

# **ANNUAL REPORT 2010**





The Annual Report 2010 is published online at  ${\bf www.victoria.ac.nz/annual reports}$ 

Published by:

Victoria University of Wellington

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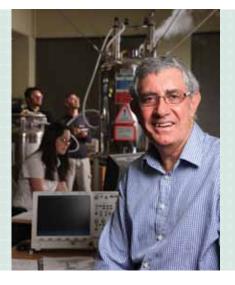
ISSN 1171-2740 (Print)

ISSN 1174-8184 (Online)

APRIL 2011

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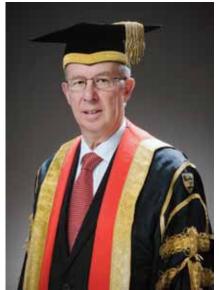


Instilling a love of learning is the cornerstone of all work here at Victoria, and was the basis of much of our success in 2010. Just one example is physicist and New Zealander of the Year Professor Sir Paul Callaghan who is a remarkable scientist, teacher, mentor and communicator passionate about fostering science and technology innovation in New Zealand.

Professor Callaghan from Victoria's School of Chemical and Physical Sciences is pictured here with three PhD students in his laboratory in the new purpose-built Alan MacDiarmid Building.

A full list of his achievements can be found on page 18 of this report.





At Victoria we have celebrated many outstanding successes throughout the year, and it has been extremely pleasing to see a number of our major projects through to their conclusion. One of the more rewarding aspects of university life, of course, is graduation which is

always a well-deserved celebration

for our students and staff.

The University Council has also been faced with some difficult decisions in response to the challenging tertiary environment. However, I am confident that all our decisions have been made with the best future of our students and staff in mind, and the continuing quality of Victoria.

### MANAGING ENROLMENTS

Early in 2010, the University Council was faced with the difficult decision of having to manage enrolments for the remainder of the year. This meant limiting domestic undergraduate enrolments for Trimesters Two and Three. The University took steps to manage numbers at the beginning of the year, but while those measures had a considerable impact, it was not enough to cope with the acceleration in demand we were seeing.

Operating in a capped funding environment and having to manage enrolment numbers has required some adjustment in culture for both universities themselves and those who want to go to university. This is a reality, and all are having to work within that framework.

### CAPITAL INVESTMENT

The University has continued to make excellent progress towards achieving its strategic goals. Here, a key focus has been to invest in enhancing the student experience.

Some major capital investments projects came to fruition in 2010. The Alan MacDiarmid Building for research and specialised teaching in the sciences was officially opened by Prime Minister Rt Hon John Key in July. The building features state-of-the-art facilities and equipment, and houses the Nobel Prize medal of Victoria alumnus the late Professor Alan MacDiarmid, which we hope will inspire future generations of top scientists.

A further proud event for the University was the opening of the Keith and Faith Taylor Cancer Research Laboratories, built in partnership with the Malaghan Institute of Medical Research, based at our Kelburn Campus. These new laboratories will assist researchers in their quest to develop vaccines for cancer and other diseases.

It has been a pleasure to work more closely with the student body this year to improve facilities for students. The Victoria University of Wellington Students' Association (VUWSA) and the VUWSA Trust, along with the Old Boys University Rugby Club and the Victoria University Foundation, have provided substantial financial and advisory support for the development of the Boyd-Wilson Field. This development is now complete, and the new artificial turf means the field can be used at any time, regardless of the weather.

VUWSA and the VUWSA Trust have also provided support for the Campus Hub project to revitalise Kelburn Campus. The Council is excited about the improved social and study spaces that are being created for students. This is projected to be ready in 2013.



### **ALUMNI AND FRIENDS**

It was an honour and a pleasure to preside over two graduations in May and December, to congratulate Victoria's newest alumni. In 2010, 2,963 students graduated in eight ceremonies. This year, the University Council awarded honorary doctorates to chemist Professor Martin Banwell, historian Professor Donald Akenson and scientist Professor Sir Paul Callaghan.

Roger Drummond, Leone Harkness, Peter Hughes and William Sheat were awarded Hunter Fellowships for their substantial contribution to the advancement of the University's strategic direction and goals.

The calibre of nominees for the 2011 Distinguished Alumni Awards was outstanding and selecting winners was difficult. The recipients are: entrepreneur Rod Drury; distinguished legal expert Sir Thomas Gault; artist Piera McArthur; former Mayor of Wellington Kerry Prendergast; professional accountant and well-known commentator on tax matters John Shewan; and film director, writer, comedian and actor Taika Waititi.

Hosting the Chancellor's Dinner was a further pleasure in 2010. It was an excellent opportunity to thank a number of supporters who contribute to developing Victoria to ensure it is the best it can be.

### UNIVERSITY COUNCIL

At the beginning of the year, the Council welcomed student members Max Hardy and Conrad Reyners. At the end of this year, Emeritus Professor Tim Beaglehole, Associate Professor Dolores Janiewski and Max Hardy were farewelled. Further, Council was sad to learn of the passing of University Council member Mary Bruce at the beginning of January 2011. She was a member of the Council of the Wellington College of Education from 2002 until the merger on 1 January 2005, after which she was co-opted onto the University Council for two terms. She made a considerable contribution to the governance of the University and will be greatly missed.

I would also like to pay special tribute to Tim Beaglehole, not only for his lengthy period as a member of Council, both as Pro-Chancellor and for five years as Chancellor, but also for his 60 years of involvement with Victoria. His outstanding contribution cannot be overstated; his dedication and commitment to Victoria have been much valued.

Further, on behalf of the Council I wish to record thanks to the Vice-Chancellor, Professor Pat Walsh, for his leadership of the University during 2010. It was a year of considerable demands, but the challenges have been successfully met to the benefit of Victoria.

Ian McKinnon Chancellor



### ROLE OF THE COUNCIL

The powers, functions and duties of the Council are set out in the Education Act 1989. The Council is responsible for the strategic direction of the University as set out in the Strategic Plan.

Principal functions are to prepare and submit an Investment Plan, to ensure the institution is managed in accordance with that plan and to determine policies to implement it. The Council also determines, subject to the State Sector Act 1988, policies for the management of the University and plans its long-term strategic direction. Each year, 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 of all staff.

Further information is available at www.victoria.ac.nz/council

### COMMITTEES OF THE COUNCIL

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

In 2010, these committees were:

- **±** Finance Committee
- **±** Audit and Risk Committee
- **⊞** Governance Committee
- **Ⅲ** Vice-Chancellor's Performance Review Committee
- **Disciplinary Appeals Committee**



# **COUNCIL MEMBERSHIP FOR 2010**

#### **OFFICERS**

Chancellor

Ian McKinnon QSO JP

**Pro Chancellor** 

Helen Sutch

**Chair, Finance Committee** 

James Ogden

Vice-Chancellor

Professor Pat Walsh

### **MEMBERS**

### Appointed by the Minister of Education

Mary Bruce

2007-2011

David Chamberlain

2009-2013

Patricia McKelvey CNZM MBE

2007-2011

James Ogden

2007-2011

**Vice-Chancellor** 

Professor Pat Walsh

2005-

**Elected by academic staff** 

Professor Charles Daugherty ONZM

2009-2012

Associate Professor Dolores Janiewski

2007-2010

Professor Paul Morris

2009-2012

### Elected by general staff

Kevin Duggan 2007–2010

### Appointed by Executive of the Students' Association

Max Hardy 2010

**Conrad Reyners** 

2010

### **Elected by the Court of Convocation**

Rosemary Barrington

2009-2012

Emeritus Professor Tim Beaglehole

2007-2010

Fleur Fitzsimons

2007-2010

Ian McKinnon QSO JP

2007-2010

Dr Jock Phillips

2009-2012

## Co-opted by the University Council

Graeme Mitchell

2009-2013

Helen Sutch

2008-2010

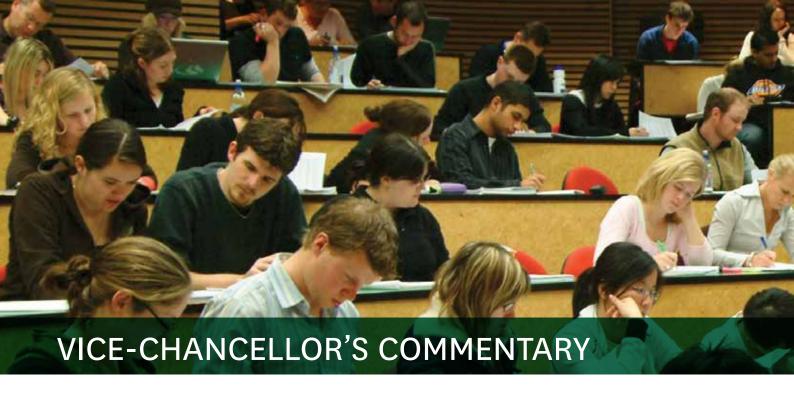
# Appointed by the University Council—in consultation with the New Zealand Council of Trade Unions

Brenda Pilott 2008-2012

Appointed by the University Council—in consultation with Business New Zealand

**Charles Finny** 

2009-2012





Looking back over the year, I am immensely proud of the scope of Victoria's achievements in 2010. Our continuing focus on our strategic priorities has led to success in a wide range of areas. This report outlines our priorities and highlights for 2010 and the ways we achieved our objectives.

### RESEARCH SUCCESS

Victoria University continues to strengthen its reputation as a research-intensive university of international renown. This has been demonstrated by the \$21 million growth in the value of external research contracts held by Victoria.

Successes include the 15 Marsden grants received by Victoria researchers, equating to 14 percent of total funding available. Projects will look at areas as diverse as opportunities for New Zealand wool and wireless technologies, the effect of aid on Pacific Island states and how trivial images can create immediate illusions of memories.

I was proud to see success right across the University, including two faculties represented for the first time—the Faculty of Architecture and Design, and the Faculty of Education. Another highlight was seeing Victoria Professor Sir Paul Callaghan receive this year's largest Marsden grant for his research on nuclear magnetic resonance and nanotechnology. Professor Callaghan's research was also recognised with a sizeable grant from the Foundation for Research, Science and Technology (FRST) and his Magnetic Resonance Innovation Team was awarded the 2010 Prime Minister's Science Prize.

One of the University's commitments to the Treaty of Waitangi is Māori research excellence with the potential for significant social, economic and scholarly impacts. We have made significant gains in this area, as exemplified in our 'Research' section.

A key aspect of being a research-intensive university is working to increase our number of postgraduate students. During the past five years, the number of postgraduate students at Victoria has increased more than 50 percent. We are continuing this focus by offering an increasing number of scholarships to outstanding school leavers and PhD applicants.

### STAFF AND STUDENT SUCCESS

Many of our staff and students reached impressive heights in 2010, both internationally and closer to home. This report lists just some of those achievements.

Once again, Professor Sir Paul Callaghan deserves special mention for his leadership of the Magnetic Resonance Team that won the 2010 Prime Minister's Prize, worth \$500,000. This prize is awarded for a transformative science discovery or achievement which has had an impact in New Zealand or internationally.

Another project that is boosting our international profile is student-led. A team from the School of Architecture at Victoria University is one of only 20 teams



worldwide—and the first entry ever from the Southern Hemisphere—to be selected to compete in the prestigious US Department of Energy Solar Decathlon 2011. The team will design and build a Kiwi bach using sustainable technology for the competition at the National Mall's West Pontomac Park in Washington DC in September 2011.

The Victoria University of Wellington Debating Society also had a stellar year. The team has an outstanding track record, but this year did particularly well. Their biggest success was winning the Australasian Debating Championships (Australs), the world's second biggest debating tournament against around 300 competitors.

### **EXTERNAL RELATIONSHIPS**

Victoria's distinct advantage of being based in the capital city means we enjoy close connections with government organisations as well as the private sector. Our relationships with external partners are a major strength of the University, and we continue to build mutually beneficial partnerships. At the end of June, we formally celebrated our Memorandum of Understanding (MoU) with Capital & Coast District Health Board, and launched our jointly offered Postgraduate Diploma in Clinical Research.

I also had the honour of hosting China's Vice President His Excellency Xi Jinping, who officially launched the Confucius Institute at Victoria. The Institute is part of an international network of more than 300, which teaches Chinese language and provides an enhanced understanding of Chinese culture.

This year, we signed a letter of agreement with the Wellington Police, formalising our common goal of keeping Victoria a safe community for students and staff. This move has been supported by students, with VUWSA taking an active role in the formation of the agreement.

We also extended our links with various international universities, by signing agreements to establish joint programmes, collaborative opportunities for Victoria staff and exchange and research opportunities for students.

### SUPPORT OF ALUMNI AND FRIENDS

With the increasing constraints on government funding, the support of Victoria alumni, professional bodies and public and private sector organisations ensures that the University can continue to attract staff of international standing, reward top students through valuable scholarships and prizes and provide facilities to help deliver quality research and teaching programmes. We are very grateful to our friends for this ongoing and growing support.

Of particular note in 2010 was the establishment of the James Bertram Scholarships through the Victoria University Foundation. These were set up to foster understanding and build relationships between China and New Zealand. Two students will study at Victoria for a year, and then have six months language tuition in Beijing before embarking on a year's study at Peking University. They will graduate with a double Master's in International Relations and Public Policy from Victoria and Peking Universities respectively.

We also saw a welcome rise in the number of donors who have notified us of their intention to leave a bequest to the University, and who have joined the Victoria University Foundation's Legacy Club. We appreciate very much this mounting private and public sector support for Victoria and pride ourselves on ensuring that every donor's experience in helping support the University is an extremely positive one.

Likewise, we pride ourselves on maintaining links with our alumni and providing positive experiences for them. We try to keep in touch in various ways, including holding alumni events both nationally and internationally. As well as alumni events in Wellington and Auckland, in 2010 we hosted events in Kuala Lumpur, Singapore, Shanghai, Beijing, Jakarta, Ho Chi Minh City, Hanoi, New York, London and Berlin.

### **EXTERNAL ENVIRONMENT**

As Chancellor Ian McKinnon has noted, we are operating in a capped funding environment, which requires a shift in thinking. With restricted student numbers our emphasis is now increasingly on quality, and we have measures in place to attract the best and brightest students to Victoria.

We must also ensure that our student population remains diverse. Equity issues featured highly in the Government's Tertiary Education Strategy, released in February, with goals including ensuring Māori and Pacific students achieve at higher levels. The University is already working on this goal through its Equity and Diversity Strategy, developed last year. In 2010, Luamanuvao Winnie Laban was appointed to the newly established position of Assistant Vice-Chancellor (Pasifika), to lead initiatives to lift the performance of our Pacific students. We are delighted to have her on board, and look forward to reporting on gains in this area.

The Tertiary Education Commission (TEC) released its inaugural Education Performance Indicators this year which gratifyingly showed that New Zealand universities are all providing a consistently high level of educational outcomes.

Universities New Zealand also commissioned a report by the New Zealand Institute of Economic Research (NZIER) to look at the economic value of university investment. The report showed that, consistent with our long-held view, government investment in New Zealand's universities provides a significant permanent boost to Gross Domestic Product.

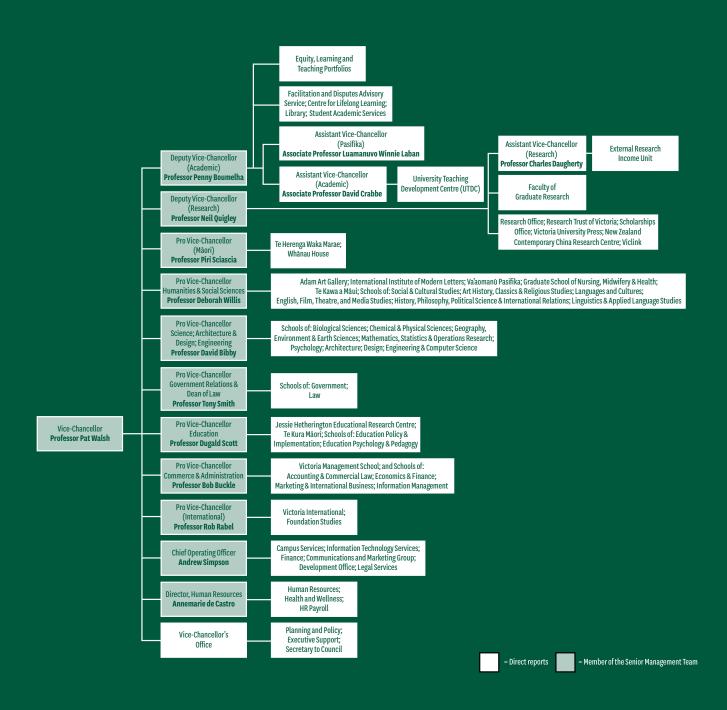
### LOOKING FORWARD

Government and taxpayers have high expectations of a return on their investment in university education, and rightly so. The challenge for Victoria is how best to manage the changing environment, while maintaining our focus on providing a high-quality education for our students.

We need to continue to clearly demonstrate our quality and contribution to society while celebrating our achievements. Victoria is committed to a high-performance culture with no tolerance for mediocrity in any of our spheres of activity. This Annual Report demonstrates this well, and I'm sure that 2011 will bring even more success.

**Professor Pat Walsh** 

Vice-Chancellor





Victoria University's reputation as a research-led university with high standards of teaching attracts exceptional staff and students from around the world. As a capital city university, Victoria has strong links with government departments and agencies, international agencies, industries, regional and local government, iwi and environmental organisations, as well as some of New Zealand's major research institutes. The University also has extensive collaborative and student exchange links with renowned universities throughout the Pacific, Asia, North and South America and Europe.

Victoria began teaching in 1897 as Victoria College, with research beginning in 1899. Victoria College was part of the University of New Zealand, and Victoria University came into being through its own Act of Parliament on 1 January 1962.

The University incorporated the Wellington College of Education as the Faculty of Education on 1 January 2005. The following year, Victoria and Massey Universities set up the New Zealand School of Music, a centre of musical excellence that combined the institutions' music programmes.

Victoria has nine faculties, of which seven conduct teaching and research—Architecture and Design, Commerce and Administration, Education, Engineering, Humanities and Social Sciences, Law and Science. These are divided into schools, many of which are closely aligned with the University's numerous research centres and institutes.

The newly-established Faculty of Graduate Research is responsible for the administration of all PhD students. In addition, the virtual Faculty Toihuarewa is a forum for Māori academic issues at Victoria and ensures there is appropriate Māori content in Victoria's teaching and research programmes.

The University operates from several sites.

The Kelburn Campus is the home of schools with interests in science, engineering, and humanities and social sciences, and of 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, neighbouring Rutherford House and the Wellington Railway Station West Wing. It is home to 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.

In addition, the University teaches internationally, offering English language and commerce courses at the University of Economics' Campus in Ho Chi Minh City in Vietnam. Victoria 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.



## **ENROLMENTS**

| Total students |          |        |
|----------------|----------|--------|
| 2009           |          | 2010   |
| 22,270         | Students | 22,310 |
| 4.2%           | Change*  | 0.2%   |

| Domestic students |          |        |
|-------------------|----------|--------|
| 2009              |          | 2010   |
| 19,723            | Students | 19,803 |
| 6.0%              | Change   | 0.4%   |

| International students |          |       |
|------------------------|----------|-------|
| 2009                   |          | 2010  |
| 2,547                  | Students | 2,507 |
| -7.9%                  | Change   | -1.6% |

| Māori students |          |       |
|----------------|----------|-------|
| 2009           |          | 2010  |
| 1,830          | Students | 1,966 |
| 6.8%           | Change   | 7.4%  |

| Pacific students |          |       |
|------------------|----------|-------|
| 2009             |          | 2010  |
| 1,024            | Students | 1,154 |
| 0%               | Change   | 12.7% |

| Gender |          |        |
|--------|----------|--------|
| 2009   |          | 2010   |
| Male   |          |        |
| 9,999  | Students | 10,196 |
| 6.7%   | Change   | 2.0%   |
| Female |          |        |
| 12,271 | Students | 12,114 |
| 2.2%   | Change   | -1.3%  |

| By level      |          |        |
|---------------|----------|--------|
| 2009          |          | 2010   |
| Undergraduate |          |        |
| 17,389        | Students | 16,990 |
| 6.4%          | Change   | -2.3%  |
| Postgraduate  |          |        |
| 4,881         | Students | 5,320  |
| 4.3%          | Change   | 9.0%   |

<sup>\*</sup> Change is from the year prior.

# OTHER-KEY FACTS

| Degrees, diplomas and certificates awarded |        |       |  |
|--|--------|-------|--|
| 2009 2010                                  |        |       |  |
| 5,397                                      | Awards | 5,691 |  |
| -6.2% <b>Change</b> 5.4%                   |        |       |  |

| Space occupied |               |         |
|----------------|---------------|---------|
| 2009           |               | 2010    |
| 103,339        | Square metres | 108,322 |
| -2.1%          | Change        | 4.8%    |

| Full-time equivalent staff |           |       |
|----------------------------|-----------|-------|
| 2009                       |           | 2010  |
| 1,884                      | Staff FTE | 1,871 |
| -2.4%                      | Change    | -0.7% |

# ${\bf FULL\text{-}TIME\ EQUIVALENT\ (FTE)\ STAFF}$

|                            | 2008  | 2009  | 2010  |
|----------------------------|-------|-------|-------|
| Academic staff             | 936   | 883   | 856   |
| Academic support staff     | 346   | 347   | 358   |
| Total staff in faculties   | 1,282 | 1,230 | 1,213 |
| Central services staff     | 649   | 654   | 657   |
| Total equivalent full-time | 1,931 | 1,884 | 1,871 |



The University has a strategic plan for 2009 to 2014.

### **MISSION**

Victoria's mission is to play a leading role in shaping New Zealand's future by:

- adding significantly to the knowledge and understanding of natural phenomena, society, culture and technology through research, teaching and interdisciplinary perspectives
- ⊞ engaging with local, national and international communities in creating, disseminating and applying knowledge that has scholarly or societal impact
- developing graduates with skills in leadership, communication and critical and creative thinking.

# COMMITMENT TO THE TREATY OF WAITANGI

The Treaty of Waitangi Statute is the formal expression of Victoria's commitment to Māori as tangata whenua and Treaty partners.

Victoria is committed to:

- H Māori student recruitment, retention and achievement
- the contribution of Matauranga Māori (Māori knowledge) to scholarship across disciplines
- ⊎ building long-term and positive relationships with Māori stakeholders
- increasing the capability of all staff to engage with Māori interests
- the contribution of Te Reo Māori and Tikanga Māori to the culture of Victoria.

The 'Year in Review' section of the Annual Report is a snapshot of activities and achievements that contribute to delivering each of the University's strategic goals. These goals are:

#### **H** Research

Dramatically improve Victoria's overall research performance by focusing resources on developing and rewarding research excellence, particularly in areas of disciplinary and interdisciplinary strengths, and creating new knowledge that has major social, economic or scholarly impact.

#### **±** Learning and teaching

Strengthen Victoria's high-quality research-led learning and teaching environment, and reward and celebrate learning and teaching excellence in all its forms.

### **Student experience**

Engage students as active and lifelong members of an inclusive and supportive community of higher learning through an outstanding academic, social and cultural experience that equips them to make a significant contribution to local, national and international communities.

#### 

Build and maintain mutually beneficial relationships that maximise Victoria's contributions to society, support its aspirations and enhance national and international recognition of the quality of its teaching and research.

### 

Retain, develop and recruit high-quality people who contribute to Victoria's success through outstanding leadership, scholarship and administration, through positive external engagements, and through quality governance and management.

### **E** Resources

Ensure the long-term academic and financial viability of Victoria by increasing and diversifying income, and by reallocating resources to support strategic goals.

#### **H** Public contribution

Communicate and apply scholarly expertise to enrich culture and society, and to contribute to an understanding and resolution of challenges facing local, national and international communities.

#### **Equity**

Provide an inclusive and representative environment for staff and students that is conducive to equity of opportunity for participation and success.





Victoria University is committed to developing a strong research culture that generates new knowledge with a major social, economic or scholarly impact. A strategy is in place to enhance the University's research performance.

In 2010, a number of policies and practices were implemented to boost PhD enrolments, and Victoria gained large amounts of new external research funding. In addition, a number of staff and students received national and international awards and fellowships to further their research, continuing the recent trend towards higher levels of external recognition of the quality of research at Victoria.

### STREAMLINING PhD ENROLMENTS

The University continued to build a strong postgraduate research culture through its Faculty of Graduate Research, which manages PhD application processes centrally. The Faculty introduced a new admissions and enrolment procedure for PhD students in March. Applications are now considered on three set dates throughout the year. Investment in new PhD scholarships also increased, with around 100 new scholarships offered. A new website for the Faculty was created, to provide a central point of information for prospective and present students, as well as for staff. This was designed to encourage and assist students to complete their applications.

Over 1,200 applications for PhD study at Victoria were submitted in 2010, more than three times the number in 2009.

In addition to scholarship support, the School of Graduate Research introduced a range of academic support programmes for staff and students involved in the supervision process leading to research degrees, including training sessions and workshops to aid their success.

The University also looked at ways of attracting students to disciplines that previously had not offered PhD programmes. The Faculty of Design called for its first set of PhD students, to commence study in 2011, through its newly created Design Research and Innovation Lab (DRIL) programme. The programme has three areas of concentration: Digital Media, Culture+Context and Industrial Design.

### EXTERNAL RESEARCH FUNDING SUCCESS

The Research Trust of Victoria University of Wellington, Victoria's charitable trust responsible for managing all external research funding, continued to grow. In 2010, 191 new grants were opened and the total value of the contracts in the Research Trust was around \$159 million, compared with \$138 million in 2009.

To offset reduced government funding for scholarships, Victoria academics have been strongly encouraged to include postgraduate research support in external grant applications. This strategy has been very successful, resulting in well over 100 postgraduate thesis students being funded through staff research grants. The 2010 Marsden Fund grants alone yielded a further 19 postgraduate research scholarships at Victoria.

Victoria staff were recognised for their expertise and leading research, receiving significant external funding in 2010. Victoria's researchers received 15 Marsden research grants—nine standard grants and six Fast Start grants—worth a total of



# A year of success

Professor Sir Paul Callaghan from Victoria's School of Chemical and Physical Sciences has had a stellar year, gaining widespread recognition for his world-leading work in nuclear magnetic resonance and nanotechnology.

His first success of the year was in receiving the prestigious international Günther Laukien Prize for Magnetic Resonance, worth US\$20,000. Then, along with Dr Robin Dykstra, Senior Lecturer in the School of Engineering and Computer Science, he was awarded \$1.3 million over two years from the Foundation for Research and Science Technology and was elected an Honorary Fellow of the Institution of

\$8.4 million (14 percent of the total funding available). Twice as many Fast Start grants as in 2009 were awarded to upand-coming researchers at the University.

Victoria researchers were also Assistant Investigators on five grants led by other institutions and an existing Victoria grant was one of two Marsden grants nationally that were awarded extensions.

The largest grant in New Zealand for 2010—and Victoria's largest grant ever—of \$1.04 million was awarded to Professor Sir Paul Callaghan for his research into nuclear magnetic resonance.

Both the Faculty of Education and the Faculty of Architecture and Design received Marsden funding for the first time. Dr Anne Galloway from the School of Design was awarded a Fast Start grant for her project 'Counting sheep: Possible futures for New Zealand wool and wireless technologies'. Professor Jeff Sigafoos from the School of Educational Psychology and Pedagogy received a Marsden grant for his research into helping autistic children communicate.

Another first was the School of Accounting and Commercial Law, represented for the first time in Marsden funding. A team led by Professor Judy Brown received a Marsden grant for a three-year project that aims to help open traditional accounting to critical scrutiny and provide alternatives that recognise the needs of various stakeholder communities, including environmentalists, ethical investors, unions and indigenous communities.

The Faculty of Science once again enjoyed significant success. As well as Professor Sir Paul Callaghan's grant, six other projects received funding. Two academics from the School of Geography, Environment and Earth Sciences received awards—Dr Monica Handler for her topic 'Platinum stable isotope tracing of the accretion and differentiation of the Earth and evolution of its oceans and atmosphere' and Research Professor John Overton for 'The inverse sovereignty effect: The new aid agenda in Pacific Island States'.

The School of Mathematics, Statistics and Operations Research was also well represented. Professor Geoff Whittle received a grant for his topic 'Matroid minors' and Professor Rod Downey's grant for his research 'Computability, complexity and randomness' was renewed for another year. Also from this School was Dr Hung Pham, who won a Fast Start grant for his topic 'Multi-Banach algebras and Banach cohomology'.

Professor Maryanne Garry from the School of Psychology received a Marsden grant to further her research on how trivial images create immediate illusions of memories and beliefs.

Fast Start grants were awarded to two academics from the School of Chemical and Physical Sciences: Dr Justin Hodgkiss for his study 'Ultrafast electron dynamics in molecular semiconductors'; and Natalie Plank for her project 'How do ZnO nanowires measure up as biosensors?'

Professor James Noble from the Faculty of Engineering received a Marsden grant for his project 'Design patterns and ownership types for reusable program verification'.

Humanities and Social Sciences fared well, with three grants awarded. Philosophy Professor Edwin Mares received a grant for his project 'A natural history of necessity'. Fast Start grants were awarded to Dr Rick Weiss for 'Transforming Hinduism: Religious change in Colonial India' and to Dr Catherine Trundle for 'The rights of soldiers and the politics of citizenship'.

Victoria was also successful in gaining other funding to further a number of significant research projects.

The New Zealand Law Foundation awarded \$1.75 million to a team led by Professor Susy Frankel from the Faculty of Law for a two-year regulatory reform project. The project seeks to produce a series of practical outcomes to ensure regulators can achieve consistent and quality regulatory reform. The team includes representatives from Chapman Tripp and the NZIER.

Dr Rawinia Higgins from Te Kawa a Māui, School of Māori Studies, is one of two lead researchers commissioned by Ngā Pae o te Māramatanga, the Māori centre of research excellence based at Auckland University, for a three-year \$1.5 million project investigating issues relating to the preservation of the Māori language. The research aims to understand how the Māori language impacts on economic development, cultural identity and social cohesion in New Zealand.

Professional Engineers of New Zealand (IPENZ). His research was also awarded Victoria's largest Marsden Fund grant ever of \$1.04 million.

In November, Professor Callaghan received a 'Welly', a 2010 Wellingtonian of the Year Award in the Science and Technology category, and the very next day his Magnetic Resonance Innovation Team was awarded the 2010 Prime Minister's Science Prize of \$500,000 in Auckland.

Other team members of Professor Callaghan's Magnetic Resonance Innovation Team are: Dr Robin Dykstra; Dr Mark Hunter, Research Fellow in the School of Chemical and Physical Sciences at Victoria; Dr Andrew Coy, a physicist and Chief Executive Officer of technology company Magritek; and Dr Craig Eccles, a physicist and Chief Technology Officer at Magritek.

His highly successful year was topped off by an Honorary Doctorate from Victoria University at December graduation.

The team's research has been used in medical magnetic resonance imaging (MRI) and in climate change research in Antarctica, and the team is looking to apply its research in agriculture and industry.

Including Professor Jeff Sigafoo's Marsden grant, the Jessie Hetherington Centre for Educational Research was supported with over \$2 million in external research funding, with 15 new research grants awarded from the Ministry of Education, Ako Aotearoa, Sport and Recreation New Zealand, the New Zealand Qualifications Authority, Teaching and Learning Research Initiative and Cognition Education. One of the enduring themes in the research was the evaluation of teaching to enhance Māori secondary student achievement.

Three of Victoria's emerging researchers were awarded Postdoctoral Fellowships from FRST. Each researcher will receive up to \$277,500 over three years to undertake research that develops new knowledge. Dr Shane Geange will research the ecological effects of commercially harvesting New Zealand bladder kelp at a time when there is increasing demand for seaweed; Dr Kristina Ramstad will use genomic technology to investigate the effects of in-breeding on rowi, New Zealand's rarest kiwi species; and Dr Andreas Hermann will study the transport properties of carbon nano-tubes in the field on nano-fluidics.

The School of Government's expertise was recognised as the School secured eight competitive research grants worth \$1.32 million to support work in the Health Services Research Centre. Additionally, a Pacific Health Post-Doctorate was awarded to Research Fellow Aliitasi Tavila to the value of \$346.646.

### STAFF AWARDS AND FELLOWSHIPS

Victoria encourages its staff to strive for excellence in their work. In 2010, many Victoria staff members achieved recognition for their research through awards and fellowships.

Six Victoria Professors were elected as Fellows of the Royal Society of New Zealand—Professor Bill Manhire from the International Institute of Modern Letters, Professor Estate Khmaladze from the School of Mathematics, Statistics and Operations Research, Professor Sekhar Bandyopadhyay from the School of History, Philosophy, Political Science and International Relations; Professor James Belich from the Stout Research Centre; and Professors David Carnegie and David Norton from the School of English, Film, Theatre and Media Studies.

