair value through Profit and loss	Assets held to maturity	Loans and receivables	Assets available for sale	Liabilities at fair value through Profit and Loss	Other liabilities
		\$000	\$000	\$000	\$000	\$000	\$000
Group: 2007							
Cash and cash equivalents	8	48 852	-	-	-	-	-
Investments	9	13 389	-	-	-	-	-
Accounts receivable	10	-	-	7 452	-	-	-
Other current assets	11	-	-	1 421	-	-	-
Accounts payable	18	-	-	-	-	-	(21 114)
Derivatives		12	-	-	-	-	-
Group: 2006							
Cash and cash equivalents	8	46 727	-	-	-	-	-
Investments	9	5 441	-	-	-	-	-
Accounts receivable	10	-	-	7 583	-	-	-
Other current assets	11	-	-	1 298	-	-	-
Accounts payable	18	-	-	-	-	-	(15 074)
Derivatives		-	-	-	-	-	-
University: 2007							
Cash and cash equivalents	8	30 717	-	-	-	-	-
Investments	9	232	-	-	-	-	-
Accounts receivable	10	-	-	4 565	-	-	-
Other current assets	11	-	-	-	-	-	-
Accounts payable	18	-	-	-	-	-	(19 801)
Derivatives		12	-	-	-	-	-
University: 2006							
Cash and cash equivalents	8	30 260	-	-	-	-	-
Investments	9	131	-	-	-	-	-
Accounts receivable	10	-	-	4 501	-	-	-
Other current assets	11	-	-	-	-	-	-
Accounts payable	18	-	-	-	-	-	(13 294)
Derivatives		-	-	-	-	-	-

All assets at fair value through Profit and loss are designated as such at initial recognition.

All financial liabilities are expected to be paid in zero to six months.

The main risks arising from the Group's financial instruments are credit risk and foreign currency risk.

The University's approach to managing financial instruments and associated risks are in accordance with the Treasury Statute approved by Council (viewable at <http://www.policy.vuw.ac.nz>).

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in the Statement of Accounting Policies.

(a) Foreign currency risk

The Group has transactional currency exposures arising from sales and purchases by the operating entity in currencies other than the functional currency. The University regularly monitors its exposure to overseas currency fluctuations. Wherever possible the University transacts in the functional currency including the setting of fees for international students. The University purchases Library items and scientific equipment from overseas, giving rise to an exposure to currency fluctuations, but in the case of ordering major items of equipment (over \$100,000) policy requires the University to hedge the purchase where the committed payment date is known and is within 12 months of order date. The forward currency contracts must be in the same currency as the hedged item. This exposure is not considered to be significant. Hedge accounting is not applied.

At balance date, there was no significant exposure to foreign currency risk from balances recorded in the accounts payable ledger that required hedging.

The notional or principal contract amounts of foreign exchange instruments outstanding at balance date are:

	Consolidated		University	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	\$000	\$000	\$000	\$000
Forward foreign exchange contracts	207	-	207	-

The carrying value of all assets and liabilities are considered to be the fair value.

(b) Market risk

The Group exposure to market interest rates relates primarily to the Group's investment in short-term deposits.

The following sensitivity analysis is based on the interest rate risk exposure in existence at balance date:

	Higher/(lower) Consolidated		Higher/(lower) University	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	\$000	\$000	\$000	\$000
+1% increase in interest rates	465	404	302	269

(c) Credit risk

In the normal course of its activities the University incurs credit risk from cash and cash equivalents. The risk is managed by placing limited funds with only major New Zealand trading banks to ensure no concentration of credit risk for terms no longer than 91-day periods. The total credit risk associated with financial assets is the fair value of the financial instrument.

Note 8 Cash and cash equivalents (Consolidated and University)

From time to time during the year, cash which was surplus to immediate requirements was invested at call or on short-term deposit. Short-term deposits involved investing for periods of up to three months during 2007. If required, these short-term deposits can be converted to cash overnight. The carrying amounts of cash and cash equivalents represent fair value.

Refer to Note 1 in respect of interest rates attributed to these investments.

	Consolidated		University	
	31-Dec-07 \$000	31-Dec-06 \$000	31-Dec-07 \$000	31-Dec-06 \$000
Cash at bank	2 314	6 367	552	3 385
At call	2 845	3 875	2 845	3 875
On short-term deposits	43 693	36 485	27 320	23 000
Total short-term deposits	46 538	40 360	30 165	26 875
	48 852	46 727	30 717	30 260
Comprising:				
Funds held by controlled trusts*	3 115	8 312	-	-
Funds held from bequests and donations (refer note 22)	3 432	3 287	3 432	3 287
Funds available for University general use	42 305	35 128	27 285	26 973
	48 852	46 727	30 717	30 260

* Restrictions have been placed on the use of these funds by the donors so that the proceeds will be used for a specific purpose. Until such time the University fulfils the donor's request, the funds are held in trust.

Note 9 Investments (Consolidated and University)

	Consolidated		University	
	31-Dec-07 \$000	31-Dec-06 \$000	31-Dec-07 \$000	31-Dec-06 \$000
Federated Superannuation Systems for Universities				
FSSU advances	132	124	132	124
Shares and convertible notes	7	7	7	7
Investment in Companies				
New Zealand Synchrotron Group Limited	93	-	93	-
Other investments				
Investments held by controlled trusts	13 157	5 310	-	-
	13 389	5 441	232	131

Federated Superannuation Systems for Universities

Since 1979 the University has been a trustee (in conjunction with the University of Auckland) in a registered superannuation scheme called Federated Superannuation Systems for Universities (FSSU) which does not form part of the Group. The underlying basis of this scheme is life insurance policies on the lives of the members of the scheme. As many of these policies were with UK resident insurers they are subject to the Foreign Investment Fund (FIF) tax regime that came into effect on 1 April 1993. The trustees are liable for the FIF tax in the first instance and have put arrangements in place to recover the tax advances when proceeds become available on maturity in accordance with the Trust Deed. Payments were first made in 1998, and by 31 December covered the tax years from April 1993 to March 2002. To cover such payments, the universities advanced FSSU to settle the commitments until the life policies mature or until a member retires with interest charged at the Fringe Benefit Tax rate. Interest is accrued on these advances at market rates.

New Zealand Synchrotron Group Limited

The University acquired 9.04% shareholding in New Zealand Synchrotron Group Limited (NZSGL) in February 2007 at a cost of \$92,638. NZSGL has a 31 December balance date. NZSGL manages the collective investment in the Australian Synchrotron Company which promotes and advances knowledge in the field of synchrotron science.

Other investments

Other investments held by controlled trusts include investment in shares, managed funds, government stock and other fixed interest securities of various New Zealand and offshore entities. All other investments are recognised at fair value through the Statement of Financial Performance. By investing in these various entities, concentration of credit risk is minimised whilst maximising return in a manner consistent with the Group's investment policies.

Note 10 Accounts receivable (Consolidated and University)

	Consolidated		University	
	31-Dec-07 \$000	31-Dec-06 \$000	31-Dec-07 \$000	31-Dec-06 \$000
Student and commercial	8 301	8 033	4 498	4 482
less: Provision for doubtful debts (a)	(849)	(450)	(746)	(450)
	7 452	7 583	3 752	4 032
Related party receivables (c)				
Victoria University of Wellington Foundation	-	-	148	135
Victoria Link limited	-	-	77	-
New Zealand School of Music	-	-	346	334
Research Trust of Victoria University of Wellington	-	-	242	-
	-	-	813	469
Total accounts receivables	7 452	7 583	4 565	4 501

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. Due to the large number of debtors, this assessment is based on supportable past collection history and historical write-off of bad debts. The provision made is predominantly against student debt and covers all debts over 91 days.

(a) Movements in the provision for doubtful debts

	Consolidated \$000	University \$000
Year ended 31 December 2005	303	303
Charge for the year	147	147
Amounts written off	-	-
Year ended 31 December 2006	450	450
Charge for the year	399	296
Year ended 31 December 2007	849	746

This provision provides coverage of all accounts receivable greater than 90 days in 2007 and other specifically identified key items.

(b) Ageing of non-related party receivables net of bad debt provisioning

	Consolidated		University	
	31-Dec-07 \$000	31-Dec-06 \$000	31-Dec-07 \$000	31-Dec-06 \$000
Current	4 874	4 883	1 993	2 036
1 to 30 days	1 446	1 219	1 075	764
31 to 60 days	606	828	588	723
61 to 90 days	526	174	96	171
+ 91 days	-	479	-	338
	7 452	7 583	3 752	4 032

All debts greater than 14 days in age are considered to be past due. Accounts receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is minimised.

(c) Related party receivables

For terms and conditions of related party receivables refer to note 20.

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of the receivable. No collateral is held as security.

Note 11 Other current assets (Consolidated and University)

	Consolidated		University	
	31-Dec-07 \$000	31-Dec-06 \$000	31-Dec-07 \$000	31-Dec-06 \$000
Research – work in progress	1 421	1 298	-	-
Total other current assets	1 421	1 298	-	-

Note 12 Property, plant and equipment (Consolidated and University)

	Land	Building structure and fitouts	Infrastructure	Leasehold improvements	Computing equipment & networks	Furniture and equipment	Vehicles	Collections in use	Heritage collections	Total
Cost or Valuation	Valuation	Valuation	Valuation	Cost	Cost	Cost	Cost	Cost	Cost	Valuation/ Cost
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
University										
Year ended 31 December 2005	93 517	337 020	6 659	9 692	19 114	34 395	1 295	20 852	11 011	533 555
Additions	-	10 368	202	4	4 519	4 866	325	7 553	77	27 914
Disposals	-	-	-	-	(28)	-	-	-	-	(28)
Balance as at 31 December 2006	93 517	347 388	6 861	9 696	23 605	39 261	1 620	28 405	11 088	561 441
Additions	1 245	9 358	263	644	4 376	8 548	382	9 122	144	34 082
Disposals	-	-	-	-	(6 939)	(4 590)	(558)	(1 219)	(129)	(13 435)
Valuation movement	14 009	(8 763)	1 255	-	-	-	-	-	-	6 501
Balance as at 31 December 2007	108 771	347 983	8 379	10 340	21 042	43 219	1 444	36 308	11 103	588 589
Group										
Year ended 31 December 2005	93 517	337 020	6 659	9 692	19 609	34 411	1 295	20 852	11 011	534 066
Additions	-	10 368	202	4	4 519	4 985	650	7 553	77	28 358
Disposals	-	-	-	-	(375)	-	(325)	-	-	(700)
Balance as at 31 December 2006	93 517	347 388	6 861	9 696	23 753	39 396	1 620	28 405	11 088	561 724
Additions	1 245	9 358	263	644	4 380	8 560	382	9 122	144	34 098
Disposals	-	-	-	-	(6 939)	(4 598)	(558)	(1 219)	(129)	(13 443)
Valuation movement	14 009	(8 763)	1 255	-	-	-	-	-	-	6 501
Balance as at 31 December 2007	108 771	347 983	8 379	10 340	21 194	43 358	1 444	36 308	11 103	588 880

	Land	Building structure and fitouts	Infrastructure	Leasehold improvements	Computing equipment & networks	Furniture and equipment	Vehicles	Collections in use	Heritage collections	Total
Cost or Valuation	Valuation	Valuation	Valuation	Cost	Cost	Cost	Cost	Cost	Cost	Valuation/ Cost
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Depreciation and impairment										
University										
Year ended 31 December 2005	-	-	-	869	11 157	13 344	520	9 718	-	35 608
Depreciation for the year (note 6)	-	9 785	547	774	4 194	4 413	293	4 416	-	24 422
Transfer charge to NZSM	-	-	-	-	11	41	-	-	-	52
Balance as at 31 December 2006	-	9 785	547	1 643	15 362	17 798	813	14 134	-	60 082
Depreciation for the year (note 6)	-	10 083	492	822	3 229	4 349	259	5 667	-	24 901
Disposals	-	-	-	-	(6 969)	(4 513)	(417)	(1 345)	-	(13 244)
Valuation movements	-	(18 205)	(931)	-	-	-	-	-	-	(19 136)
Transfer charge to NZSM	-	-	-	-	5	40	-	-	-	45
Balance as at 31 December 2007	-	1 663	108	2 465	11 627	17 674	655	18 456	-	52 648
Group										
Year ended 31 December 2005	-	-	-	869	11 353	13 356	519	9 718	-	35 815
Depreciation for the year (note 6)	-	9 784	547	774	4 224	4 519	294	4 416	-	24 558
Disposals	-	-	-	-	(131)	(94)	-	-	-	(225)
Transfer charge to NZSM	-	-	-	-	11	41	-	-	-	52
Balance as at 31 December 2006	-	9 784	547	1 643	15 457	17 822	813	14 134	-	60 200
Depreciation for the year (note 6)	-	10 083	492	822	3 267	4 367	259	5 667	-	24 957
Disposals	-	-	-	-	(6 974)	(4 520)	(417)	(1 345)	-	(13 256)
Valuation movements	-	(18 205)	(931)	-	-	-	-	-	-	(19 136)
Transfer charge to NZSM	-	-	-	-	5	40	-	-	-	45
Balance as at 31 December 2007	-	1 662	108	2 465	11 755	17 709	655	18 456	-	52 810

Cost or Valuation	Land	Building structure and fitouts	Infrastructure	Leasehold improvements	Computing equipment & networks	Furniture and equipment	Vehicles	Collections in use	Heritage collections	Total
	Valuation	Valuation	Valuation	Cost	Cost	Cost	Cost	Cost	Cost	Valuation/ Cost
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying Amounts										
Parent										
At 31 December 2005	93 517	337 020	6 659	8 823	7 957	21 051	775	11 134	11 011	497 947
At 31 December 2006	93 517	337 603	6 314	8 053	8 243	21 463	807	14 271	11 088	501 359
At 31 December 2007	108 771	346 320	8 271	7 875	9 415	25 545	789	17 852	11 103	535 941
Group										
At 31 December 2005	93 517	327 236	6 112	8 918	15 385	29 892	1 001	16 436	11 011	509 508
At 31 December 2006	93 517	337 604	6 314	8 053	8 296	21 574	807	14 271	11 088	501 524
At 31 December 2007	108 771	346 321	8 271	7 875	9 439	25 649	789	17 852	11 103	536 070

Note 13 Asset revaluation reserve (Consolidated and University)

	Land	Building structure and fitouts	Infrastructure	Total
	Valuation	Valuation	Valuation	Valuation/ Cost
Cost or Valuation	\$000	\$000	\$000	\$000
Parent				
Year ended 31 December 2005	84 048	208 861	6 542	299 451
Balance as at 31 December 2006	84 048	208 861	6 542	299 451
Valuation movement	14 009	9 441	2 186	25 636
Balance as at 31 December 2007	98 057	218 302	8 728	325 087

Land, buildings and infrastructure assets were independently valued as at 31 October 2007 by Mr CW Nyberg and Mr MJ Bevin, registered valuers with DTZ Limited and members of the New Zealand Institute of Valuers.

Land

The valuation of land occupied by non-residential buildings, ie. the campuses, takes into account the various aspects including zoning, title implications, alternate uses, subdivision and development potential when arriving at valuation, whereas the valuation of land occupied by residential properties uses a market approach which is the estimated price for the land should an exchange occur between a willing buyer and willing seller in an arms length transaction.

Buildings

Non-residential buildings for the purposes of this valuation are deemed to be specialised assets. "Specialised assets" are valued using the optimised depreciated replacement cost which is based on the replacement construction costs. These are intended to reflect current materials and technology which provide the same level of utility as a present asset. Residential buildings are valued based on the market value which is the estimated price for the land should an exchange occur between a willing buyer and willing seller in an arms length transaction. As part of the revaluation process, the independent valuer provides the Group with estimation of useful lives.

Infrastructure

Infrastructure assets include retaining walls, roading, paving, water supply, sewerage/drainage systems, gas systems, underground cabling and electricity systems. The valuation placed on the infrastructure assets was based on their optimised depreciated replacement cost. As part of the revaluation process, the independent valuer provides the Group with estimation of useful lives.

General

Under the Education Act 1989, the University is required to obtain the 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. There were no such disposals made in 2007 (2006: \$Nil).

The carrying amounts of all property, plant and equipment are reviewed on an ongoing basis. Any impairment in value is recognised immediately. No impairment losses were recorded during 2007 (2006: \$Nil).

Note 14 Intangible assets (Consolidated and University)

	Consolidated \$000	University \$000
	IT Software	IT Software
Year ended 31 December 2005	8 289	8 255
Additions	3 320	3 320
Disposals	(34)	-
Balance as at 31 December 2006	11 575	11 575
Additions	3 607	3 607
Disposals	(334)	(334)
Balance as at 31 December 2007	14 848	14 848
Depreciation and impairment		
Year ended 31 December 2005	3 493	3 493
Amortisation for the year	2 026	2 026
Transfer charge to NZSM	4	4
Balance as at 31 December 2006	5 523	5 523
Amortisation for the year	2 335	2 335
Disposals	(325)	(325)
Balance as at 31 December 2007	7 533	7 533
Carrying Amounts		
At 31 December 2005	4 796	4 762
At 31 December 2006	6 052	6 052
At 31 December 2007	7 315	7 315

Note 15 Community equity

	Consolidated			University		
	Accumulated funds	Asset revaluation reserve	Total	Accumulated funds	Asset revaluation reserve	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 31 December 2005	222 936	299 451	522 387	209 003	299 451	508 454
Surplus/(deficit) for the year	9 370	-	9 370	4 027	-	4 027
Balance as at 31 December 2006	232 306	299 451	531 757	213 030	299 451	512 481
Surplus/(deficit) for the year	16 728	-	16 728	11 323	-	11 323
Movement in revaluation reserve	-	25 636	25 636	-	25 636	25 636
Balance as at 31 December 2007	249 034	325 087	574 121	224 353	325 087	549 440

Note 16 Construction in progress (Consolidated and University)

	Consolidated		University	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	\$000	\$000	\$000	\$000
Campus development	2 455	2 064	2 455	2 064
Campuswide utilities upgrade	459	-	459	-
Central Services Building	330	-	330	-
Cotton Building	313	639	313	639
Fairlie Terrace	207	1 167	207	1 167
Heritage Laboratory	334	-	334	-
Hunter Building	-	232	-	232
IT equipment and infrastructure projects	1 522	2 148	1 522	2 148
Karori Campus	99	283	99	283
Kirk Building	343	1 030	343	1 030
Laby Building	809	325	809	325
Marine Laboratory, Island Bay	763	-	763	-
New Zealand School of Music	59	-	59	-
Railway West Wing	95	-	95	-
Rankine Brown Building	-	176	-	176
Recreation Centre	-	471	-	471
Relocation of Education to Karori Campus	-	739	-	739
Security Card System Upgrade	382	-	382	-
Von Zedlitz Building	83	585	83	585
Weir House and student accommodation	10 886	1 035	10 886	1 035
Wigan Street	-	259	-	259
Fixed assets suspense	1 458	1 173	1 450	1 168
Other projects	768	1 452	768	1 452
Total construction in progress	21 365	13 778	21 357	13 773

Note 17 Investments in subsidiary and associates (Consolidated and University)

(a) Investments in subsidiary

	Consolidated		University	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	\$000	\$000	\$000	\$000
Subsidiary– Victoria Link Limited (at cost)	-	-	60	60
Total investments in subsidiary	-	-	60	60

(b) Investments in associates

	Consolidated		University	
	31-Dec-07 \$000	31-Dec-06 \$000	31-Dec-07 \$000	31-Dec-06 \$000
Associates				
LCoNZ Limited				
Share of associate's surplus	51	27	-	-
Share of associate's retained earnings	92	65	-	-
Share of dividends	(30)	-	-	-
Cost of investment in associate	521	521	521	521
Magritek Limited				
Share of associate's surplus/(deficit)	(31)	30	-	-
Share of associate's retained earnings	(14)	(44)	-	-
Cost of investment in associate	75	75	-	-
NZ TEC				
Share of associate's surplus	46	79	-	-
Share of associate's retained earnings	79	-	-	-
Cost of investment in associate	20	20	20	20
Total investments in associates	809	773	541	541
(c) Summarised as:				
Shares in subsidiaries	-	-	60	60
Share of associate's surplus	66	136	-	-
Share of associate's retained earnings	127	21	-	-
Cost of investment in associate	616	616	541	541
	809	773	601	601

The University acquired 25% shareholding in LCo New Zealand Limited (LCoNZ) on 1 June 2004 at a cost of \$521,489. LCoNZ has a 31 December balance date. LCoNZ provides library solutions to four consortium universities within New Zealand.

The University's subsidiary Victoria Link Limited acquired 33.33% shareholding in Magritek Limited for \$75,000. Magritek Limited has a 31 December balance date. Magritek Limited is a science and technology company creating innovative products in the field of nuclear magnetic resonance.

The University acquired 16.66% shareholding in New Zealand Tertiary Education Consortium Limited (NZ TEC) on 1 January 2006 at a cost of \$20,000. NZ TEC has a 31 December balance date. NZ TEC provides educational products to Oman.

(d) Extract from the associates' financial statements

	31-Dec-07	31-Dec-06
	\$000	\$000
Revenue	4 806	3 379
Net profit	391	688
Current assets	4 188	3 841
Non-current assets	231	619
Total assets	4 419	4 460
Current liabilities	308	935
Non-current liabilities	600	300
Total liabilities	908	1 235
Net assets/equity	3 510	3 225

Note 18 Accounts payable and accruals (Consolidated and University)

	Consolidated		University	
	31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
	\$000	\$000	\$000	\$000
Accounts payable	6 441	3 892	6 132	3 674
Contract retentions	955	280	955	280
Deposits held on behalf of students	2 165	1 617	2 165	1 617
Employee entitlements	3 622	6 789	3 611	6 777
Goods and Services Tax	1 157	284	903	(113)
Other accruals	10 396	9 001	9 646	7 835
Total accounts payable and accruals	24 736	21 863	23 412	20 071

(a) Fair value

Due to the short-term nature of these payables (ie. payable on demand) their carrying value is assumed to approximate their fair value.

(b) Financial guarantees or collateral given

The Group has not given financial guarantees or collateral as security to any third party for any outstanding amount owing at balance date.

(c) Related party receivables

For terms and conditions of related party receivables refer to note 20.