Dr Eric Le Ru from the School of Chemical and Physical Sciences and Dr Noam Greenberg from the School of Mathematics, Statistics and Operations Research both received government-funded Rutherford Discovery Fellowships. Both will receive \$200,000 over five years for their research. Dr Le Ru is looking into aspects of electromagnetism at the nano-scale and Dr Greenberg is researching the use of logic and mathematics to study objects that are not computable. The Fellowships were established in 2010 to support excellent early to mid-career researchers who are considered to be future leaders for research in New Zealand.

Professor Ken McNatty from Victoria's School of Biological Sciences received the Shorland Medal for his major contribution to research that has added to scientific understanding and delivered benefits to society.

Professor Susan Schenk from the School of Psychology was one of four top New Zealand researchers to receive a James Cook Fellowship, furthering her work on understanding drug addiction by using new techniques to identify what causes long-term changes in brain structure and function to create a craving for drugs.

Dr Shaun Hendy, Deputy Director of the MacDiarmid Institute, a centre of research excellence based at Victoria, received the New Zealand Association of Scientists' Research Medal for outstanding fundamental or applied research in the physical, natural or social sciences published by a scientist under the age of 40.

Professor Rod Downey won the 2010 Schoenfield Prize, an international award for outstanding writing in the field of logic.

A poem translated into English by Dr Marco Sonzogni, Senior Lecturer in Italian at the School of Languages and Cultures, was awarded a Der-Hovanessian Translation Award by the prestigious New England Poetry Club. The winning translation was published in the US literary magazine Salamander.

Professor Campbell McLachlan QC won the 2010 NZ Law Foundation International Research Fellowship. This prestigious fellowship will enable him to take up a Visiting Fellowship at All Souls College, Oxford, in 2011. The research



# Award-winning Modern Letters staff

As of 2010, all teaching staff from Victoria's International Institute of Modern Letters have been recipients of the New Zealand Post Mansfield Prize. Chris Price (pictured left) was the 2010 winner of the \$80,000 prize, which is the most valuable international residency programme for New Zealand writers and enables them to work at Villa Isola Bella in Menton France where Katherine Mansfield lived and wrote in 1919–20.

will result in a book, to be published by Cambridge University Press.

Dr Gwenda Willis, a postdoctoral fellow in the School of Psychology, won a Fulbright Senior Scholar award. Dr Willis will conduct research in the United States in 2011 on the use of a model of rehabilitation for sexual offenders that was developed by her supervisor, Professor Tony Ward.

Lydia Wevers won a 2010 Fulbright New Zealand Visiting Scholars in New Zealand Studies award to research the interactions and links between contemporary New Zealand fiction and America. She also taught a course on contemporary New Zealand fiction at Georgetown University in Washington DC, for Georgetown's Fall 2010 semester.

Associate Professor Daniel Brown was awarded the La Muse Fellowship in Carcassone, as well as the CAMA Fellowship in France. He was also invited to contribute to two exhibits in the Venice Architecture Biennale.

In February 2010, Chile was hit by a magnitude 8.8 earthquake. Several Chilean universities were affected, with some researchers losing important work, including scientific samples collected over many years. To enable important research to continue as facilities are rebuilt, Victoria University, which has close ties with Chilean universities,

set up six four-month fellowships in Wellington for Chilean researchers. The fellows were teamed with Victoria academics conducting related work.

# STRENGTHENING MĀORI RESEARCH

In October, Victoria hosted the annual national Māori PhD conference. The conference brought together some 100 Māori PhD students from across the country to articulate their research. The conference aimed to draw out and share strategies for managing multidisciplinary research and cross-sector and cross-cultural collaboration.

Toihuarewa held its third annual Māori research symposium in November. The 2010 theme 'Manurere: Travelling Māori' brought together a number of individual scholars and researchers from throughout New Zealand working on a range of projects about a diverse range of Māori who have travelled outside Aotearoa. The papers from the symposium, along with others, will be used to produce a book.

In December, a University-wide Māori Research Network was launched to highlight, share and support Māori-related research activity at Victoria.

Toihuarewa also established a Toihuarewa Visiting Indigenous Fellowship Scheme in collaboration with

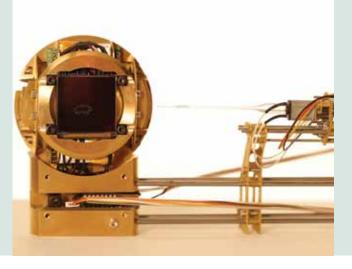


### 'Green' Kiwi bach makes final

In September 2011, a student team from Victoria will be building a solar-powered house on the National Mall in Washington DC. The team was selected as one of 20 finalists for the 2011 US Department of Energy Solar Decathlon competition, the first finalists ever from the Southern Hemisphere.

The team is building a reinvented Kiwi bach using solar technology to create a sustainable home. Team members will design and build their bach at Frank Kitts Park on the Wellington waterfront before the team joins the competition in Washington DC in September 2011.

The team is drawing on the expertise of staff and students from across the University.



# Digital 'pet' comes to life

A digital 'pet' developed by Doug Easterly from the School of Design, Tiago Rourke, recent graduate from Victoria's Industrial Design programme and Matt Kenyon from Penn State University, won first prize in the Digital Language category at the 2010 Electronic Language International Festival (FILE) in Brazil.

The shiny brass device known as 'Tardigotchi' references the plastic handheld Tamagotchi, the digital pet from Japan that was popular in the mid-1990s, but with a twist—inside the Tardigotchi is a living microorganism.

Victoria International. The aim of the scheme is to attract international indigenous scholars to Victoria University for a short term and provide opportunities to build indigenous research capacity and enhance indigenous engagement and collaboration with Victoria's Māori research programme. The Fellowship has generated much interest and has already raised Victoria's profile in indigenous studies. The first Fellows will visit in 2011.

### STUDENT SUCCESS

In 2010, Victoria University students continued to achieve well and were awarded many prestigious scholarships and prizes.

December Graduation celebrated the first PhD graduates from the New Zealand School of Music (Dr Daphne Rickson) and the Faculty of Engineering (Dr Kok Lim Yau).

A significant number of Victoria students received New Zealand Vice-Chancellors' Committee (now known as Universities New Zealand) scholarships that recognise, support and reward excellence, often enabling students to further their studies overseas. Among them was Peter Clark, a Master's student in the School of Chemical and Physical Sciences, who also won a Woolf Fisher Scholarship (of which only three are awarded each year) to continue his studies in chemistry at Oxford University.

Other recipients of the New Zealand Vice-Chancellors' Committee scholarships included Corinne Bareham, Gregory Haslett and Daniel Bassett, who were each awarded a Cambridge Commonwealth Trust Prince of Wales Scholarship for New Zealand, and Thomas Hawkins, who was awarded a Commonwealth Scholarship. Amelia Evans was awarded the Frank Knox Fellowship, Hannah Van Voorthuysen the Freyberg Scholarship and Shrividya Ravi, Kate Chambers, Wendy Kelly and Bryan O'Leary were all awarded a Todd Foundation Award for Excellence. Daniel Bassett was also awarded the Edward & Isabel Kidson Scholarship.

The Fulbright New Zealand Scholarships provide significant financial support for young researchers to study in the United States. Victoria students featured highly in these awards in 2010. Amelia Evans, Alexandra Hay, Nicola Kean, Jane Standage, Duncan Wilson and Miri Young all received

Fulbright New Zealand General Graduate Awards in 2010 and Kirsten Meyer, Nick Monahan and Jonathan Rennie received Fulbright Ministry of Research, Science and Technology Graduate Awards.

PhD student David Herman won a 2010 National AMP Scholarship with his research on nanotechnology.

Four postgraduate students from Victoria—Cassidy Moeke, Ben Drayton, Kylie Reiri and Dr Sonja Miller—were awarded Foundation for Research, Science and Technology Te Tipu Pūtaiao Fellowships, of which there were only nine nationwide. The fellowships aim to unlock the innovation potential of Māori knowledge, resources and people for the benefit of New Zealand.

Adam Day, a PhD student studying under the supervision of Professor Rod Downey, was awarded a Miller Research Fellowship to continue his research for a three-year term at the Berkeley campus of the University of California. Miller Research Fellowships are intended for brilliant young women and men of great promise who have recently been awarded, or who are about to be awarded, a doctoral degree. The Miller Institute for Basic Research in Science provides an annual stipend of US\$60,000 and a research fund of US\$12,000 per annum.



Pictured above: Sara Kindon, winner of the 2010 National Tertiary Teaching Excellence Award, with students.

Victoria fosters a high-quality research-led learning and teaching environment. During 2010, the University embedded its new Learning and Teaching Strategy into everyday practice. This includes encouraging good practice in learning and teaching, ensuring academic programmes and teaching are of high quality, creating an environment of good leadership and actively valuing and drawing upon the cultural diversity of students and staff. By learning in such a focused environment, Victoria graduates gain skills that enable them to make a positive contribution to the workforce and society.

Actions included establishing a staff fund for projects related to learning and teaching, the introduction of some new or improved courses and achieving a number of international accreditations that show that Victoria is reaching international standards. Many staff members won awards for their contribution to learning and teaching.

### **ENCOURAGING AND CELEBRATING GOOD PRACTICE**

A Learning and Teaching fund was established this year. Seventeen projects were approved that were seen to advance the objectives of the Learning and Teaching Strategy. These ranged from piloting a testing and learning tool for mathematics, to creating a best practice model to ensure research skills are taught effectively during undergraduate study.

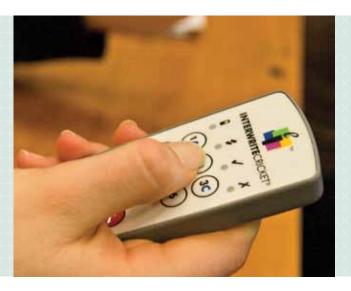
One of the Strategy's objectives is to establish a distinctive vision for education and the student experience at Victoria. In 2010, seven guiding principles were defined as standards of teaching and learning that Victoria programmes should meet. A Working Party on new and emerging media and technology in learning and teaching was established to ensure that students at Victoria benefit from a learning experience enhanced through the widespread use of digital technology and tools.

The University constantly aims to improve learning and teaching. The Faculty of Commerce and Administration has been working on an 'Assurance of Learning' process, which is being considered as a University-wide model. The process is proving useful, both for helping teachers with course and assessment design and for making expectations clearer to students and assisting with the feedback process. It involves identifying objectives at the outset of each programme and clarifying where students are expected to acquire required skills and knowledge. This includes both discipline-based and generic skills such as critical thinking and communication. Checks are regularly made to gauge how well students have mastered such skills, enabling the teaching staff to address gaps in the programme as necessary.

An annual learning and teaching conference for staff, called Ako Victoria, was held at the beginning of the year. This one-day event of workshops and discussions on learning and teaching provided an opportunity to showcase University-wide successes and challenges.

### **AWARD-WINNING STAFF**

Many of Victoria's staff received national and international awards for learning and teaching in 2010. Among them was Sara Kindon (pictured above), Senior Lecturer at the School of Geography, Environment and Earth Sciences, who was awarded a 2010 National Tertiary Teaching Excellence Award. Sara describes her teaching philosophy as "unsettling learners' assumptions and using innovative approaches to teach the geographies of power and exclusion".



# Learning with clickers

Following a successful pilot programme of clicker technology in 2009, 1,300 clickers have been distributed across the University for use in various programmes.

Clickers are engaging tools that are used to assist students' learning. Students are asked to enter a multi-choice response to a lecturer's question by clicking the appropriate button. The lecturer can then gauge how well students understand the material they are being taught.

Associate Professor Kevin Gould was awarded a 2010 Victoria Learning and Teaching grant to examine strategies for the design of effective clicker questions.

Dr Kathryn Sutherland, Associate Dean in the Faculty of Humanities and Social Sciences, received one of Ako Aotearoa's national project fund research grants for 2011, totalling \$122,000. Her grant is one of only four awarded nationwide for 2011 and is titled 'Success, productivity and satisfaction in academia: The experiences of early career academics in New Zealand universities'. Dr Sutherland will be assisted in the research by Dr Pam Williams, currently a Research Fellow in the University Teaching Development Centre, and by Dr Marc Wilson from the School of Psychology.

Dr Gillian Turner from the School of Chemical and Physical Sciences won the Education category of the 2010 Wellingtonian of the Year Awards ('Wellys') in recognition of her work inspiring generations of young scientists through science fairs, teaching, student advice and outreach at Victoria.

Hiria McRae, Tabitha McKenzie and Rawiri Toia from Te Kura Māori won an International Award for Excellence for a paper published by *Ubiquitous Learning: An International Journal*. The paper details their project, which uses video podcasts accompanied by support online and within schools, to advance Māori language and language acquisition amongst teachers, especially in rural regions.

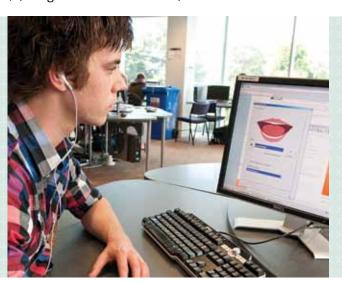
Simon Park's *Ignite Potential: Motivating tutors to light* up the learning environment project was awarded a \$5,000 grant from Ako Aotearoa, the national centre for

tertiary teaching excellence, for the development of a multimedia presentation to share the School of Information Management's good teaching and learning practice with other tertiary institutions. The presentation explains the School's system for building a team of tutors that first-year students find easy to approach. Developing motivated and happy tutoring staff has enhanced the learning experience of Victoria's first-year students and also had spin-off benefits for the tutors' own studies.

### **NEW OR IMPROVED COURSES**

There were a few additions and changes to the University curriculum in 2010. Victoria's course and programme approval process was revised in line with the graduate attributes the University aims to cultivate—communication, creative and critical thinking, and leadership.

A Postgraduate Diploma in Clinical Research was launched in partnership with Capital & Coast District Health Board. The only qualification of its kind in New Zealand, the Diploma is a distance course that provides clinical researchers with the skills for undertaking drug development and clinical trials, among other areas. It is taught mostly online by Victoria University staff, clinicians from Capital & Coast District Health Board and the Medical Research Institute of New Zealand (MRINZ), with Victoria staff also providing academic leadership.



### Gold for learners

One of the inaugural Learning and Teaching grants funded the installation of Read and Write Gold software on every computer at Victoria. Designed to provide assistance when reading or writing, the software sits discreetly on the computer screen as an additional toolbar. The software is especially useful for people with learning disabilities or learners with English as a second language.



# **Prestigious AACSB accreditation**

In 2010, the Faculty of Commerce and Administration received the prestigious Association of Advanced Collegiate Schools of Business (AACSB) accreditation in both business and accounting, making it the only university in New Zealand and one of only three in Australasia to have both business and accounting accreditation by AACSB. This accreditation will enhance a culture of continuous improvement throughout the Faculty.

Victoria's School of Architecture restructured its degrees to align internationally to the 3+2 Bologna model, as is commonly used in Europe and North America. This involves a three-year undergraduate degree, followed by a two-year coursework-based Master of Architecture professional degree.

A new Graduate Diploma (Adult Literacy and Numeracy) was offered in 2010 through the Faculty of Education.

In Trimester One, the School of Design offered a course called Advanced Computer Gaming, which was taught for the first time in conjunction with Computer Science and Software Engineering staff and students. Local computer game design company Sidhe Interactive was also involved throughout the trimester.

A medical anthropology course will be introduced in 2011 to complement teaching on health and illness in sociology and social policy.

The Deaf Studies programme began a conjoint Postgraduate Diploma between Victoria and Macquarie University in New Zealand Sign Language/English Interpreting.

### **NEW ACCREDITATIONS**

Victoria strives to ensure academic programmes and teaching are of high quality. One way to do this is through accreditation.

Significantly, the Institution of Professional Engineers
New Zealand (IPENZ) granted provisional accreditation
to all three of Victoria's Bachelor of Engineering (BE)
specialisations—Electronic and Computer System
Engineering, Network Engineering and Software Engineering.
Full accreditation will be undertaken in two years when
sufficient graduates are in the workforce.

The Faculty of Commerce and Administration gained and retained a number of important international accreditations in 2010.

As well as gaining AACSB accreditation in both business and accounting (see story above), Victoria Management School's Association of MBAs (AMBA) accreditation for its MBA programmes was extended for a further three years. The School's Tourism programme also gained Tourism Education Quality (TedQual) reaccreditation by the World Tourism

Organisation for the Bachelor of Tourism Management (BTM), BTM (Hons) and Master of Tourism Management (MTM). The School of Information Management achieved accreditation from the Records Management Association of Australasia (RMAA).

### LIFELONG LEARNING

The University's excellence in learning and teaching also extends to the wider community.

Victoria's Professional and Executive Development 2010 programme provided workplace professional development for over 1,800 students and involved more than 400 regional, national and international organisations engaged in public courses and customised programmes.

Highlights included a Pacific Leadership Forum and customised programmes focusing on Māori language and culture, strategic leadership, financial literacy and stakeholder engagement for several large government agencies. The Centre also coordinates the Victoria Police Education programme for New Zealand Police, involving the Certificate in Contemporary Policing, management and Māori undergraduate courses, together with postgraduate public sector and education programmes, and professional development courses. There were 1,468 police enrolments in 2010, achieving an average pass rate of 90 percent.

In 2010, Victoria's Community Continuing Education programme provided learning opportunities to more than 1,600 students through short courses and seminars, languages programmes, field trips and study tours. Highlights for 2010 included a three-week study tour in Egypt and a Writing for Science course offered in conjunction with the Royal Society of New Zealand.

University preparation options continued in 2010 with the Certificate of University Preparation and participation in the Certificate in Preparation for Tertiary Studies (delivered jointly through a partnership between Wellington Institute of Technology, Whitireia Community Polytechnic and Victoria University). Victoria's priority in 2010 was to explore and contribute to the development of pathways into degree-level study within the changing tertiary environment.



Pictured above: Summer Shakespeare 2010-Merry Wives of Windsor.

Victoria aims to engage students as active and lifelong members of an inclusive and supportive community of higher learning.

In 2010, as part of the further development of Victoria's strategic goals, the University developed a Student Experience Strategy. The Strategy sets objectives and covers every aspect of the student experience, including: providing a rich academic and social environment; celebrating student success; involving students in planning, evaluation and leadership roles; and offering a full range of student support programmes. By offering students a variety of opportunities outside of academic study, students are better able to develop Victoria's desired graduate attributes of leadership, creative and critical thinking and communication skills.

Supporting this work, the University participated in an international benchmarking programme on the student experience, offered a wide range of scholarships and extracurricular activities, partnered with students on a number of issues, made international connections to broaden international study options for students and kept in touch with alumni through a number of events both nationally and internationally.

### INTERNATIONAL BENCHMARKING

The University participated in the Association of Commonwealth Universities (ACU) benchmarking programme for 2010, with 'student experience' as one of the topics. A dozen universities from Australia, Canada, the South Pacific, New Zealand, the African continent and the United Kingdom shared information to help devise models of best management practice that Victoria used to help shape the development of the Student Experience Strategy.

### SCHOLARSHIP SUPPORT

Victoria has a comprehensive scholarship programme, awarding scholarships at both undergraduate and postgraduate levels. In 2010, 270 Victoria Excellence Scholarships were given to some of the best and brightest Year 13 students for first-year study in 2011. This was an increase of 70 scholarships over the previous year. In addition, 50 Victoria Achiever Scholarships were allocated to first-year students, also for study in 2011.

Victoria offers 100 Victoria Graduate Awards to support Honours and Part One Master's students and 35 scholarships to support Master's research. An additional 100 Victoria PhD Scholarships were awarded in 2010, bringing the total of PhD students receiving support from Victoria to 270. The University administers funding for another 150 PhD students.

In the 2010/11 summer break, more than 120 students gained the opportunity to boost their research skills through Victoria's Summer Scholars Scheme.

Two James Bertram Scholarships were established in 2010 through the Victoria University of Wellington Foundation, aimed at encouraging a broader understanding by young New Zealanders of Chinese culture, history, society, government and business, as well as of China's importance in the contemporary world. Students will study at Victoria for a year, and then have six months language tuition in Beijing before embarking on a year's study at Peking University. They will graduate with a double Master's in International Relations and Public Policy from Victoria and Peking Universities respectively.

In 2010 there were 35 Māori PhD candidates enrolled at Victoria. Toihuarewa called for applications for its first Ahumairangi PhD scholarship as part of its effort to grow Māori postgraduate student numbers. Eventually, three of these scholarships will be on offer.

# GENERAL STUDENT SUPPORT AND ENGAGEMENT

Student Health offered an extensive winter vaccination programme to students to avert the threat of a pandemic H1N1 (swine flu) outbreak at the University. More than 2,000 students were vaccinated, including more than 1,000 from Victoria's Halls of Residence.

All student services experienced an increase in demand in 2010. From the beginning of the year, the University established a Student Services and Amenities Levy Advisory Committee, in partnership with VUWSA, to determine how best to deliver student services.

Victoria's Faculty of Commerce and Administration provided an additional opportunity for its students to provide feedback on student issues by establishing Victoria's first Student Council. The Council meetings provided the opportunity for discussion of the student experience, including teaching and learning and student services relevant to the Faculty. Students were able to raise ideas, voice concerns and receive feedback from appropriate academic and professional Faculty staff for dissemination to the wider student body.

### INTERNATIONAL FOCUS

With around 100 exchange partners, Victoria now offers its students the widest choice of study abroad options as part of their degree of any New Zealand university. A number of new exchange agreements and expansions to current agreements were signed in 2010. In 2010, 109 students participated in a trimester- or year-long exchange, with financial support from Victoria, as did around 90 other students participating in shorter study abroad experiences such as the Classics summer field trip to Greece.

Victoria International prides itself on the level of support it offers to international students. In 2010, the Victoria International website was completely revamped to provide stronger online support to students. Updates included the introduction of interactive features such as a Degree Explorer (a tool that enables students to work out what degree is most suitable for them), a Pre-Arrival Guide that takes students through every step in the process of getting to New Zealand and Google Map applications for a virtual tour of Wellington.

### **EXTRA-CURRICULAR ACTIVITIES**

New Zealand's only internationally focused student leadership programme, the Victoria International Leadership Programme, continued to grow in 2010. There were 340 new registrants to the programme, which continues to bring international and domestic students together and inspires thinking about global leadership challenges.

There were 272 new registrants in the Victoria Plus Award programme, Victoria's extra-curricular programme with a local focus. This programme places a special emphasis on service—either to the Victoria University community or the Wellington region.

Victoria law students are gaining practical legal experience in their community through a new project entirely run by students. Late March marked the launch of the Wellington Community Justice Project, supported by Victoria's Faculty of Law. Student volunteers are involved in four areas of the project: law reform, human rights, education and advocacy.

The aim of the project is to improve community access to legal services and to educate individuals about processes such as law reform, as well as the law itself. It also provides a means of getting students more involved with their community. The student volunteers are working in a number of organisations, such as the Wellington Community Law



# Winning the war of words

The Victoria University of Wellington Debating Society is on a winning streak, having won the prestigious Joynt Scroll against other national university teams for the fifth year in a row, as well as the debating contest at the University Games for the 12th year running. To top it off, this year they won the Australasian Debating Championships (Australs), the second biggest debating tournament in the world, which featured around 300 debaters and 100 adjudicators. In addition, one of the Society's teams reached the octo-finals, the round before the quarter-finals at the World Universities Debating Championships in Turkey, and all of the Victoria teams were ranked in the top 50, out of nearly 400 teams.

This year the Debating Society President Sebastian Templeton (pictured) won the Sports Administrator of the Year title at the University Blues Awards, and fellow debater Stephen Whittington, who was named best speaker at the Australs Grand Final among other accolades, received the Sportsperson of the Year award.

Centre, the Human Rights Commission, the Citizens Advice Bureau, and the Innocence Project New Zealand, as well as with members of the legal profession.

KEEPING IN TOUCH WITH ALUMNI

Alumni are an important part of the University community, and Victoria endeavours to maintain links with students once they have completed their studies. This year 14 alumni events were held, nationally and internationally.

In June, alumni events were held in Malaysia, Singapore and China. Nearly 200 alumni attended, including many younger alumni and families of alumni. The alumni events in Kuala Lumpur and Singapore were co-hosted by the respective New Zealand High Commissioners, His Excellency David Kersey and His Excellency Martin Harvey, respectively, at their Official New Zealand Residences.

In China, alumni events were held in Shanghai and Beijing. In addition, the New Zealand Ministry of Education collaborated with seven of the New Zealand universities to host a combined universities alumni event. More than 350 New Zealand university alumni attended the event, which included an address by Minister of Education Hon Anne Tolley.

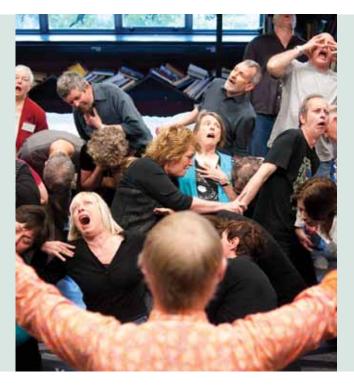
More than 200 alumni attended alumni events in Berlin, London and New York in September. Alumnus and former Chief Executive Officer of Harrods James McArthur was guest speaker in London.

In October, alumni events were held in Jakarta, Indonesia and Hanoi and Ho Chi Minh City in Vietnam. The event in Jakarta, held at the Ambassador's Residence, was the first that Victoria had ever held in Indonesia. Seventy alumni attended, with some travelling great distances to attend.

Events held in New Zealand were well attended. Minister of Justice and Victoria alumnus Hon Simon Power hosted a

Wellington alumni event at Parliament, which proved very popular. A follow-up event was held later in the year to accommodate those unable to attend the first event.

Two events were held in Auckland. The first was held in downtown Auckland and attracted more than 100 alumni. The second event, hosted by Governor-General Rt Hon Sir Anand Satyanand, was held at Government House in November, and reached its capacity of 150.



# Anniversary celebrations

Many of Victoria's schools and centres involved alumni in their 2010 anniversary events. Va'aomanu Pasifika Samoan Studies celebrated its 21st year with a one-day conference to commemorate and celebrate Samoan language and culture and held a series of debates, as well as special library-based programmes.

The School of Chemical and Physical Sciences marked a century of physics at Victoria with an evening of activities, including physics demonstrations, expert talks and guided tours of laboratory facilities in both the Laby Building and the new Alan MacDiarmid Building.

The Industrial Relations Centre celebrated its 40th year with a seminar and dinner, and the Theatre and Film programme celebrated its 40th birthday by inviting graduates from 1970 to 1990 (the 'Drama Studies' period) to a special reunion weekend (pictured).



Pictured above, left to right: Emeritus Professor Tim Beaglehole (previous Victoria Chancellor), Graham Malaghan (Chair Malaghan Institute of Medical Research) and Chancellor Ian McKinnon at C&C DHB launch.

Victoria prides itself on the strength of its external relationships. The University's work engaging with local community and government officials, entering into collaborative ventures and strengthening international relationships, all contribute to a vibrant and enriching community.

In 2010, Victoria set out to build and maintain mutually beneficial relationships in a range of areas, with a particular focus on collaborations that have a societal impact. Some significant new partnerships were forged, including a number of agreements with international universities.

### LOCAL AND NATIONAL PARTNERSHIPS

Victoria entered into a number of significant partnerships in 2010 that support the University's strategic goals. As part of a Memorandum of Understanding (MoU) with Capital & Coast District Health Board (C&C DHB), signed in June 2010, Victoria's Graduate School of Nursing, Midwifery and Health moved to Wellington Regional Hospital. This will enhance research opportunities and enable students to learn in a clinical environment, and is just one of a wide range of projects planned with C&C DHB designed to benefit both the Wellington region and New Zealand's health profession.

An organisation with which Victoria has close links is Industrial Research Limited (IRL). In 2010, IRL established PhD Scholarships in Science or Business at Victoria, each worth \$25,000 a year for up to three years. There will initially be four scholarships and each recipient will work on a thesis of direct relevance to IRL's research programmes. Simon Scott from Victoria Management School was the first student to gain an IRL scholarship.

The close collaboration between Victoria University, government departments and the private sector has been exemplified in the negotiations to establish a Chair in Public Finance in collaboration with the Ministry of Social Development, the Treasury, Inland Revenue Department and PricewaterhouseCoopers.

A Chair in Business in Asia was also negotiated, in conjunction with the Ministry of Foreign Affairs and Trade, the Ministry of Economic Development and New Zealand Trade and Enterprise.

The Chair in e-Government was renewed for another three-year term, funded by the State Services Commission along with support from new sponsors the Department of Internal Affairs and Microsoft, and the continued support of Datacom and FX Networks.

The Professorial Fellowship in Monetary and Financial Economics programme with the Reserve Bank, which attracts a high calibre of international economists, was renewed for a fourth five-year term. This Fellowship was set up to promote wider discussion of, and constructive challenges to, the Reserve Bank's thinking in the areas of monetary economics and financial-system policy; and to encourage debate among university academics and policy advisers in the monetary and macroeconomic fields and in the financial stability field.

The Office of the Pro Vice-Chancellor Māori and the Alumni Office established the Te Korako Award in 2010. The award will provide financial support to assist a recent Māori graduate who has completed a Master's or PhD thesis to present their research findings at an appropriate local or international conference. This



### Confucius Institute at Victoria

The Vice President of the People's Republic of China, His Excellency Xi Jinping (pictured left with Vice-Chancellor Professor Pat Walsh), officially launched a Confucius Institute at Victoria in June.

The international network of more than 300 Confucius Institutes provides learning and insight about Chinese language and culture. Victoria's Confucius Institute is a joint venture with Xiamen University.

award recognises the value Victoria University places on both Māori postgraduate research and a continuing relationship with its Māori alumni.

Victoria's annual Matariki Dinner brought together University management and prominent Māori. The guest speaker was Victoria alumnus Sir Edward 'Eddie' Taihakurei Durie, former High Court Judge and former Chair of the Waitangi Tribunal.

Victoria's Film programme organised a one-day symposium 'Cinema in the Digital Age', which was launched at Park Road Post Production in Miramar by Weta guru, multiple-Oscar winner and Victoria alumnus Richard Taylor. This provided an opportunity for the Victoria Film programme to develop and enhance links with the film industry and film culture community, bringing together industry professionals, creative practitioners, scholars and film archivists.

Four digital media students from the School of Design completed a Special Topic over Trimester Three developing an iPhone marketing game in collaboration with Hell Pizza. This is part of a strong trend in the School of Design's collaboration in research and teaching programmes with leading Wellington-based companies specialising in innovative forms of interactive media, online manufacturing and distribution. A growing number of graduates are finding internships and employment within these companies.

Through collaborative efforts, great things can be achieved. Scientists at Victoria's Centre for Biodiscovery are working alongside La Trobe University in Australia, the University of Auckland and a New Zealand biotech company, Innate Therapeutics, on new approaches to treat Multiple Sclerosis. The research is funded by the Neurological Foundation, Lotteries Health Research and the Great New Zealand Trek.

Scientists and engineers from Victoria joined colleagues from GNS Science, Antarctica New Zealand, NIWA and the University of Otago in a multinational team leaving for Antarctica in early November, in preparation for the most challenging sub-ice drilling project yet attempted on the continent. The New Zealand and United States-led programme will operate at a remote camp more than 100km from Scott Base on the Ross Ice Shelf. It has funding from the Foundation for Research, Science and Technology, Antarctica New Zealand, and the US National Science Foundation.

Safety on campus is an important priority for Victoria, and a letter of agreement was signed with the Wellington Police to ensure this common goal. This move was supported by students, with VUWSA taking an active role in the formation of the agreement.

Faculties across the University have faculty advisory boards. These include external members who contribute their wealth of experience and knowledge to advise on governance and funding, oversee goals, provide input into curriculum development and help to ensure that the quality of Victoria's graduates and the University's research programme remains high.

### INTERNATIONAL COLLABORATION

A number of successful international alumni events were held in 2010. As well as connecting with alumni, Victoria made the most of the opportunity to build up relationships internationally.

In particular, the University further developed its links in China. During his trip to China in June, the Vice-Chancellor signed an agreement with the Chinese Scholarship Council, which will provide co-funded opportunities for academically excellent candidates from a number of leading Chinese universities to embark on PhD study at Victoria.

He also signed an MoU and student/staff exchange agreement with Nankai University, which will offer a range of collaborative opportunities for Victoria staff as well as exchange and research opportunities for students. These will be supported by funding from a private donor.