**Note 19 Provisions for annual leave, sick leave, retiring and long service leave
(Consolidated and University)**

	Consolidated		University	
	31-Dec-07 \$000	31-Dec-06 \$000	31-Dec-07 \$000	31-Dec-06 \$000
(a)				
Annual leave				
Balance at start of the year	11 263	9 690	11 211	9 583
Leave taken	(8 850)	(8 403)	(8 850)	(8 326)
Increase in leave provision	9 595	9 976	9 539	9 954
Balance at end of the year	12 008	11 263	11 900	11 211
Sick leave				
Balance at start of the year	56	56	56	56
Leave taken	(4)	-	(4)	-
Increase in leave provision	24	-	24	-
Balance at end of the year	76	56	76	56
(b)				
Retiring leave				
Balance at start of the year	11 371	9 855	11 371	9 855
Leave taken	(403)	(145)	(403)	(145)
Increase in leave provision	756	1 661	756	1 661
Balance at end of the year	11 724	11 371	11 724	11 371
Long service leave				
Balance at start of the year	473	419	461	419
Leave taken	(18)	(21)	(18)	(21)
Increase in leave provision	57	75	57	63
Balance at end of the year	512	473	489	461
	12 236	11 844	12 213	11 832

The retirement leave, long service leave and sick leave were independently assessed as at 31 December 2007 by Mr G Lee, registered actuary with Aon Consulting New Zealand Limited and member 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 incidents according to assumed rates of depth, disablement, resignation and retirement allowing for assumed rates of salary progression. Of these assumptions, the discount, salary progression and resignation rates are the most important. The projected cash flow is then discounted back to valuation date at the valuation discounted rates.

Discount rates range from 7.19% for the first projected year dropping to 6.37% in 10 years and beyond (2006: 6.55% to 5.64%).

Salary projection allows for a 3% increase per year (2006: 7.1% year 1, 3% beyond year 2).

Resignation rates vary with age and the length of service and we select the experience of company superannuation schemes of New Zealand.

Note 20 Related party disclosure

(a) Subsidiaries

The consolidated financial statements include the financial statements of Victoria University of Wellington and the subsidiaries listed in the following table.

Name	Country of incorporation	% Equity interest		Investment (\$000)	
		31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
Victoria Link Limited	New Zealand	100.00	100.00	60	60

(b) Associates

The consolidated financial statements include the financial statements of Victoria University of Wellington and the associates listed in the following table.

Name	Country of incorporation	% Equity interest		Investment (\$000)	
		31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
Library Consortium of New Zealand Limited	New Zealand	25.00	25.00	521	521
Magritek Limited (via Victoria Link Limited)	New Zealand	33.33	33.33	75	75
NZ Tertiary Education Consortium Limited	New Zealand	16.67	16.67	20	20

(c) Joint ventures

The consolidated financial statements include the financial statements of Victoria University of Wellington and the joint ventures listed in the following table.

Name	Country of incorporation	% Equity interest		Investment (\$000)	
		31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
NZ School of Music Limited	New Zealand	50	50	510	179
MacDiarmid Institute for Advanced Materials and Nanotechnology	New Zealand	56	56	5 501	5 501

(d) Controlled trusts

The consolidated financial statements include the financial statements of Victoria University of Wellington and the wholly-owned controlled trusts listed in the following table.

Name	Country of incorporation	% Equity interest		Investment (\$000)	
		31-Dec-07	31-Dec-06	31-Dec-07	31-Dec-06
Victoria University of Wellington Foundation	New Zealand	100	100	14 631	12 264
Victoria University of Wellington Art Collection Funding Trust	New Zealand	100	100	1 301	1 332
Research Trust Victoria University of Wellington	New Zealand	100	100	4 766	2 356
VUW School of Government Trust	New Zealand	100	-	185	-

(e) Key management personnel

Council members' remuneration and directors' fees (Consolidated and University)

Meeting attendance fees, honoraria paid to and salaries to Council members totalled \$976,774 (31 December 2006: \$922,849) which includes salaries paid to Council members who are also staff members of the University (including the Vice-Chancellor and four other staff members on Council). Cost of long-term benefits (accruing to staff members on Council) amounted to \$2,702 (2006: \$44,421).

Directors' fees paid to Directors of Victoria Link Limited totalled \$20,000 (31 December 2006: \$21,891).

During 2006, \$735,679 (GST inclusive) was paid for research-related services rendered by Guinness Gallagher Corporate Advisory Limited, a company in which Council member Shaan Stevens has a principal interest. No fees were paid during 2007.

For details of the nature and the amount of each major element of emoluments of each councillor and director of the University and the subsidiaries refer to the University Council note at the end of this report.

(f) Related party transactions (Consolidated and University)

The consolidated financial statements include the financial statements of Victoria University of Wellington and the wholly-owned controlled trusts listed in the following table.

	Purchases	Sales	Net receivables	Net payables	Funding
	\$000	\$000	\$000	\$000	\$000
From Victoria University of Wellington to Victoria Link Limited					
31-Dec-07	-	436	77	-	-
31-Dec-06	265	8 220	47	-	-
From Victoria University of Wellington to The Research Trust of Victoria University of Wellington					
31-Dec-07	-	12 317	242	-	-
31-Dec-06	-	1 385	-	-	-
From Victoria University of Wellington to Library Consortium of New Zealand					
Operating grant					
31-Dec-07	-	376	20	-	-
31-Dec-06	-	349	11	-	-
From Victoria University of Wellington to Victoria University of Wellington Foundation					
Operating grant					
31-Dec-07	-	-	148	-	377
31-Dec-06	-	-	135	-	395
From Victoria University of Wellington Foundation to Victoria University of Wellington					
Specific projects					
31-Dec-07	-	-	-	-	1 376
31-Dec-06	-	-	-	-	1 684
From The Research Trust of Victoria University of Wellington to Victoria University of Wellington Foundation					
31-Dec-07	-	-	40	-	270
31-Dec-06	-	-	-	-	-

No related party debts have been written off or forgiven during the period.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arms length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

Allowance for impairment loss on trade receivables

For the year ended 31 December 2007, the Group has not made any allowance for impairment loss relating to amounts owed by related parties as the payment history has been excellent (2006: nil). An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

(g) Loans from related party

During the year a further loan of \$150,000 was made from Victoria Link Limited to Magritek Limited. This loan is non-interest bearing and is repayable on demand. The loan is not subject to any contract. This loan is recorded as a long-term liability. At balance date 31 December 2007 the carrying value is \$300,000 (31 December 2006: \$150,000). This loan was repaid in full on 15 February 2008 through the issue of equity in Magritek Limited.

Note 21 Joint ventures

(a) MacDiarmid Institute for Advanced Materials & Nanotechnology

The University has a participating interest in MacDiarmid Institute for Advanced Materials & Nanotechnology. The joint venture is funded by the Ministry of Education via the Royal Society of New Zealand for the purposes of research into advanced materials and nanotechnology. The Group's assets and liabilities employed in the jointly controlled operation are included in the consolidated balance sheet, in accordance with the Statement of Accounting Policies.

	Consolidated and University	
	31-Dec-07	31-Dec-06
	\$000	\$000
Financial performance		
Revenue	2 759	2 487
Expenses	(2 759)	(2 487)
Net contribution to group operations	-	-
Financial position		
Current assets	2 735	1 343
Non-current assets	4 871	5 051
	7 606	6 394
Current liabilities	2 105	893
Net assets employed in the joint venture	5 501	5 501
	7 606	6 394
Commitment relating to the joint venture		
Share of capital commitments	-	-

(b) New Zealand School of Music

The University acquired 50% shareholding in New Zealand School of Music Limited (NZSM) on 1 January 2006 at a cost of \$250,000. NZSM has a 31 December balance date. NZSM provides educational products to student majoring in music. The Group's assets and liabilities employed in the jointly controlled operation are included in the consolidated balance sheet, in accordance with the Statement of Accounting Policies.

	Consolidated only	
	31-Dec-07	31-Dec-06
	\$000	\$000
Financial performance		
Revenue	3 606	2 925
Expenses	(3 274)	(2 995)
Net contribution/(deficit) to group operations	332	(70)
Financial position		
Current assets	1 280	872
Non-current assets	108	106
	1 388	978
Current liabilities	855	787
Non-current liabilities	23	12
Net assets employed in the joint venture	510	179
	1 388	978

Commitment relating to the joint venture

	Consolidated only	
	31-Dec-07	31-Dec-06
	\$000	\$000
Share of capital commitments	-	-

Note 22 Bequests and other monies held in trust

The University hold funds in respect of 107 bequests and donations. In the case of 104 of these bequests and donations, the rules provided for the awarding of a prize, scholarship or other award to students in specific areas of study within the University. Scholarship information is available on the web at www.victoria.ac.nz/scholarships

The conditions for the remaining three bequests provide for the holding of public lectures in particular subjects, the upkeep of a Museum of Geology and for other particular forms of expenditure for the furtherance of teaching and research by the University community.

While details vary significantly, the rules normally provide for the payment of prizes, scholarships etc to be made from income. For each bequest and donation there are rules which determine whether or not unspent income is to be capitalised in whole, in part or not at all. In addition the University receives money for payment of sponsored awards, prizes or scholarships; the winners of these awards are normally selected by competition.

Due to the level of control exercised by the University, bequests and donations received on trust for particular purposes and administered by the University are included in the consolidated financial statements.

	31-Dec-07	31-Dec-06
	\$000	\$000
Bequests and donations		
Capital at start of the year	2 448	2 411
<i>add</i> Further bequests and donations received during year	-	4
<i>add</i> Income capitalised in accordance with the rules	41	33
Capital at end of the year	2 489	2 448
Bequests and donations		
Income not capitalised at start of the year	855	738
<i>add</i> Income received during the year	-	1
<i>less</i> Payments of awards, prizes, scholarships etc	(118)	(74)
<i>add</i> Income capitalised in accordance with the rules	213	190
Income not capitalised at end of the year	950	855
Monies received for sponsored awards, prizes or scholarships		
Held at start of the year	-	(41)
<i>add</i> Received during the year	-	60
<i>less</i> Payments of awards, prizes, scholarships etc	-	(19)
Held at end of the year	-	-
At the end of the year, assets were held as follows:		
Short-term deposits	3 325	3 225
Interest received (to be allocated at year end)	-	-
Bank	107	62
Note 8	3 432	3 287
Shares and convertible notes	6	6
Receivables	-	10
Total trust assets at end of the year	3 438	3 303

Note 23 Reconciliation of surplus for the year with net cash flows from operating activities

	Consolidated		University	
	31-Dec-07 \$000	31-Dec-06 \$000	31-Dec-07 \$000	31-Dec-06 \$000
Surplus from the Statement of Financial Performance	16 728	9 371	11 323	4 027
Add/(less) changes in working capital items				
Decrease/(increase) in accounts receivable	131	(2 673)	(64)	1 027
Decrease/(increase) in inventories	(123)	(45)	(69)	(45)
Decrease/(increase) in pre-paid expenses	1 103	(246)	919	(276)
Decrease/(increase) in other assets	(69)	(305)	-	-
Increase/(decrease) in accounts payable	2 873	(2 657)	3 341	(4 185)
Increase/(decrease) in pre-paid revenue	1 872	1 048	1 611	(102)
Increase/(decrease) in research grants	4 198	317	198	317
Increase/(decrease) in annual leave provision	745	1 573	689	1 628
Increase/(decrease) in sick leave provision	20	56	20	56
Net movements in working capital items	10 750	(2 932)	6 645	(1 580)
Add/(less) non-cash items				
Depreciation and amortisation	27 292	26 584	27 236	26 448
Unrealised investment (income)/losses	412	(47)	-	-
Add/(less) movements in non-current assets and liabilities				
Net gain/(loss) on asset disposal	29	44	29	30
Net (surplus)/deficit of associate company	(67)	(135)	-	-
Retiring and long service leave provision	392	1 570	381	1 558
Net movements in non-cash items	28 058	28 016	27 646	28 036
Net cash inflow from operating activities	55 536	34 455	45 614	30 483

Note 24 Impact of the adoption of International Financial Reporting Standards

In December 2002 the Accounting Standards Review Board (ASRB) announced that New Zealand reporting entities would be required to apply New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) for reporting periods commencing on or after 1 January 2007.

These financial statements reflect the performance and position of the University and Group for the first time in compliance with NZ IFRS (with Public Benefit Entity exemptions). The following tables represent a reconciliation of financial statements previously reported in 2006 to the comparative information provided in these financial statements.

(a) Closing balance sheet December 2005 to opening balance sheet 1 January 2006

		Consolidated	University
	Note	\$000	\$000
<i>Reported</i> Community equity	31-Dec-05	521 326	507 413
Art collection valuation as at 1 January 2006	1	1 096	1 096
Provision for carried forward sick leave entitlement	2	(56)	(56)
Unrealised investment income – Foundation	3	19	-
<i>Opening</i> Community equity	1-Jan-06	522 385	508 453
<i>Reported</i> Cash at bank	31-Dec-05	5 671	3 637
<i>Reported</i> Short-term deposits	31-Dec-05	40 862	27 974
was combined and reported as			
<i>Opening</i> Cash and cash equivalents	1-Jan-06	46 533	31 611
<i>Reported</i> Other current assets	31-Dec-05	1 468	475
was split into its components of			
<i>Opening</i> Inventories	1-Jan-06	475	475
<i>Opening</i> Other current assets	1-Jan-06	993	-
		1 468	475
<i>Reported</i> Property, plant and equipment	31-Dec-05	503 760	503 556
Art collection valuation as at 1 January 2006	1	1 096	1 096
		504 856	504 652
and was split into its components of:			
<i>Opening</i> Property plant and equipment	1-Jan-06	499 980	499 777
<i>Opening</i> Intangibles	1-Jan-06	4 763	4 763
		504 743	504 540
<i>Opening</i> Provision for sick leave	1-Jan-06	56	56
<i>Reported</i> Investments	31-Dec-05	2 804	122
Unrealised investment income – Foundation	3	19	-
<i>Opening</i> Investments	1-Jan-06	2 823	122

A new provision was created to reflect employee entitlements for sick leave that is carried forward into a future year:

<i>Opening</i> Provision for sick leave	1-Jan-06	2	56	56
---	-----------------	----------	-----------	-----------

<i>Reported</i> Investments	31-Dec-05	2 804	122
Unrealised investment income – Foundation	3	19	-
<i>Opening</i> Investments	1-Jan-06	2 823	122

(b) Profit and loss reported in 2006 to comparative results in these financial statements

		Consolidated	University
	Note	\$000	\$000
<i>Reported Surplus for the year</i>		9 371	4 027
Other revenue		-	-
Surplus for the year		<u>9 371</u>	<u>4 027</u>

(c) Balance sheet reported in 2006 to comparative results in these financial statements

		Consolidated	University
	Note	\$000	\$000
Current assets			
<i>Reported</i> Cash at bank/short-term deposits	No change	46 727	30 260
<i>Reported</i> Investments	3	5 420	131
<i>Reported</i> Accounts receivable	No change	7 583	4 501
<i>Reported</i> Pre-paid expenses	No change	6 186	6 001
<i>Reported</i> Other current assets	4	1 818	520
		<u>67 734</u>	<u>41 413</u>
Add/(deduct)			
Unrealised profit included in Investments	3	21	-
Other current assets split by: Inventories	4	520	520
Other current assets split by: Other current assets	4	(520)	(520)
Cash and cash equivalents	No change	46 727	30 260
Investments	3	5 441	131
Accounts receivable and accruals	No change	7 583	4 501
Pre-paid expenses	No change	6 063	5 879
Inventories	4	520	520
Other current assets	4	1 298	-
		<u>67 632</u>	<u>41 291</u>
Non-current assets			
Property, plant and equipment	1, 5	508 522	508 352
Construction in progress	6	12 605	12 605
Investments in subsidiary, associates and equity accounted investees	No change	773	601
Investment in joint ventures	No change	-	250
		<u>521 900</u>	<u>521 808</u>

	Note	Consolidated \$000	University \$000
Add/(deduct)			
Art collection valuation increases property, plant and equipment	1	(946)	
To remove intangible assets from property, plant and equipment	5	(6 052)	
New category: Intangible assets	5	6 052	
Construction in progress	6	1 173	
Property, plant and equipment	1,5	501 524	501 359
Intangibles	5	6 052	6 052
Construction in progress	6	13 778	13 773
Investments in subsidiary and associates	No change	773	601
Investment in joint ventures	No change	-	250
		<u>522 127</u>	<u>522 035</u>
Current liabilities			
Accounts payable and accruals	No change	21 863	20 071
Revenue in advance	No change	10 115	4 813
Research grants unexpended	No change	2 984	2 984
Provision for annual leave	No change	11 263	11 211
		<u>46 225</u>	<u>39 079</u>
Add/(deduct)			
New provision: Sick leave	2	56	56
Accounts payable and accruals	No change	21 863	20 071
Revenue in advance	No change	9 992	4 691
Research grants unexpended	No change	2 984	2 984
Provision for annual leave	No change	11 263	11 211
Provision for sick leave	2	56	56
		<u>46 158</u>	<u>39 013</u>
Non-current liabilities			
Provision for retiring and long service leave	No change	11 844	11 832
Community equity		<u>531 565</u>	<u>512 310</u>
Total movements as above		192	171
Community equity		<u>531 757</u>	<u>512 481</u>

STATEMENT OF SERVICE PERFORMANCE

for the year ended 31 December 2007

⊕ THE PERFORMANCE INDICATORS AND TARGETS

A section of Victoria University's Profile 2007-2009 (Part B) outlines objectives from its Strategic Plan 2005-2015 and the key performance indicators (KPIs) that will contribute to achieving these in 2007. The objectives relate to: Research and Creative Work; Learning and Teaching; Staff Recruitment and Retention; Equity; Student Recruitment and Retention; Relationship Management; Internationalisation; and Management of Financial and Physical Resources. This Statement of Service Performance records progress towards achieving these objectives.

Compiled in 2004, many of the objectives of Victoria's current Strategic Plan are no longer relevant or able to be measured in a way that adds meaningful value to Victoria's strategic direction. 2008 is a different strategic environment. As well as the international market having changed significantly, the current tertiary reforms create an environment where the amount of Government funding is limited. This moves the strategic imperative from one of growth to one of a focus on quality and managing enrolments carefully in order to best achieve strategic direction.

Recognising that circumstances are now different, Victoria's Council will reconsider the University's Strategic Plan during the first part of 2008. A new plan will build on the interdisciplinary strengths articulated in the Investment Plan, respond to opportunities that the current environment brings, address capability development needs and integrate strategic planning with resource allocation.

RESEARCH AND CREATIVE WORK

Strategic Objective 1			
Achieve a ranking as one of the top two universities in terms of PBRF quality assessment score by 2012.			
Key Performance Indicator			
1.1 Achieve research outputs as indicated in the table below.			
Research Outputs	2006 Actual	2007 Target	2007 Actual
Books, scholarly editions, edited collections	109	>100	83
Chapters, articles, reviews, reports, conference presentations and creative outputs	2,734	>2,300	2,557
Total Research Outputs	2,843	>2,400	2,640
Total per PBRF eligible FTE	3.5	>2.7	3.3

The 2007 total Research Outputs surpassed the 2007 target. Varying timelines for the publication of books, scholarly editions and edited collections may account for the lower number of publications in 2007.

Strategic Objective 2			
Generate at least 0.50 research degree completions per academic staff FTE per annum, with a greater proportion of PhD completions, by 2012.			
Key Performance Indicators			
2.1 Increase research degree completions per academic staff FTE* as indicated in the table below.			
2.2 Increase PhD completions as a proportion of research degree completions as indicated in the table below.			
Research Completions	2006 Actual	2007 Target	2007 Actual
Research degree completions per academic staff FTE	0.39	0.30	0.35
PhD completions as a proportion of research degree completions	19.2%	>26%	25.1%

* In this Statement of Service Performance references to "academic staff" or "academic FTE" are to staff who are PBRF eligible. In the statement of resources (page 90) "total academic staff" covers tutors, assistant lecturers, visiting academics, part-time staff and teaching fellows who are not PBRF eligible.

Strategic Objective 3			
Generate at least \$40 million per annum from PBRF eligible external research income by 2012.			
Key Performance Indicator			
3.1 Increase New Zealand-based and international external research income as indicated in the table below.			
External Research Income*	2006 Actual	2007 Target	2007 Actual
Total \$000	25,307	31,000	27,795

* Figure includes research income and excludes Government/TEC-funded PBRF \$18.26m (2006: \$9.5m). The 2007 target was set as a "stretch target" in order to meet the \$40 million per annum from PBRF eligible external research income by 2012.

Strategic Objective 4			
Establish at least 10 self-sustaining research centres, each supported by greater than \$1 million per annum revenue, by 2012.			
Key Performance Indicator			
4.1 Research centres meeting the revenue criteria as indicated in the table below.			
Research Centres Earning \$1m Per Annum	2006 Actual	2007 Target	2007 Actual
Research Centres	5*	4	6**

* The income of one of the five centres that earned over \$1m in 2006, the Crime and Justice Research Centre, was due to a large one-off grant for 2006. This is why the 2007 target was lower than the 2006 actual.

** The six centres that earned in excess of \$1m in 2007 are:

- The MacDiarmid Institute for Advanced Materials and Nanotechnology (Researchers from the School of Chemical and Physical Sciences play a leading role in this Institute which is New Zealand's premier collaborative research organisation in materials science and nanotechnology.)
- Antarctic Research Centre
- Centre for Biodiscovery
- McKenzie Centre for the Study of Families
- Health Services Research Centre
- Institute of Policy Studies

+ LEARNING AND TEACHING

Strategic Objective 5		
Achieve distinction as New Zealand's highest quality teaching and learning university—and as a first-rank university in the Asia-Pacific region—by identifying and measuring key indicators against Australasian and international academic quality standards.		
Key Performance Indicators		
	2007 Target	2007 Actual
5.1	Identify and operationalise by 2008 a set of learning outcomes common to all Victoria University undergraduates and postgraduates, as well as by academic programme, major or specialisation and course. This process is to take account of and as appropriate adapt measurement methods of high-performing Australasian and international universities, and in the case of commerce, the AACSB (American) and EQUIS (European) accreditation agencies. It will also make specific the link between learning outcomes and the <i>Pathways to Success</i> report recommendations.	Each of Victoria's programme majors has now identified a set of learning outcomes. These operationalise the recommendations of the <i>Pathways to Success</i> report. The Commerce Faculty takes into account the measures of AACSB and EQUIS accreditation agencies.
5.2	Commence measurement and collection of baseline performance data on the learning outcomes on or before 2009, with achievement targets defined on or before 2011.	The Australasian Survey of Student Engagement has been administered to first- and third-year students. This gives comparative levels of engagement in academic study and the academic community with comparative data from other New Zealand and Australian institutions and will enable Victoria to pinpoint differences in areas that are likely to have an impact on successful achievement of learning outcomes.
5.3	The continued recognition of and reward for teaching excellence, both within Victoria and nationally.	There have been four internal awards made this year, and a number of people nominated for national awards.