Also in June, a double-degree agreement with Peking University was signed, which will allow students to complete the Victoria Master of International Relations and Peking's Master of Public Policy. Thanks to funding from the Wigram Foundation, two Victoria students will receive full support to undertake this double degree programme each year for five years.

Victoria also signed agreements with a number of other Asian countries, including Indonesia. The first alumni event in 2010 to be hosted by a Victoria Vice-Chancellor was held at the New Zealand Ambassador's Residence in Jakarta in October. During this trip, the Vice-Chancellor



# GS1 research partnership

A new research partnership was established with GS1, a not-for-profit organisation that develops standards for supply chains. The first GS1 EPCGlobal PhD scholarship was awarded to Marta Vos (pictured) from the School of Information Management, who is researching how government is using Radio Frequency Identification (similar to Snapper cards and electronic toll booths) and the opportunities and challenges of using it more.

signed an agreement with Paramadina University, a leading liberal Islamic University in Jakarta. This will facilitate various forms of cooperation, including PhD study options and English language training at Victoria for Paramadina academic staff members.

Also signed in Indonesia was a general MoU and Study Abroad Agreement with Binus University, a leading private university in Jakarta, which represents the first of a series of agreements to facilitate full-fee paying students coming to Victoria from Binus. An agreement was signed with IPMI, a prominent business school in Jakarta, which promises similar opportunities for the development of collaborative arrangements to recruit postgraduate full-fee paying students to complete Commerce degrees in Wellington.

Links were furthered with Internexia Malaysia, a private training enterprise in Cyberjaya, Kuala Lumpur, which agreed to work collaboratively on teacher training initiatives in Malaysia.

The Indian Institute of Cultural Affairs agreed to provide joint funding for a visiting Professor from India to be based at the School of History, Philosophy, Political Science and International Relations.

In the United States, an agreement was signed with the School of International Service at American University in Washington DC to supplement the existing undergraduate exchange agreement. The new agreement will extend the opportunity for Victoria students to study on exchange at postgraduate level.

An international exchange agreement was signed with a School of Design in Germany, Die Hochschule für Gestaltung Schwäbisch Gmünd, with the first student due to arrive in Trimester One, 2011.

For the third year in a row, the Faculty of Education secured the contract to teach the English Immersion Module for the Hong Kong Institute of Education Post Graduate Diploma (Primary Teaching) in 2010. This is a credit-bearing course for Hong Kong Institute of Education students. Selected universities in Australia, Britain, Canada and New Zealand are invited to tender for the course.

Victoria signed an agreement with the National University of Singapore for a minor in Forensic Science, which will involve

students coming to the University for Victoria's Marine programme.

Ongoing relations between Victoria's Faculty of Commerce and Administration and Melbourne Business School's Executive Education Faculty at Mt Eliza led to the signing of an MoU to enable the two institutions to offer executive programmes in New Zealand and encourage exchanges.

The Vice-Chancellor attended the opening ceremony of the new academic year of the University of Economics in Ho Chi Minh City, Vietnam. A joint programme with the University of Economics allows students to complete up to three trimesters of a Victoria University Bachelor of Commerce and Administration degree before transferring to Wellington. In 2010, a similar agreement was established with the National Economics University in Hanoi.

Students from developing countries are sponsored by the New Zealand Government to study at New Zealand universities as NZAID scholars. This year Victoria welcomed 45 new students.

In 2010, Victoria enrolled students from almost 100 different countries, increasing the number of international full-fee paying students by more than 8 percent compared to the previous year. Of note was the number of Vietnamese students (including groups of officials) enrolled in Victoria programmes in Wellington and Ho Chi Minh City, which reached over 330 in 2010, almost 30 percent more than in 2009.



Pictured above: Dr Rhonda Shaw interviews a kidney dialysis patient for her research.

Victoria's staff make an invaluable contribution to the University through their commitment, outstanding leadership and scholarly expertise. The University's goal is to attract and retain quality staff, as well as to develop staff capability in all areas, to ensure that students receive the best possible education.

To further this goal, a number of professional development opportunities were offered, some significant new positions were created and staff excellence was recognised and celebrated.

## CELEBRATING EXCELLENCE

Professors are the University's academic leaders and play an active role in guiding and mentoring students and fellow staff. Victoria promoted numerous academic staff members in the 2010 Academic Promotions Round, including seven staff to professor: Professor Rachel Baskerville, School of Accounting and Commercial Law; Professor Diane Brand, School of Architecture; Professor Jonathan Gardner, School of Biological Sciences; Professor Kevin Gould, School of Biological Sciences; Professor Geoff McLay, School of Law; Professor Shirley Pledger, School of Mathematics, Statistics and Operations Research; and Professor Kathryn Walls, School of English, Film, Theatre and Media Studies.

To show its appreciation of the dedication of general staff, Victoria awards General Staff Awards for Excellence each year. The 2010 winners were Susan Kaiser from the Jessie Hetherington Centre; Erin Scudder from the Victoria University Library; Jennifer Ramshaw from the Victoria Police Education Programme; and Vanessa Borg from the School of Accounting and Commercial Law.

A team award was given to the Practice Nursing Team, Student Health Service and Student Academic Services, for their intensive efforts to deliver a vaccination programme for the H1N1 virus in a short timeframe.

The Staff Research Excellence Award winners were: Dr Stuart Webb, School of Linguistics and Applied Language Studies; Dr Alexander Maxwell, School of History, Philosophy, Political Science and International Relations; Dr Taciano Milfont, School of Psychology; Dr Matt McCrudden, School of Educational Psychology and Pedagogy; Dr Meredith Marra, School of Linguistics and Applied Language Studies; Professor Judy Brown, School of Accounting and Commercial Law; Professor John McClure, School of Psychology; Dr James Bell, School of Biological Sciences; Dr Steve Behrendt, School of History, Philosophy, Political Science and International Relations; Professor Richard Hill, Stout Centre Research; Dr Anne La Flamme, School of Biological Sciences; and Associate Professor Kathryn Walls, School of English, Film, Theatre and Media Studies.

The Teaching Excellence Award winners were: Dr Paul McDonald, Victoria Management School; Professor Pak Yoong, School of Information Management; Kate Daellenbach, School of Marketing and International Business; Dr Christian Schott, Victoria Management School; Dr David Ackerley, School of Biological Sciences; Dr Kevin Burns, School of Biological Sciences; Dr Nicole Phillips, School of Biological Sciences; Dr Nicola Gilmour, School of Languages and Cultures.



### **Antarctic Medal Honours**

Three of Victoria's Antarctic Research Centre members were awarded the New Zealand Antarctic Medal in the 2010 New Year Honours List: Professor Peter Barrett, for services to Antarctic science; Alex Pyne, for services to Antarctic engineering; and Professor Tim Naish, for services to Antarctic climate science. The New Zealand Antarctic Medal was instituted in 2006 as a replacement to the (British) Polar Medal and given to individuals or a team who have made an outstanding contribution to exploration, scientific research, conservation, environmental protection or knowledge of the Antarctic region.

The winners of the newly established Public Contribution Award were: Professor Bob Buckle, Faculty of Commerce and Administration; Professor Colleen Ward, School of Psychology; and a team from the Classics, Greek and Latin programme comprising Dr Matthew Trundle, Professor Arthur Pomeroy, Dr Judy Deuling, Dr Diana Burton, Dr Babette Puetz, Professor Jeff Tatum, Dr Mark Masterson and Dr David Rosenbloom.

### **EXTERNAL HONOURS**

Six Victoria University staff members were honoured by the New Year Honours and Queen's Birthday Honours. In the New Year Honours, Flora Edwards became an Officer of the New Zealand Order of Merit (ONZM) for services to music and Liz Richardson was awarded a Queen's Service Medal (QSM) for services to Māori and Pacific Islands education. Three of Victoria's Antarctic Research Centre members were awarded the New Zealand Antarctic Medal (see inset). Professor Nigel Roberts was made an Officer of the New Zealand Order of Merit (ONZM) in the 2010 Queen's Birthday Honours list for services to education.

### LEADERSHIP AND DEVELOPMENT

Staff leadership and development are key to fulfilling the University's strategic vision.

In 2010, 19 managers across the University participated in Victoria's Leading People Programme, which covers a wide range of topics related to the leadership and management of people and teams including communication skills, delegation, managing conflict and team development. An alumni group of past participants was established to enable previous participants to network and build on the skills learned through the programme.

Five female staff attended the New Zealand Women in Leadership programme, a five-day residential programme. In November, Victoria and Massey Wellington alumni of this programme hosted and organised the second New Zealand Women in Leadership Alumni Conference. Victoria's Director, Human Resources Annemarie de Castro is Deputy Chair of the New Zealand Women in Leadership Steering Group.

Following a successful pilot in 2009, a General Staff Mentoring programme was offered in 2010, with 24 pairs involved in the programme.

In 2010, 67 staff were part of the Te Hāpai programme, involving courses on the Treaty of Waitangi and Māori language and culture. The University of Teaching Development in association with Toihuarewa have also run a programme of academic development and support opportunities for Māori staff as part of a local chapter of Manu-ao, the inter-University Māori Academy for Academic and Professional Advancement.

### APPOINTMENTS TO NEW ROLES

In 2010, Victoria recruited a number of staff who made a valuable contribution to the University's strategic goals, and established some significant new roles.

Luamanuvao Winnie Laban was appointed to the newly created position of Assistant Vice-Chancellor (Pasifika), designed to support the success of Victoria's Pacific students (see 'Equity' section, page 40, for more details).

Shelagh Murray was appointed to a newly created position as Executive Director of the Development Office. The role was created to enable Victoria to continue to grow and build its alumni and fundraising base.

A number of clinicians from C&C DHB were appointed as adjunct professors and senior lecturers to complement the skills of Victoria's own academic staff. Their role is to supervise research students and occasionally contribute to classroom teaching.

A new position, Professor of Chinese, was created to provide programme-specific and school-wide academic leadership and to contribute to the broader strategy related to China and contribute to the work of the New Zealand Contemporary China Research Centre. The appointment will be made in 2011.

The University is also looking at ways it can incorporate key industry people into the academic environment. In February, John Lewis was appointed Senior Lecturer in Digital Media Design (Digital Video Designs), which is a joint appointment with Weta Digital.



Pictured above: New Cotton Street extension, Alan MacDiarmid Building.

The long-term academic and financial viability of the University depends upon the effective and efficient management of resources. This includes ensuring that expenditure is carefully managed, and that the limited resources available are directed towards the advancement of Victoria's strategic priorities. It is also essential that in periods of constrained government funding, other sources of funding are identified so the quality of the University's activities is maintained.

The University's budget in 2010 balanced these needs with investment in new staff in key areas of strategic importance, an expanded scholarship programme and a number of significant capital projects. At the same time, there has been an ongoing focus on ensuring prudent control over expenditure, and supporting this with an internal audit programme to review the effectiveness of internal processes and controls.

In recent years, Victoria has invested in upgrading, developing and building facilities for teaching and research which will enhance the student experience. Some important projects were completed this year.

The Alan MacDiarmid Building, designed for research and specialised teaching in the sciences, opened in July (see story overleaf).

Health Minister Hon Tony Ryall officially opened the Keith and Faith Taylor Cancer Research Laboratories, a new suite of laboratories for the Malaghan Institute of Medical Research, in which Victoria invested \$250,000. Victoria University and the Malaghan Institute built these laboratories to be a core part of the Institute's cancer vaccine programme and to support clinical trials for vaccines for cancer and other diseases. They are the only ones of their type in Wellington and are built to very high specifications.

The Quad on Kelburn Campus became a riot of colour in October, when students were invited to draw graffiti on the area before it was demolished to make way for Campus Hub project developments. The project, which will create a central heart to Kelburn Campus, is well underway. By 2013, there will be a new building in the Quad with informal spaces for socialising and study, and a refurbished Library and Student Union Building.

Another purpose-built facility that opened in 2010 was the University's Emergency Operations Centre (EOC). Although operational for the past five years, the EOC did not have its own base. In early October, Chancellor Ian McKinnon officially opened the new facility, located in the basement of the new Alan MacDiarmid Building. Physical resources in an emergency include 62 full-size Civil Defence cabinets located across the four main campuses, standby generators, medical supplies and bulk water tanks totalling nearly 100,000 litres of emergency drinking water. Although these are University assets, they would also be available to the Wellington region in an emergency.

Victoria has experienced a surge in demand for student accommodation in recent years. In response, Victoria secured a lease on a building on The Terrace, conveniently located close to the Kelburn Campus and within short walking distance of the Pipitea and Te Aro Campuses. The building, which has been named Joan Stevens Hall, is being refurbished and will be used as a student Hall of Residence from 2011. It will be fully catered and will provide 240 new student accommodation beds.

Energy efficiency initiatives continued across all Victoria campuses in 2010, resulting in a further 2 percent energy saving. Victoria's Information Technology Services (ITS) continued to upgrade and enhance the University's internal infrastructure systems, including computers and telephones. An additional cost saving measure was changing computer replacement cycles to every four years, rather than every three years. ITS also now hosts the Kiwi Advanced Research and Education Network's (KAREN) videoconferencing bridge in the Victoria server room.



# Doors open at Alan MacDiarmid Building

In July, the Alan MacDiarmid Building, designed for research and specialised teaching in the sciences, was opened by the Prime Minister, the Rt Hon John Key.

The building, named after Victoria alumnus and Nobel Prize winner Professor Alan MacDiarmid, incorporates a number of environmentally sustainable design features, including rain water harvesting for toilet flushing, high efficiency lighting, solar water heating, elevated thermal efficiency and a selection of environmental friendly building materials.

Amongst the many highlights of the building are new generation lecture theatres with impressive audio visual features and some with videoconferencing ability.

The cost of purchasing new equipment and resources can be prohibitive when the New Zealand dollar is low. To address this issue, the University established a Treasury Management Committee to recommend currency forward purchasing (particularly of US dollars), with the aim of ensuring favourable rates. For 2010, this process provided increased purchasing power and value for money for the Library in particular, which purchases subscriptions for online journal packages largely published overseas.

The Library has set up a Library Resources Advisory Committee (LRAC) to develop a holistic view of the collection budget. Requests for resources that can't be accommodated in the budget will be assessed and considered in the following year's budget bid.

The Library continued to produce eBook and downloadable audio book versions of the more than 1,000 titles made available through the Library's New Zealand Electronic Text Collection.



# Boyd-Wilson Field makeover

Playing sport on boggy turf is no longer a challenge at Victoria. At the end of the year, the refurbished Boyd-Wilson Field re-opened. The new field features artificial turf, which looks and feels like real grass, to solve long-standing drainage problems. The University overhauled the field in partnership with the Victoria University of Wellington Students' Association Trust, VUWSA, the Old Boys University Rugby Club and the Victoria University Foundation.



Pictured above: Participants at Public Law Conference 'We the People'.

Victoria University's staff are encouraged to use their scholarly or professional expertise to enrich culture and understanding, and to help resolve society's challenges.

In 2010, many staff members used their expertise to make a direct impact on society and a Public Contribution Award was established to further encourage staff to embrace the University's role as a critic and conscience of society. Victoria also ran an active public events programme, which included holding public lectures outside Wellington and hosting some high-profile international speakers.

## MAKING AN IMPACT

In 2010, a Public Contribution Award was established to acknowledge staff who are making a significant contribution to the University's public contribution goal. The inaugural winners will be announced in 2011.

Many of Victoria's academics make a direct impact on society through their work. One example is the work of the Tax Working Group, which released its report in January. This was an independent group established in 2009 through a collaboration between Victoria's Centre of Accounting, Governance and Taxation Research, the Treasury and the Inland Revenue Department. The group, chaired by Professor Bob Buckle, Pro Vice-Chancellor and Dean of the Faculty of Commerce and Administration, and including academics, tax practitioners, business representatives and tax policy advisors, was asked by Government to identify medium-term policy options for New Zealand's tax system.

A significant proportion of the group's tax reform recommendations was adopted in the Government's 2010 Budget, including tax reform proposals which involved tax switching (including across-the-board reductions in personal tax rates, a reduction in the corporate tax rate and a rise in the rate of GST) and base-broadening (including changes to depreciation allowances for buildings, changes to the thin capitalisation 'safe harbour' threshold for inward investment and tightening up eligibility for Working for Families entitlement).

External appointments indicate the high regard in which Victoria University's staff are held, and the breadth and depth of their scholarship.

In 2010, Law Professor Geoff McLay was appointed to the Law Commission for a five-year term.

Dr David Capie, Professor Robert Ayson and Professor Rob Rabel contributed as invited experts to a major study of the New Zealand-United States relationship. This was led by the New Zealand-United States Council and United States-New Zealand Council and was facilitated by Victoria's New Zealand Institute of International Affairs and the Centre for Strategic and International Studies in the United States.

Associate Professor Penny Allan and Martin Bryant from the School of Architecture were invited by the Chilean Government to peer-review earthquake remediation projects in Chile.

Professor Joel Baker from the School of Geography, Environment and Earth Sciences toured the country delivering lectures on some of his recent findings as the 2010 Hochstetter Lecturer, appointed by the Geoscience Society of New Zealand.



## 2010 Royal Society Hudson Lecturer

Dr Melanie Johnston-Hollitt from the School of Chemical and Physical Sciences was chosen as the 2010 Royal Society Hudson Lecturer. The Hudson Lecture is the premier annual lecture of the Royal Society of New Zealand's Wellington branch. The Hudson Lecturer is recognised in this way for their effort in science or the promotion of science and technology. Dr Johnston-Hollitt was also part of the official delegation led by the Minister of Research, Science and Technology Hon Dr Wayne Mapp, to represent New Zealand at the International Square Kilometre Array Forum in Assen, Netherlands.

Professor Tony Ward from the School of Psychology was invited by the National Offender Management Service in London to advise Home Office and specialist treatment managers in the United Kingdom on desistance-oriented treatment for offenders.

Three academics from Victoria's Antarctic Research Centre represented New Zealand internationally. Professor Tim Naish was selected as one of the lead authors of the next international climate change assessment from the Intergovernmental Panel on Climate Change (IPCC), due for release in 2014. He was also appointed to the National Research Council Committee of the US National Academy of Sciences to review the US ocean drilling programme and make recommendations on a future science plan to the National Science Foundation.

Professor Peter Barrett also joined the committee to write the new science plan for the international scientific drilling programme.

Dr Andrew Mackintosh was appointed Secretary General of the International Association of Cryospheric Sciences (IACS). He was also the New Zealand representative at the IPCC ice sheets and sea-level special meeting in Malaysia in 2010.

Professor James Belich was selected as Convenor of the Humanities panel for the Marsden Fund Council.

Professor Janet Holmes was appointed Deputy Moderator on the Tertiary Education Commission's Performance-Based Research Fund Moderation Panel for the 2012 Quality Evaluation.

Dr Carolyn Cordery from the School of Commercial Law and Karen Smith from Victoria Management School made a contribution to understanding the roles of managers in volunteering organisations with the launch of their report Managers Matter: Who Manages New Zealand's Volunteers?, commissioned by Volunteer New Zealand and released during Volunteer Awareness Week.

Victoria's academics are frequently approached to comment in the media about issues of the day related to their research and field of expertise. Dr Marc Wilson from the School of Psychology won the New Zealand Association of Scientists 2010 Science Communicator Award, which is made to a practising scientist for excellence in communicating science to the general public in any area of science or technology.

Victoria academics gained regular television slots in 2010. The science programme Ever Wondered?, hosted by Victoria PhD graduate Dr John Watt, was launched in 2010. Dr Watt was the 2009 MacDiarmid Young Scientist of the Year and early in 2010 was awarded the inaugural Prime Minister's Emerging Scientist Prize. The series Ever Wondered? on TVNZ 7 included interviews with a number of students and staff from Victoria's School of Chemical and Physical Sciences.

Dr Jon Johansson, Lecturer in Political Science and International Relations, joined the political television programme *Q+A* as a panellist at the beginning of 2010.

When the 7.1 magnitude earthquake struck Canterbury on 4 September, Victoria academics were called upon to provide on-the-ground advice, research-based insight and analysis as well as media commentary.

Professors Martha Savage, Euan Smith and John Townend worked with collaborators at GNS Science to analyse the earthquake. They used seismometers to get more data on aftershocks and the previously undiscovered fault line.

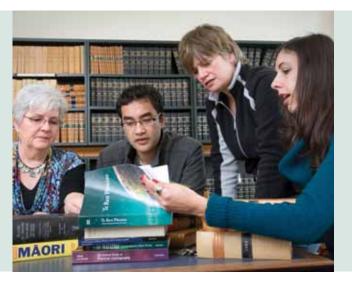
In addition, Dr Geoff Thomas from the School of Architecture flew to Christchurch to survey the damage with a team from building association BRANZ a few weeks after the quake. The team accompanied Earthquake Commission assessors examining damaged houses to investigate how well the houses built after 1978 performed.

Professor John McClure from the School of Psychology conducted a survey of people's perceptions of risk before and after the quake.

In the months following the quake, Victoria held three public lectures on various aspects of the quake, covering scientific, architectural and psychological points of view.

## SHARING KNOWLEDGE

Victoria has an active events programme, including inaugural lectures, public lectures, conferences, book launches and stakeholder functions.



## Legal Māori Project

The Law Faculty's Legal Māori Project team completed a Legal Māori Corpus and Legal Māori Lexicon in 2010. Both will both be invaluable resources for researchers of Māori legal history and Māori linguists. The Legal Māori Corpus is an unprecedented collection of modern and historical Māori legal language texts totalling eight million words, and the Legal Māori Lexicon is a glossary of legal terms identified during the course of the project. Over 2,000 terms were collated with their English translations for the lexicon. These terms and their frequency of appearance in the Corpus will form the basis of a legal Māori dictionary, due for completion in early 2012.

Victoria once again hosted a number of lectures in regional areas of New Zealand—this time in New Plymouth and Nelson. As well as speakers from the Faculty of Science, the 2010 programme included speakers from the Faculty of Humanities and Social Sciences, IRL and the Malaghan Institute.

Public lectures in Wellington were delivered on a wide range of topics. Included in the various lectures and seminars held were the Inaugural Professorial Lectures, hosted by the Vice-Chancellor to celebrate Victoria's recently appointed professors. Of the nine held in 2010, topics ranged from Professor Colin Wilson's talk on supereruptions, the world's largest volcanic eruptions, to health sociologist Professor Kevin Dew's insights into interactions between doctors and patients.

The Stout Research Centre for New Zealand Studies held a seminar series exploring the opportunities and challenges faced by a new generation in New Zealand politics. A range of speakers from politics and academia shared their perspectives, including MPs Simon Bridges and David Shearer, and Dr Jon Johansson and Dr Kate McMillan from Victoria's Political Science and International Relations programme.

The Centre for Accounting, Governance and Taxation Research and the Institute for the Study of Competition and Regulation continued to probe and encourage public debate on contemporary issues through business and public policy related seminars held throughout the year.

Dr Rhonda Shaw from the School of Social and Cultural Studies led a seminar in April on New Zealand's low rates of deceased organ donation as part of an organ donation conference hosted by Victoria and funded by the Royal Society's Marsden Fund and the Social Policy Evaluation and Research Committee. The seminar discussed a range of issues regarding organ and tissue donation and transplantation in New Zealand.

Dr Jean Anderson, Director of the New Zealand Centre for Literary Translation at Victoria, led a major international literary translation conference held at Victoria University in December. The conference, titled *Writing Past Each Other? Literary Translation and Community*, brought three of the biggest names in literary translation to New Zealand—

Professors Lawrence Venuti, Gayatri Chakravorty Spivak and Paulo Britto—along with other scholars and translators from over 30 countries.

Victoria's Institute of Criminology organised an event to discuss key issues in relation to the imprisonment of offenders in New Zealand, and consider some of the challenges related to contemporary imprisonment practices. A key speaker was Victoria's Professor John Pratt, one of New Zealand's leading criminologists.

Chair in E-government, Professor Miriam Lips, led an e-government research project in partnership with the Inland Revenue Department and Colmar Brunton about public attitudes to the sharing of personal information in the course of electronic public service provision.

The Institute of Policy Studies (IPS) is the Victoria School of Government's 'window' for applied research, discussion and publication of current issues of domestic and foreign policy. As well as organising a series of seminars and public lectures during the year, and hosting a number of conferences, the IPS hosted the Welfare Working Group, an advisory group set up to discuss critical New Zealand welfare issues.

## INTERNATIONAL VISITORS

Over the year, the University hosted a wide range of international speakers to enrich debate and discussion in a number of areas. Professor Kate Burridge, Chair of Linguistics in the School of Languages, Cultures and Linguistics at Monash University, Melbourne, visited Wellington as Victoria's 2010 Gordon Fellow. She delivered three public lectures: on swearing and taboo language in antipodean English; the French influence on English; and the ways English is changing and developing.

Another high-profile international speaker was alumnus Professor Warrick Couch, Distinguished Professor at the Centre for Astrophysics and Supercomputing, Swinburne University of Technology in Melbourne, who spoke on the accelerating universe, dark energy and cosmic sound waves.

One of the world's leading scholars on security, political and military issues in the Asia-Pacific region, Professor Muthiah Alagapappa, came to Victoria for three months as holder



## Law School on TV

The inside of a lecture theatre at Victoria's School of Law is one of the backdrops for a new television show on TVNZ 7, The Court Report, which includes a live studio audience made up of law students, legal practitioners and the wider University community. The programme takes a detailed look at legal issues, with a focus on underlying principles and informed analysis.

Since the show went to air in June, it has featured expert commentary from a number of Victoria academics, including background information presented by one of the School of Law's Adjunct Lecturers, Steven Price.

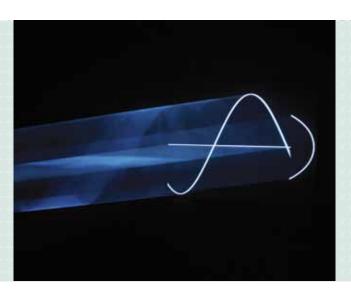
of the Sir Howard Kippenberger Visiting Chair in Strategic Studies. During his visit, he delivered public lectures in Wellington and throughout the country, and led a range of research seminars at Victoria and other New Zealand universities.

Victoria's International Institute of Modern Letters hosted US writers David Vann and Lee Gutkind for master classes in its renowned creative writing course. The pair gave free public talks at Wellington's City Gallery.

## **CREATIVE CONTRIBUTION**

As well as hosting free lunchtime concerts throughout the year, the New Zealand School of Music held public performances in the Ilott Theatre in Civic Square as part of the School's 'Fridays at Five' series. The six performances, featuring staff and students, were well attended over the winter months.

Jenny Bornholdt was the 2011 Writer in Residence at Victoria's International Institute of Modern Letters. The position is jointly funded by Victoria University and Creative New Zealand.



## Art on show

In 2010, Victoria's purpose-built gallery, the Adam Art Gallery, hosted four major exhibitions, including a show of 'solid light' installations (pictured) from New York-based artist Anthony McCall timed to coincide with the 2010 International Arts Festival. A public programme of events was held to complement each exhibition, including talks by the artists.



Pictured above: Arini Lader at Māori Graduation, May 2010.

Victoria University is committed to providing all its staff and students with an inclusive environment for work and learning, which gives them equal opportunities to fulfil their potential and make their contribution. Diversity is encouraged as a distinctive and positive element of the University community.

In line with the University's Equity and Diversity Strategy, developed in 2009, Victoria worked to improve recruitment, retention and success rates of Māori and Pacific students in particular. Specific actions undertaken included new equity scholarships established in areas where their participation was low, a special fund set up for staff initiatives and a leadership programme developed for students with disabilities. The University also began a targeted Pay and Employment Equity Review.

# IMPROVING RECRUITMENT, RETENTION AND SUCCESS RATES

Both Victoria's Equity and Diversity Strategy and its Learning and Teaching Strategy include objectives and actions designed to support Māori and Pacific student success. Newly appointed Assistant Vice-Chancellor (Pasifika) Associate Professor Luamanuvao Winnie Laban joined Professor Piri Sciascia, Pro Vice-Chancellor (Māori) in leading Victoria's Māori-Pacific Equity Taskforce, which was established in 2009 to improve Māori and Pacific student recruitment, retention and achievement at Victoria.

Victoria's Strengthening Pathways project has continued to fund a range of pilot activities across the University as part of the University's effort to improve the retention and achievement rates of Māori and Pacific students. Activities have included a trial early-alert system in a core first-year course in the Bachelor of Commerce and Administration, which seeks to identify 'at risk' students early on and put measures in place to prevent them from dropping out or failing; a Māori and Pacific tutor training programme; a Pacific mentoring hub in the Faculty of Education; and new Political Science tutorials specifically targeted at Māori and Pacific students.

Victoria continues to work closely with local secondary schools to help Māori and Pacific students prepare for university. Students on the Outreach programme participate in weekly sessions on note-taking, exam techniques and other skills essential to helping them succeed in NCEA and at university. In 2010, the programme was expanded to include three new schools, bringing the total to 14.

In 2010, a week-long orientation and induction programme for Māori students was once again organised by Māori student support staff from across the University, with the support of Strengthening Pathways funds. A week-long Pacific orientation programme and two successful Pacific graduation celebrations were also held.

Te Rōpū Āwhina (Āwhina), Victoria's on-campus kaupapa-based whānau for Māori and Pacific students in the Faculties of Science, Engineering, Architecture and Design, attracted 101 Māori and Pacific postgraduate students to its programme, including 18 PhD students. In 2010, Āwhina students secured just over \$2 million in scholarships.



## New role to lift Pacific performance

Former MP and Minister Luamanuvao Winnie Laban was appointed Victoria's—and New Zealand's—first Assistant Vice-Chancellor (Pasifika). Her role will be to provide leadership and vision to improve the rates of participation, retention and academic success for Victoria's Pacific students, as well as lead the plans and programmes targeted at Pacific students that are already in place at Victoria.

## **EQUITY SCHOLARSHIPS**

New scholarships were introduced to encourage student exchange participation, which is historically low amongst Māori and Pacific students. Four Kura Mai Tawhiti scholarships of \$2,500 each year will be offered annually for an initial period of two years. They will be awarded to Māori or Pacific students who have been accepted for the Vic OE (Victoria Overseas Exchange) programme and show a capacity for leadership and responsibility in business or the wider community. Students with strong academic achievement or those suffering hardship will also be considered.

# PROMOTING AN INCLUSIVE ENVIRONMENT

An Equity and Diversity Fund was set up by the University in 2010 to support the objectives of its Equity and Diversity Strategy. Six grants were accepted for projects ranging from analysis of the effectiveness of Peer to Peer (P2P) tutoring for Māori and Pacific students, to the pilot of a study programme for Māori and Pacific law students. One of the grants gathered evidence on factors involved in the low retention rates of Māori and Pacific staff studying towards the Graduate Diploma of Teaching. This led to recommendations that aim to increase retention in the programme.

Disability Services provides specialist advice and services to students with impairments to enable them to fully participate and succeed in their studies. It also offers advice for staff on creating an inclusive education environment. In 2010, 696 students registered with the service, which represents a stable number of students accessing support.

To enhance the career prospects of students with disabilities, a leadership programme From Passion to Profession was developed in partnership with Career and Development Employment for Disability Services volunteers and academic support workers. Disability Services also supported Faculty of Education staff to help their first Deaf student get through teacher training.

## PAY AND EMPLOYMENT EQUITY REVIEW

The University began a targeted Pay and Employment Equity Review in the second half of 2010. This project aims to develop a clearer picture of whether there are any pay and employment equity issues of concern for Library and Information Technology Services staff. If any issues are identified, an appropriate mitigation plan will be developed.



## New Library additions

The Library opened Nga Taratara a Kae, a Māori and Pacific space and collection created to improve use and access to Māori and Pacific resources. A permanent full-time Te Pou Whakaapa/Subject Librarian was appointed to support Māori Studies and Pasifika Studies. A te reo Māori version of the Library's catalogue is now available and the Library's Subject Guide for Māori Studies has now been translated into te reo Māori.



This Statement of Service Performance is a report of performance against the Victoria University of Wellington Investment Plan 2008–2010. Where Investment Plan measures are quantitative, this report provides 2008 and 2009 data as a context for 2010 performance.

## **RESEARCH**

## **Objective 1**

Develop improved measures for tracking postgraduate enrolment and completion.

| 2010 Performance Targets   | 2010 Actual   | 2009 Actual   | 2008 Actual   |
|--|---|---|---|
| 1.1 Reduce mean completion<br>times as follows:<br>PhDs 1,552 days | PhD completions: 130<br>Mean time to complete<br>(days): 1,613    | PhD completions: 70<br>Mean time to complete<br>(days): 1,610 | PhD completions: 65<br>Mean time to complete<br>(days): 1,575     |
| Master's 536 days  | Master's completions: 176<br>Mean time to complete<br>(days): 581 | Master's completions: 177 Mean time to complete (days): 583   | Master's completions: 205<br>Mean time to complete<br>(days): 579 |

## **Objective 2**

Increase government-funded postgraduate student enrolments.

| 2010 Performance Targets  | 2010 Actual              | 2009 Actual              | 2008 Actual              |
|---|--------------------------|--------------------------|--------------------------|
| 2.1 Postgraduate enrolment 17% of total government-funded EFTS. | Postgraduate enrolments  | Postgraduate enrolments  | Postgraduate enrolments  |
|   | 17% of total government- | 17% of total government- | 16% of total government- |
|   | funded EFTS*.            | funded EFTS.             | funded EFTS.             |

<sup>\*</sup> In 2010 the methodology for calculating postgraduate EFTS for the purpose of the Single Data Return (SDR) to the Tertiary Education Commission (TEC) was altered. Under the new methodology postgraduate students represented 14% of Victoria's total enrolments.

Implement 2007 Research Strategy.

| 2010 Performance Targets   | 2010 Actual   |
|--|---|
| 3.1 Ensure appointment and staff development processes are designed to maximise research performance, particularly in the 2012 PBRF round. | Throughout 2010, Victoria was actively engaged in increasing the numbers and proportion of research-active academic staff. This entailed capability enhancement initiatives (see 9.1 and 9.2), implementation of decisions following the internal PBRF round (focusing on individual performance development and career planning, providing increased time to complete major research projects, making available additional funding for research), and ensuring that new academic appointments were made at a level that would enhance Victoria's prospects in the 2012 PBRF round.   |
| 3.2 Implement new procedures for PhD enrolment and financial support.  | In 2010, Victoria's Faculty of Graduate Research, which administers and oversees doctoral programmes at Victoria, successfully implemented new procedures for applications. These procedures effectively dealt with a 300% increase in international PhD applications and a corresponding increase in offers and enrolments. External research funding applications are now bringing financial support by including PhD scholarships as a budgeted line item—the latest Marsden round netting 15 PhD scholarships (\$1.4m over three years). Through this initiative and a continued commitment to an increased number of Victoria-funded PhD scholarships, the number of funded PhD places at Victoria increased 63% between 2008 and 2009. The result has been a 10% increase in PhD enrolments in 2010 (230) compared to 2009 (210). |
| 3.3 Monitor implementation of research plans.  | During 2010, the Vice-Chancellor and the Deputy Vice-Chancellor (Research) formally reviewed the research performance of every member of the academic staff. This involved reviewing updated research evidence portfolios, and recommending remedial action where appropriate.  |



Improve retention and achievement of students, particularly those aged under 25.

| 2010 Performance Targets  | 2010 Actual              | 2009 Actual              | 2008 Actual              |
|---|--------------------------|--------------------------|--------------------------|
| 4.1 Raise successful course completion rates for degree and graduate diploma qualifications for students aged under 25 to 83%.                      | 82% course<br>completion | 82% course<br>completion | 79% course<br>completion |
| 4.2 Lower first-year qualification-level attrition for degree, graduate diploma and postgraduate qualifications for students aged under 25 to 21%*. | 11% attrition            | 11% attrition            | 12% attrition            |
| 4.3 Raise successful course completion rates for degree and graduate diploma qualifications to 82%.   | 81% course<br>completion | 81% course<br>completion | 78% course completion    |
| 4.4 Lower first-year qualification-level attrition for degree, graduate diploma and postgraduate qualifications to 27%*.                            | 22% attrition            | 20% attrition            | 22% attrition            |

<sup>\*</sup>These targets were set using a TEC methodology that Victoria and other universities are not able to replicate. This accounts for the 'official' target being higher than the actual achieved in 2010.

## **Objective 5**

Set up and run learning and teaching projects at 100 level, informed by research into good practice.

| 2010 Performance Targets  | 2010 Actual   |
|---|---|
| 5.1 Evaluate and use outcomes of five 100-level learning and teaching projects to improve learning opportunities in first-year courses. | Conclusions from the five projects in 2010 have been extremely positive and have provided useful directions for continued work on improving learning opportunities in first-year courses. Evaluation of the writing courses provided as part of FCOM 111 (2010) and MGMT 101 (2009) demonstrated their value as an integral part of a first-year core course. Course interventions in Biology (BIOL 113) and Chemistry (CHEM 113) have highlighted the positive impact of increasing student engagement on both retention and overall performance. Studies of critical thinking development in Chemistry (CHEM 113 and CHEM 114) have identified students' lack of understanding of the concept of critical thinking and have led to the formation of a Critical Thinking Interest Group to explore practical means of explicitly fostering critical thinking at undergraduate level. Project reports are being prepared for dissemination. |

## **Objective 6**

Increase the proportion of international students.

| 2010 Performance Targets  | 2010 Actual | 2009 Actual | 2008 Actual |
|---|-------------|-------------|-------------|
| 6.1 International students constitute 12% of the total Victoria student population in 2010.                   | 12%         | 12%         | 12.9%       |
| 6.2 International postgraduate students constitute 20% of the total Victoria postgraduate population in 2010. | 21%         | 20%         | 19.2%       |

Engage students as active and lifelong members of an inclusive and supportive community of higher learning.

| 2010 Performance Targets  | 2010 Actual   | 2009 Actual  | 2008 Actual  |
|---|---|--|--|
| 7.1 Students report 83% satisfaction with the impact of student services on their experience at Victoria.   | The overall satisfaction rating with student services at Victoria shows at least 89% either satisfied or very satisfied.  | The overall satisfaction rating with student services at Victoria shows at least 88% either satisfied or very satisfied. | The overall satisfaction rating with student services at Victoria is 95% either satisfied or very satisfied.   |
| Annual student service satisfaction surveys are carried out by: Accommodation, Career Development and Employment, Counselling, Crèches, Disability Support, Financial Support and Advice, Te Pūtahi Atawhai, Student Health and Student Learning Support. | With the 2010 increase in the amount of the services levy, student expectations rose. In response to this, Victoria is changing the way it assesses the effectiveness of services provided to students. In future the University will focus on assessing the whole student experience through a single, broad, more integrated survey. The aim of this change is to facilitate continuous improvement in the services provided. |  |  |
| 7.2 Increase the number of students, including a study abroad experience as part of their Victoria University studies to 250 (head count).  | A total of 196 students participated in study abroad experiences in 2010 (111 exchange students and 85 short-course students).  | 120 students participated in study abroad experiences.   | Numbers for 2008 increased to 126 students for trimester-or year-long exchanges abroad. An additional 57 students went on some form of shorter study abroad course, bringing the total number of students having some form of international mobility experience to 183.  |
| 7.3 Five hundred students registered in the Victoria International Leadership Programme (VILP).   | In 2010, 1,173 students (914 domestic and 259 international) were registered in VILP, which brings international and domestic students together and inspires thinking about global leadership challenges.   | In 2009, 824 students<br>(646 domestic and 178<br>international) were<br>registered in VILP.                             | VILP was officially launched on 14 October by the Hon Phil Goff. It is an academically-oriented, extra-curricular programme for which students receive a certificate upon completion and acknowledgement on their transcripts. This distinctive internationalisation initiative is designed to address the need for our students to become more cross-culturally competent and globally aware. There are currently 460 students registered for the programme. Current VILP partners include the New Zealand Institute of International Affairs, Volunteer Service Abroad and the Asia: New Zealand Foundation. |

Continue to develop local, national and international stakeholder relationships that advance Victoria's strategic aspirations and enhance recognition of the quality of Victoria's research and teaching.

| 2010 Performance Targets  | 2010 Actual   |
|---|---|
| 8.1 Relationships with key international and domestic stakeholder groups are maintained and further developed.  | During 2010, Victoria's staff and students continued to identify new—and build on existing—relationships that helped to create, disseminate and apply knowledge that has societal impact. An active programme of external relations saw Victoria hosting the Prime Minister and more than 100 key science stakeholders including the family of the late Professor Alan MacDiarmid, for the opening of the Alan MacDiarmid Building.   |
|   | Victoria hosted the Minister of Tertiary Education and 100 key education stakeholders regarding developments in tertiary education.   |
|   | International highlights were the Vice-President of China opening the Victoria-based Confucius Institute in June 2010, and regular visits by international academic and diplomatic delegations and Wellington-based ambassadors.  |
|   | Victoria's academic staff continued to advance Victoria's strategic aspirations to play a leading role in New Zealand's future through their participation on government advisory bodies, such as the Electricity Taskforce, and in the governance of public sector organisations. A new seminar series was launched in November 2010, in response to various working groups recently set up by the Government to inform policy. The Faculty of Commerce and Administration, Institute of Policy Studies, School of Government and Centre for Lifelong Learning combined with the State Services Commission to run the weekly invitation-only seminar series, chaired by the Secretary to the Treasury. This seminar series is in response to a shift by the New Zealand Government—a recent heavy emphasis on the use of working groups to help inform, develop and guide policy options on a range of New Zealand public policy issues. |
|   | As part of the University's community development, a letter of agreement was signed with the New Zealand Police to develop a safer community for staff and students.  |
| 8.2 Strengthen links with<br>the University of Otago<br>for the establishment<br>and timely development<br>of a Centre for the<br>Study of Islam and<br>Muslim Cultures.  | All milestones as agreed with the TEC for the development of the Centre for the Study of Islam and Muslim Cultures were met, and a final report was provided to the TEC. A website for the centre <b>www.csimcnz.ac.nz</b> details activities covering research, teaching, conferences, symposia and information for students who wish to enrol in undergraduate and/or postgraduate study in Islamic Studies at either university. Joint efforts to raise \$10 million in funds for the Centre are continuing.   |
| 8.3 Develop formal programme for sharing of courses with Massey University (Wellington). Explore the possibility of a linked Master of Engineering programme in Wellington as part of Postgraduate Engineering Hub. | Massey University's decision in late 2010 to close its Wellington engineering programme ended opportunities for a Postgraduate Engineering Hub and sharing of engineering courses in Wellington. Once the new structure and location of Massey's engineering programmes are finalised, cooperation and collaboration will continue where possible.  |

Build academic and general staff capability in areas linked to strategic priorities.

| 2010 Performance Targets   | 2010 Actual   |
|--|---|
| 9.1 Offer tailored programmes aligned with staff development assessments.  | During 2010, 1,266 staff received 4,048 session-hours of staff development. This was tailored by the University Teaching Development Centre (UTDC), to ensure that training met individual needs as well as being linked directly to school and faculty learning and teaching activities and priorities. In addition, there were sessions on programme (re)development, intended to strengthen alignment of courses to Victoria's graduate attributes, as well as offering clear pathways of progression for students in line with the University's Learning and Teaching Strategy 2010–2014 (action points 1.2 and 3.3). In 2010, the Faculties of Commerce and Administration and Architecture and Design participated in the programme redevelopment component. Other faculties will follow in 2011. |
|  | The Developing Scholarly Habits (DSH) pilot programme ran from February to August 2010 with 10 early career academics, who reported increases in publication output, teaching confidence and work-life balance as a result of their involvement in the programme. DSH will continue with a group of participants from the Faculty of Humanities and Social Sciences in 2011.  |
| 9.2 More than 50 staff attend research capability building programmes.   | Over 370 staff members attended courses and workshops focused on building research capability.  |
| 9.3 Participate in the international community of scholars; encourage staff to research and study internationally. | 77 staff had research and study leave grants approved to undertake work in over 37 countries and territories*.  |

<sup>\*</sup> Argentina, Australia, Austria, Brazil, Bulgaria, Cambodia, Canada, China, Croatia, Fiji, Finland, France, Germany, Ghana, Greece, India, Indonesia, Ireland, Italy, Japan, Korea, Malaysia, Mauritius, Norway, Philippines, Russia, Samoa, Singapore, Spain, Sweden, Switzerland, Tahiti, The Netherlands, Timor-Leste, Turkey, United Kingdom and United States of America.



Ensure the long-term academic and financial viability of Victoria by increasing and diversifying income and by reallocating resources to support strategic goals.

| 2010 | O Performance Targets  | 2010 Actual   |             |             |
|------|--|---|-------------|-------------|
| 10.1 | Current portfolio and<br>level of provision<br>reviewed in light of<br>strengths, with an<br>emphasis placed<br>on postgraduate<br>provision.                      | Following its own medium-term aspirations and the current government policy imperative for managed enrolment, Victoria set out a three-year mix of provision in the Investment Plan 2011–13. In broad terms, to support its strategic direction, Victoria will, over the period of this Investment Plan, show an increase in both research and taught postgraduate provision over 2010 equivalent full-time students (EFTS). A reduction in undergraduate provision is planned, particularly in non-degree provision below level 5 on the National Qualification Framework. Initiatives that are emerging from Victoria's strategic direction come from a sharper focus on engineering, biomedical sciences and health, government, law and public life, and Chinese business, language and culture.  |             |             |
| 10.2 | Rationalisation<br>of programmes<br>based on 'fit' with<br>interdisciplinary<br>strengths.   | Victoria's encouragement of interdisciplinarity is grounded in, and remains connected to, core academic disciplines. As the concept has matured, we perceived no widespread need to rationalise programmes based on 'fit' with interdisciplinary strengths. The University's approach to interdisciplinarity is moving more towards generating research and learning that bring several kinds of knowledge to bear on understanding of global issues such as climate change, bio-ethics, disparities in income, education and health, and global and political forces.  |             |             |
| 10.3 | Revenue from international students  | 2010 Actual   | 2009 Actual | 2008 Actual |
|      | is 18% of total student revenue.   | 14.6%   | 14.3%       | 16.1%       |
| 10.4 | Infrastructure projects: student accommodation, teaching, learning and research spaces, and office accommodation, completed subject to availability of resourcing. | Several significant infrastructure projects to support strategic goals were completed in 2010. Highlights were the Alan MacDiarmid Building and Laby Annex, officially opened in July by the Prime Minister (\$46m over three years). Detailed design work for the Campus Hub redevelopment was advanced and most enabling work completed.  Other noteworthy projects included the Boyd-Wilson Field upgrade (\$2.6m over two years), stage three of the Bachelor of Engineering accommodation project (extensive refurbishment for further laboratories and office space in levels two and three of the Cotton Building) (\$3.3m over three years), major refurbishment of lecture theatres (part of a wider teaching room upgrade programme), and the relocation of School of Information Management from Kelburn to the Pipitea Campus (\$1.2m). The Graduate School of Nursing, Midwifery and Health was relocated to the Clinical Services Building at Wellington Hospital, facilitating the progress of joint biomedical research initiatives between Victoria and the Capital & Coast District Health Board (\$250k). Overall, the 2010 net usable square metres occupied increased to 108,322 m², an increase of 4.8% over 2009 (103,339 m²).  The Strategic Asset Management Plan was further developed. This will ensure that the University properly maintains and renews its physical infrastructure, as well as implementing a range of strategies that ensure efficiencies in processes, rationalisation of expenditure and diversification of revenue. |             |             |

Demonstrate leadership in critical thinking and community service through maintaining membership of advisory bodies, working parties and government boards.

| 2010 Performance Targets   | 2010 Actual               | 2009 Actual               | 2008 Actual               |
|--|---------------------------|---------------------------|---------------------------|
| 11.1 Maintain the level of advice to government, national and international bodies at the 2007 level of: Government: 89 National bodies: 177 International bodies: 164 | Government: 155           | Government: 193           | Government: 123           |
|  | National bodies: 292      | National bodies: 357      | National bodies: 325      |
|  | International bodies: 499 | International bodies: 717 | International bodies: 525 |

## **Objective 12**

Develop and mature, with businesses, collaborative relationships that are aligned to Victoria's interdisciplinary strengths.

| 2010 Performance Targets  | 2010 Actual   |
|---|---|
| 12.1 Advance at least two collaborative agreements to include contract research activities and develop and formalise at least two further collaborative agreements with businesses. | In 2010, Viclink, the University's commercialisation company, worked on collaborative commercialisation projects that included contract research activities with CRL, an energy, minerals and environmental research and consulting company with specialist knowledge in new clean energy technologies, and with Wetox, a clean-tech company that turns liquid waste into water.  Working with an idea that originated from the School of Psychology, Victoria formalised a collaborative agreement with the personal and professional resilience-boosting efforts of Umbrella Health, a business that aims to enhance the resilience, adaptability and health of individuals and work groups. The University also provided start-up support and training for a new business, Compost Boys, arising from student course work. |
|   | Viclink took part in five events under the TEC-funded Innovations Focus Events 2010–2011: Creating Stronger University–Business Partnerships. This precipitated many high-quality discussions with industry, and at least one seems likely to develop into a future substantial research and development relationship.  |

## **Objective 13**

Finalise the Internationalisation Strategy and produce an implementation plan.

| 2010 Performance Targets             | 2010 Actual   |
|--------------------------------------|---|
| 13.1 Continued implementation of the | The University continued to make good progress on the implementation of the Internationalisation Strategy, with particular 2010 highlights being:   |
| Internationalisation<br>Strategy.    | <ul> <li>an increase in full-fee paying EFTS of 8% to 1,584 over 2009 (1,472)</li> <li>an improvement in the ranking of the University relative to other New Zealand universities in all three major international ranking systems</li> </ul> |
|                                      | the pursuit of a range of initiatives in China, Vietnam and Indonesia, countries identified as being of particular strategic interest to Victoria.  |

Develop and implement an Equity Strategy.

| 2010 Performance Targets  | 2010 Actual   |
|---|---|
| 14.1 Implementation processes set in place to support improvements in retention of, and successful achievement by students in designated equity categories. | An Equity and Diversity Strategy Implementation Plan was agreed upon and an Equity and Diversity policy established. This set out leadership responsibilities and measures required to meet the Equity and Diversity Strategy objective "to improve the recruitment, retention and success rates of students in the identified equity groups". Faculties and central service units used this and a report on 2009 participation and course and qualification completions by equity group, level and faculty to guide actions and monitor progress in their operational unit plans.  |
|   | Seven equity and diversity projects were funded in 2010, and final reports will be submitted in March 2011. Each of these projects has the goal of improving retention and successful achievement of students in one or more of the equity categories. This will come through improved coordination and dissemination of good practice in equity, and an increased institutional commitment to leadership in this area.   |
|   | An Assistant Vice-Chancellor (Pasifika) was appointed. A key responsibility is to advise and support senior managers in relation to the design, implementation, coordination and evaluation of activities to enhance the academic success of Victoria's Pasifika students.  |
|   | Pilot activities identified in the Māori and Pasifika Student Recruitment, Retention and Achievement Strategy continued in 2010. Initiatives included targeted tutorials, outreach programmes, early alert tracking systems and extra revision and study sessions. These will be evaluated in 2011 to assess the efficacy of services offered to retain Māori and Pasifika students. The outcome will inform Victoria's ongoing activity relating to Māori and Pasifika success, offering the University an understanding of how to develop further strategies to improve the educational performance of Māori and Pasifika students. |
|   | Performance targets for Māori and Pasifika qualification and course completions were included in the University's Statement of Forecast Service Performance 2011-13.  |
|   | A disability action plan is in development, and Victoria has introduced the award-winning literacy software for people with disabilities, Read and Write Gold, as part of the standard software available to staff and students.  |

## **Objective 15**

 $Improve \ student \ participation, \ retention \ and \ achievement \ in \ identified \ equity \ groups.$ 

| 2010 | Performance Targets  | 2010 Actual              | 2009 Actual           | 2008 Actual              |
|------|--|--------------------------|-----------------------|--------------------------|
| 15.1 | Raise proportion of EFTS for Māori students to 9%.   | 10%                      | 9%                    | 8%                       |
| 15.2 | Maintain proportion of EFTS for Pasifika students at 5%.   | 5%                       | 5%                    | 5%                       |
| 15.3 | Raise successful course completion rates for degree and graduate diploma qualifications for Māori students to 73%.                           | 75% course<br>completion | 74% course completion | 71% course<br>completion |
| 15.4 | Raise successful course completion rates for degree and graduate diploma qualifications for Pasifika students to 63%.                        | 62% course<br>completion | 59% course completion | 56% course completion    |
| 15.5 | Lower first-year qualification-level attrition for degree graduate diploma and postgraduate qualifications for Māori students to 32%*.       | 31% attrition            | 27% attrition         | 32% attrition            |
| 15.6 | Lower first-year qualification-level attrition for degree, graduate diploma and postgraduate qualifications for Pasifika** students to 31%*. | 33% attrition            | 26% attrition         | 32% attrition            |

| 2010  | Performance Targets   | 2010 Actual              | 2009 Actual              | 2008 Actual              |
|-------|---|--------------------------|--------------------------|--------------------------|
| 15.7  | Raise qualification-level completion rates<br>for all degree, graduate diploma and<br>postgraduate qualifications for Māori<br>students (over a 5-year period) to 34%*.       | 49%                      | 45%                      | 44%                      |
| 15.8  | Raise qualification-level completion rates<br>for all degree, graduate diploma and<br>postgraduate qualifications for Pasifika**<br>students (over a 5-year period) to 30%*.  | 42%                      | 37%                      | 40%                      |
| 15.9  | Raise Māori successful course completion rates at 100 level to 66.2%.   | 69% course completion    | 65% course completion    | 62% course completion    |
| 15.10 | Raise Māori successful course completion rates at 200 level to 82.4%.   | 78% course completion    | 81% course completion    | 77% course completion    |
| 15.11 | Raise Pasifika** successful course completion rates at 100 level to 60%.  | 52% course completion    | 47% course completion    | 47% course completion    |
| 15.12 | Raise Pasifika** successful course completion rates at 200 level to 71.2%.  | 69% course completion    | 70% course completion    | 64% course completion    |
| 15.13 | Raise successful course completion rates for degree and graduate diploma qualifications for students with impairments to 82%.   | 77% course<br>completion | 75% course<br>completion | 71% course<br>completion |
| 15.14 | Raise the qualification-level completion rates for all degree, graduate diploma and postgraduate qualifications for students with impairments (over a 5-year period) to 37%*. | 55%                      | 53%                      | 55%                      |
| 15.15 | Lower first-year qualification-level attrition for degree, graduate diploma and postgraduate qualifications for students with impairments to 21%*.                            | 28% attrition            | 27% attrition            | 26% attrition            |

<sup>\*</sup>This target was set on a TEC methodology that Victoria and other universities are not able to replicate. This accounts for the official target being lower than the actual achieved.

Provide appropriate training and development opportunities that contribute to the equity aspirations of the University.

| 2010 Performance Targets  | 2010 Actual  |
|---|--|
| 16.1 Offer a variety of programmes addressing mentoring, leadership, cultural matters and personal development. | A full capability enhancing programme that contributed to the equity aspirations of the University was offered in 2010. It covered induction, mentoring, health and safety, and personal and professional development. The highly effective Leading People programme was again offered, and Victoria continued to contribute to the NZVCC (Universities New Zealand) Women in Leadership programme.  |
|   | An academic promotions seminar for women was held mid-April 2010. This was aimed at women who were either preparing applications for promotion at Associate Professor or Professor levels in 2010, or preparing themselves to apply at those levels in the next two or three years. The University's second mentoring programme for general staff aimed to support general staff who were new to a career, new to the University environment or at a transition point. |

## **Objective 17**

Increase the proportion of Māori and Pasifika staff to 10% (Māori) and 5% (Pasifika) of all staff by 2014.

| 2010 Performance Targets   | 2010 Actual  | 2009 Actual | 2008 Actual   |
|----------------------------|--------------|-------------|---------------|
| 17.1 Māori 8% of all staff | Māori 6%     | Māori 7%    | Māori 6.3%    |
| Pasifika 3.5% of all staff | Pasifika* 3% | Pasifika 3% | Pasifika 2.3% |

<sup>\*</sup> Victoria appointed the Hon Luamanuvao Winnie Laban Assistant Vice-Chancellor (Pasifika). Associate Professor Laban will provide leadership across the University in activities relating to Pasifika staff.

<sup>\*\*</sup> Victoria is conscious of the need to improve the success of its Pasifika students. Robust, stretch targets have been set in the Investment Plan 2011–13 for improving Pasifika students' course completions. To support this aspiration, Victoria appointed the Hon Luamanuvao Winnie Laban Assistant Vice-Chancellor (Pasifika), in 2010. Associate Professor Laban will provide leadership across the University in activities relating to Pasifika staff and students.



The University's financial outcome for 2010 was very positive and ahead of budget due to higher student income, a positive financial contribution towards building costs by the student association and strong cost-control focus.

The results reflect advancement made against the Strategic Plan and strong engagement with the student body.

The University is managing its funding and operating cost base to ensure there is continued capacity for planned strategic expenditure in core plant, equipment and facilities. The financial position of the University continues to be robust, providing strength and capacity for future years. The future financial environment looks challenging, with the Government signalling fiscal restraint; but the University is well positioned to meet this challenge.

The University group produced a net surplus of \$18.5 million for the year, which was \$5.7 million higher than the 2009 result. Included in the result is \$2.8 million non-operating revenue from the controlled trusts, mainly investment income and donations that are not part of the core teaching and research operations of the University.

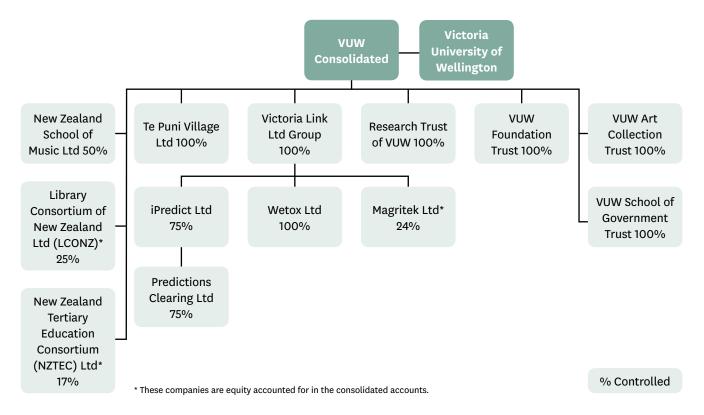
Excluding the non-operating income from controlled trusts, the group generated a positive operating surplus of \$15.7 million in 2010, compared with a budget of \$15.1 million and \$9.7 million in 2009. This result was achieved due to strong student demand, including a pleasing turnaround in international student revenue: up \$2.9 million over 2009 due to an increase in non-government-funded student EFTS, a strong cost-control focus applying across the University and a contribution towards building costs from the Victoria University Student Association Trust (VUWSAT).

The Trust contributed \$2.6 million to the capital cost of renovating the Student Union Building and the major upgrade of the Boyd-Wilson Field. Accounting standards require the contribution to be treated as income in the year the funds are spent. The VUWSAT contribution results from a long-term agreement with the University that started in 2009. This positive collaboration between the University and students for the provision of facilities will enhance the student experience at Victoria for many years to come.

The group operating surplus, prior to non-operating revenue from controlled trusts, of \$15.7 million includes the contribution from VUWSAT of \$2.6 million. This is not a normal recurring item and if this amount is deducted from the operating surplus, the balance of \$13.1 million represents a return of 4 percent on operating revenues. This falls well within the Fiscal Strategy range of 3.5 to 4.5 percent and comfortably above the Tertiary Education Commission minimum guideline of 3 percent. The Fiscal Strategy was approved by Council during 2010 to provide a basis on which financial planning, budgeting and performance monitoring is undertaken. It sets the overall targets for the financial operating performance of the University. These have been set to ensure the institution operates in a financially responsible manner, efficiently uses resources, provides for strategic expenditure and maintains the institution's long-term viability.

The University group consolidation includes a number of controlled entities—see diagram below, the most significant of which includes the Research Trust, the Victoria Link Group (the commercialisation arm of the University) and the University Foundation.

## Victoria University of Wellington Group Structure



The Research Trust recorded an operating deficit of \$0.09 million compared with a surplus of \$1.4 million in 2009. The Research Trust was established to generate research income and to manage and monitor expenditure on research projects. As these projects often span one or more years, the surplus or deficit generated by the Trust in any year is mainly driven by the balance between new research income received and expenditure completed on existing projects. External research income generated in 2010 was \$24.5 million, slightly in excess of 2009 (\$24.4 million). This was an extremely positive result in an environment where government funding for university research is limited and competition for the funding amongst the universities is intense.

The Victoria Link Group recorded a deficit of \$0.7 million, which was in line with budget and represents the net investment in commercialisation opportunities. The nature of these projects is such that returns are expected over the medium rather than short term.

The University continued to invest strongly in new and upgraded buildings and facilities, library resources and IT and scientific equipment, spending \$53 million in 2010, following another high year of capital expenditure in 2009 (\$60 million). Major projects included the completion of the Alan MacDiarmid Building to house flexible teaching space and laboratory space for Science and Engineering, the installation of new artificial turf and seating at Boyd-Wilson Field, equipment for the new Joan Stevens student accommodation facility, significant programmed maintenance for buildings and facilities and the commencement of the Student Union and Campus Hub projects.

Total assets for the University were \$721.3 million and were offset by total liabilities of \$116.6 million, which included \$42 million of bank borrowing. Current assets increased by \$0.7 million, whilst total current liabilities were virtually unchanged.

Net cash flows from operations of \$48.9 million were \$1.1 million above budget and \$3.6 million higher than 2009. These flows, together with a slight increase in bank debt, funded the capital expenditure for the year. The group has a flexible \$55 million facility with the National Bank which, together with strong intra-year University cash flows, provides cost-effective debt funding.

Wayne Morgan

Chief Financial Officer



The management of Victoria University of Wellington accepts responsibility for:

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

In the opinion of Council and management of Victoria University the financial statements and Statement of Serve Performance for the financial year ended 31 December 2010 fairly reflect the financial position and operations of Victoria University and the group.

**Ian McKinnon** Chancellor

**Professor Pat Walsh** Vice-Chancellor

28 March 2011

## **AUDIT REPORT**

**Chartered Accountants** 



## INDEPENDENT AUDITOR'S REPORT

# TO THE READERS OF VICTORIA UNIVERSITY OF WELLINGTON AND GROUP'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2010

The Auditor-General is the auditor of Victoria University of Wellington (the University) and group. The Auditor-General has appointed me, Stuart Mutch, 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 her behalf.

## We have audited:

- ⊞ the financial statements of the university and group on pages 57 to 92, that comprise the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of financial performance, statement of movements in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- ⊞ the statement of service performance of the university and group on pages 41 to 50.

## **Opinion**

In our opinion:

- ⊞ the financial statements of the university and group on pages 57 to 92:
  - → comply with generally accepted accounting practice in New Zealand; and
  - → fairly reflect the university and group's:
    - → financial position as at 31 December 2010; and
    - → financial performance and cash flows for the year ended on that date;
- ⊞ the statement of service performance of the university and group on pages 41 to 50:
  - → complies with generally accepted accounting practice in New Zealand; and
  - → fairly reflects the university and group's service performance achievements measured against the performance targets adopted for the year ended 31 December 2010.

Our audit was completed on 28 March 2011. This is the date at which our opinion is expressed.

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

## **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards and the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

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.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the university and group's preparation of the financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the university and group's internal control.

An audit also involves evaluating:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## **Responsibilities of the Council**

The Council is responsible for preparing financial statements and a statement of service performance that:

- **⊞** comply with generally accepted accounting practice in New Zealand;
- H fairly reflect the university and group's financial position, financial performance and cash flows; and
- **⊞** fairly reflect the university and group's service performance achievements.

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

The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

## **Responsibilities of the Auditor**

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

## **Independence**

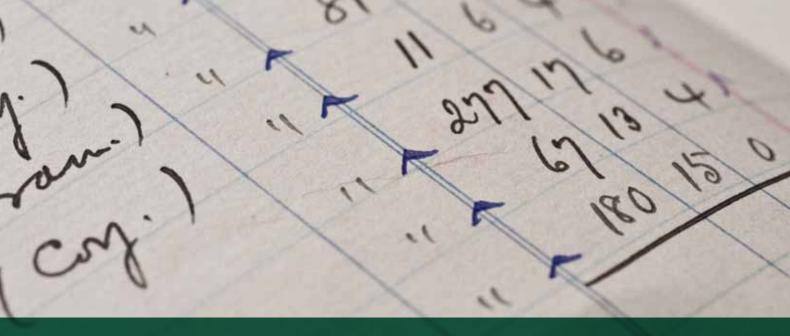
When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out assignments in the areas of the provision of technical accounting advice and have provided tutoring services to the university which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the university or any of its subsidiaries.