Strategic Objective 6			
Develop, review and continually improve broad undergraduate and specialised postgraduate programmes clearly aligned with the University's strategic direction, meet international academic standards and contribute to a learning environment in which leadership, creative and critical thinking and communication are fostered.			
Key Performance Indicators			
6.1 Carry out programme reviews in accordance with agreed framework as indicated in the table below.			
6.2 Graduate attributes of leadership, creative and critical thinking and communication defined within Faculties and promoted in current and new courses and programmes.			
Indicators on Learning and Teaching	2006 Actual	2007 Target	2007 Actual
Programme reviews	11	10	11
Graduate attributes defined and promoted	Achieved as reported in the 2006 Annual Report.	Identify courses yet to meet standards for leadership, creative and critical thinking and communication.	Completed at level of "programme majors". Clear graduate attributes for majors are linked to university graduate attributes. This lays the foundation for a curriculum review in 2008 aimed at integrating the learning objectives of major courses into a coherent progression of knowledge and skill.

Strategic Objective 7			
Provide a learning and teaching environment that maximises the retention, learning and success of all students and encourages the development of demonstrable skills in leadership, creative and critical thinking and communication.			
Key Performance Indicators			
7.1 Achieve targets for student retention as indicated in the table below.			
7.2 Achieve targets for student (successful) completion as indicated in the table below.			
7.3 Achieve targets for graduates who will demonstrate skills in leadership, creative and critical thinking and communication.			
Student Retention and Completion Rates* and Graduates with Attributes	2006 Actual	2007 Target	2007 Actual
Student retention rates (courses)	97.4%	>97%	96.7%
Student (successful) completion rates (courses)	82.7%	>83%	82.1%
Graduates with key attributes	Achieved as reported in the 2006 Annual Report.	Identify those graduating with assessed achievement of leadership, creative and critical thinking and communication.	The complete achievement of this target will take several years. During 2007 all programmes identified graduate attributes for their majors linked to generic university graduate attributes.

* The retention rate is the measurement of the percentage of enrolled students who complete a course (successfully or otherwise). The completion rate is the measurement of enrolled students who complete a course successfully. The above definitions for retention and completion are set by the Ministry of Education and the Tertiary Education Commission as per the Single Data Return documentation.

⊕ STAFF RECRUITMENT AND RETENTION

Strategic Objective 8		
Attract and retain high-quality staff to support the achievement of the University's vision and strategic objectives.		
Key Performance Indicator		
8.1 Develop HR initiatives to attract and retain high-quality staff.		
Staff Recruitment and Retention Strategies	2007 Target	2007 Actual
Develop HR initiatives to attract and retain high-quality staff	Staged implementation of initiatives through project plans with appropriate milestones.	<p>Victoria offered redeveloped staff welcome and orientation programmes in 2007. The redevelopments were aimed at improving the staging of these events and providing staff with a positive and informative initial experience of the University.</p> <p>The Senior Management Team (SMT) Appointments Sub-Committee was established to consider and establish a positive alignment between Victoria's ongoing business and any new appointments.</p> <p>Victoria completed an investigation of external recruitment agencies in order to establish a preferred supplier arrangement. The University's criteria were a need for a seamless service, a demonstrated understanding of the University's business and improved candidate attraction and management.</p> <p>HR and Communications and Marketing commenced work on establishing an employment brand, aligned with Victoria's wider marketing and branding strategy. This will support the planned preferred supplier arrangements and promote the distinctive employment environment and opportunities offered at Victoria.</p>

Strategic Objective 9		
Develop and implement staff development strategies that ensure the University has staff with the capability to meet current and future strategic challenges.		
Key Performance Indicator		
9.1 Develop and implement capability-building staff development as indicated in the table below.		
Capability-building Initiatives	2007 Target	2007 Actual
Develop and implement capability-building staff development	Staged implementation of initiatives through project plans with appropriate milestones.	<p>SMT approved a new staff development policy for consultation with the University community.</p> <p>Victoria offered vibrant staff capability development initiatives that included the Leading People Programme, the Women in Leadership Programme and Te Hapai Programme (training in the Treaty of Waitangi and Māori language and culture).</p> <p>“Academic Mentoring @VUW”, a voluntary programme, was successfully offered. Senior academic staff act as mentors, and encourage new staff and those at transitional points in their careers to act as mentees. The programme runs in 12-month cycles.</p> <p>The University completed the review, revision and implementation of the academic staff performance development and career planning process.</p>

+ EQUITY

Strategic Objective 10			
Achieve a domestic student community, at both undergraduate and postgraduate level, that is representative of the wider community, particularly with respect to Māori and Pacific students.			
Key Performance Indicator			
10.1 Gather baseline data on Māori and on Pacific representation at all levels of university study. Use it to track success of initiatives to improve retention (strategic objective 11) of Māori and Pacific students at all levels of university study.			
Tracking Māori and Pacific Students' Achievement	2006 Actual	2007 Target	2007 Actual
Schools track Māori and Pacific component of 100 and 200 levels of achievement	Baseline data identified.	Baseline data available.	Successful Māori and Pacific completion tracked to school level and results reported to Schools.* This provides baseline data for work towards initiatives to improve the success of Māori and Pacific.
Schools track Māori and Pacific component of 300 and above levels of achievement	Baseline data identified.	Baseline data available.	Successful Māori and Pacific completion tracked to school level and results reported to Schools.* This provides baseline data for work towards initiatives to improve the success of Māori and Pacific.

* Data on successful course completion rates for Māori, Pacific and students with impairments were gathered at School level.

Strategic Objective 11			
Support Māori and Pacific students to achieve the same educational success as other students of the University.			
Key Performance Indicator			
11.1 Achieve retention and completion rates to the 300 level for Māori and Pacific students similar to those of other students in the University.			
Māori and Pacific Students' Educational Success	2006 Actual	2007 Target*	2007 Actual
Māori and Pacific students' retention to 300 level data available **	Need for baseline data identified.	Baseline data available.	72% compared with total student retention to 300 level of 80%.
Māori student retention rates (courses) are similar to these total student body rates	98%	>97%	95% compared with the total student retention rate of 97%.
Māori student (successful) completion rates (courses) are similar to these total student body rates	77%	>83%	77% compared to total student completion rate of 82%.
Pacific student retention rates (courses) are similar to these total student body rates	97%	>97%	93% compared with the total student retention rate of 97%.
Pacific student (successful) completion rates (courses) are similar to these total student body rates	65%	>83%	66% compared to total student completion rate of 82%.

* Māori and Pacific students' 2007 retention and successful completion targets were set as "stretch targets", aligned with the overall completion and retention rates. Whilst these targets are currently being undershot, measures are in place to facilitate a higher rate of successful completion and retention. See key performance indicator 10.1.

** "Māori and Pacific students" retention to 300 level' means the percentage of students from a cohort that progresses to 300 level.

Strategic Objective 12		
Achieve proportions of appropriately qualified staff, at all levels in the University, who are representative of the relevant wider community (Māori, Pacific, gender, disability).		
Key Performance Indicator		
12.1 Develop and implement a recruitment and retention strategy that targets appropriately qualified candidates from equity groups.		
Equity Initiatives for Staff Recruitment and Retention	2007 Target	2007 Actual
Develop and implement recruitment and retention initiatives that target appropriately qualified candidates from equity groups	Staged implementation of initiatives through project plans with appropriate milestones.	<p>The Vice-Chancellor commissioned a comprehensive report by an external consultant on Women in Academic Leadership in response to longstanding concerns about the representation of women in senior academic positions. The project provided an opportunity to look in detail at issues affecting the progression and promotion of female academic staff. Following its completion, an implementation plan was prepared. The roll out of this plan has begun with Faculty Management Teams being asked to comment on its implications for their faculties.</p> <p>Victoria's highly successful Te Hapai Programme (training in the Treaty of Waitangi and Māori language and culture) was well subscribed.</p> <p>The University ran two core programmes: the Leading People Programme and the Women in Leadership Programme. Their overall purpose was to develop management capacity at Victoria. The latter programme is specifically established to support the success of women managers at the University.</p> <p>Five female academic staff successfully participated in the first two New Zealand Vice-Chancellors' Committee Women in Leadership Programmes. The week-long residential course covered topics such as strategic planning, tertiary policy changes and aspects of academic leadership.</p> <p>A factor driving the creation of Victoria's new employment brand is the need to target applicants from equity groups.</p>

⊕ STUDENT RECRUITMENT AND RETENTION

Strategic Objective 13			
Maintain average domestic EFTS-related revenue increases of 2% per annum in real terms.			
Key Performance Indicator			
13.1 The original objective was to increase in real terms of EFTS-related revenue of 2% per year. As from 2006 the University intends to increase fees by 5% each year until Victoria achieves parity with other New Zealand universities. The EFTS-related revenue increase targets in the table below reflect this. In addition, it is intended to undertake annual surveys of student services users to measure the impact on successful student completion.			
EFTS Revenue	2006 Actual	2007 Target	2007 Actual
EFTS revenue increases*	3.5%	4.4%	1%
Positive impact of student services on successful student completion	78%	78%	81%

* The 2007 target did not take fully into account the final transfer of EFTS-related revenue (\$9 million) to PBRF.

Strategic Objective 14		
Preferentially recruit students who meet the defined criteria associated with leadership, creative and critical thinking and communication.		
Key Performance Indicators		
14.1 Weave graduate attributes of leadership, creative and critical thinking and communication into University-wide branding.		
14.2 Promotional materials and activities emphasise benefits of graduate attributes of leadership, creative and critical thinking and communication.		
	2007 Target	2007 Actual
Weave graduate attributes of leadership, creative and critical thinking and communication into University-wide branding	Brand values established.	Victoria's "It makes you think" brand advertising and related promotional activities appeal to, and therefore attract, undergraduate and postgraduate students with the defined attributes of leadership, creative and critical thinking and communication.
Promotional materials and activities emphasise graduate attributes of leadership, creative and critical thinking and communication	Graduate attributes promoted.	The current brand redevelopment ensures that all promotional materials and activities have a stronger and more consistently applied connection to the desired graduate attributes and their benefits.

Strategic Objective 15			
Increase the number of postgraduate (including Honours) students to 20% of total EFTS by 2015, focusing on areas of existing disciplinary strength and strategic opportunity.			
Key Performance Indicator			
15.1 Increase the number of postgraduate (including Honours) EFTS, as indicated in the table below.			
Postgraduate (including Honours) Students	2006 Actual	2007 Target	2007 Actual
Postgraduate percentage of total EFTS	15.1%	14.6%	15.6%

⊕ RELATIONSHIP MANAGEMENT

Strategic Objective 16		
Develop and maintain selected external relationships that support the University's primary objectives as a teaching and research institution and strengthen its links with the Wellington community, national and international institutions.		
Key Performance Indicator		
16.1 Review current strategic external relationships to ensure that they support the University's primary objective as a teaching and research institution.		
External Relationship Management	2007 Target	2007 Actual
Identify selected relationships	Selected external relationships targeted and developed.	In 2007, the University was able to review and develop selected external relationships. Early in 2008, stakeholder research is being undertaken on perceptions of the University by key stakeholders both on a University-wide basis and as identified by faculties to further develop selected relationships.