Stuart Mutch Ernst & Young

On behalf of the Auditor-General

Wellington, New Zealand



# FINANCIAL STATEMENTS

## CONSOLIDATED TREND STATEMENT

|                                       | 2006    | 2007    | 2008    | 2009    | 2010    |
|---------------------------------------|---------|---------|---------|---------|---------|
|                                       | \$ 000  | \$ 000  | \$ 000  | \$ 000  | \$ 000  |
| Financial performance                 |         |         |         |         |         |
|                                       |         |         |         |         |         |
| Total revenue                         | 266 112 | 289 397 | 300 991 | 310 150 | 329 577 |
| Surplus for the year                  | 9 371   | 16 728  | 9 541   | 12 803  | 18 528  |
|                                       |         |         |         |         |         |
| Financial position                    |         |         |         |         |         |
|                                       |         |         |         |         |         |
| Total current assets                  | 67 734  | 76 663  | 63 851  | 61 501  | 62 246  |
| Total non-current assets              | 521 900 | 565 560 | 621 893 | 637 355 | 659 068 |
| Total assets                          | 589 634 | 642 223 | 685 744 | 698 856 | 721 314 |
|                                       |         |         |         |         |         |
| Total current liabilities             | 46 225  | 55 866  | 62 216  | 63 165  | 63 225  |
| Total non-current liabilities         | 11 844  | 12 236  | 35 559  | 48 233  | 53 354  |
| Total liabilities                     | 58 069  | 68 102  | 97 775  | 111 398 | 116 579 |
|                                       |         |         |         |         |         |
| Total community equity                | 531 565 | 574 121 | 587 969 | 587 458 | 604 735 |
|                                       |         |         |         |         |         |
| Statistics                            |         |         |         |         |         |
| Surplus to total revenue              | 3.52%   | 5.78%   | 3.17%   | 4.09%   | 5.62%   |
| Surplus to total assets               | 1.59%   | 2.60%   | 1.39%   | 1.83%   | 2.57%   |
| Current assets to current liabilities | 146.53% | 137.23% | 102.63% | 97.37%  | 98.45%  |
| Assets to equity                      | 110.92% | 111.86% | 116.63% | 118.96% | 119.28% |
| Liabilities to equity                 | 10.92%  | 11.86%  | 16.63%  | 18.96%  | 19.28%  |

## $STATEMENT\ OF\ FINANCIAL\ PERFORMANCE\ \textbf{for\ the\ year\ ended\ 31\ December\ 2010}$

|  | • | Consolidated  |           | University    |               |           |               |
|--|---|---------------|-----------|---------------|---------------|-----------|---------------|
|  |   | 31-Dec-10     | 31-Dec-10 | 31-Dec-09     | 31-Dec-10     | 31-Dec-10 | 31-Dec-09     |
|  |   |               | Budget    |               |               | Budget    |               |
|  | Note                                    | \$ 000        | \$ 000    | \$ 000        | \$ 000        | \$ 000    | \$ 000        |
| Operating revenue  |   |               |           |               |               |           |               |
|  |   |               |           |               |               |           |               |
| Government grants  |   | 143 915       | 144 378   | 140 106       | 141 097       | 141 685   | 137 343       |
| Domestic tuition fees  |   | 70 953        | 68 887    | 65 817        | 69 857        | 67 663    | 64 647        |
| International tuition fees   |   | 27 048        | 24 580    | 24 145        | 26 932        | 24 456    | 24 024        |
| Research support   |   | 35 525        | 32 789    | 33 683        | 21 011        | 20 091    | 20 697        |
| Commercial   |   | 21 546        | 17 787    | 20 682        | 9 630         | 11 094    | 11 289        |
| Other student fees   |   | 19 513        | 19 771    | 15 797        | 21 742        | 21 547    | 17 522        |
| Other revenue  | 2                                       | 10 917        | 14 090    | 9 841         | 7 655         | 8 355     | 5 636         |
| Share of associates surplus / (deficit)  | 20                                      | 160           | -         | 79            | -             | -         | -             |
| Total operating revenue  |   | 329 577       | 322 282   | 310 150       | 297 924       | 294 891   | 281 158       |
| Operating expenditure  |   |               |           |               |               |           |               |
| Perole   | _                                       |               | - <b></b> |               |               |           | 486           |
| People   | 3                                       | 178 680       | 175 779   | 171 644       | 164 103       | 164 360   | 158 527       |
| Occupancy  | 4                                       | 23 823        | 20 450    | 24 634        | 21 410        | 19 957    | 21 683        |
| Information technology   | 5                                       | 6 606         | 6 503     | 7 051         | 6 120         | 6 075     | 6 622         |
| Operating  | 6                                       | 72 599        | 72 872    | 66 739        | 55 996        | 56 917    | 53 031        |
| Interest expense   | 7                                       | 1 115         | 1 152     | 843           | 1 541         | 1 152     | 965           |
| Depreciation and amortisation  Exchange rate fluctuations on cash held                     | 7                                       | 30 772<br>298 | 30 391    | 29 019<br>505 | 30 454<br>293 | 30 279    | 28 851<br>508 |
| Exchange rate nactuations on easi, note  |   | 200           |           | 000           | 233           |           | 300           |
| Total operating expenditure  |   | 313 893       | 307 147   | 300 435       | 279 917       | 278 740   | 270 187       |
| Surplus / (deficit) prior to non-operating revenu<br>from controlled trusts                | e                                       | 15 684        | 15 135    | 9 715         | 18 007        | 16 151    | 10 971        |
| Non-operating revenue from controlled trusts   |   |               |           |               |               |           |               |
| Fair value movements of financial assets in control trusts                                 | led                                     | 870           | -         | 1 001         | -             | -         | -             |
| Interest earnings of controlled trusts   |   | 199           | -         | 211           | -             | -         | -             |
| Other earnings by controlled trusts (donations and dividends)                              | I                                       | 1 775         | -         | 1 876         | -             | -         | -             |
| Total non-operating revenue  |   | 2 844         | -         | 3 088         | -             | -         | -             |
| Surplus / (deficit) for the year   |   | 18 528        | 15 135    | 12 803        | 18 007        | 16 151    | 10 971        |
| Surplus attributed to  |   |               |           |               |               |           |               |
| Members of the parent  |   | 18 528        | 15 135    | 12 805        | 18 007        | 16 151    | 10 971        |
| Minority interest  |   | -             | -         | (2)           | -             | -         | -             |
| Total  |   | 18 528        | 15 135    | 12 803        | 18 007        | 16 151    | 10 971        |
|  |   |               |           |               |               |           |               |
| Surplus includes total revenue, including non-<br>operating revenue from controlled trusts |   | 332 421       | 322 282   | 313 238       | 297 924       | 294 891   | 281 158       |
| oporating received from controlled at accept   |   |               |           |               |               |           |               |

## $STATEMENT\ OF\ COMPREHENSIVE\ INCOME\ \textbf{for\ the\ year\ ended\ 31\ December\ 2010}$

|   |      |           | Consolidated |           |           | University |           |
|---|------|-----------|--------------|-----------|-----------|------------|-----------|
|   |      | 31-Dec-10 | 31-Dec-10    | 31-Dec-09 | 31-Dec-10 | 31-Dec-10  | 31-Dec-09 |
|   |      |           | Budget       |           |           | Budget     |           |
|   | Note | \$ 000    | \$ 000       | \$ 000    | \$ 000    | \$ 000     | \$ 000    |
|   |      |           |              |           |           |            |           |
| Surplus / (deficit) for the year                  |      | 18 528    | 15 135       | 12 803    | 18 007    | 16 151     | 10 971    |
| Increase / (decrease) in revaluation reserve      | 15   | (1 251)   | -            | (13 826)  | (1 251)   | -          | (13 826)  |
|   |      |           |              |           |           |            |           |
| Total comprehensive income / (loss) for the year  |      | 17 277    | 15 135       | (1 023)   | 16 756    | 16 151     | (2 855)   |
|   |      |           |              | _         |           |            |           |
| Total comprehensive income / (loss) attributed to |      |           |              |           |           |            |           |
| Members of the parent                             |      | 17 277    | 15 135       | (1 021)   | 16 756    | 16 151     | (2 855)   |
| Minority interest                                 |      | -         | -            | (2)       | -         | -          | -         |

|   | <b>Consolidated Un</b> |           |           |                               |         |         | niversity           |  |
|---|------------------------|-----------|-----------|-------------------------------|---------|---------|---------------------|--|
|   |                        | 31-Dec-10 | 31-Dec-10 | ec-10 31-Dec-09 31-Dec-10 31- |         |         | 31-Dec-10 31-Dec-09 |  |
|   |                        |           | Budget    |                               |         | Budget  |                     |  |
|   | Note                   | \$ 000    | \$ 000    | \$ 000                        | \$ 000  | \$ 000  | \$ 000              |  |
| Current assets                                |                        |           |           |                               |         |         |                     |  |
| Cash and cash equivalents                     | 10                     | 30 306    | 17 964    | 31 572                        | 16 297  | 3 200   | 18 016              |  |
| Investments                                   | 11                     | 14 883    | 13 356    | 14 071                        | 398     | 408     | 408                 |  |
| Accounts receivable and accruals              | 12                     | 8 705     | 6 761     | 7 570                         | 6 525   | 3 500   | 3 602               |  |
| Pre-paid expenses                             |                        | 7 245     | 9 441     | 6 943                         | 6 933   | 7 500   | 6 643               |  |
| Taxation receivable                           | 8                      | 3         | -         | 6                             | -       | -       | -                   |  |
| Inventories                                   |                        | 137       | 300       | 167                           | 128     | 300     | 153                 |  |
| Other current assets                          | 13                     | 967       | -         | 1 172                         | -       | -       | -                   |  |
|   |                        |           |           |                               |         |         |                     |  |
| Total current assets                          |                        | 62 246    | 47 822    | 61 501                        | 30 281  | 14 908  | 28 822              |  |
|   |                        |           |           |                               |         |         |                     |  |
| Non-current assets                            |                        |           |           |                               |         |         |                     |  |
| Property, plant and equipment                 | 14                     | 630 437   | 647 953   | 581 977                       | 630 087 | 647 532 | 581 502             |  |
| Intangibles                                   | 16                     | 5 985     | 5 421     | 4 497                         | 5 890   | 5 171   | 4 440               |  |
| Construction in progress                      | 17                     | 21 135    | 17 325    | 49 532                        | 21 147  | 17 325  | 49 494              |  |
| Investments in subsidiaries                   | 18                     | -         | -         | -                             | 1 060   | 60      | 60                  |  |
| Investments in associates                     | 20                     | 1 511     | 1 209     | 1 349                         | 541     | 541     | 541                 |  |
| Investment in joint ventures                  | 24                     | -         | -         | -                             | 250     | 250     | 250                 |  |
|   |                        |           |           |                               |         |         |                     |  |
| Total non-current assets                      |                        | 659 068   | 671 908   | 637 355                       | 658 975 | 670 879 | 636 287             |  |
|   |                        |           |           |                               |         |         |                     |  |
| Total assets                                  |                        | 721 314   | 719 730   | 698 856                       | 689 256 | 685 787 | 665 109             |  |
|   |                        |           |           |                               |         |         |                     |  |
| Current liabilities                           |                        |           |           |                               |         |         |                     |  |
| Accounts payable and accruals                 | 21                     | 24 408    | 29 695    | 26 486                        | 20 621  | 27 000  | 24 274              |  |
| Revenue in advance                            |                        | 18 248    | 14 271    | 16 618                        | 9 935   | 7 600   | 7 537               |  |
| Research grants unexpended                    |                        | 7 754     | 7 653     | 6 964                         | 3 754   | 3 500   | 2 964               |  |
| Related party borrowings                      |                        | -         | -         | -                             | 16 000  | 10 000  | 13 000              |  |
| Provision for annual leave                    | 22                     | 9 789     | 10 610    | 10 067                        | 9 663   | 10 500  | 9 955               |  |
| Provision for sick leave                      | 22                     | 12        | 80        | 11                            | 12      | 80      | 11                  |  |
| Provision for retiring and long service leave | 22                     | 2 869     | 3 000     | 2 813                         | 2 869   | 3 000   | 2 813               |  |
| Derivative financial liabilities              | 9                      | 145       | 500       | 206                           | 145     | 500     | 206                 |  |
|   |                        |           |           |                               |         |         |                     |  |
| Total current liabilities                     |                        | 63 225    | 65 809    | 63 165                        | 62 999  | 62 180  | 60 760              |  |
|   |                        |           |           |                               |         |         |                     |  |
| Non-current liabilities                       |                        |           |           |                               |         |         |                     |  |
| Provision for retiring and long service leave | 22                     | 11 354    | 11 500    | 11 233                        | 11 369  | 11 500  | 11 217              |  |
| Bank borrowings                               | 26                     | 42 000    | 39 828    | 37 000                        | 42 000  | 39 823  | 37 000              |  |
|   |                        |           |           |                               |         |         |                     |  |
| Total non-current liabilities                 |                        | 53 354    | 51 328    | 48 233                        | 53 369  | 51 323  | 48 217              |  |
|   |                        |           |           |                               |         |         |                     |  |
| Total liabilities                             |                        | 116 579   | 117 137   | 111 398                       | 116 368 | 113 503 | 108 977             |  |
| Total net assets                              |                        | 604 735   | 602 593   | E07 4E0                       | 572 888 | 572 284 | 556 132             |  |
| Total net assets                              |                        | 604 735   | 602 593   | 587 458                       | 3/2 888 | 5/2 284 | 336 132             |  |
| Represented by                                |                        |           |           |                               |         |         |                     |  |
| Community equity                              |                        | 294 725   | 292 592   | 276 196                       | 262 878 | 261 022 | 244 870             |  |
| Reserves                                      | 15                     | 310 010   | 310 001   | 311 262                       | 310 010 | 311 262 | 311 262             |  |
| Minority interest                             | 13                     | - 310 010 | 310 001   | 311 202                       | 310 010 | 311 202 | -                   |  |
| Community equity                              |                        | 604 735   | 602 593   | 587 458                       | 572 888 | 572 284 | 556 132             |  |
| unity equity                                  |                        | 004 700   |           |                               | 372 000 | 0,2 204 | 550 152             |  |

# STATEMENT OF MOVEMENTS IN EQUITY for the year ended 31 December 2010

|  |           | Consolidated |           | University |           |           |  |
|--|-----------|--------------|-----------|------------|-----------|-----------|--|
|  | 31-Dec-10 | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-10 | 31-Dec-09 |  |
|  |           | Budget       |           |            | Budget    |           |  |
| Note   | \$ 000    | \$ 000       | \$ 000    | \$ 000     | \$ 000    | \$ 000    |  |
|  |           |              |           |            |           |           |  |
|  |           |              |           |            |           |           |  |
| Surplus / (deficit) for the year                 | 18 528    | 15 135       | 12 803    | 18 007     | 16 151    | 10 971    |  |
| Other comprehensive income/(loss) for the year   | (1 251)   | -            | (13 826)  | (1 251)    | -         | (13 826)  |  |
|  |           |              |           |            |           |           |  |
| Total comprehensive income / (loss) for the year | 17 277    | 15 135       | (1 023)   | 16 756     | 16 151    | (2 855)   |  |
| Community equity at start of the year            | 587 458   | 587 458      | 587 969   | 556 132    | 556 133   | 558 475   |  |
| Contribution from Government to the University-  | -         |              | 512       |            |           | 512       |  |
| administered MacDiarmid Institute                |           |              |           |            |           |           |  |
| Community equity at end of the year              | 604 735   | 602 593      | 587 458   | 572 888    | 572 284   | 556 132   |  |
|  |           |              |           |            |           |           |  |
| Community equity attributed to                   |           |              |           |            |           |           |  |
| Equity holders of the parent                     | 604 735   | 602 593      | 587 458   | 572 888    | 572 284   | 556 132   |  |
| Minority interest                                | -         | -            | -         | -          | -         | -         |  |

## Community equity represented by

|                                  |      |                      |                       | University                      |  |          |                      |                                 |          |
|----------------------------------|------|----------------------|-----------------------|---------------------------------|--|----------|----------------------|---------------------------------|----------|
|                                  |      | Accumulated<br>Funds | Minority<br>Interests | Asset<br>Revaluation<br>Reserve | Movement in<br>Earnings from<br>Controlled<br>Trusts | Total    | Accumulated<br>Funds | Asset<br>Revaluation<br>Reserve | Total    |
|                                  | Note | \$ 000               | \$ 000                | \$ 000                          |  | \$ 000   | \$ 000               | \$ 000                          | \$ 000   |
| Balance as at 1 January 2009     |      | 262 880              | 2                     | 325 087                         | -  | 587 969  | 233 388              | 325 087                         | 558 475  |
| Surplus / (deficit) for the year |      | 12 805               | (2)                   | -                               | -  | 12 803   | 10 971               | -                               | 10 971   |
| Capital contribution             |      | 512                  | -                     | -                               | -  | 512      | 512                  | -                               | 512      |
| Movement in revaluation reserves | 15   | -                    | -                     | (13 826)                        | -  | (13 826) | -                    | (13 826)                        | (13 826) |
|                                  |      |                      |                       |                                 |  |          |                      |                                 |          |
| Balance as at 31 December 2009   |      | 276 197              | -                     | 311 261                         | -  | 587 458  | 244 871              | 311 261                         | 556 132  |
| Surplus / (deficit) for the year |      | 18 528               | -                     | -                               | -  | 18 528   | 18 007               | -                               | 18 007   |
| Movement in revaluation reserves | 15   | -                    | -                     | (1 251)                         | -  | (1 251)  | -                    | (1 251)                         | (1 251)  |
|                                  |      |                      |                       |                                 |  |          |                      |                                 |          |
| Balance as at 31 December 2010   |      | 294 725              | -                     | 310 010                         | -  | 604 735  | 262 878              | 310 010                         | 572 888  |

# STATEMENT OF CASH FLOWS for the year ended 31 December 2010

|   |      | • | Consolidated | • |           | University | ••••••    |
|---|------|---|--------------|---|-----------|------------|-----------|
|   |      | 31-Dec-10                               | 31-Dec-10    | 31-Dec-09                               | 31-Dec-10 | 31-Dec-10  | 31-Dec-09 |
|   |      |   | Budget       |   |           | Budget     |           |
|   | Note | \$ 000                                  | \$ 000       | \$ 000                                  | \$ 000    | \$ 000     | \$ 000    |
| Operating activities                              |      |   |              |   |           |            |           |
|   |      |   |              |   |           |            |           |
| Cash was provided from                            |      |   |              |   |           |            |           |
| Government grants                                 |      | 144 857                                 | 122 389      | 140 348                                 | 141 907   | 120 344    | 137 790   |
| Tuition fees and other income                     |      | 184 196                                 | 196 963      | 174 440                                 | 155 422   | 174 369    | 148 958   |
| Dividends/donations received by controlled trusts |      | 2 374                                   | -            | 2 817                                   | -         | -          | -         |
| Interest received                                 |      | 1 337                                   | 1 392        | 1 195                                   | 570       | 343        | 518       |
|   |      | 332 764                                 | 320 744      | 318 800                                 | 297 899   | 295 056    | 287 266   |
| Cash was applied to                               |      |   |              |   |           |            |           |
| Employees   |      | (178 973)                               | (175 779)    | (172 660)                               | (164 184) | (164 360)  | (159 520) |
| Suppliers   |      | (103 735)                               | (96 019)     | (99 960)                                | (86 383)  | (79 314)   | (84 207)  |
| Interest paid                                     |      | (1 115)                                 | (1 152)      | ( 843)                                  | (1 541)   | (1 152)    | ( 965)    |
|   |      | (283 823)                               | (272 950)    | (273 463)                               | (252 108) | (244 826)  | (244 692) |
| Net cash flows from operating activities          | 27   | 48 941                                  | 47 794       | 45 337                                  | 45 791    | 50 230     | 42 574    |
|   |      |   |              |   |           |            |           |
| Investing activities                              |      |   |              |   |           |            |           |
| Cash was provided from                            |      |   |              |   |           |            |           |
| Sales of property, plant and equipment            |      | 257                                     | -            | 422                                     | 271       | -          | 420       |
| Sales of investments                              |      | 1 693                                   | 854          | 330                                     | 10        | -          | 85        |
|   |      | 1 950                                   | 854          | 752                                     | 281       | -          | 505       |
| Cash was applied to                               |      |   |              |   |           |            |           |
| Purchase of property, plant and equipment         |      | (50 605)                                | (62 084)     | (57 295)                                | (50 710)  | (62 318)   | (56 951)  |
| Purchase of intangible assets                     |      | (4 156)                                 | (3 000)      | (2 796)                                 | (4 081)   | (2 551)    | (2 734)   |
| Purchase of investments                           |      | (2 396)                                 | -            | (2 297)                                 | (1 000)   | -          | -         |
|   |      | (57 157)                                | (65 084)     | (62 388)                                | (55 791)  | (64 869)   | (59 685)  |
| Net cash flows from investing activities          |      | (55 207)                                | (64 230)     | (61 636)                                | (55 510)  | (64 869)   | (59 180)  |
|   |      |   |              |   |           |            |           |
| Financing activities                              |      |   |              |   |           |            |           |
| Cash was provided from                            |      |   |              |   |           |            |           |
| Bank borrowings                                   |      | 30 000                                  | 2 828        | 39 600                                  | 30 000    | 2 823      | 39 600    |
| Funds from Government for capital projects        |      | -                                       | -            | 512                                     | -         | _          | 512       |
| Advance from intercompany                         |      | -                                       | -            | -                                       | 16 000    | (3 000)    | 35 000    |
|   |      | 30 000                                  | 2 828        | 40 112                                  | 46 000    | ( 177)     | 75 112    |
| Cash was applied to                               |      |   |              |   |           | . ,        |           |
| Repayment of bank borrowings                      |      | (25 000)                                | -            | (27 600)                                | (25 000)  | -          | (27 600)  |
| Repayment of intercompany advance                 |      | -                                       | -            | -                                       | (13 000)  | -          | (22 000)  |
| · ·   |      | (25 000)                                | -            | (27 600)                                | (38 000)  | -          | (49 600)  |
| Net cash flows from financing activities          |      | 5 000                                   | 2 828        | 12 512                                  | 8 000     | ( 177)     | 25 512    |
|   |      |   |              |   |           | _          |           |
| Net cash flows for the year                       |      | (1 266)                                 | (13 608)     | (3 787)                                 | (1 719)   | (14 816)   | 8 906     |
| Add cash at start of year                         |      | 31 572                                  | 31 572       | 35 359                                  | 18 016    | 18 016     | 9 110     |
| Cash at end of the year                           | 10   | 30 306                                  | 17 964       | 31 572                                  | 16 297    | 3 200      | 18 016    |
| -   |      |   |              |   |           |            |           |

## STATEMENT OF COMMITMENTS AND CONTINGENCIES as at 31 December 2010

#### Commitments

## Property, plant and equipment commitments

Detailed below are those projects for which firm commitments have been made at 31 December 2010. Commitments include planned maintenance costs and capital expenditure projects.

| Contracted projects            | Projected contract cost | Expended to date | Future commitment |
|--------------------------------|-------------------------|------------------|-------------------|
|                                | 31-Dec-10               | 31-Dec-10        | 31-Dec-10         |
|                                |                         |                  |                   |
|                                | \$ 000                  | \$ 000           | \$ 000            |
|                                |                         |                  |                   |
| Campus Hub                     | 47 599                  | 8 619            | 38 980            |
| Student Union Building upgrade | 4 000                   | 1 607            | 2 393             |
| Joan Stevens accommodation     | 1 747                   | 808              | 939               |
| Teaching and space review      | 472                     | 411              | 61                |
| Audio visual projects          | 419                     | 170              | 249               |
| Other minor capex projects     | 975                     | 281              | 694               |
|                                |                         |                  |                   |
| Total contracted projects      | 55 212                  | 11 896           | 43 316            |

|                           | Projected contract cost | Expended to date | Future commitment |
|---------------------------|-------------------------|------------------|-------------------|
|                           | 31-Dec-09               | 31-Dec-09        | 31-Dec-09         |
|                           | \$ 000                  | \$ 000           | \$ 000            |
| Total contracted projects | 51 744                  | 40 936           | 10 808            |

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

The Group has entered into commercial leases on certain land and buildings (remaining terms of between 5.5 to 77 years), and equipment (average term of three years) with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as follows:

|                                | Land   | Buildings | Equipment | Maintenance | Total     | Total     |
|--------------------------------|--------|-----------|-----------|-------------|-----------|-----------|
|                                |        |           |           |             | 31-Dec-10 | 31-Dec-09 |
|                                | \$ 000 | \$ 000    | \$ 000    | \$ 000      | \$ 000    | \$ 000    |
|                                |        |           |           |             |           |           |
| Due not later than one year    | 162    | 5 553     | 54        | 5 202       | 10 971    | 9 755     |
| Due between one and two years  | 162    | 5 665     | 46        | 3 951       | 9 824     | 5 637     |
| Due between two and five years | 485    | 16 923    | 24        | 4 032       | 21 464    | 12 168    |
| Due later than five years      | 1 263  | 12 813    | -         | 690         | 14 766    | 8 171     |
|                                |        |           |           |             |           |           |
| Total minimum lease payments   | 2 072  | 40 954    | 124       | 13 875      | 57 025    | 35 731    |

## Contingencies

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 (2009: \$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 \$6.8 million (2009: \$9.6 million) over the remaining term of the contracts, however as at 31 December 2010 there is no liability (31 December 2009: \$Nil).

## **Note 1—Statement of Accounting Policies**

## THE REPORTING ENTITY

Victoria University of Wellington (the University) is a Tertiary Education Institution (TEI) domiciled in New Zealand, and is governed by the Crown Entities Act 2004 and the Education Act 1989.

The financial statements of the University and Consolidated Group (the Group) for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Victoria University of Wellington Council (the University Council) on 28 March 2011.

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

The primary purpose of the University and Group is to provide tertiary education services. This includes the advancement of knowledge by teaching and research, 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 has designated itself, and the Group, as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements for the University and Group are presented for the year ended 31 December 2010. All group entities have a financial year to 31 December. Included in these financial statements are:

- The University as the parent entity.
- 2. The Group comprising the University together with:

Subsidiary Companies;

- Victoria Link Limited (VLL), a wholly-owned subsidiary of the University that was formed in April 1992. VLL is the University's commercial interface with the
  business and government sectors and manages intellectual property development and consulting on behalf of the University.
- Te Puni Village (TPV), a wholly owned subsidiary of the University that was incorporated in December 2008. TPV provides accommodation for students of the University.
- **iPredict Limited (iPredict)**, a subsidiary of VLL that was incorporated in January 2008. iPredict operates a prediction market where people trade contracts or stocks on the likely outcome of a specific event. The University has a 75 percent direct interest in iPredict via its subsidiary VLL.
- Predictions Clearing Limited (PCL), a wholly-owned subsidiary of iPredict that was incorporated in July 2008. PCL acts as a trust account for the holding of clients' funds while trading in the predictions market.
- Wetox Limited, a wholly-owned subsidiary of VLL that was incorporated in April 2010. Wetox's principal activity is the removal and disposal of organics from waste-water treatment processes.

Wholly-controlled and consolidated trusts;

- Victoria University of Wellington Foundation (VUWF), a controlled and charitable trust that was incorporated in October 1990. VUWF raises funds from
  private parties for projects that promote academic excellence at the University.
- Victoria University of Wellington Art Collection Funding Trust (VUWACFT), a controlled and charitable trust that was formed in December 2000.
   VUWACFT was established to provide funding for the acquisition, collection, care, management, exhibition and promotion of the University's art collection.
- Research Trust Victoria University of Wellington (RTVUW), a controlled and charitable trust that was incorporated in September 2006. RTVUW was established to provide academic research that contributes to academic excellence.
- VUW School of Government Trust (VUWSGT), a controlled and charitable trust that was 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.

Investments in the following associates;

- NZ School of Music Limited (NZSM), a joint venture between Massey University and the University. NZSM was formed in January 2006 with each university
  holding a 50 percent share. All existing full music degrees previously offered by either university are now awarded jointly as NZSM branded qualifications.
- Library Consortium of New Zealand Limited (LCoNZ), a collaborative venture formed in June 2004 between the libraries of AUT University, the University of Waikato, the University of Otago and the University. The University acquired 25 percent of the shareholding in LCoNZ upon incorporation.
- Magritek Holdings Limited (Magritek), 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 24 percent direct interest in the company via its subsidiary VLL.
- NZ Tertiary Education Consortium Limited (NZTEC), a limited liability company formed for the purpose of providing education services to the Sultanate
  of Oman's Ministry of Higher Education. The University acquired its 16.67 percent share in March 2006. All six shareholders hold equal shares and equal
  voting rights in the company. As all shareholders in this company hold equal shareholding rights, it has been deemed appropriate to treat this entity as an
  associate.

## **BASIS OF PREPARATION**

## Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Education Act 1989. This includes the requirements to comply with generally accepted accounting practices in New Zealand (NZ GAAP). The financial statements comply with NZ IFRS, and other applicable financial reporting standards as appropriate for public benefit entities.

## Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land, buildings, infrastructure assets, investment property and certain financial instruments (including derivative instruments).

## Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the University and Group is New Zealand dollars.

#### Changes in accounting policies

There have been no changes in accounting policies during the financial year.

New standards effective or which have been early adopted

The University and Group have adopted the following revisions to accounting standards during the financial year which have only had a presentational or disclosure effect:

- NZ IFRS 3 Business Combinations (Revised 2007) and the amended NZ IAS 27 Consolidated and Separate Financial Statements (Revised 2007) are effective for
  reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the revised NZ IFRS 3 and amended NZ
  IAS 27 will make to existing requirements or practice are:
  - o Partial acquisitions—Non-controlling interests are measured either at their proportionate interest in the net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value.
  - o Step acquisitions—The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.
  - o Acquisition-related costs—Acquisition-related costs are generally recognised as expenses (rather than included in the cost of acquisition).
  - o Contingent consideration—Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other NZ IFRS, usually in the surplus or deficit (rather than by adjusting the cost of acquisition).

The University and Group have adopted the revised NZ IFRS 3 and amended NZ IAS 27 for the year ended 31 December 2010. These standards will apply for the initial recognition of any new business combinations that occur. There were no new business combinations in the year ended 31 December 2010.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

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

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases:

Phase 1 Classification and Measurement

Phase 2 Impairment Methodology

Phase 3 Hedge Accounting.

Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 31 December 2013.

The University and Group have not yet assessed the impact of the new standard and expect it will not be adopted early.

- NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Issued 2004) and is effective for reporting periods commencing on or after 1 January 2011. The revised standard:
  - o Removes the previous disclosure concessions applied by the Ministry for arms-length transactions between the Ministry and entities controlled or significantly influenced by the Crown. The effect of the revised standard is that more information is required to be disclosed about transactions between the Ministry and entities controlled or significantly influenced by the Crown.
  - o Provides clarity on the disclosure of related party transactions with Ministers of the Crown. Further, with the exception of the Minister of Accountability, the Ministry will be provided with an exemption from certain disclosure requirements relating to transactions with other Ministers of the Crown. The clarification could result in additional disclosures should there be any related party transactions with Ministers of the Crown.
  - o Clarifies that related party transactions include commitments with related parties.

The University and Group will adopt this new standard for the year ending 31 December 2011.

## Significant accounting judgements and estimates

In applying the University and 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 of land and building assets.
- Valuation of retirement, long service and sick leave entitlements: management rely on the services of an independent actuary to assess the carrying value of these employee entitlements (refer Note 22).
- Bad debt provisioning: where receivables are outstanding beyond the normal trading terms, the likelihood of recovery is assessed by management.
- $\cdot \quad \text{Impairment: asset impairment judgements will be made based on fair value as at balance date.} \\$
- · Stage of completion of research projects as at balance date.

## **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 Annual Report includes separate financial statements for the University as an individual entity and the Group consisting of the University, its subsidiaries, joint ventures, controlled and consolidated trusts and associates.

## Basis of consolidation

The group financial statements are prepared on a consolidation basis, which involves adding together like items of assets, liabilities, equity, income, expenses and cash flows on a line-by-line basis. All significant intra-group balances, transactions, income and expenses are eliminated on consolidation.

The Group financial statements comprise the financial statements of the University, its subsidiaries, controlled and consolidated trusts, joint ventures and investments in associates as at 31 December each year.

The joint venture is consolidated on a proportionate basis while the investments in associates are accounted for using the equity method.

#### 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 through the surplus within the Statement of Financial Performance. These monies are not available for funding the operations of the University.

#### Dividend

 $\ \, \text{Dividend revenue is recognised when the shareholders' right to receive the payment is established.}$ 

#### Externally funded research

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

Government funding for students: 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.

Contributions from the Crown: that are non-reciprocal in nature are recognised as other revenue through the surplus within 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 as it accrues using the effective interest method 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. Other revenue is recognised when the commitment is fulfilled or there is no liability to refund the amount.