Strategic Objective 17		
Develop and maintain effective partnerships with iwi and other Māori organisations to promote cultural understanding, community development and accountability.		
Key Performance Indicators		
	2007 Target	2007 Actual
17.1	Maintain existing partnerships with iwi and other Māori organisations.	The relationship with manawhenua, with both Te Āti Awa and Ngāti Toarangatira, constitutes the focus of the University's partnership with iwi. Meetings have been proposed with both groups. The Council heads this interface for a Treaty-based dialogue.
17.2	Develop one new initiative in partnership with iwi.	<p>Four new initiatives were developed:</p> <p>Working with Ngāti Porou to provide Statements of Evidence to the Waitangi Tribunal in WAI 262 (Indigenous Fauna and Flora) claim.</p> <p>Working with Ngāti Awa on new initiatives which have included a draft submission on the Crown Bio-Prospecting policy document and a new Cultural Complex at Whakatane.</p> <p>The establishment of an iwi internship course by Te Kawa a Maui at the Honours and Masters levels. The aim of the internship is to build and foster long-term and reciprocal relationships with iwi, initially in the Wellington area. Students completed research projects for Ngāti Toa (Rangataua Mauriora) and the Wellington Tenths Trust.</p> <p>The School of Early Childhood Education and Te Kura Māori developed the Bachelor of Education (Whakaako) Whāriki Papatipu in conjunction with local iwi from Te Awakairangi.</p>

Strategic Objective 18			
Maintain community service outputs per academic staff FTE at the 2002 level, focusing in particular on those which support the University's vision and strategic objectives.			
Key Performance Indicator			
18.1 Maintain the level of advice to Government, national and international bodies at 0.45 per academic staff member FTE.			
Community Service – Advice	2006 Actual	2007 Target	2007 Actual
Government	95	>100	89
National bodies	182	>140	177
International bodies	124	>130	164
Total per academic FTE	0.5	>0.5	0.54
Key Performance Indicator			
18.2 Maintain the level of membership service to Government, national and international bodies at 0.6 or greater per academic staff member FTE.			
Community Service – Membership	2006 Actual	2007 Target	2007 Actual
Government	128	>75	105
National bodies	272	>180	289
International bodies	316	>200	341
Total per academic FTE	0.9	>0.8	0.92

+ INTERNATIONALISATION

Strategic Objective 19			
Increase revenue associated with internationalisation to 20% of total revenue by 2015, with international students representing 16% of total student EFTS.			
Key Performance Indicator			
19.1 Achieve revenue associated with Internationalisation as indicated in the table below.			
Revenue Associated with Internationalisation	2006 Actual	2007 Target	2007 Actual
As a percentage of total student revenue*	18.4%	18.5%	16.8%
Key Performance Indicator			
19.2 Achieve percentages of international EFTS as indicated in the table below.			
**International EFTS as a Percentage of Total EFTS	2006 Actual	2007 Target	2007 Actual
International EFTS as a percentage of total EFTS	17.5%	15%	14.6%

* For the purpose of this objective and key performance indicator and for targets 2006-2009 "total student revenue" refers to student tuition revenue generated by international students regardless of whether they pay international or domestic fees. (International students pay various fees depending on the particular policy that governs their enrolment.) Enrolments have decreased but revenue remained the same because of an increase in international student fees. International revenue as a percentage of total revenue has, however, decreased.

** "International EFTS" refers to the enrolment of international students regardless of whether they pay international or domestic fees.

Strategic Objective 20			
Increase the number of international postgraduate EFTS and postdoctoral fellows to 20% by 2015, with a focus on areas of designated research strength where appropriate.			
Key Performance Indicator			
20.1 Increase the number of international student postgraduate EFTS as indicated in the table below.			
International Postgraduate Student EFTS	2006 Actual	2007 Target	2007 Actual
*International postgraduate student EFTS as a percentage of total postgraduate EFTS	15.7%	16%	16.8%

* "International postgraduate student EFTS" refers to the enrolment of international postgraduate students regardless of whether they pay international or domestic fees.

Strategic Objective 21		
By 2015, enhance recognition of the University's position in the first rank of universities in the Asia-Pacific region by establishing working relationships in teaching and research with a small number of quality universities, particularly those in capital cities and those that provide access to high-quality students and staff in the Asia-Pacific region.		
Key Performance Indicators		
	2007 Target	2007 Actual
21.1	Victoria has a clear internationalisation strategy and is making progress towards the goals articulated in it.	A formal internationalisation strategy was approved in 2007 by SMT to go out for University-wide consultation early in 2008. This reflects the changed funding environment and international market in which the University is operating and includes the Victoria International Leadership Programme.
21.2	Maintain formal agreements and contracts for collaboration with quality universities, in the Asia-Pacific region.	Victoria has formal agreements with almost 30 universities in the Asia-Pacific region, including many of the most prestigious in the region. Amongst the most recent partners added in the past year are Akita International University in Japan, and ANU in Australia.

Strategic Objective 22			
Promote study abroad opportunities for the University's students by increasing awareness of existing exchange relationships, developing new relationships and offering financial support to students who take them up.			
Key Performance Indicator			
22.1 Increase the number of Victoria University students in study abroad schemes as outlined in the table below.			
Study Abroad Students	2006 Actual	2007 Target	2007 Actual
Number of students	80	80	171*

* This number represents the total head count of Victoria University students participating in study abroad schemes in 2007. Of these, 103 went on formal trimester or year-long exchanges and 68 went abroad for short-term Faculty-led or other courses. This head count total of 171 was equivalent to 154 trimester places.

⊕ MANAGEMENT OF FINANCIAL AND PHYSICAL RESOURCES

Strategic Objective 23

Maintain an annual operating surplus of 4 to 6% of revenue, with an average of at least 5% of revenue.

Key Performance Indicator

23.1 The annual operating surplus for the University only (not consolidated) for 2007 was 2.5%.

Strategic Objective 24

Maintain the level of investment required to provide the appropriate infrastructure to support the University's teaching and research activities.

Key Performance Indicator

	2006 Actual	2007 Target	2007 Actual
24.1	Capital spending at \$38.1 million is below the target of the sum of depreciation and the previous year's surplus.	Maintain University capital spending at an average of the level of depreciation plus the previous year's surplus.	Council decided to lift capital expenditure above normal levels to fund the first of a series of major strategic projects designed to address critical space accommodation shortages. Capital expenditure in 2007 of \$45.367 million exceeded the indicative target of 2007 depreciation plus 2006 surplus (\$31.3 million) by \$13.6 million.

SPECIAL SUPPLEMENTARY GRANTS

for the year ended 31 December 2007

⊕ MĀORI AND PACIFIC PEOPLES

A targeted Special Supplementary Grant of \$686,626 (GST inclusive) was received from the Tertiary Education Commission (TEC) in March 2007 to improve tertiary education outcomes for Māori and Pacific Peoples. A wash-up payment of \$42,739 (GST inclusive) for the 2006 year was also received making a total of \$729,366 for the year.

The Tūmau Awards, Manaaki Pihipihinga and Community Outreach Programmes, and Learning Support on Karori Campus, funded through the Grant since 2001, were continued as the key strategies in improving retention and participation rates for Māori and Pacific Peoples. Tu Horomata Scholarships which were introduced for the first time in 2006 as a mechanism to encourage students to continue on into postgraduate studies were also continued.

In granting Tūmau Awards, the University seeks to improve the retention rates of Māori and Pacific students through the removal of financial barriers. Fifty-four undergraduate Tūmau Awards were offered to Māori and Pacific students experiencing financial difficulties. One hundred and fifty-seven applications were received with 19 awards of \$2,000, 10 awards of \$1,500, nine awards of \$1,000 and four awards of \$500 being granted to Māori students with 12 awards of \$2,000 being granted to Pacific students. Eleven postgraduate Tūmau Awards were also offered with four awards of \$4,000 and four awards of \$2,000 being given to Māori students with one award of \$4,000 and two awards of \$2,000 given to Pacific students. A total of \$120,000 was granted.

The Manaaki Pihipihinga Programme was developed for the Faculties of Humanities and Social Sciences and Commerce and Administration in 2001 as a way of improving the retention rates for Māori and Pacific students through the provision of additional academic support. In 2007 a total of 300 mentors were trained and supported to provide academic support to 193 Māori and Pacific students enrolled in year-one courses. In a survey of the students participating in the programme, 99% of the respondents agreed that they received effective academic advice while 100% of Trimester 2 respondents agreed that the programme made a positive difference to them academically and personally.

Three hundred and two Pacific students accessed the Pacific Support Coordinator during the year. The majority of students seen were in their first year at university. One hundred percent of respondents

to a survey on the service agreed that they would recommend the service to others and that the coordinator really helped them with a wide range of issues.

The Community Outreach Programme operated in nine low-decile Wellington secondary schools during 2007, an increase from seven in 2006. The key objective is to develop within each student a belief in his or her own potential to succeed academically. Writing skills are enhanced and motivational role models from similar backgrounds engage with and encourage students. Students for the programme were selected by the schools on the basis of their academic potential and of being “at risk” of not going on to tertiary education. In 2007, 125 students participated in the programme, an increase of 73 from 2006 figures. The significant increase in student numbers is due partly to the addition of two schools but primarily as a result of schools requesting more sessions. There were six students at Year 10, 40 at Year 11, 24 at Year 12 and 55 at Year 13. As part of the programme the students walked 30 kilometres from Heretaunga College to the Te Herenga Waka Marae at Victoria University as a way of symbolically working through the obstacles between secondary school and tertiary education.

The learning support programme for Māori and Pacific students at Karori Campus was continued in 2007. The support provided included establishing group networks, language support through the lagolago (study) sessions run weekly in the School of Early Childhood Teacher Education and the provision of individual appointments where necessary. The programme included skill development sessions such as effective reading, essay writing and grammar as part of the lagolago sessions in Trimester 2. Māori support was marae-based and closely linked in with the Taurima and Te Kura a Māori. It covered some one-to-one sessions, orientation and group support including working with part-time students on outreach programmes.

To encourage more Māori students to undertake postgraduate study a number of Tu Horomata Scholarships were given to individuals nominated by their Faculty. The nominations were based on the student’s academic record, support for the intended research within the School/Faculty, the relevance of the intended research project to the interests of Māori and/or whether the research is in an area where Māori are underrepresented. Four full Tu Horomata Scholarships of \$12,500 were granted to students undertaking Masters-level research and a further 11 students received a \$5,000 award to assist

with study at Masters or Honours level or to assist with the completion of individual research projects during the year. The Pro Vice-Chancellor Māori funded two additional grants of \$5,000 under this scheme.

⊕ TERTIARY STUDENTS WITH DISABILITIES

A targeted Special Supplementary Grant of \$501,715 (GST inclusive) was received from the TEC to assist students with disabilities to access and succeed in tertiary study.

In 2007, 526 enrolled students registered with Disability Support Services (DSS), an increase of 26 students from 2006. To ensure these students received quality and timely support a complete review of DSS systems was undertaken, resulting in a host of new initiatives, including staffing changes and more effective use of technology. It also included the development of a new student planning tool which involves students determining their own academic goals and developing their own strategies for academic achievement and for adjusting to the University environment coupled with clear articulation of the support and services needed from the University.

A Trinity Newman Foundation grant to support a project targeting students with disabilities at secondary school and encourage them to consider tertiary study as an option was well utilised. Key to this project was the creation of an interactive transition resource DVD, which is now in the final stages of production. This DVD showcases Victoria University and Wellington city, featuring the support and funding available, the wider environment and unique aspects of life at university and in Wellington. The DVD is supported by interactive transition planning tools to empower students, parents and career advisers in the journey to tertiary study. This DVD has already been trialled and has received very positive feedback. The true benefits will be seen in 2008 and beyond as the resource is more widely distributed to schools and community providers.

Forty prospective students utilised the service in 2007, an increase of 11 from 2006. Some of these students benefited from the service’s new mentoring programme. The development of this programme was informed by extensive research on best practice mentoring principles to tailor a programme that takes into account the needs of students with impairments at university.

The collaborative partnership formed in 2006 with the Faculty of Education continued to develop in 2007 with the publication of a research article in *New Zealand Review Education Studies*, a report on current inclusive teaching and learning practices in the Faculty of Education and the implementation of some of the key recommendations from this report.

DSS supported the revitalisation of Can-Do, a student with disabilities representation group, with both the service and students benefiting from increased involvement by students in recruitment activities and development of tools to strengthen students' confidence to share their needs with others in a positive way. Further student engagement was achieved through increased profiling in DSS publications and involvement in committees and interview panels.

DSS made significant advancements in development in 2007 through leading projects which tested team members' abilities, running workshops and attending courses and conferences. Excellent feedback was received about the service's Disability Equity Training as well as its presentations at the Australia New Zealand Student Services Association Conference and National Disability Coordinators Gathering.

Following liaison with the Assistant Vice-Chancellor Academic, a number of initiatives were introduced to further academic involvement with the service. This saw a surge in academic collaboration including increased involvement in meeting student needs, representation on the Access Committee, DVD volunteers, participation in support staff training, inclusion of staff profiles and perspective in DSS publications and generally a higher-level support for students with disabilities.

Increasingly, the service is looked to when examples of progressive thinking in the tertiary disability field are needed. In 2007, strong collaborative relationships were further developed with New Zealand tertiary providers including Otago University and AUT and an international alliance was begun with the University of Melbourne.

DSS was heartened by the positive feedback it received after revamping the service's newsletter *DiSScourse*. A recent review of internet usage and the University's internal staff and student portal will enable the service to add greater breadth and depth to its profile and communication in 2008.

✚ CHAIR OF MALAY STUDIES

A Special Supplementary Grant of \$85,000 was received from TEC for support of the Chair of Malay Studies. The Chair was established in 1996 as a result of an agreement between the Ministry of Education of Malaysia, the Ministry of Education of New Zealand and Victoria University. Forty percent of the funding comes from the Government of Malaysia, 29% from the New Zealand Government, 19% from the private sector and 12% from the University.

The overall objective of the Chair remains to promote greater awareness and understanding in New Zealand of Malaysia and its peoples, including their language, culture, politics, geography, economy, art and culture and language, through research; supervision of undergraduate and postgraduate students; giving, arranging and facilitating lectures including guest lectures from both countries and seminars in New Zealand universities; and scheduled outreach programmes.

The Chair holder for 2006-2007 was Professor Othman bin Mohd Yatim, a specialist in Islamic Art from the Academy of Malay Studies, University of Malaysia. He will continue to hold the Chair until the end of the 2008 academic year.

In 2007, the Chair offered one undergraduate course; ASIA202 Malay World and Civilisation, and organised a number of lectures and seminars including the annual Malay SAAD Lecture, Understanding Halal: Business Opportunities for New Zealand, given by the Hon Tan Sri Haji Muhyiddin Bin Haji Mohd Yassin; a public lecture by Emeritus Professor Kay-Kim Khoo, entitled Malaya/Malaysia since 1957 and an international seminar on Malay, Māori and Pacific Language, Art and Culture.

In late November, the Vice-Chancellor visited Malaysia and successfully negotiated the agreement that will facilitate continuation of the Chair of Malay Studies at Victoria.

STATEMENT OF RESOURCES

for the year ended 31 December 2007

LIBRARY

The principal resources of the University Library are its staff, its collections of electronic and printed materials, its national and international document retrieval and supply networks and the environments—physical and virtual—that it provides for readers and for the secure housing of recorded knowledge.

Those collections owned, as distinct from licensed, by the Library are capitalised for valuation and annual reporting purposes. The annual revaluation methodology adopted in 1993 was replaced in 2000 by straight line depreciation as reported in the Statement of Accounting Policies.

Victoria's Library Service consists of five libraries across five locations: the Pipitea Campus in the Government Buildings Historic Reserve (Law), the Railway West Wing (Commerce), the Te Aro Campus (Architecture and Design), the Karori Campus (W.J. Scott Education Library) and the Kelburn Campus in the Rankine Brown Building (Central Library) which also houses special collections including the J.C. Beaglehole Room and the U.N. Documents and Official Publications Collections. Library Services also include the Language Learning Centre in the von Zedlitz Building and the New Zealand Electronic Text Centre in the Rankine Brown Building. Extensive student computing facilities are provided and supported across the Library by IT Services.

Library holdings in 2007 approximately number 1,150,000, including 70,000 print and electronic serial titles and 200,000 e-books. Approximately 30,000 new books were added to the Library collection.

The Library's total net space is 16,965.91m². The Library's 103.35 FTE staff comprise 182 people (including part-time staff), of whom 47.6 have professional library qualifications. In addition, 89 student assistants were employed which is equivalent to 11.09 FTE.

Subject to minor variations between sites and between trimesters, the Library is open at each site for 87 hours a week (Monday to Sunday). Access to resources through the Library website and the My Victoria portal is provided 24/7.

⊕ FULL-TIME EQUIVALENT STAFF

	2003	2004	2005	2006	2007
Professors	69.4	68.2	72.9	74.0	80.3
Readers/Associate Professors	68.5	78.8	89.1	96.5	96.5
Senior Lecturers	228.7	243.1	285.6	279.0	283.4
Lecturers	169.8	178.0	220.7	216.7	219.9
Other Academic Staff	98.5	129.3	275.0	271.0	288.7
Total Academic Staff*	634.9	697.5	943.2	937.1	968.9
Academic Support**	241.2	242.2	331.6	359.8	367.1
Total Staff in Schools and Faculties	876.1	939.7	1,274.8	1,296.9	1,336.0
Total Staff in Central Services	528.7	560.5	625.9	609.8	649.5
Total FTE Staff	1,404.8	1,500.1	1,900.7	1,906.7	1,985.5

* "Total academic staff" covers tutors, assistant lecturers, visiting academics, part-time staff and teaching fellows who are not PBRF eligible.

** "Academic Support" includes Faculty managers and technical, administrative and secretarial support staff within Schools and Faculties.

From 2001 to 2004, to calculate FTEs, permanent (full-time and part-time) and casual staff records were extracted from the payroll system and based on a snapshot at the year end. Full-time staff were counted as one FTE and casual staff as hours worked divided by standard hours. Since 2005, the figures have been calculated on an average of the payroll data at start and end of the year and the mid-points in Trimesters 1 and 2, reflecting the peak in staffing levels during the two main trimesters.

In 2001, Victoria University of Wellington signed a strategic alliance with the Wellington College of Education that saw the two organisations implement a series of service level agreements for the delivery of various administrative services. Under those agreements, central services staff from the College were progressively transferred to the employment of the University. On 1 January 2005, the College merged with the University and the College's academic staff and remaining administrative staff became University employees.

+ ENVIRONMENT

Climate change is a global problem which needs to be addressed through sustained action at all levels of society. The University recognises its responsibilities in this area and has an environmental policy which aims to reduce the University's carbon footprint. It is also the first New Zealand University to commit to the Government's Govt3 programme managed by the Ministry for the Environment to help central government agencies become more sustainable.

Victoria University made significant steps on its path towards sustainability in 2007. An environmental audit was conducted to establish the University's environmental impact and to identify opportunities to minimise that impact. The audit provided an inventory of all of Victoria's greenhouse gas emissions, a review of its environmental management processes and policies and a framework for ongoing environmental reporting. This work led to the development of the Environmental Action Plan, a multi-year project which will continue beyond the reporting period.

The ongoing implementation of an energy management programme in 2007 resulted in the development of a 10-year energy strategy, the installation of energy-efficient mechanical plant, improvements to the control of heating and ventilation systems, the redesign of lighting systems and targeted awareness campaigns.

A travel plan was drafted to encourage the discussion of sustainable commuting to the University.

The University has expanded its recycling programme to include all campuses, and paper use has been reduced by setting all staff multi-function devices to default to double-sided printing.

The principles of environmental sustainability are to be incorporated into the University's procurement policy so that over time goods and services are purchased from more appropriate suppliers with consideration given to sustainability principles.

+ SPACE OCCUPIED

The buildings occupied by Victoria University are diverse with the majority of space provided in purpose-built buildings constructed between 1931 and 1991. The University also has long-term leases for three buildings in the Wellington central business district providing additional accommodation at the Pipitea and Te Aro Campuses.

From a space planning perspective, much of the 2007 year has been spent developing an implementation plan based on the 2006 Campus Planning Framework. The most significant projects arising from this include the Campus Hub and Library upgrade, the Science Innovation Centre, the Student Accommodation project and a new Marine Biology Laboratory facility in Island Bay.

The concept design phase for the Campus Hub and Library upgrade has been ongoing throughout 2007 and will continue into 2008.

Detailed planning has been completed, and site preparations begun, for the new Science Innovation Centre to be located between Cotton and Laby buildings and site preparations have begun. Five small buildings are in the process of being removed from site or are planned for demolition.

The Student Accommodation project at the South end of Kelburn Campus commenced in early 2007. Occupants of 48a Devon Street and 78-84 Fairlie Terrace were relocated to enable the demolition or removal of six small buildings from site.

The Marine Laboratory in Island Bay has also been demolished in preparation for the replacement facility.

The overall space occupied in 2007 remains much the same as that occupied in 2006, despite the removal of a number of buildings. The reduction in space leased to external tenants has offset this loss of space, with the most significant being the release of approximately 600 square metres at Railway West Wing for Victoria University use.

Detailed planning for the space released in Railway West Wing has been completed and construction has commenced. The fit-out is for School of Government offices on level 5 and a new teaching room on level 4. This project will free up space in other areas on Pipitea Campus with the future view of relocating the School of Information Management from Kelburn Campus.

The emphasis on provisions for postgraduate thesis students has continued in 2007. A number of improvements have been made to existing postgraduate space such as an upgrade to Prefabs 4 and 5 and an upgrade of various rooms in Cotton. An additional postgraduate study facility is being created at Karori Campus for the Faculty of Education, involving a complete conversion of the residential house at 31 Campbell Street.

⊕ LAND

The land area owned and occupied by Victoria University has increased to approximately 21.8 hectares due to the merger of the Wellington College of Education with the University.

	2001	2002	2003	2004	2005	2006	2007
Crown	8.8	8.8	8.8	8.8	11.8	11.8	11.8
University	9.6	9.7	9.7	9.7	9.7	9.7	9.7
Ground Lease Properties	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total	18.7	18.8	18.8	18.8	21.8	21.8	21.8

Excluded from the above are two farming properties in the Taranaki District from which the University receives endowment rents.

Due to an historic error in converting the land area to hectares, the land areas between 2000 and 2004 have been overstated in previous reports by 3.4 hectares. The above table has been amended to correct the error.

⊕ SUMMARY OF NET USABLE SQUARE METRES OCCUPIED

	2002	2003	2004	2005	2006	2007
Administration	4,782	4,955	5,002	5,387	6,046	5,958
Architecture & Design	8,112	8,355	8,796	8,738	8,841	8,841
Commerce & Administration	6,109	5,894	7,180	7,376	7,279	7,190
Continuing Education	226	316	481	455	512	530
Education*				5,230	4,311	4,337
Humanities & Social Sciences	12,317	12,551	12,279	10,447	10,585	10,780
ITS	2,010	2,382	2,528	3,015	3,053	3,062
Law	1,943	1,725	1,793	1,655	1,643	1,694
Library	13,580	12,702	16,126	16,985	16,963	16,966
Miscellaneous	7,108	6,899	2,410	2,102	2,063	2,648
Science	17,469	17,519	18,277	18,375	18,434	18,203
Shared teaching	7,752	8,192	10,952	16,025	15,681	15,213
Student services	1,976	2,114	2,321	2,469	2,588	2,622
Union and Recreation	7,447	7,447	7,957	7,878	7,422	7,341
Facilities Management	1,579	2,189	1,695	2,213	1,951	1,834
Total	92,410	93,240	97,797	108,352	107,372	107,219
Rented to external parties	6,861	4,473	5,610	6,080	6,888	5,700

* Prior to 2005, Education was included in Humanities and Social Sciences and now includes Karori.