#### 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 date.

## Rental income

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

## Leases

## Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Institute and group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

## Operating leases

The University and Group recognise a lease as an operating lease where 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.

## 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 consist of cash and cash equivalents as defined above.

## Foreign currency

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 balance date are translated at the rates of exchange ruling on the transaction date. Foreign currency balances have been translated 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 through the surplus or deficit within the Statement of Financial Performance.

## Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. The two categories of accounts receivable are:

- · Trade receivables which are, typically, due for settlement on the 20th of the following month.
- Tuition fee receivables which are due for settlement prior to a course commencing. 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 uncollectible are written off when identified. A provision is raised for any doubtful debts based on a review of all outstanding amounts as at the reporting date.

#### Inventories

Inventories are measured at the lower of historic 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

#### Property, plant and equipment

Treatment for specific classes of property, plant and equipment:

Land, building structures, building services, building fit outs and infrastructure assets are initially recognised at cost. Subsequent to this, land and buildings are carried at a re-valued 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. For specialised buildings where there is a limited market, the method used by the valuers is the depreciated replacement cost method. For the remaining buildings the method of valuation is fair value. All movements in revaluation are taken direct to the revaluation reserve through the Statement of Comprehensive Income. Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the Statement of Financial Position unless it reverses a revaluation decrease of the same asset previously recognised in the Statement of Comprehensive Income.

- 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 and the estimated useful life of the assets.
- Works of art, classical antiquities, heritage musical instruments and the heritage collection are recorded at cost and due to the nature of these heritage assets, no depreciation is charged.
- Computing equipment, furniture and equipment, library collections in general use, musical equipment, marine vessels 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.

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.

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

 $Impairment\ losses\ are\ recognised\ through\ the\ surplus\ within\ the\ Statement\ of\ Financial\ Performance.$ 

## 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 collection, works of art, classical antiquities, heritage musical instruments and marae carvings, has been provided for on a straight-line (SL) 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             | SL | 3-76 years  |
|---------------------------------|----|-------------|
| Building services               | SL | 10-56 years |
| Building fit-out                | SL | 10-76 years |
| Infrastructure assets           | SL | 5-50 years  |
| Leasehold improvements          | SL | 20-50 years |
| Computing equipment*            | SL | 3-5 years   |
| Furniture and equipment*        | SL | 3-15 years  |
| Library collections—general use | SL | 10-20 years |
| Musical instruments             | SL | 5-13 years  |
| Vehicles                        | SL | 5 years     |
| Marine vessels                  | SL | 16 years    |

 $<sup>^{\</sup>star}$  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.

#### Intangible assets

#### Software costs

Information technology (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 intangible assets with indefinite lives, an annual review is performed. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

#### 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 IT systems such as software, networks and audio visual projects that have not been implemented as at reporting date and are 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. 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.

#### Investments in subsidiaries, associates and joint ventures

Subsidiaries and controlled and consolidated trusts

The University consolidates in the group financial statements all entities where the University has the power to govern the financial and operating policies so as to obtain benefits from the entities' activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the University controls another entity. This is generally evident by holding in excess of 50 percent of the voting rights. Subsidiaries are fully consolidated from the date on which control is obtained by the University and cease to be consolidated from the date on which control is transferred out of the University

#### **Associates**

The University's associate investment is accounted in the group financial statements using the equity method. An associate is an entity over which the Institute has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the surplus or deficit of the associate after the date of acquisition. The Group's share of the surplus or deficit of the associate is recognised in the group surplus or deficit. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

## Joint ventures

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

## Accounts payable

Accounts payable are recognised upon receipt of the goods or when the services have been performed and are measured at the agreed purchase contract price, net of applicable trade and other discounts, being the fair value of the transaction and then accounted for at amortised cost. Amounts owing are unsecured and are generally settled on 30-day terms.

## **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 Statement of Financial 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 classified as a current liability.
- Sick leave has been accrued for a small group of ex Wellington College of Education employees. The liability is expected to be settled within 12 months of the
  reporting date and 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.
- 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 current liability if it is vested and a non-current
  liability if it is not.
- 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 current liability if it is vested and a non-current liability if it is not.

## Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver, the New Zealand Universities' Superannuation Scheme and other defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

## Bank borrowing and borrowing costs

All borrowings are in relation to specific large building projects. Bank borrowings are classified as non-current liabilities and recognised at amortised cost as the agreement (per the 'NZ Dollar Short Term Advances Facility Agreement') has a three-year term and repayments are not expected to be made within a 12-month period. Borrowing costs are expensed as incurred and reflected through the surplus within the Statement of Financial Performance.

#### 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, borrowings, trade and other payables. These are classified in accordance with NZ IAS 39 as set out in Note 9 to the financial statements. Initial and subsequent measurement requirements for specific categories of financial instruments are outlined in these accounting policies.

All 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. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

#### Loans and receivables and other financial liabilities

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale or designated at fair value through surplus or deficit within the Statement of Financial Performance. At initial recognition loans and receivables and other financial liabilities are measured at fair value on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition loans and receivables and other financial liabilities are recognised at amortised cost using the effective interest method. Loans and receivables are adjusted for impairment losses if impaired. Gains and losses are recognised through surplus within the Statement of Financial Performance when loans and receivables and other financial liabilities are derecognised or when loans and receivables are impaired.

#### · Assets available for sale

Available-for-sale investments are those non-derivative financial assets, principally equity instruments, which are designated as available for sale or are not classified as any of the three remaining categories of financial assets. These financial assets are initially measured at fair value on trade date, which includes transaction costs, when the related contractual rights exist. After initial recognition available-for-sale assets are measured at fair value with gains or losses being recognised as a separate component of other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is recognised in surplus or deficit in the Statement of Financial Performance

## · Fair value through the surplus or deficit within the Statement of Financial Performance

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

The University and Group enter into derivative financial instruments such as foreign currency forward exchange contracts to manage foreign exchange risk on committed expenditure nominated in foreign currencies and interest rate swaps to manage interest rate risk on borrowings. Derivates are initially recognised at fair value on the date a derivative contract is entered into. Subsequent to initial recognition, derivative financial instruments are re-measured to their fair value at each reporting date with all movements in fair value recognised through surplus or deficit within the Statement of Financial Performance. Derivatives are carried as assets when the fair value is positive and liabilities when the fair value is negative.

#### **Budget**

The budget is set prior to the beginning of each financial year and is a requirement of the Crown Entities Act 2004. The budget for 2010 was approved by the University Council on 26 April 2010.

## Goods and Service 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 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 IRD.

## Taxation

The University and Group are exempt from the payment of income tax under section CW 55BA of the Income Tax Act 2007, with the exception of iPredict and PCL. For these entities, the consolidated entity adopts the taxes payable method.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the IRD based on the current period's taxable income. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

## 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 also has various other financial assets and liabilities such as short-term borrowings, accounts receivable and accounts payable, which arise directly from its operations.

The main purpose of these financial instruments is to provide investment returns and 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 University Council reviews and agrees policies for managing each of these risks as summarised below. Compliance is monitored monthly and deviations from targets 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 the University Council and the Secretary of Education. The University received approval to arrange a revolving credit facility of up to \$55 million from the Secretary of Education on 26 September 2008. To minimise exposure to interest rate risk, the University utilises interest rate swaps.

## 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 percent of the forecast peak funding requirements of the University at any point in time, for the next 12 months. Amendment of the funding targets may only be made with approval of the 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 the University Council and the Ministers of Education and Finance, where prescribed by the Crown Entities Act 2004.

## Management of foreign currency exposures

Individual expenses/receipts with an equivalent spot value of up to \$NZ100,000 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 \$100,000 are economically hedged within five working days of commitment being notified to the Chief Financial Officer, 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 the University Council at the first monthly meeting following the transaction. Hedge accounting will not be applied.

Forecast individual expenses/receipts with an equivalent spot value of over \$100,000 may be economically hedged, provided the term of the latest payment/receipt does not exceed 12 months, within the following parameters:

|             | Minimum cover | Maximum cover |
|-------------|---------------|---------------|
| 0-6 months  | 0%            | 75%           |
| 6-12 months | 0%            | 50%           |

The basis for forecast foreign currency exposures is in the University's annual budget. Projected foreign currency exposures beyond the current year are assumed to be per actual and budget for the prevailing year.

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

#### Credit risk

The University and Group only transact with banks or financial institutions registered by the Reserve Bank of New Zealand that have been granted 'approved counterparty' status by the University Council.

Short-term deposits are only placed with the major New Zealand trading banks registered by the Reserve Bank of New Zealand.

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 percent of total funds. Amendment of counterparty limits may only be made when approval has been granted by the University Council

Investments in debt and equity instruments are managed with the assistance of external specialists applying investment diversification which is in line with the Group's investments policies.

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

The University and Group also transact with the Crown. These transactions do not create a significant credit risk.

#### Capital management policy

The Group manages its exposure to key financial risks, including interest rate and credit risk in accordance with its Treasury Statute. The objective of the Statute is to support the delivery of the Group's financial targets whilst protecting future financial security. The Group also operates within guidelines set by the Tertiary Education Commission.

## Note 2—Other revenue

Other revenue includes:

|   | Consolidated |           | University |           |
|---|--------------|-----------|------------|-----------|
|   | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |
|   | \$ 000       | \$ 000    | \$ 000     | \$ 000    |
|   |              |           |            |           |
| Donations received                            | 3 370        | 294       | 3 501      | 318       |
| Interest received                             | 1 197        | 1 198     | 579        | 490       |
| Gain on sale of property, plant and equipment | 96           | 106       | 95         | 104       |
| Dividends from associates                     | 143          | 13        | 37         | 41        |
| Sponsorship and scholarships                  | 2 413        | 3 688     | 91         | 104       |
| Sundry income                                 | 3 698        | 4 542     | 3 352      | 4 579     |
|   |              |           |            |           |
| Total other revenue                           | 10 917       | 9 841     | 7 655      | 5 636     |

The interest amount is predominantly the income from cash which is surplus to immediate requirements and which has been invested on call or on short-term deposits. In the 2010 year interest rates have been between 2.50% and 5.00% (2009: 3.50% to 8.25%).

Donations received include funds provided by the Victoria University of Wellington Students' Association Trust for ongoing renovation of the Kelburn Campus of \$2.6m.

## Note 3—People

People costs include:

|   | Consolidated |           | University |           |
|---|--------------|-----------|------------|-----------|
|   | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |
|   | \$ 000       | \$ 000    | \$ 000     | \$ 000    |
|   |              |           |            |           |
| Salaries  | 165 960      | 159 939   | 151 633    | 147 928   |
| Contractors   | 3 221        | 4 302     | 3 187      | 3 576     |
| Changes in provisions—retiring leave and long service leave | 267          | 923       | 291        | 879       |
| ACC levies  | 835          | 803       | 781        | 764       |
| Super—employer contribution                                 | 5 831        | 4 824     | 5 701      | 4 729     |
| Other   | 2 566        | 853       | 2 510      | 651       |
|   |              |           |            |           |
|   | 178 680      | 171 644   | 164 103    | 158 527   |

## Note 4—Occupancy

Occupancy expenses include:

|                        | Consolidated |           | University |           |
|------------------------|--------------|-----------|------------|-----------|
|                        | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |
|                        | \$ 000       | \$ 000    | \$ 000     | \$ 000    |
|                        |              |           |            |           |
| Rental property leases | 5 696        | 5 384     | 4 892      | 5 082     |
| Utilities              | 3 841        | 3 876     | 3 520      | 3 551     |
| Construction           | 1 746        | 1 985     | 1 746      | 1 984     |
| General maintenance    | 7 295        | 7 686     | 5 955      | 6 010     |
| Security               | 716          | 520       | 677        | 511       |
| Cleaning               | 3 403        | 3 340     | 3 233      | 3 178     |
| Rates                  | 485          | 388       | 429        | 358       |
| Other                  | 641          | 1 455     | 958        | 1 009     |
|                        |              |           |            |           |
|                        | 23 823       | 24 634    | 21 410     | 21 683    |

## Note 5—Information technology

Information technology expenses include:

|                         | Consolidated |           | University |           |
|-------------------------|--------------|-----------|------------|-----------|
|                         | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |
|                         | \$ 000       | \$ 000    | \$ 000     | \$ 000    |
|                         |              |           |            |           |
| Leased equipment        | 366          | 1 264     | 319        | 1 230     |
| Annual licences         | 2 836        | 2 961     | 2 811      | 2 930     |
| Internet charges        | 868          | 603       | 822        | 583       |
| Telephone charges       | 1 144        | 1 144     | 997        | 1 015     |
| Repairs and maintenance | 612          | 330       | 549        | 260       |
| Other                   | 780          | 749       | 622        | 604       |
|                         |              |           |            |           |
|                         | 6 606        | 7 051     | 6 120      | 6 622     |

## Note 6—Operating

Operating expenses include:

|   | Consolidated |           | University |           |  |
|---|--------------|-----------|------------|-----------|--|
|   | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |  |
|   | \$ 000       | \$ 000    | \$ 000     | \$ 000    |  |
|   |              |           |            |           |  |
| Audit fees: Ernst & Young                                     | 307          | 247       | 270        | 216       |  |
| Internal audit and other fees to other providers              | 201          | 173       | 178        | 160       |  |
| Losses / (gains) on disposal of property, plant and equipment | 1 223        | 1 581     | 1 223      | 1 581     |  |
| Bad debts written off   | 77           | 84        | 37         | 81        |  |
| Increase / (decrease) to provision for doubtful debts         | (22)         | ( 192)    | ( 27)      | (192)     |  |
| Professional and consultancy fees                             | 7 628        | 8 502     | 2 351      | 2 486     |  |
| Sponsorship and donations                                     | 419          | 187       | 369        | 159       |  |
| Advertising   | 1 990        | 1 791     | 1 826      | 1764      |  |
| Catering and food   | 2 296        | 2 791     | 2 020      | 2 577     |  |
| Grants and scholarships                                       | 22 240       | 19 712    | 23 801     | 20 952    |  |
| Cost of goods sold  | 1 682        | 1 371     | 801        | 1 445     |  |
| Insurance   | 2 001        | 1 883     | 1 894      | 1800      |  |
| Office costs  | 4 537        | 4 512     | 4 305      | 4 290     |  |
| Travel and accommodation                                      | 9 335        | 8 207     | 3 967      | 3 961     |  |
| Other course-related expenses                                 | 6 069        | 5 322     | 4 838      | 4 194     |  |
| Other non-payroll—staff-related expenses                      | 4 025        | 3 704     | 3 280      | 3 115     |  |
| Other   | 8 591        | 6 864     | 4 863      | 4 442     |  |
|   |              |           |            |           |  |
|   | 72 599       | 66 739    | 55 996     | 53 031    |  |

# Note 7—Depreciation and amortisation

### Depreciation

|                                     |      | Consolidated |           | University |           |  |
|-------------------------------------|------|--------------|-----------|------------|-----------|--|
|                                     | Note | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |  |
|                                     |      | \$ 000       | \$ 000    | \$ 000     | \$ 000    |  |
|                                     |      |              |           |            |           |  |
| Building structure and fit-outs     |      | 10 902       | 11 128    | 10 902     | 11 128    |  |
| Infrastructure                      |      | 858          | 798       | 858        | 797       |  |
| Leasehold improvements              |      | 946          | 939       | 946        | 939       |  |
| Computing equipment and networks    |      | 5 339        | 4 579     | 5 301      | 4 561     |  |
| Furniture and equipment             |      | 6 710        | 5 953     | 6 545      | 5 849     |  |
| Vehicles                            |      | 215          | 219       | 137        | 179       |  |
| Collections in use*                 |      | 3 267        | 2 652     | 3 267      | 2 652     |  |
|                                     |      |              |           |            |           |  |
| Total depreciation                  | 14   | 28 237       | 26 268    | 27 956     | 26 105    |  |
|                                     |      |              |           |            |           |  |
| Amortisation                        |      |              |           |            |           |  |
| Intangibles—computer software       | 16   | 2 535        | 2 751     | 2 498      | 2 746     |  |
|                                     |      |              |           |            |           |  |
| Total depreciation and amortisation |      | 30 772       | 29 019    | 30 454     | 28 851    |  |

 $<sup>^{\</sup>star}$  Refer to Accounting Policies in relation to reduction in depreciation charge for 2009.

#### Note 8—Income tax

A reconciliation of income tax expense applicable to accounting profit before income tax at a statutory income tax rate to income tax expense at the effective income tax rate for the years ended 31 December 2010 and 2009 as follows:

|   | Consol              | Consolidated |           | University |  |
|---|---------------------|--------------|-----------|------------|--|
|   | 31-Dec-10 31-Dec-09 |              | 31-Dec-10 | 31-Dec-09  |  |
|   | \$ 000              | \$ 000       | \$ 000    | \$ 000     |  |
|   |                     |              |           |            |  |
| Accounting profit before tax                          | 18 528              | 12 803       | 18 007    | 10 971     |  |
|   |                     |              |           |            |  |
| At statutory income tax rate of 30% (2009: 30%)       | 5 558               | 3 841        | 5 402     | 3 291      |  |
| Income and expenditure exempt for income tax purposes | (5 563)             | (3 969)      | (5 402)   | (3 291)    |  |
| Tax losses not recognised                             | 5                   | 128          | -         | -          |  |
|   |                     |              |           |            |  |
| Taxation to pay                                       | -                   | -            | -         | -          |  |
| Effective income tax rate                             | -                   | -            | -         | -          |  |

The Group has New Zealand tax losses available to carry forward of \$956,306 which has a tax effect of \$286,892 subject to shareholder continuity being maintained as required by New Zealand tax legislation (2009: \$956,306 and tax effect \$286,892).

The Group has no unrecognised deductible temporary differences (tax effect of \$Nil); (2009: \$Nil and tax effect of \$Nil).

Deferred tax assets arising from losses of \$286,892 (2009: \$286,892) and temporary differences of \$Nil (2009: \$Nil) are not recognised due to it not being probable that future taxable profits in the subsidiary will be derived.

|   | Consolidated |           | University |           |
|---|--------------|-----------|------------|-----------|
| Imputation Credit Account               | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |
|   | \$ 000       | \$ 000    | \$ 000     | \$ 000    |
|   |              |           |            |           |
| Balance at beginning of the year        | 6            | 3         | -          | -         |
| Interest withholding tax 30% receivable | 2            | 3         | -          | -         |
|   |              |           |            |           |
|   |              |           |            |           |
| Balance at end of the year              | 8            | 6         | -          | -         |

#### Note 9—Financial instruments

Exposure to interest rate, foreign exchange and credit risks arise in the normal course of the University's business. To manage and limit the effects of the financial risks, the Council has approved policies, guidelines and authorised the use of various financial instruments. The University does enter into or trade financial instruments, including derivative financial instruments for risk management purposes (not for speculative purposes). 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).

The Group's principal financial instruments comprise the following:

|  |      | Assets at fair<br>value through<br>the surplus or<br>deficit | Loans and receivables | Assets available<br>for sale | Liabilities<br>at fair value<br>through the<br>surplus or<br>deficit | Other liabilities<br>at amortised<br>cost |
|--|------|--|-----------------------|------------------------------|--|---|
|  | Note | \$ 000   | \$ 000                | \$ 000                       | \$ 000   | \$ 000                                    |
| Consolidated: 2010                               |      |  |                       |                              |  |   |
| Cash and cash equivalents                        | 10   | -  | 30 306                | -                            | -  | -   |
| Investments                                      | 11   | 14 331   | 306                   | 246                          | -  | -   |
| Accounts receivable                              | 12   | -  | 8 705                 | -                            | -  | -   |
| Other current assets                             | 13   | -  | 967                   | -                            | -  | -   |
| Accounts payable excluding employee entitlements | 21   | -  | -                     | -                            | -  | (22 578)                                  |
| Bank borrowings                                  | 26   | -  | -                     | -                            | -  | (42 000)                                  |
| Derivatives                                      |      | -  | -                     | -                            | ( 145)   | -   |
|  |      |  |                       |                              |  |   |
| Consolidated: 2009                               |      |  |                       |                              |  |   |
| Cash and cash equivalents                        | 10   | -  | 31 572                | -                            | -  | -   |
| Investments                                      | 11   | 13 519   | 306                   | 246                          | -  | -   |
| Accounts receivable                              | 12   | -  | 7 570                 | -                            | -  | -   |
| Other current assets                             | 13   | -  | 1 172                 | -                            | -  | -   |
| Accounts payable excluding employee entitlements | 21   | -  | -                     | -                            | -  | (22 818)                                  |
| Bank borrowings                                  | 26   | -  | -                     | -                            | -  | (37 000)                                  |
| Derivatives                                      |      | -  | -                     | -                            | ( 206)   | -   |
|  |      |  |                       |                              |  |   |
| University: 2010                                 |      |  |                       |                              |  |   |
| Cash and cash equivalents                        | 10   | -  | 16 297                | -                            | -  | -   |
| Investments                                      | 11   | -  | 152                   | 246                          | -  | -   |
| Accounts receivable                              | 12   | -  | 6 525                 | -                            | -  | -   |
| Accounts payable excluding employee entitlements | 21   | -  | -                     | -                            | -  | (18 881)                                  |
| Related party borrowings                         |      | -  | -                     | -                            | -  | (16 000)                                  |
| Bank borrowings                                  | 26   | -  | -                     | -                            | -  | (42 000)                                  |
| Derivatives                                      |      | -  | -                     | -                            | ( 145)   | -   |
| that we take a second                            |      |  |                       |                              |  |   |
| University: 2009                                 | 10   |  | 10.010                |                              |  |   |
| Cash and cash equivalents                        | 10   | -  | 18 016                | -                            | -  | -   |
| Investments                                      | 11   | -  | 162                   | 246                          | -  | -   |
| Accounts receivable                              | 12   | -  | 3 602                 | -                            | -  | (00.4:2)                                  |
| Accounts payable excluding employee entitlements | 21   | -  | -                     | -                            | -  | (20 442)                                  |
| Related party borrowings                         |      | -  | -                     | -                            | -  | (13 000)                                  |
| Bank borrowings                                  | 26   | -  | -                     | -                            | -  | (37 000)                                  |
| Derivatives                                      |      | -  | -                     | -                            | ( 206)   | -   |

All financial liabilities are expected to be repaid in 0 to 6 months, except for derivatives and long-term bank borrowings which are expected to be repaid over the terms of the agreements involved. No financial assets are held for trading.

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk and credit risk.

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 mitigate risk by purchasing forward currency contracts where the committed payment date is known and is within 12 months of order date. The contracts must be in the same currency as the underlying item. This exposure is not considered to be significant. Hedge accounting is not applied.

At balance date, there were no significant exposures to foreign currency risk from balances recorded in the accounts payable ledger.

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

|   | Consolidated |           | University |           |
|---|--------------|-----------|------------|-----------|
|   | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |
|   | \$ 000       | \$ 000    | \$ 000     | \$ 000    |
|   |              |           |            |           |
| Forward foreign exchange contracts (notional value) | 1707         | 1 295     | 1 707      | 1 295     |
| Fair value of forward foreign exchange contracts    | (145)        | ( 37)     | (145)      | (37)      |

The sensitivity to foreign exchange movement is considered to be immaterial.

#### b) Interest rate risk

The Group exposure to market interest rates relates primarily to the Group's investment in short-term deposits (refer to Note 1). The Group is also exposed to fluctuations in interest rates in relation to its bank borrowings.

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

|  | Higher/(lower) |           | Higher/(lower) |           |
|--|----------------|-----------|----------------|-----------|
|  | Consol         | idated    | Unive          | ersity    |
|  | 31-Dec-10      | 31-Dec-09 | 31-Dec-10      | 31-Dec-09 |
|  | \$ 000         | \$ 000    | \$ 000         | \$ 000    |
| Deposits   |                |           |                |           |
| +1% increase in interest rates                   | 207            | 230       | 103            | 117       |
| -1% increase in interest rates                   | ( 207)         | ( 230)    | (103)          | ( 117)    |
|  |                |           |                |           |
| Bank borrowings unbacked*                        |                |           |                |           |
| +1% increase in interest rates                   | (300)          | ( 250)    | (300)          | ( 250)    |
| -1% increase in interest rates                   | 300            | 250       | 300            | 250       |
|  |                |           |                |           |
| Bank borrowings backed with interest rate swaps* |                |           |                |           |
| +1% increase in interest rates                   | 120            | 120       | 120            | 120       |
| -1% increase in interest rates                   | (120)          | (120)     | (120)          | (120)     |
|  |                |           |                |           |
| Interest rate swaps*                             |                |           |                |           |
| +1% increase in interest rates                   | (120)          | (120)     | (120)          | (120)     |
| -1% increase in interest rates                   | 120            | 120       | 120            | 120       |

<sup>\*</sup> To minimise the interest rate risk on borrowings, the University has entered into interest rate swaps and forward rate agreements. As at 31 December 2010, \$12 million of the total borrowings (2009: \$12 million) was covered by interest rate swaps as outlined in Note 26.

#### c) Credit risk

Credit risk is the risk of the failure of a debtor or counterparty to honour its contractual obligation. Financial assets, which potentially subject the Group to concentration of credit risk, consist of cash, cash equivalents, accounts receivables, investments and forward exchange contracts. In the case of 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. Investments are placed with institutions which have high credit ratings and by limiting the amount that can be invested in any one institution. There is no concentration of credit risk in receivables due to its relatively low value at any given time. The total credit risk associated with financial assets is the fair value of the financial instrument.

#### d) Fair value of financial assets and liabilities

The following assumptions have been used to estimate the fair value of each class of financial instrument.

Bank deposits, receivables and payables: the carrying amounts of these balances are equivalent to their fair value because of their short maturity.

Derivative financial instruments: forward exchange contracts and interest rate swaps are marked to market using quoted market prices.

Independently managed fund investments (refer Note 11): the fair value of these investments is based on either quoted prices in an active market (level 1) or valued using a valuation technique where the majority of inputs are quoted in an active market (level 2) as advised by independent investment managers at balance date.

Loans to and from subsidiary companies: the fair value of the loan is based on current market interest rates for a loan of similar terms and maturity.

For the financial assets and liabilities listed above, the carrying values approximate to the fair values as disclosed in the balance sheet.

#### e) Liquidity risk management

The Group manages liquidity risk by maintaining adequate cash reserves, borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

### Note 10—Cash and cash equivalents

From time to time during the year, cash that 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 2010. If required, these short-term deposits can be converted to cash overnight. The carrying amounts of cash and cash equivalents represent fair values.

Refer to Note 2 in respect of interest rates attributed to these investments.

|  | Consol    | Consolidated |           |           |
|--|-----------|--------------|-----------|-----------|
|  | 31-Dec-10 | 31-Dec-09    | 31-Dec-10 | 31-Dec-09 |
|  | \$ 000    | \$ 000       | \$ 000    | \$ 000    |
|  |           |              |           |           |
| Cash at bank   | 9 633     | 8 542        | 6 012     | 6 331     |
|  |           |              |           |           |
| At call  | 11 945    | 21 030       | 10 285    | 11 685    |
| On short-term deposit                                  | 8 728     | 2 000        | -         | -         |
| Total short-term deposits                              | 20 673    | 23 030       | 10 285    | 11 685    |
|  |           |              |           |           |
|  | 30 306    | 31 572       | 16 297    | 18 016    |
| Comprising:  |           |              |           |           |
| Funds held by controlled trusts*                       | 2 901     | 3 067        | -         | -         |
| Funds held from bequests and donations (refer Note 25) | 3 466     | 3 505        | 3 466     | 3 505     |
| Funds available for University general use             | 23 939    | 25 000       | 12 831    | 14 511    |
|  | 30 306    | 31 572       | 16 297    | 18 016    |

<sup>\*</sup> Restrictions have been placed on the use of these funds by the donors and they will be used for specified purposes. Until the University fulfils the donor's request, the funds are held in Trust.

#### Note 11—Investments

|  | Consol    | Consolidated |           |           |
|--|-----------|--------------|-----------|-----------|
|  | 31-Dec-10 | 31-Dec-09    | 31-Dec-10 | 31-Dec-09 |
|  | \$ 000    | \$ 000       | \$ 000    | \$ 000    |
|  |           |              |           |           |
| Federated Superannuation Systems for Universities:   |           |              |           |           |
| FSSU advances (loans and receivables)  | 152       | 162          | 152       | 162       |
| Shares and convertible notes (available for sale)  | 7         | 7            | 7         | 7         |
| Investment in companies:   |           |              |           |           |
| New Zealand Synchrotron Group Limited (available for sale)   | 239       | 239          | 239       | 239       |
| Loans to staff   | 154       | 144          | -         | -         |
| Loans to subsidiaries  | -         | -            | -         | -         |
| Other investments:   |           |              |           |           |
| Investments held by controlled trusts (at fair values through surplus or deficit through the Statement of Financial Performance) | 14 331    | 13 519       | -         | -         |
|  | 14 883    | 14 071       | 398       | 408       |

### 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) that 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. To cover such payments, the universities advance funds to 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 and an additional call in October 2008 at a cost of \$146,145. 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.

### Staff loans

Loans granted to the value of \$125,000 to enable selected staff members to purchase shares in an associate company. Loans are interest bearing and are payable on demand. Loans are unsecured.

#### 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. The Australian equities and fixed interest securities are instruments quoted on an active market. The international managed funds are valued using a valuation technique where the majority of inputs are quoted in an active market. All other investments are recognised at fair value through the surplus within 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.

|   | Consolidated |           |  |
|---|--------------|-----------|--|
|   | 31-Dec-10    | 31-Dec-09 |  |
|   | \$ 000       | \$ 000    |  |
| Investments quoted in an active market (level 1):   |              |           |  |
| Equity instruments  | 137          | 143       |  |
| Fixed interest instruments  | 960          | 864       |  |
| Investments valued using a valuation technique where the majority of inputs are quoted in an active market (level 2): |              |           |  |
| Equity instruments  | 3 177        | 2 623     |  |
| Fixed interest instruments  | 7 190        | 7 354     |  |
| Managed funds   | 2 867        | 2 535     |  |
|   |              |           |  |
|   | 14 331       | 13 519    |  |

### Note 12—Accounts receivable

|   | Consol    | Consolidated |           | University |  |
|---|-----------|--------------|-----------|------------|--|
|   | 31-Dec-10 | 31-Dec-09    | 31-Dec-10 | 31-Dec-09  |  |
|   | \$ 000    | \$ 000       | \$ 000    | \$ 000     |  |
|   |           |              |           |            |  |
| Student and commercial                              | 8 350     | 7 686        | 5 363     | 3 626      |  |
| Less: provision for doubtful debts (a)              | ( 197)    | ( 219)       | ( 192)    | ( 219)     |  |
|   | 8 153     | 7 467        | 5 171     | 3 407      |  |
| Related party receivables (c)                       |           |              |           |            |  |
| Victoria University of Wellington Foundation        | -         | -            | 120       | 27         |  |
| Victoria Link Limited                               | -         | -            | 209       | 65         |  |
| New Zealand School of Music Limited                 | 552       | 103          | 552       | 103        |  |
| Research Trust of Victoria University of Wellington | -         | -            | 473       | -          |  |
|   |           |              |           |            |  |
|   | 552       | 103          | 1 354     | 195        |  |
|   |           |              |           |            |  |
| Total accounts receivables                          | 8 705     | 7 570        | 6 525     | 3 602      |  |

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 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 | University |
|--------------------------------|--------------|------------|
|                                | \$ 000       | \$ 000     |
|                                |              |            |
| Balance as at 1 January 2009   | 411          | 411        |
| Reversal of provision          | ( 192)       | ( 192)     |
| Amounts written off            |              | -          |
| Balance as at 31 December 2009 | 219          | 219        |
| Reversal of provision          | (22)         | (27)       |
| Amounts written off            | -            | -          |
| Balance as at 31 December 2010 | 197          | 192        |

This provision provides coverage of all collectable student accounts receivable greater than 90 days as at 31 December 2010 and other specifically identified key items.

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

|               | Consolidated |                     | University |           |
|---------------|--------------|---------------------|------------|-----------|
|               | 31-Dec-10    | 31-Dec-10 31-Dec-09 |            | 31-Dec-09 |
|               | \$ 000       | \$ 000              | \$ 000     | \$ 000    |
|               |              |                     |            |           |
| Current       | 6 680        | 3 763               | 3 109      | 1 387     |
| 1 to 30 days  | 1 349        | 2 082               | 950        | 1 427     |
| 31 to 60 days | 541          | 780                 | 396        | 365       |
| 61 to 90 days | 689          | 213                 | 182        | 160       |
| > 91 days     | 1 0 0 4      | 629                 | 160        | 68        |
|               |              |                     |            |           |
|               | 10 263       | 7 467               | 4 796      | 3 407     |

All debts past the 20th of the month following from the creation date 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 23.

#### (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.

There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties

### Note 13—Other current assets

|                            | Consolidated |           | University |           |
|----------------------------|--------------|-----------|------------|-----------|
|                            | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |
|                            | \$ 000       | \$ 000    | \$ 000     | \$ 000    |
|                            |              |           |            |           |
| Research—work in progress  | 967          | 1 172     | -          | -         |
|                            |              |           |            |           |
| Total other current assets | 967          | 1 172     | -          | -         |

# Note 14—Property, plant and equipment

|                                    | Land           | Building structure and fit-outs | Infrastructure | Leasehold<br>improvements | Computing<br>equipment &<br>networks |
|------------------------------------|----------------|---------------------------------|----------------|---------------------------|--------------------------------------|
|                                    | Valuation/Cost | Valuation/Cost                  | Valuation/Cost | Cost                      | Cost                                 |
| Cost or valuation                  | \$ 000         | \$ 000                          | \$ 000         | \$ 000                    | \$ 000                               |
| University                         |                |                                 |                |                           |                                      |
| As at 1 January 2009               | 108 771        | 466 753                         | 8 387          | 11 059                    | 26 039                               |
| Additions                          | -              | 58 509                          | 2 115          | 28                        | 6 037                                |
| Disposals                          | -              |                                 | -              | ( 42)                     | (6 888)                              |
| Valuation movement                 | (19 804)       | (15 710)                        | (1 766)        | -                         | -                                    |
| Reclassifications                  |                | ( 547)                          | 547            | -                         |                                      |
| Balance as at 31 December 2009     | 88 967         | 509 005                         | 9 283          | 11 045                    | 25 188                               |
| Additions                          | -              | 53 120                          | 2 763          | 28                        | 5 542                                |
| Disposals                          | -              | (1 069)                         | -              | -                         | (2 926)                              |
| Balance as at 31 December 2010     | 88 967         | 561 056                         | 12 046         | 11 073                    | 27 804                               |
| Consolidated                       |                |                                 |                |                           |                                      |
| As at 1 January 2009               | 108 771        | 353 703                         | 8 387          | 11 059                    | 26 133                               |
| Additions                          | -              | 58 509                          | 2 115          | 28                        | 6 041                                |
| Disposals                          | -              | -                               | -              | ( 42)                     | (6 888)                              |
| Valuation movement                 | (19 804)       | (15 710)                        | (1 766)        | -                         | -                                    |
| Reclassifications                  |                | ( 547)                          | 547            | -                         |                                      |
| Balance as at 31 December 2009     | 88 967         | 395 955                         | 9 283          | 11 045                    | 25 286                               |
| Additions                          | -              | 53 120                          | 2 763          | 28                        | 5 652                                |
| Disposals                          | -              | (1 069)                         | -              | -                         | (2 921)                              |
| Valuation movement                 | -              | -                               | -              | -                         | -                                    |
| Reclassifications                  | -              | -                               | -              | -                         | -                                    |
| Balance as at 31 December 2010     | 88 967         | 448 006                         | 12 046         | 11 073                    | 28 017                               |
| Depreciation and impairment        |                |                                 |                |                           |                                      |
| University                         |                |                                 |                |                           |                                      |
| As at 1 January 2009               | -              | 11 664                          | 755            | 3 375                     | 15 361                               |
| Depreciation for the year (Note 7) | -              | 11 128                          | 797            | 939                       | 4 561                                |
| Disposals                          | -              | <del>-</del>                    | -<br>          | ( 19)                     | (6 883)                              |
| Valuation movement                 | -              | (21 956)                        | (1 497)        | -                         | -                                    |
| Reclassifications                  |                | (14)                            | 14             | -                         | -                                    |
| Transfer charge to NZSM            |                | -                               | -              | -                         | 2                                    |
| Balance as at 31 December 2009     | -              | 822                             | 69             | 4 295                     | 13 041                               |
| Depreciation for the year (Note 7) | -              | 10 902                          | 859            | 945                       | 5 301                                |
| Disposals                          | -              | 147                             | -              | -                         | (2 914)                              |
| Valuation movement                 | -              | 1 251                           | -              | -                         | -                                    |
| Reclassifications                  | -              | -                               | -              | -                         | -                                    |
| Transfer charge to NZSM            | -              | -                               | -              |                           | -                                    |
| Balance as at 31 December 2010     | -              | 13 122                          | 928            | 5 240                     | 15 428                               |
| Consolidated                       |                |                                 |                |                           |                                      |
| As at 1 January 2009               | -              | 11 663                          | 755            | 3 375                     | 15 427                               |
| Depreciation for the year (Note 7) | -              | 11 128                          | 798            | 939                       | 4 579                                |
| Disposals                          | -              | 1                               | -              | (19)                      | (6 883)                              |
| Valuation movement                 | -              | (21 956)                        | (1 497)        | -                         | -                                    |
| Reclassifications                  | -              | (14)                            | 14             | -                         | -                                    |
| Transfer charge to NZSM            | -              | - <i>,</i>                      | _              | _                         | 5                                    |
| Balance as at 31 December 2009     | -              | 822                             | 70             | 4 295                     | 13 128                               |
| Depreciation for the year (Note 7) | -              | 10 902                          | 858            | 946                       | 5 339                                |
| Disposals                          | -              | 147                             | -              | _                         | (2 883)                              |
| Valuation movement                 | -              | 1 251                           | -              | _                         | -                                    |
| Reclassifications                  | -              | -                               |                | -                         | -                                    |
| Transfer charge to NZSM            | -              | -                               | -              | <u> </u>                  | -                                    |
| Balance as at 31 December 2010     | -              | 13 122                          | 928            | 5 241                     | 15 584                               |

|   | Furniture & equipment | Vehicles | Collections in use | Heritage<br>collections | Total          |
|---|-----------------------|----------|--------------------|-------------------------|----------------|
|   | Cost                  | Cost     | Cost               | Cost                    | Valuation/Cost |
| Cost or valuation                                 | \$ 000                | \$ 000   | \$ 000             | \$ 000                  | \$ 000         |
| University  |                       |          |                    |                         |                |
| As at 1 January 2009                              | 49 936                | 1 454    | 45 535             | 11 160                  | 729 094        |
| Additions   | 10 014                | 25       | 8 565              | 113                     | 85 406         |
| Disposals   | (4 328)               | ( 497)   | (10 740)           | -                       | (22 495)       |
| Valuation movement                                | -                     | -        |                    |                         | (37 280)       |
| Reclassifications  Balance as at 31 December 2009 |                       | -        | - 42.200           | - 11.072                | 754705         |
| Balance as at 31 December 2009                    | 55 622                | 982      | 43 360             | 11 273                  | 754 725        |
| Additions   | 10 116                | 258      | 7 170              | 58                      | 79 055         |
| Disposals   | (3 505)               | ( 282)   | -                  | -                       | (7 782)        |
| Balance as at 31 December 2010                    | 62 233                | 958      | 50 530             | 11 331                  | 825 998        |
| Consolidated                                      |                       |          |                    |                         |                |
| As at 1 January 2009                              | 50 221                | 1 465    | 45 535             | 11 160                  | 616 434        |
| Additions   | 10 215                | 26       | 8 565              | 113                     | 85 612         |
| Disposals   | (4 328)               | ( 117)   | (10 740)           | -                       | (22 115)       |
| Valuation movement                                | -                     | -        | -                  | -                       | (37 280)       |
| Reclassifications                                 |                       | -        | -                  |                         |                |
| Balance as at 31 December 2009                    | 56 108                | 1 374    | 43 360             | 11 273                  | 642 651        |
| Additions   | 10 146                | 258      | 7 170              | 58                      | 79 195         |
| Disposals   | (3 501)               | (490)    | -                  | -                       | (7 981)        |
| Valuation movement                                | -                     | -        | -                  | -                       | -              |
| Reclassifications                                 | -                     | -        | -                  | -                       | -              |
| Balance as at 31 December 2010                    | 62 753                | 1 142    | 50 530             | 11 331                  | 713 865        |
| Depreciation and impairment University            |                       |          |                    |                         |                |
| As at 1 January 2009                              | 22 578                | 867      | 24 918             | -                       | 79 518         |
| Depreciation for the year (Note 7)                | 5 849                 | 179      | 2 652              | -                       | 26 105         |
| Disposals   | (4 079)               | ( 318)   | (10 739)           | -                       | (22 038)       |
| Valuation movement                                | -                     | -        | -                  | -                       | (23 453)       |
| Reclassifications                                 | -                     | -        | -                  |                         |                |
| Transfer charge to NZSM                           | 35                    | -        |                    |                         | 37             |
| Balance as at 31 December 2009                    | 24 383                | 728      | 16 831             | -                       | 60 169         |
| Depreciation for the year (Note 7)                | 6 545                 | 137      | 3 267              | -                       | 27 956         |
| Disposals   | (3 477)               | ( 275)   | -                  | -                       | (6 519)        |
| Valuation movement                                | -                     | -        | -                  | -                       | 1 251          |
| Reclassifications                                 | -                     | -        | -                  | -                       | -              |
| Transfer charge to NZSM                           | -                     | -        | -                  | -                       | -              |
| Balance as at 31 December 2010                    | 27 451                | 590      | 20 098             | <u>-</u>                | 82 857         |
| Consolidated                                      |                       |          |                    |                         |                |
| As at 1 January 2009                              | 22 654                | 868      | 24 918             | -                       | 79 660         |
| Depreciation for the year (Note 7)                | 5 953                 | 219      | 2 652              | -                       | 26 268         |
| Disposals   | (4 090)               | ( 111)   | (10 739)           |                         | (21 841)       |
| Valuation movement                                | -                     | -        | -                  | -                       | (23 453)       |
| Reclassifications                                 | -                     | -        | -                  | -                       | -              |
| Transfer charge to NZSM                           | 35                    | -        | -                  | -                       | 40             |
| Balance as at 31 December 2009                    | 24 552                | 976      | 16 831             | -                       | 60 674         |
| Depreciation for the year (Note 7)                | 6 710                 | 215      | 3 267              |                         | 28 237         |
| Disposals   | (3 515)               | (483)    | -                  | _                       | (6 734)        |
| Valuation movement                                | -                     | -        | _                  | _                       | 1 251          |
| Reclassifications                                 | -                     | -        | -                  | -                       | -              |
| Transfer charge to NZSM                           | _                     | -        | _                  | -                       | -              |
| Balance as at 31 December 2010                    | 27 747                | 708      | 20 098             | -                       | 83 428         |

|   | Land   | Building structure and fit-outs   | Infrastructure   | Leasehold<br>improvements  | Computing<br>equipment &<br>networks   |
|---|--|---|--|--|--|
|   | Valuation  | Valuation   | Valuation  | Cost   | Cost   |
|   |  | \$ 000  | \$ 000   | \$ 000   | \$ 000   |
| Carrying amounts  |  |   |  |  |  |
| University  Cost as at 1 January 2009   | 108 771  | 466 753   | 8 387  | 11 059   | 26 039   |
| Accumulated depreciation as at 1 January 2009   | 108 771  | (11 664)  | ( 755)   | (3 375)  | (15 361)   |
| Carrying amounts as at 1 January 2009   | 108 771  | 455 089   | 7 632  | 7 684  | 10 678   |
| ,   |  |   |  |  |  |
| Cost as at 31 December 2009   | 88 967   | 509 005   | 9 283  | 11 045   | 25 188   |
| Accumulated depreciation as at 31 December 2009   | -  | ( 822)  | ( 69)  | (4 295)  | (13 041)   |
| At 31 December 2009   | 88 967   | 508 183   | 9 214  | 6 750  | 12 147   |
| Cost so at 21 December 2010   | 99.067   | F.C1.0F.C   | 10.046   | 11.072   | 07.004   |
| Cost as at 31 December 2010  Accumulated depreciation as at 31 December 2010  | 88 967   | 561 056<br>(13 122)   | 12 046<br>( 928)   | 11 073<br>(5 240)  | 27 804<br>(15 428)   |
| Carrying amounts as at 31 December 2010   | 88 967   | 547 934   | 11 118   | 5 833  | 12 376   |
| can Jing amounto ao acon pocombo. 2010  | 55 55.   | 0.7.00.   |  | 0 000  | .2070  |
| Consolidated  |  |   |  |  |  |
| Cost as at 1 January 2009   | 108 771  | 353 703   | 8 387  | 11 059   | 26 133   |
| Accumulated depreciation as at 1 January 2009   | -  | (11 663)  | ( 755)   | (3 375)  | (15 427)   |
| Carrying amounts as at 1 January 2009   | 108 771  | 342 040   | 7 632  | 7 684  | 10 706   |
|   |  |   |  |  |  |
| Cost as at 31 December 2009   | 88 967   | 395 955   | 9 283  | 11 045   | 25 286   |
| Accumulated depreciation as at 31 December 2009  At 31 December 2009  | 88 967   | ( 822)<br>395 133   | (70)<br>9 213  | (4 295)<br>6 750   | (13 128)   |
| At 31 December 2009   | 88 907   | 393 133   | 9 213  | 6 730  | 12 130   |
| Cost as at 31 December 2010   | 88 967   | 448 006   | 12 046   | 11 073   | 28 017   |
| Accumulated depreciation as at 31 December 2010   | -  | (13 122)  | ( 928)   | (5 241)  | (15 584)   |
| Carrying amounts as at 31 December 2010   | 88 967   | 434 884   | 11 118   | 5 832  | 12 433   |
|   |  |   |  |  |  |
|   | Furniture & equipment  | Vehicles  | Collections in use   | Heritage<br>collections  | Total  |
|   |  | Vehicles<br>Cost  | Collections in use   | •  | Valuation/Cost   |
|   | equipment  |   |  | collections  |  |
| Carrying amounts  | equipment<br>Cost  | Cost  | Cost   | collections<br>Cost  | Valuation/Cost   |
| University  | equipment<br>Cost<br>\$ 000  | Cost<br>\$ 000  | Cost<br>\$ 000   | collections<br>Cost<br>\$ 000  | Valuation/Cost<br>\$ 000   |
| University Cost as at 1 January 2009  | equipment Cost \$ 000  | Cost<br>\$ 000  | Cost<br>\$ 000<br>45 535   | collections<br>Cost  | Valuation/Cost<br>\$ 000<br>729 094  |
| University  | equipment<br>Cost<br>\$ 000  | Cost<br>\$ 000  | Cost<br>\$ 000   | collections<br>Cost<br>\$ 000  | Valuation/Cost<br>\$ 000   |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009  | equipment  | Cost<br>\$ 000<br>1 454<br>( 867)   | Cost<br>\$ 000<br>45 535<br>(24 918)   | collections Cost \$ 000  | Valuation/Cost<br>\$ 000<br>729 094<br>(79 518)  |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009  | equipment  | Cost<br>\$ 000<br>1 454<br>( 867)   | Cost<br>\$ 000<br>45 535<br>(24 918)   | collections Cost \$ 000  | Valuation/Cost<br>\$ 000<br>729 094<br>(79 518)  |
| University  Cost as at 1 January 2009  Accumulated depreciation as at 1 January 2009  Carrying amounts as at 1 January 2009   | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383)   | Cost<br>\$ 000<br>1 454<br>( 867)<br>587<br>982<br>( 728)   | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)   | collections Cost \$ 000  11 160  | Valuation/Cost<br>\$ 000<br>729 094<br>(79 518)<br>649 576   |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009 Cost as at 31 December 2009  | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622  | Cost<br>\$ 000<br>1 454<br>( 867)<br>587  | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360   | collections  | Valuation/Cost<br>\$ 000<br>729 094<br>(79 518)<br>649 576<br>754 725  |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009   | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383) 31 239  | Cost<br>\$ 000<br>1 454<br>(867)<br>587<br>982<br>(728)<br>254  | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529   | collections Cost \$ 000  11 160 11 160 11 273 11 273   | 729 094<br>(79 518)<br>649 576<br>754 725<br>(60 169)<br>694 556   |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009  Cost as at 31 December 2010  | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383) 31 239  62 233  | Cost<br>\$ 000<br>1 454<br>(867)<br>587<br>982<br>(728)<br>254  | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530   | collections Cost \$ 000  11 160  | 729 094<br>(79 518)<br>649 576<br>754 725<br>(60 169)<br>694 556<br>825 998  |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009  Cost as at 31 December 2010 Accumulated depreciation as at 31 December 2010  | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383) 31 239  62 233 (27 451)   | Cost<br>\$ 000<br>1 454<br>(867)<br>587<br>982<br>(728)<br>254<br>958<br>(590)  | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530<br>(20 098)   | collections Cost \$ 000  11 160 - 11 160 11 273 - 11 273 11 331 -  | 729 094<br>(79 518)<br>649 576<br>754 725<br>(60 169)<br>694 556<br>825 998<br>(82 857)  |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009  Cost as at 31 December 2010  | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383) 31 239  62 233  | Cost<br>\$ 000<br>1 454<br>(867)<br>587<br>982<br>(728)<br>254  | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530   | collections Cost \$ 000  11 160 11 160 11 273 11 273   | 729 094<br>(79 518)<br>649 576<br>754 725<br>(60 169)<br>694 556<br>825 998  |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009  Cost as at 31 December 2010 Accumulated depreciation as at 31 December 2010  | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383) 31 239  62 233 (27 451)   | Cost<br>\$ 000<br>1 454<br>(867)<br>587<br>982<br>(728)<br>254<br>958<br>(590)  | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530<br>(20 098)   | collections Cost \$ 000  11 160 - 11 160 11 273 - 11 273 11 331 -  | 729 094<br>(79 518)<br>649 576<br>754 725<br>(60 169)<br>694 556<br>825 998<br>(82 857)  |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009  Cost as at 31 December 2010 Accumulated depreciation as at 31 December 2010 Carrying amounts as at 31 December 2010  | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383) 31 239  62 233 (27 451)   | Cost<br>\$ 000<br>1 454<br>(867)<br>587<br>982<br>(728)<br>254<br>958<br>(590)  | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530<br>(20 098)   | collections Cost \$ 000  11 160 - 11 160 11 273 - 11 273 11 331 -  | 729 094<br>(79 518)<br>649 576<br>754 725<br>(60 169)<br>694 556<br>825 998<br>(82 857)  |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009  Cost as at 31 December 2010 Accumulated depreciation as at 31 December 2010 Carrying amounts as at 31 December 2010  Consolidated  | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383) 31 239  62 233 (27 451) 34 782  | Cost<br>\$ 000<br>1 454<br>( 867)<br>587<br>982<br>( 728)<br>254<br>958<br>( 590)<br>368  | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530<br>(20 098)<br>30 432   | collections Cost \$ 000  11 160 11 160 11 273 11 273 11 331 11 331   | 729 094<br>(79 518)<br>649 576<br>754 725<br>(60 169)<br>694 556<br>825 998<br>(82 857)<br>743 141   |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009  Cost as at 31 December 2010 Accumulated depreciation as at 31 December 2010 Carrying amounts as at 31 December 2010  Consolidated Cost as at 1 January 2009  | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383) 31 239  62 233 (27 451) 34 782  | Cost<br>\$ 000<br>1 454<br>(867)<br>587<br>982<br>(728)<br>254<br>958<br>(590)<br>368   | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530<br>(20 098)<br>30 432   | collections Cost \$ 000  11 160 11 160 11 273 11 273 11 331 11 331   | 729 094<br>(79 518)<br>649 576<br>754 725<br>(60 169)<br>694 556<br>825 998<br>(82 857)<br>743 141   |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009  Cost as at 31 December 2010 Accumulated depreciation as at 31 December 2010 Carrying amounts as at 31 December 2010  Consolidated Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009  | equipment  | Cost<br>\$ 000<br>1 454<br>( 867)<br>587<br>982<br>( 728)<br>254<br>958<br>( 590)<br>368<br>1 465<br>( 868)                             | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530<br>(20 098)<br>30 432<br>45 535<br>(24 918)   | collections Cost \$ 000  11 160 11 160 11 273 11 273 11 331 11 331   | 729 094<br>(79 518)<br>649 576<br>754 725<br>(60 169)<br>694 556<br>825 998<br>(82 857)<br>743 141   |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009  Cost as at 31 December 2010 Accumulated depreciation as at 31 December 2010 Carrying amounts as at 31 December 2010  Consolidated Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009  | equipment  | Cost<br>\$ 000<br>1 454<br>( 867)<br>587<br>982<br>( 728)<br>254<br>958<br>( 590)<br>368<br>1 465<br>( 868)                             | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530<br>(20 098)<br>30 432<br>45 535<br>(24 918)   | collections Cost \$ 000  11 160 11 160 11 273 11 273 11 331 11 331   | 729 094<br>(79 518)<br>649 576<br>754 725<br>(60 169)<br>694 556<br>825 998<br>(82 857)<br>743 141   |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009  Cost as at 31 December 2010 Accumulated depreciation as at 31 December 2010 Carrying amounts as at 31 December 2010  Consolidated Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009 Carrying amounts as at 1 January 2009  | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383) 31 239  62 233 (27 451) 34 782  50 221 (22 654) 27 567                                | Cost<br>\$ 000<br>1 454<br>(867)<br>587<br>982<br>(728)<br>254<br>958<br>(590)<br>368<br>1 465<br>(868)<br>597                          | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530<br>(20 098)<br>30 432<br>45 535<br>(24 918)<br>20 617   | collections Cost \$ 000  11 160 11 160 11 273 11 273 11 331 11 331 11 160 11 160                             | Valuation/Cost<br>\$ 000<br>729 094<br>(79 518)<br>649 576<br>754 725<br>(60 169)<br>694 556<br>825 998<br>(82 857)<br>743 141<br>616 434<br>(79 660)<br>536 774                                   |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009  Cost as at 31 December 2010 Accumulated depreciation as at 31 December 2010 Carrying amounts as at 31 December 2010  Consolidated Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009 Carrying amounts as at 1 January 2009 Cost as at 31 December 2009  | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383) 31 239  62 233 (27 451) 34 782  50 221 (22 654) 27 567  56 108                        | Cost<br>\$ 000<br>1 454<br>(867)<br>587<br>982<br>(728)<br>254<br>958<br>(590)<br>368<br>1 465<br>(868)<br>597                          | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530<br>(20 098)<br>30 432<br>45 535<br>(24 918)<br>20 617<br>43 360                                 | collections Cost \$ 000  11 160 11 160 11 273 11 273 11 331 11 331 11 160 11 160                             | 729 094 (79 518) 649 576 754 725 (60 169) 694 556 825 998 (82 857) 743 141 616 434 (79 660) 536 774  |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009 Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2010 Accumulated depreciation as at 31 December 2010 Carrying amounts as at 31 December 2010  Consolidated Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009 Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009    | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383) 31 239  62 233 (27 451) 34 782  50 221 (22 654) 27 567  56 108 (24 552) 31 556        | Cost<br>\$ 000<br>1 454<br>(867)<br>587<br>982<br>(728)<br>254<br>958<br>(590)<br>368<br>1 465<br>(868)<br>597<br>1 374<br>(976)<br>398 | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530<br>(20 098)<br>30 432<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529           | collections Cost \$ 000  11 160 11 160 11 273 11 273 11 331 11 160 11 160 11 173 11 273 11 273               | Valuation/Cost<br>\$ 000<br>729 094<br>(79 518)<br>649 576<br>754 725<br>(60 169)<br>694 556<br>825 998<br>(82 857)<br>743 141<br>616 434<br>(79 660)<br>536 774<br>642 651<br>(60 674)<br>581 977 |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009  Cost as at 31 December 2010 Accumulated depreciation as at 31 December 2010 Carrying amounts as at 31 December 2010  Consolidated Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009  Cost as at 31 December 2009  Accumulated depreciation as at 31 December 2009 Accumulated depreciation as at 31 December 2009  Cost as at 31 December 2009  Cost as at 31 December 2009  Cost as at 31 December 2010 | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383) 31 239  62 233 (27 451) 34 782  50 221 (22 654) 27 567  56 108 (24 552) 31 556 62 753 | Cost<br>\$ 000<br>1 454<br>(867)<br>587<br>982<br>(728)<br>254<br>958<br>(590)<br>368<br>1 465<br>(868)<br>597<br>1 374<br>(976)<br>398 | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530<br>(20 098)<br>30 432<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530 | collections Cost \$ 000  11 160 11 160 11 273 11 273 11 331 11 331 11 160 11 160 11 173 11 273 11 273 11 273 | 729 094 (79 518) 649 576 754 725 (60 169) 694 556 825 998 (82 857) 743 141  616 434 (79 660) 536 774  642 651 (60 674) 581 977   |
| University Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009 Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2010 Accumulated depreciation as at 31 December 2010 Carrying amounts as at 31 December 2010  Consolidated Cost as at 1 January 2009 Accumulated depreciation as at 1 January 2009 Carrying amounts as at 1 January 2009 Cost as at 31 December 2009 Accumulated depreciation as at 31 December 2009 At 31 December 2009    | equipment Cost \$ 000  49 936 (22 578) 27 358  55 622 (24 383) 31 239  62 233 (27 451) 34 782  50 221 (22 654) 27 567  56 108 (24 552) 31 556        | Cost<br>\$ 000<br>1 454<br>(867)<br>587<br>982<br>(728)<br>254<br>958<br>(590)<br>368<br>1 465<br>(868)<br>597<br>1 374<br>(976)<br>398 | Cost<br>\$ 000<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529<br>50 530<br>(20 098)<br>30 432<br>45 535<br>(24 918)<br>20 617<br>43 360<br>(16 831)<br>26 529           | collections Cost \$ 000  11 160 11 160 11 273 11 273 11 331 11 160 11 160 11 173 11 273 11 273               | Valuation/Cost<br>\$ 000<br>729 094<br>(79 518)<br>649 576<br>754 725<br>(60 169)<br>694 556<br>825 998<br>(82 857)<br>743 141<br>616 434<br>(79 660)<br>536 774<br>642 651<br>(60 674)<br>581 977 |

#### Note 15—Asset revaluation reserve

|                                      | Land      | Building structure and fit-outs | Infrastructure | Total     |
|--------------------------------------|-----------|---------------------------------|----------------|-----------|
|                                      | Valuation | Valuation                       | Valuation      | Valuation |
| Valuation                            | \$ 000    | \$ 000                          | \$ 000         | \$ 000    |
| Parent                               |           |                                 |                |           |
| Opening balance as at 1 January 2009 | 98 057    | 218 302                         | 8 728          | 325 087   |
| Valuation movement                   | (19 804)  | 6 246                           | ( 268)         | (13 826)  |
| Balance as at 31 December 2009       | 78 253    | 224 548                         | 8 460          | 311 261   |
|                                      |           |                                 |                |           |
| Valuation movement                   | -         | (1 251)                         | -              | (1 251)   |
| Balance as at 31 December 2010       | 78 253    | 223 297                         | 8 460          | 310 010   |

Land, buildings and infrastructure assets were independently valued as at 30 November 2009 by Mr CW Nyberg and Mr MJ Bevin, registered valuers with Darroch 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 various aspects including zoning, title implications, alternate uses, subdivision and development potential. 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 arm's length transaction.

#### **Buildings**

Non-residential buildings are for the purposes of the valuation deemed to be specialised assets. Specialised assets are valued using the optimised depreciated replacement cost, which is based on the replacement construction costs which is intended to reflect current materials and technology that provide the same level of utility as present assets. 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 arm's length transaction. As part of the revaluation process, the independent valuer provided the Group with an 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 an estimation of useful lives.

#### General

Under the Education Act 1989, the University is required to obtain prior consent of the Ministry of Education to dispose of or sell assets where the value of those assets exceeds an amount determined by the Minister of Education. There were no such disposals made in 2010 (2009: \$Nil).

The carrying amounts of all property, plant and equipment are reviewed on an ongoing basis. Any impairment in value is recognised immediately.

# Note 16—Intangible assets

| IT software                                     | Consolidated | University    |
|---|--------------|---------------|
|   | \$ 000       | \$ 000        |
|   |              |               |
| Balance as at 1 January 2009                    | 16 671       | 16 671        |
| Additions                                       | 2 837        | 2 <b>77</b> 5 |
| Disposals                                       | (9 861)      | (9 861)       |
| Balance as at 31 December 2009                  | 9 647        | 9 585         |
|   |              |               |
| Additions                                       | 4 019        | 3 948         |
| Disposals                                       | ( 776)       | (776)         |
| Reclassifications                               | -            | -             |
| Balance as at 31 December 2010                  | 12 890       | 12 757        |
|   |              |               |
| Accumulated amortisation and impairment         |              |               |
| Balance as at 1 January 2009                    | 10 069       | 10 069        |
| Amortisation for the year                       | 2 751        | 2 746         |
| Disposals                                       | (7 670)      | (7 670)       |
| Balance as at 31 December 2009                  | 5 150        | 5 145         |
|   |              |               |
| Amortisation for the year                       | 2 531        | 2 498         |
| Disposals                                       | ( 776)       | (776)         |
| Balance as at 31 December 2010                  | 6 905        | 6 867         |
|   |              |               |
| Carrying amounts                                |              |               |
| Cost as at 1 January 2009                       | 16 671       | 16 671        |
| Accumulated amortisation as at 1 January 2009   | (10 069)     | (10 069)      |
| Carrying amounts as at 1 January 2009           | 6 602        | 6 602         |
|   |              |               |
| Cost as at 31 December 2009                     | 9 647        | 9 585         |
| Accumulated amortisation as at 31 December 2009 | (5 150)      | (5 145)       |
| Carrying amounts as at 31 December 2009         | 4 497        | 4 440         |
|   |              |               |
| Cost as at 31 December 2010                     | 12 890       | 12 757        |
| Accumulated amortisation as at 31 December 2010 | (6 905)      | (6 867)       |
| Carrying amounts as at 31 December 2010         | 5 985        | 5 890         |
|   |              |               |

# Note 17—Construction in progress

|  | Consolidated |           | University |           |
|--|--------------|-----------|------------|-----------|
|  | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |
|  | \$ 000       | \$ 000    | \$ 000     | \$ 000    |
|  |              |           |            |           |
| Boyd-Wilson Field upgrade                | 18           | 225       | 18         | 225       |
| Campus development                       | 10 236       | 1 662     | 10 236     | 1 662     |
| Campus-wide utilities upgrade            | 3 735        | 1 060     | 3 735      | 1 060     |
| Alan MacDiarmid Building                 | -            | 37 227    | -          | 37 227    |
| IT equipment and infrastructure projects | 2 232        | 2 341     | 2 232      | 2 341     |
| Marine laboratory Island Bay             | -            | 80        | -          | 80        |
| Security card system upgrade             | -            | 189       | -          | 189       |
| Student accommodation                    | 913          | 526       | 913        | 526       |
| Joan Stevens Hall building               | 952          | -         | 952        | -         |
| Minor projects                           | 1 629        | 3 724     | 1 642      | 3 687     |
| Other projects                           | 1 420        | 2 498     | 1 419      | 2 497     |
|  |              |           |            |           |
| Total construction in progress           | 21 135       | 49 532    | 21 147     | 49 494    |

## Note 18—Investments in subsidiaries

| Investments in subsidiaries       | Consolidated |           | University |           |  |
|-----------------------------------|--------------|-----------|------------|-----------|--|
|                                   | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |  |
|                                   | \$ 000       | \$ 000    | \$ 000     | \$ 000    |  |
|                                   |              |           |            |           |  |
| Victoria Link Limited             | -            | -         | 1 0 6 0    | 60        |  |
| Te Puni Village Limited           | -            | -         | -          | -         |  |
| Wetox Limited                     | -            | -         | -          | -         |  |
| iPredict Limited                  | -            | -         | -          | -         |  |
| Predictions Clearing Limited      | -            |           | -          | -         |  |
| Total investments in subsidiaries | -            | -         | 1 060      | 60        |  |

| Name                         | Country of incorporation | % Equity interest |           |
|------------------------------|--------------------------|-------------------|-----------|
|                              |                          | 31-Dec-10         | 31-Dec-09 |
|                              |                          |                   |           |
| Victoria Link Limited        | New Zealand              | 100               | 100       |
| Te Puni Village Limited      | New Zealand              | 100               | 100       |
| Wetox Limited                | New Zealand              | 100               | 100       |
| iPredict Limited             | New Zealand              | 75                | 75        |
| Predictions Clearing Limited | New Zealand              | 75                | 75        |

# Note 19—Investments in controlled trusts

| Investments in controlled trusts                                  | University |           |
|---|------------|-----------|
| (Balances included in community equity)                           | 31-Dec-10  | 31-Dec-09 |
|   | \$ 000     | \$ 000    |
|   |            |           |
| Victoria University of Wellington Foundation                      | 15 544     | 14 807    |
| Research Trust of Victoria University of Wellington               | 11 006     | 11 097    |
| Victoria University of Wellington Art Collection<br>Funding Trust | 1 403      | 1 397     |
| VUW School of Government Trust                                    | 541        | 533       |
| Total investments in controlled trusts                            | 28 494     | 27 834    |

| Name  | Country of incorporation % Equity interest |           |           |
|---|--|-----------|-----------|
|   |  | 31-Dec-10 | 31-Dec-09 |
|   |  |           |           |
| Victoria University of Wellington Foundation                      | New Zealand                                | 100       | 100       |
| Victoria University of Wellington Art Collection<br>Funding Trust | New Zealand                                | 100       | 100       |
| Research Trust Victoria University of Wellington                  | New Zealand                                | 100       | 100       |
| VUW School of Government Trust                                    | New Zealand                                | 100       | 100       |

## Note 20—Investments in associates

| (a) Investments in associates            | Consolidated |           | University |           |  |
|--|--------------|-----------|------------|-----------|--|
|  | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |  |
|  | \$ 000       | \$ 000    | \$ 000     | \$ 000    |  |
|  |              |           |            |           |  |
| Share of associate's surplus / (deficit) | 159          | 79        | -          | -         |  |
| Share of associate's retained earnings   | 340          | 283       | -          | -         |  |
| Cost of investment in associate          | 1 012        | 987       | 541        | 541       |  |
| Share of gain from change in investment  | -            | -         | -          | -         |  |
| Total investments in associates          | 1 511        | 1 349     | 541        | 541       |  |

| Name  | Country of incorporation | % Equity interest |           |
|---|--------------------------|-------------------|-----------|
|   |                          | 31-Dec-10         | 31-Dec-09 |
| Library Consortium of New Zealand Limited             | New Zealand              | 25                | 25        |
| Magritek Holdings Limited (via Victoria Link Limited) | New Zealand              | 24                | 24        |
| NZ Tertiary Education Consortium Limited*             | New Zealand              | 17                | 17        |

<sup>\*</sup> The University acquired a 16.66% shareholding in New Zealand Tertiary Education Consortium Limited (NZTEC). NZTEC is still treated as an associate within the Group as the Group has a strong representation on the board of NZTEC.