⊕ STUDENT LIVING ACCOMMODATION

Victoria University students were accommodated in Halls of Residence as follows:

Hall of Residence	Students in Residence as at 31 March 2005	Students in Residence as at 31 March 2006	Students in Residence as at 31 March 2007
Everton Hall	191	191	191
Helen Lowry Hall	112	112	108
Southern Cross	89	88	89
St George and Annex	40	199	232
Stafford House	299	301	301
Te Kotahinga	68	68	90
Unicomm	525	524	524
University Hall*	208	202	161
VicCentral	50	104	104
Victoria House	165	185	180
Wai-te-ata Apartments	54	54	54
Weir House	267	315	315
Whānau Housing**	12	12	20
Total	2,148	2,355	2,345

* Houses at Landcross St, Salamanca Rd, Clermont Tce, Adams Tce.

** Includes Te Aro Mahana, previously reported separately.

The University operates Weir House, Whānau Housing, Wai-te-ata Apartments @ University Hall, University Hall and Te Kotahinga @ University Hall. Stafford House, Vic Central, St George, Southern Cross and Unicomm are privately owned, but the University has a formal agreement with them to ensure they accommodate Victoria University students only and meet University quality standards. Unicomm is now operated by Campus Living Villages, an experienced student accommodation operator, on behalf of its new owner, ING Real Estate Community Living Fund.

THE UNIVERSITY COUNCIL

ROLE OF THE COUNCIL

The powers, functions and duties of the Council are set out in the Education Act 1989. A principal function of the Council is to appoint, monitor and evaluate the performance of the Vice-Chancellor. The principal recurring functions of the Council are to prepare, negotiate and adopt a Charter for the institution, to adopt a Profile for the institution, to ensure that the institution is managed in accordance with its Charter and its Profile, and to determine the policies of the institution in relation to the implementation of its Charter, the carrying out of its Profile and, subject to the State Sector Act 1988, the management of its affairs. The Council also adopts an annual report and financial statements and sets tuition fees.

The day-to-day management of the University is the responsibility of the Vice-Chancellor. The State Sector Act 1988 designates the Vice-Chancellor as the employer. Further information is held at www.vuw.ac.nz/council

+ COMMITTEES OF THE COUNCIL

The Council has established specific committees to consider issues under approved Terms of Reference.

In 2007 these committees were:

- + Audit Committee
- + Course Statutes Committee
- + Disciplinary Appeals Committee
- + Finance Committee
- + Governance Committee
- + Honorary Degrees and Awards Committee
- + Vice-Chancellor's Performance Review Committee

⊕ COUNCIL MEMBERSHIP FOR 2007

Officers		
CHANCELLOR	Emeritus Professor Tim Beaglehole	
PRO CHANCELLOR	Ian McKinnon QSO, JP	
CHAIR, FINANCE COMMITTEE	James Ogden	
VICE-CHANCELLOR	Professor Pat Walsh	
Members		
APPOINTED BY THE MINISTER OF EDUCATION	Mary Bruce	February 2007–February 2011
	Patricia McKelvey CNZM MBE	February 2007–February 2011
	James Ogden	February 2007–February 2011
	Shaan Stevens	February 2005–February 2009
VICE-CHANCELLOR	Professor Pat Walsh	January 2005–currently
ELECTED BY ACADEMIC STAFF	Professor Charles Daugherty ONZM	2005–2008
	Associate Professor Dolores Janiewski	2007–2010
	Professor Paul Morris	2005–2008
ELECTED BY GENERAL STAFF	Kevin Duggan	2007–2010
APPOINTED BY THE EXECUTIVE OF THE STUDENTS' ASSOCIATION	Geoff Hayward	2007
	Cordelia Black	October 2006–September 2007
	Christopher Bishop	October 2007–September 2008
ELECTED BY THE COURT OF CONVOCATION	Rosemary Barrington	2005–2008
	Emeritus Professor Tim Beaglehole	2007–2010
	Fleur Fitzsimons	2007–2010
	Ian McKinnon QSO, JP	2007–2010
	Dr Jock Phillips	2005–2008
CO-OPTED BY THE UNIVERSITY COUNCIL	2 vacancies	
APPOINTED BY THE UNIVERSITY COUNCIL—in consultation with the New Zealand Council of Trade Unions	Te Mākao Bowkett	February 2004–January 2008
APPOINTED BY THE UNIVERSITY COUNCIL—in consultation with Business New Zealand	Gowan Pickering	May 2004–April 2008

⊕ COUNCIL MEETINGS ATTENDED AND PAYMENTS TO COUNCILLORS

The Council met nine times during 2007. The payments listed below include attendance at Council workshops and committees as well as Council meetings. Council members can elect not to receive payments. The Vice-Chancellor, Professor Walsh, is not eligible to receive fee payments.

Member of Council	Council Meeting Attendance	Possible Attendance	Payment (\$)
Rosemary Barrington	8	9	3,965
Tim Beaglehole	9	9	23,373
Christopher Bishop	2	3	640
Cordelia Black	6	6	2,740
Te Mākao Bowkett	8	9	3,325
Mary Bruce	8	9	5,310
Charles Daugherty	8	9	0
Kevin Duggan	9	9	5,335
Fleur Fitzsimons	8	9	3,900
Geoff Hayward	7	9	4,570
Dolores Janiewski	9	9	4,220
Patricia McKelvey	8	9	6,265
Ian McKinnon	9	9	15,380
Paul Morris	5	9	2,365
James Ogden	8	9	9,400
Jock Phillips	9	9	0
Gowan Pickering	8	9	5,690
Shaan Stevens	5	9	1,535
Pat Walsh	9	9	0
Total			98,213

+ COUNCIL MEMBERS

DISCLOSURES OF INTEREST

ROSEMARY BARRINGTON

TIM BEAGLEHOLE

- + Nothing to disclose

CHRISTOPHER BISHOP

- + Vice-President, New Zealand Schools' Debating Council Incorporated

TE MĀKAO BOWKETT

- + Nothing to disclose

MARY BRUCE

- + Director, R and M Bruce Properties
- + Trustee, Hutt Valley High School Board of Trustees
- + Trustee, Eastern Hutt School Board of Trustees
- + Trustee, Wellington Girls' College Board of Trustees

CHARLES DAUGHERTY

- + Trustee, Karori Wildlife Sanctuary Trust
- + Reserve Board Member, Victoria Link Limited
- + Board Member, Joint Antarctic Research Institute

KEVIN DUGGAN

- + Chair, Trinity Newman Foundation
- + Treasurer, Association of University Staff (VUW Branch)

FLEUR FITZSIMONS

- + Nothing to disclose

GEOFFREY HAYWARD

- + President, Victoria University of Wellington Students' Association

DOLORES JANIEWSKI

- + Nothing to disclose

PATRICIA MCKELVEY

- + Chair, The Correspondence School Board of Trustees
- + Director/Chair, Electra Ltd Board of Directors
- + Member, Social Security Appeal Authority

IAN MCKINNON

- + Councillor/Deputy Mayor, Wellington City Council
- + Member, The Correspondence School Board of Trustees
- + Trustee/Member, St James Theatre Trust

PAUL MORRIS

- + Nothing to disclose

JAMES OGDEN

- + Director, New Zealand Post Limited
- + Director, Kiwibank Limited

- + Chairman, CCO & Trusts CCOP Sub-Committee, Wellington City Council

- + Director, Australasian Hotel Holdings Limited

- + Director, Academic Colleges of New Zealand Limited

- + Director, Datamail Limited

- + Chairman, Audit Committee of Ministry of Social Development

- + Director, Motor Trade Association Group Investment Limited

- + Director, Vehicle Testing Group Limited

- + Director, Summerset Group Limited

JOCK PHILLIPS

- + Trustee, National Portrait Gallery
- + Treasurer, Fulbright New Zealand

GOWAN PICKERING

- + Associate Commissioner, Commerce Commission
- + Director, Victoria Link Limited
- + Director, Fishserve Innovations NZ Limited
- + Trustee, Ambulance NZ Incorporated
- + Advisory Board Member, Optimal Useability
- + Advisory Board Member, Megabyte Limited
- + Director/Chairman, Assetta Holdings Limited
- + Director/Chairman, Unlimited Realities Limited
- + Director/Chairman, Visee 3D Limited
- + Director, Clocktower Games Limited
- + Trustee, Capital Primary Health Organisation

SHAAN STEVENS

- + Deputy Chair, Wellington Free Ambulance
- + Trustee, Wellington Free Ambulance Trust
- + Deputy Chair, Wellington Hospital & Health Foundation
- + Member, TechNZ Advisory Group, Foundation for Research Science & Technology
- + Executive Manager, Hui Taumata Trust
- + Trustee, Entrepreneurship New Zealand Trust
- + Director, Guinness Gallagher Group of Companies
- + Director, New Zealand Carbon Securities

PAT WALSH

- + Trustee, Dan Long Trust
- + Board Member, Wellington Regional Chamber of Commerce
- + Co-Chair, Wellington Tertiary Education Cluster

THE UNIVERSITY MANAGEMENT

☒ SENIOR MANAGEMENT TEAM AS AT 31 DECEMBER 2007

Vice-Chancellor

Professor Pat Walsh, MA *Cant*, PhD *Minn*

Deputy Vice-Chancellor

Professor David Mackay, PhD *Lond*, BA(Hons)

Deputy Vice-Chancellor (Research)

Professor Neil Quigley, MA *Cant*, PhD *Tor*

Pro Vice-Chancellor and Dean of Science, Architecture and Design

Professor David Bibby, BTech(Hons) PhD DSc *Lough*

Pro Vice-Chancellor (Information Technology), and Acting Dean of Engineering

Professor Warwick Clegg, BSc(Hons) *Liv*, MSc PhD
Manc

Pro Vice-Chancellor (International)

Professor Roberto Rabel, PhD *Duke*, BA(Hons)

Pro Vice-Chancellor (Māori)

Professor Piri Sciascia, BSc BA *Otago*, Tohunga
Huarewa Massey, BA(Hons) DipTchg

Pro Vice-Chancellor and Dean of Education

Professor Dugald Scott, MA, BEdStuds DipTchg

Pro Vice-Chancellor (Government Relations) and Dean of Law

Professor A T H (Tony) Smith, LLM *Cant*, LLD *Camb*,
Barrister and Honorary Bencher (Middle Temple)

Pro Vice-Chancellor and Dean of Commerce and Administration

Professor Peter Thirkell, PhD *W Ont*, MCA

Pro Vice-Chancellor and Dean of Humanities and Social Sciences, Pro Vice-Chancellor (Equity)

Professor Deborah Willis, MA *Cant*, PhD DipTchg

Director, Facilities Management

Jenny Bentley, BA *Auck*, DipTchg

Director, Human Resources

Annemarie de Castro, BA *Massey*, FHRINZ

Chief Financial Officer

Wayne Morgan, MBA *Cran*, BCA, CA

Address

Victoria University of Wellington
21 Kelburn Parade
PO Box 600
Wellington 6140
NEW ZEALAND

Telephone +64-4-472 1000
Fax +64-4-499 4601
E-mail info-desk@Victoria.ac.nz
Web www.victoria.ac.nz