All associates have a 31 December balance date.

| (b) Extract from the associates' financial statements | 31-Dec-10 | 31-Dec-09 |
|---|-----------|-----------|
|   | \$ 000    | \$ 000    |
|   |           |           |
| Revenue   | 3 248     | 5 289     |
| Net profit  | 388       | 49        |
|   |           |           |
| Current assets  | 5 059     | 5 747     |
| Non-current assets                                    | 619       | 519       |
| Total assets  | 5 678     | 6 266     |
|   |           |           |
| Current liabilities                                   | 657       | 504       |
| Non-current liabilities                               | 0         | -         |
| Total liabilities                                     | 657       | 504       |
|   |           |           |
| Net assets / equity                                   | 5 021     | 5 762     |

## Note 21—Accounts payable and accruals

|                                     | Consolidated |           | University |           |
|-------------------------------------|--------------|-----------|------------|-----------|
|                                     | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |
|                                     | \$ 000       | \$ 000    | \$ 000     | \$ 000    |
|                                     |              |           |            |           |
| Accounts payable                    | 8 215        | 5 297     | 6 528      | 5 114     |
| Contract retentions                 | 404          | 1 103     | 404        | 1103      |
| Deposits held on behalf of students | 1 954        | 1 871     | 1 954      | 1 871     |
| Employee entitlements               | 1 830        | 3 668     | 1740       | 3 554     |
| Goods and Services Tax              | (1 306)      | 206       | (1 621)    | (110)     |
| Other accruals                      | 13 311       | 14 341    | 11 616     | 12 464    |
| Total accounts payable and accruals | 24 408       | 26 486    | 20 621     | 24 274    |

### (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 payables

For amount, terms and conditions of related party payables refer to Note 23.

Note 22—Provisions for annual leave, sick leave, retiring and long service leave

|                             | Consolidated |           | Unive     | rsity     |
|-----------------------------|--------------|-----------|-----------|-----------|
|                             | 31-Dec-10    | 31-Dec-09 | 31-Dec-10 | 31-Dec-09 |
|                             | \$ 000       | \$ 000    | \$ 000    | \$ 000    |
| (a)                         |              |           |           |           |
| Annual leave                |              |           |           |           |
| Balance at start of year    | 10 067       | 11 720    | 9 955     | 11 667    |
| Leave taken                 | (10 414)     | (11 937)  | (10 280)  | (11 804)  |
| Increase in leave provision | 10 136       | 10 284    | 9 988     | 10 092    |
|                             |              |           |           |           |
| Balance at end of the year  | 9 789        | 10 067    | 9 663     | 9 955     |
|                             |              |           |           |           |
| Sick leave                  |              |           |           |           |
| Balance at start of year    | 11           | 45        | 11        | 45        |
| Leave taken                 | (14)         | (18)      | (14)      | (18)      |
| Increase in leave provision | 15           | (16)      | 15        | (16)      |
|                             |              |           |           |           |
| Balance at end of the year  | 12           | 11        | 12        | 11        |
|                             |              |           |           |           |
| (b)                         |              |           |           |           |
| Retiring leave              |              |           |           |           |
| Balance at start of year    | 13 399       | 12 785    | 13 400    | 12 784    |
| Leave taken                 | ( 987)       | (1 095)   | ( 956)    | (1 095)   |
| Increase in leave provision | 1 165        | 1709      | 1134      | 1 711     |
|                             |              |           |           |           |
| Balance at end of the year  | 13 577       | 13 399    | 13 578    | 13 400    |
|                             |              |           |           |           |
| Long service leave          |              |           |           |           |
| Balance at start of year    | 647          | 539       | 630       | 517       |
| Leave taken                 | (60)         | ( 86)     | (60)      | ( 86)     |
| Increase in leave provision | 59           | 194       | 90        | 199       |
|                             |              |           |           |           |
| Balance at end of the year  | 646          | 647       | 660       | 630       |
|                             |              |           |           |           |
|                             | 14.000       | 14.040    | 14 000    | 14.020    |
|                             | 14 223       | 14 046    | 14 238    | 14 030    |

The retiring, long service and sick leave was independently assessed as at 31 December 2010 by Mr G Lee, an actuary with Aon Consulting New Zealand Limited and a fellow of the New Zealand Society of Actuaries.

An actuarial valuation involves the projection, on a year-by-year basis, of the long service leave and retirement leave benefit payment, based on accrued services, in respect of current employees. These benefit payments are estimated in respect of their incidence according to assumed rates of death, disablement, resignation and retirement allowing for assumed rates of salary progression. Of these assumptions the discount, salary progression 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 3.56% for the first projected year increasing to 5.74% in 10 years and beyond (2009: 4.34% to 6.11%).

 $\textbf{Salary} \ projection \ allows for a 1.80\% \ increase \ in year 1 \ and 2, 2.00\% \ increase \ per \ year \ thereafter \ (2009: 1.00\% \ to \ 2.50\%).$ 

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

### Note 23—Related party disclosure

#### a) Key management personnel

Short-term benefits
Post-employment benefits
Other long-term benefits
Termination benefits

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

Short-term benefits relate to meeting attendance fees, honoraria paid and salaries to Council members and key management personnel that include salaries paid to Council members who are also staff members of the University (including the Vice-Chancellor and four other staff members on Council).

Post-employment benefits relate to the movement in cost of long-term benefits (accruing to members on Council and key management personnel).

#### Consolidated and University

| Oniversity |           |  |  |  |  |
|------------|-----------|--|--|--|--|
| 31-Dec-10  | 31-Dec-09 |  |  |  |  |
| \$ 000     | \$ 000    |  |  |  |  |
|            |           |  |  |  |  |
| 4 098      | 4 234     |  |  |  |  |
| 28         | 28        |  |  |  |  |
| -          | -         |  |  |  |  |
| -          | -         |  |  |  |  |
| 4 126      | 4 262     |  |  |  |  |

Directors' fees paid to Directors of Victoria Link Limited totalled \$21,000 (2009: \$21,000).

Directors' fees paid to Directors of Wetox Limited totalled \$7,875 (2009: \$Nil).

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

### b) Related party transactions

| Prom the University to VIL.  |  | Purchases<br>\$ 000 | Sales<br>\$ 000 | Net receivables | Net payables | Funding<br>\$ 000 |
|--|--|---------------------|-----------------|-----------------|--------------|-------------------|
| 31-   Dec-10   315   263   209   69   31- 31- 31- 31- 32- 33   34  |  | ,                   | ,               | ,               | ,            |                   |
| S31   3408   65  | From the University to VLL                               |                     |                 |                 |              |                   |
| ### Prom the University to Magritek Holdings Limited #### Prom Type University of Wellington to Te Puni Village Limited #### #### Prom Victoria University of Wellington to Te Puni Village Limited ##### #### Prom Victoria University of Wellings Limited ##### ##### #########################  | 31-Dec-10  | 315                 | 2 263           | 209             | 69           | -                 |
| 31-Dec-10   33-894   473   - (16-000)   31-Dec-09   - (33-897)   - (278)   (13-000)   - (13-00 | 31-Dec-09  | 531                 | 3 408           | 65              | -            | -                 |
| 31-Dec-10   33-894   473   - (16-000)   31-Dec-09   - (33-897)   - (278)   (13-000)   - (13-00 |  |                     |                 |                 |              |                   |
| 31-bec-10   106   1   16   | From the University to RTVUW                             |                     |                 |                 |              |                   |
| From the University to Magritek Holdings Limited  31-Dec-10  31-Dec-20  36  50  4  |  | -                   |                 | 473             |              |                   |
| 31-Dec-10   36   | 31-Dec-09  | -                   | 33 497          | -               | 278          | (13 000)          |
| 31-Dec-10   36   |  |                     |                 |                 |              |                   |
| Si Dec-09   36   50   4   0   0   0   0   0   0   0   0  |  |                     | _               |                 |              |                   |
| From the University to Library Consortium of New Zealand           Operating Grant         1111         -         329         -           31-Dec-10         1111         -         329         -           31-Dec-09         351         -         297         -           31-Dec-10         -         120         -         -           31-Dec-09         -         27         27         -         -           From VUWF to the University         -         -         -         980         -         -         980         -         -         980         -         -         -         980         -         -         -         980         -         -         -         980         -         -         -         980         -         -         -         980         -         -         -         -         980         -         -         -         -         980         - </td <td></td> <td></td> <td></td> <td></td> <td>-</td> <td>-</td>  |  |                     |                 |                 | -            | -                 |
| Sile   Departing Grant   Sile   Depart   Depart   Sile   Depart   Sile   Depart   Sile   Depart   Sile   Depart   Depart   Sile   Depart    | 31-рес-09  | 36                  | 50              | 4               | -            | -                 |
| Sile   Departing Grant   Sile   Depart   Depart   Sile   Depart   Sile   Depart   Sile   Depart   Sile   Depart   Depart   Sile   Depart    | From the University to Library Consortium of New Zealand |                     |                 |                 |              |                   |
| 31-Dec-09  |  |                     |                 |                 |              |                   |
| Since   Prom the University to VUWF   Since   Prom the University to VUWF   Since   Prom the University to VUWF   Since   Prom VUWF to the University   Specific projects   Prom VUWF to the University   Prom VUWF to Magritek   Prom V |  | 111                 | _               | _               | 329          | -                 |
| From the University to VUWF  31-Dec-10   |  |                     | _               | _               |              | -                 |
| 31-Dec-10   120  |  |                     |                 |                 |              |                   |
| Term VLUW fo the University   Specific projects   Specific proje | From the University to VUWF                              |                     |                 |                 |              |                   |
| From VUWF to the University         Specific projects         31-Dec-10       0       0       0       980         31-Dec-09       0       0       0       1012         From Victoria University of Wellington to Te Puni Village Limited         31-Dec-10       237       2 100       0       0       0         31-Dec-09       6       1672       0       6       0         From VLL to Magritek Holdings Limited         31-Dec-10        0       0       0       0       0       0       0       0       0       0       0       0       0       0       0       0       0       0       0   | 31-Dec-10  | -                   | -               | 120             | -            | -                 |
| Specific projects   31-Dec-10  | 31-Dec-09  | -                   | -               | 27              | -            | -                 |
| Specific projects   31-Dec-10  |  |                     |                 |                 |              |                   |
| 31-Dec-10       -       -       -       980         31-Dec-09       -       -       -       1 012         From Victoria University of Wellington to Te Puni Village Limited         31-Dec-10       237       2 100       -       -       -         31-Dec-09       6       1 672       -       6       -         31-Dec-10       -       -       -       -       -       -         31-Dec-09       -       35       -       -       -       -         31-Dec-10       -       135       558       -       -       -         31-Dec-10       -       523       523       -       -       -         31-Dec-10       -       523       523       -       -       -         31-Dec-10       160       -   | From VUWF to the University                              |                     |                 |                 |              |                   |
| 31-Dec-09  | Specific projects  |                     |                 |                 |              |                   |
| From Victoria University of Wellington to Te Puni Village Limited         31-Dec-10       237       2 100       -       -       -       -         31-Dec-09       6       1 672       -       6       -         From VLL to Magritek Holdings Limited         31-Dec-10       -       -       -       -       -       -         31-Dec-09       -       135       558       -       -         31-Dec-09       -       523       523       -       -         From RTVUW to Magritek Holdings Limited         31-Dec-10       160       -       -       -       -       -       -       -  | 31-Dec-10  |                     | -               | -               | -            | 980               |
| 31-Dec-10       237       2 100       -       -       -         31-Dec-09       6       1 672       -       6       -         From VLL to Magritek Holdings Limited         31-Dec-10       -       -       -       -       -         31-Dec-10       -       135       558       -       -         31-Dec-09       -       523       523       -       -         From RTVUW to Magritek Holdings Limited         31-Dec-10       160       -       -       -       -       -       -  | 31-Dec-09  | -                   | -               | -               | -            | 1 012             |
| 31-Dec-10       237       2 100       -       -       -         31-Dec-09       6       1 672       -       6       -         From VLL to Magritek Holdings Limited         31-Dec-10       -       -       -       -       -         31-Dec-10       -       135       558       -       -         31-Dec-09       -       523       523       -       -         From RTVUW to Magritek Holdings Limited         31-Dec-10       160       -       -       -       -       -       -  |  |                     |                 |                 |              |                   |
| 31-Dec-09  |  |                     |                 |                 |              |                   |
| From VLL to Magritek Holdings Limited         31-Dec-10        0       0       0       0       0       0       0       0       0       0       0       0       0       0       0        0       0       0       0       0       0       0       0       0       0       0       0       0       0       0        0       0       0       0       0       0       0       0       0       0       0       0       0       0       0        0       0       0       0       0       0       0       0 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td>-</td>  |  |                     |                 |                 |              | -                 |
| 31-Dec-10       -  | 31-Dec-09  | 6                   | 1 672           | -               | 6            | -                 |
| 31-Dec-10       -  | From VIII to Maggitaly Haldings Limited                  |                     |                 |                 |              |                   |
| 31-Dec-09 - 35   |  |                     | _               | _               | _            |                   |
| From VLL to iPredict       31-Dec-10     -     135     558     -     -       31-Dec-09     -     523     523     -     -       From RTVUW to Magritek Holdings Limited       31-Dec-10     160     -     -     -     -     -     -     -   |  | _                   |                 |                 | _            | _                 |
| 31-Dec-10       -       135       558       -       -         31-Dec-09       -       523       523       -       -         From RTVUW to Magritek Holdings Limited         31-Dec-10       160       - <td>3. 250 03</td> <td></td> <td>33</td> <td></td> <td></td> <td></td>   | 3. 250 03  |                     | 33              |                 |              |                   |
| 31-Dec-10       -       135       558       -       -         31-Dec-09       -       523       523       -       -         From RTVUW to Magritek Holdings Limited         31-Dec-10       160       - <td>From VLL to iPredict</td> <td></td> <td></td> <td></td> <td></td> <td></td>  | From VLL to iPredict                                     |                     |                 |                 |              |                   |
| 31-Dec-09 - 523 523  |  | -                   | 135             | 558             | -            | -                 |
| <b>31-Dec-10</b> 160   |  | -                   |                 |                 | -            | -                 |
| <b>31-Dec-10</b> 160   |  |                     |                 |                 |              |                   |
|  | From RTVUW to Magritek Holdings Limited                  |                     |                 |                 |              |                   |
| 31-Dec-09 192  | 31-Dec-10  | 160                 | -               | -               | -            | -                 |
|  | 31-Dec-09  | 192                 | -               | -               | -            | -                 |

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

|   | 31-Dec-10<br>Purchases<br>\$ 000 | 31-Dec-10<br>Sales<br>\$ 000 | 31-Dec-09<br>Purchases<br>\$ 000 | 31-Dec-09<br>Sales<br>\$ 000 |
|---|----------------------------------|------------------------------|----------------------------------|------------------------------|
| Victoria University of Wellington   | \$ 000                           | \$ 000                       | \$ 000                           | \$ 000                       |
| David Bibby is a board member of the Malaghan Institute of Medical Research. During the year the transactions between each are as follows:                          | 292                              | 413                          | 263                              | 57                           |
| Charles Daugherty is a trustee of the Karori Sanctuary Trust. During the year the transactions between each are as follows:   | 2                                | -                            | 2                                | 1                            |
| Patricia McKelvey is the Chair of The Correspondence School Board of Trustees. During the year the transactions between each are as follows:                        | 4                                | 6                            | -                                | -                            |
| Ian McKinnon is the Deputy Mayor/Councillor for the Wellington City Council. During the year the transactions between each are as follows:                          | 936                              | 4                            | 1 323                            | 6                            |
| Graeme Mitchell is a director of Barnardos New Zealand. During the year the transactions between each are as follows:   | 4                                | -                            | -                                | -                            |
| Graeme Mitchell is an independent member of the Audit and Risk Committee for the Ministry of Justice. During the year the transactions between each are as follows: | 2                                | 19                           | -                                | -                            |
| James Ogden was a director of Datam Limited until 30 April 2010. During the year the transactions between each are as follows:                                      | 125                              | -                            | 181                              | 1                            |
| James Ogden was a director of New Zealand Post Limited until 30 April 2010. During the year the transactions between each are as follows:                           | -                                | 3                            | 320                              | -                            |
| James Ogden was a director of Kiwibank Limited until 30 April 2010. During the year the transactions between each are as follows:                                   | -                                | -                            | -                                | 16                           |
| James Ogden is Chair of the Audit Committee of the Ministry of Social Development. During the year the transactions between each are as follows:                    | 35                               | 164                          | 31                               | 112                          |
| Jock Phillips is the General Manager Reference for the Ministry of Culture and Heritage. During the year the transactions between each are as follows:              | 3                                | 3                            | -                                | -                            |
| Brenda Pilott is the Vice President of the Institute of Public Administration New Zealand. During the year the transactions between each are as follows:            | 5                                | 4                            | -                                | -                            |
| Neil Quigley is a trustee of Education New Zealand Trust. During the year the transactions between each are as follows:   | 33                               | 89                           | 46                               | 128                          |
| Neil Quigley is a board member of the New Zealand Qualifications Authority. During the year the transactions between each are as follows:                           | 3                                | 9                            | -                                | -                            |
| Neil Quigley is the Chair of the New Zealand Tertiary Education Consortium. During the year the transactions between each are as follows:                           | -                                | 9                            | -                                | 41                           |
| Neil Quigley is the Chair of Wellington College. During the year the transactions between each are as follows:  | 19                               | -                            | 17                               | 1                            |
| Victoria Link Limited   |                                  |                              |                                  |                              |
| David Bibby is a board member of the Malaghan Institute of Medical Research (MIMR). During the year the transactions between each are as follows:                   | -                                | 1 425                        | -                                | 1 413                        |
| Neil Quigley is the Chair of Wellington College. During the year the transactions between each are as follows:  | 1                                | 1                            | 1                                | 1                            |
| Neil Quigley is the Chair of the New Zealand Tertiary Education Consortium. During the year the transactions between each are as follows:                           | -                                | 73                           | -                                | 99                           |
| The Research Trust of Victoria University of Wellington   |                                  |                              |                                  |                              |
| David Bibby is a board member of the Malaghan Institute of Medical Research (MIMR). During the year the transactions between each are as follows:                   | 64                               | 9 573                        | 33                               | 8                            |
| Charles Daugherty is a trustee of the Karori Sanctuary Trust. During the year the transactions between each are as follows:   | 5                                | -                            | -                                | -                            |
| Ian McKinnon is the Deputy Mayor/Councillor for the Wellington City Council. During the year the transactions between each are as follows:                          | 1                                | 18                           | -                                | -                            |
| Graeme Mitchell is an independent member of the Audit and Risk Committee for the Ministry of Justice. During the year the transactions between each are as follows: | _                                | 44                           | -                                | -                            |
| James Ogden is Chair of the Audit Committee of the Ministry of Social Development. During the year the transactions between each are as follows:                    | -                                | 469                          | -                                | -                            |
| Neil Quigley is a trustee of Education New Zealand Trust. During the year the transactions between each are as follows:   | 2                                | 414                          | 2                                | -                            |
| Neil Quigley is a board member of the New Zealand Qualifications Authority. During the year the transactions between each are as follows:                           | -                                | 670                          | -                                | -                            |
|   |                                  |                              |                                  |                              |

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

Outstanding balances at balance date are unsecured, interest free and settlement occurs in cash.

#### Allowance for impairment loss on trade receivables

For the year ended 31 December 2010, the Group has not made any allowance for impairment loss relating to amounts owed by related parties as the payment history has been excellent (2009: \$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.

### Note 24—Joint ventures

| Name                                | Country of incorporation | % Equity interest |           |
|-------------------------------------|--------------------------|-------------------|-----------|
|                                     |                          | 31-Dec-10         | 31-Dec-09 |
|                                     |                          |                   |           |
| New Zealand School of Music Limited | New Zealand              | 50                | 50        |

#### i) Joint venture details

|                                      | Consolidated and<br>University |           |  |
|--------------------------------------|--------------------------------|-----------|--|
|                                      | 31-Dec-10                      | 31-Dec-09 |  |
|                                      | \$ 000                         | \$ 000    |  |
| Financial performance                |                                |           |  |
| Revenue                              | 4 057                          | 3 941     |  |
| Expenses                             | (3 609)                        | (3 714)   |  |
| Net contribution to group operations | 448                            | 227       |  |
|                                      |                                |           |  |
| Financial position                   |                                |           |  |
| Current assets                       | 2 378                          | 1 973     |  |
| Non-current assets                   | 279                            | 325       |  |
|                                      | 2 657                          | 2 298     |  |
|                                      |                                |           |  |
| Current liabilities                  | 879                            | 1 098     |  |
|                                      |                                |           |  |

### ii) Commitment relating to the joint venture $% \left( \mathbf{r}\right) =\left( \mathbf{r}\right)$

Net assets employed in the joint venture

Share of capital commitments

#### Consolidated and University

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| University |           |  |  |  |
|------------|-----------|--|--|--|
| 31-Dec-10  | 31-Dec-09 |  |  |  |
| \$ 000     | \$ 000    |  |  |  |
|            |           |  |  |  |
| -          | _         |  |  |  |
| \$ 000     | \$ 000    |  |  |  |

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 students majoring in music. The Group's share of assets and liabilities employed in the jointly controlled operation are included in the consolidated Statement of Financial Position, in accordance with the Statement of Accounting Policies.

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### Note 25—Bequests and other monies held in Trust

|   | 31-Dec-10 | 31-Dec-09 |
|---|-----------|-----------|
|   | \$ 000    | \$ 000    |
|   |           |           |
| Bequests and donations                                    |           |           |
|   |           |           |
| Capital at start of the year                              | 2 458     | 2 534     |
| Add Further bequests and donations received during year   | -         | -         |
| Less Bequests and donations transferred to VUW Foundation | -         | ( 91)     |
| Add Income capitalised in accordance with the rules       | 15        | 15        |
| Capital at end of the year                                | 2 473     | 2 458     |
|   |           |           |
| Bequests and donations                                    |           |           |
|   |           |           |
| Income not capitalised at start of the year               | 1 053     | 1 101     |
| Add Income received during the year                       | -         | -         |
| Less Payments of awards, prizes, scholarships etc.        | ( 111)    | ( 134)    |
| Add Income not capitalised in accordance with the rules   | 57        | 86        |
| Income not capitalised at end of the year                 | 999       | 1 053     |
| At the end of the year, assets were held as follows:      |           |           |
| •   |           |           |
| Short-term deposits                                       | 3 435     | 3 435     |
| Interest received (to be allocated at year end)           | -         | -         |
| Bank  | 31        | 70        |
| Note 10   | 3 466     | 3 505     |
|   |           |           |
| Shares and convertible notes                              | 6         | 6         |
| Receivables   | -         | -         |
|   |           |           |
| Total Trust assets at end of the year                     | 3 472     | 3 511     |

The University holds funds in respect of 107 bequests and donations. In the case of 104 of these bequests and donations, the rules provide for the awarding of a prize, scholarship or other award to students in specific areas of study within the University. Scholarship information is available 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 that 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.

### Note 26—Borrowings

The University has an unsecured borrowing facility with The National Bank of New Zealand with a maximum limit of \$55,000,000. As at 31 December 2010 \$42,000,000 (2009: \$37,000,000) of this facility had been drawn down. Interest rates on borrowings are reset for a period not exceeding 180 days. The facility expires in 2012. The University's borrowing has been approved by the Minister of Education for the purposes of funding the University's long-term capital development programme. The University projects that these funds will continue to be required at 31 December 2011. Should short-term operational funds be available to diminish the level of borrowing during the period the University maintains the right to re-draw these funds as and when required. Because of the short-term nature of the interest rate reset periods associated with the loan the fair value is considered to approximate the carrying value. During the financial year, there have been no defaults or breaches on the repayments of the loan. To minimise the interest rate risk, the University has entered into the following interest rate swaps:

|  | Amount \$000 | Interest rate | Renegotiation |
|--|--------------|---------------|---------------|
| Borrowing: floating payable            | 6 000        | 3.86%         | 30-Mar-11     |
| Interest rate swap—floating receivable | 6 000        | 3.21%         | 30-Mar-11     |
| Interest rate swap—fixed payable       | 6 000        | 3.62%         | 30-Jun-11     |
| Effective interest rate:               |              | 4.27%         |               |
|  |              |               |               |
| Borrowing: floating payable            | 6 000        | 3.86%         | 30-Mar-11     |
| Interest rate swap—floating receivable | 6 000        | 3.21%         | 30-Mar-11     |
| Interest rate swap—fixed payable       | 6 000        | 3.92%         | 30-Jun-12     |
| Effective interest rate:               |              | 4.57%         |               |

The Fair Value of Interest Rate Swaps at 31/12/10 was \$44,000 (2009: \$170,000).

# Note 27—Reconciliation of surplus for the year with net cash flows from operating activities

|  | Consolidated |           | University |           |
|--|--------------|-----------|------------|-----------|
|  | 31-Dec-10    | 31-Dec-09 | 31-Dec-10  | 31-Dec-09 |
|  | \$ 000       | \$ 000    | \$ 000     | \$ 000    |
|  |              |           |            |           |
| Surplus from the Statement of Financial Performance                | 18 528       | 12 803    | 18 007     | 10 971    |
|  |              |           |            |           |
| Add / (less) changes in working capital items                      |              |           |            |           |
| Decrease / (increase) in accounts receivable                       | (1 135)      | 233       | (2 923)    | 1 045     |
| Decrease / (increase) in inventories                               | 30           | 192       | 25         | 206       |
| Decrease / (increase) in pre-paid expenses                         | (302)        | ( 260)    | (290)      | ( 138)    |
| Decrease / (increase) in other assets                              | 205          | 602       | -          | -         |
|  |              |           |            |           |
| Increase / (decrease) in accounts payable                          | (2 078)      | (3 158)   | (3 653)    | (3 068)   |
| Increase / (decrease) in pre-paid revenue                          | 1 630        | 4 812     | 2 398      | 3 313     |
| Increase / (decrease) in research grants unexpended                | 790          | 747       | 790        | 747       |
| Increase / (decrease) in annual leave provision                    | ( 278)       | (1 653)   | ( 292)     | (1 712)   |
| Increase / (decrease) in sick leave provision                      | 1            | (34)      | 1          | (34)      |
| Increase / (decrease) in retiring and long service leave provision | 56           | 48        | 56         | 48        |
| Net movements in working capital items                             | (1 081)      | 1 529     | (3 888)    | 407       |
| Add non-cash items   |              |           |            |           |
| Depreciation and amortisation                                      | 30 772       | 29 019    | 30 454     | 28 851    |
| Unrealised investment losses                                       | ( 401)       | ( 272)    | -          | -         |
| Unrealised derivative losses                                       | ( 61)        | 187       | ( 61)      | 187       |
| Add / (less) movements in non-current assets and liabilities       |              |           |            |           |
| Net (gain) / loss on asset disposal                                | 1 223        | 1 475     | 1 127      | 1 477     |
| Net (surplus) / deficit of associate company                       | (160)        | (79)      | -          | -         |
| Interest payable accrual—included in accounts payable              | -            | -         | -          | -         |
| Retiring and long service leave provision                          | 121          | 674       | 152        | 681       |
| Net movements in non-cash items                                    | 31 494       | 31 004    | 31 672     | 31 196    |
| Net cash inflow from operating activities                          | 48 941       | 45 337    | 45 791     | 42 574    |
|  |              |           | 13.101     |           |

### Note 28—Events after balance date

No significant events occurred after balance date (2009: Nil).



### SPACE OCCUPIED

The 2010 year has seen the completion of a number of significant projects, the highlight being the completion of the Alan MacDiarmid Building and Laby Annex, officially opened in July. Detailed design work for the Campus Hub redevelopment is well advanced at Kelburn Campus and the majority of preparatory work has been completed.

Other projects of note are the completion of the Boyd-Wilson Field upgrade, and the relocation of the School of Information Management from Kelburn to Pipitea Campus. Extensive work has been undertaken to develop a strategic asset management plan to ensure that sustainable maintenance programmes are in place for all buildings and plant.

In addition, Victoria is involved in a Capital & Coast District Health Board initiative to create a centre for biomedical research at the Wellington Hospital. The Graduate School of Nursing, Midwifery and Health relocated to Wellington Hospital in early 2010.

## Net usable square metres occupied

| 2008    | 2009    | 2010    |
|---------|---------|---------|
| 105,540 | 103,339 | 108,322 |

### Land

| Hectares                   | 2008 | 2009 | 2010 |
|----------------------------|------|------|------|
| Crown                      | 12.9 | 12.9 | 12.9 |
| University                 | 10.1 | 10.1 | 10.1 |
| Ground Lease<br>Properties | 0.3  | 0.3  | 0.3  |
| Total                      | 23.3 | 23.3 | 23.3 |

### PROPERTY UPGRADES

The University's Strategic Asset Management Plan for the property portfolio, completed in late 2009, provides a comprehensive programme for the maintenance and renewal of the University's facilities. Key 2010 projects arising from this plan included Weir House seismic upgrading, the completion of the initial Hunter brickwork remedials, a significant upgrade of the University Hall houses and plant renewals such as switchboards, chillers and mechanical services.

### **ENVIRONMENT**

Ongoing monitoring of the University's environmental impact has been closely tracked against key performance indicators.

The University's new flagship science and research facilities in the Alan MacDiarmid Building have incorporated many Environmental Sustainable Design (ESD) features into the base building, such as rain water harvesting for toilet flushing, high efficiency lighting, solar water heating, elevated thermal efficiency and selection of environmental friendly building materials.

Energy efficiency initiatives have continued, with high efficiency boilers replacing the ageing plant in von Zedlitz Tower, Kirk and Student Union Buildings.

The University also declared its commitment to sustainability, by becoming a signatory to the Talloires Declaration, an international declaration for sustainability created for and by presidents of institutions of higher learning.



### **COUNCIL DISCLOSURES**

#### **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

#### **David Chamberlain**

Director, Ascendant Consulting Ltd Director, Purakau Properties Ltd Director, New Zealand Blood Service Kiwibank Ltd

### **Professor Charles Daugherty**

Board Member, Karori Sanctuary Trust

Trustee, Research Trust of Victoria University of Wellington

Alternate Board Member, Victoria Link Ltd

Board Member, The MacDiarmid Institute

Director, Alan Wilson Centre Trustee, Pest Control Education Trust

#### Kevin Duggan

Treasurer, Tertiary Education Union (Victoria University of Wellington Branch)

Chair, Victoria University of Wellington Staff Club

### **Charles Finny**

Consultant, Saunders Unsworth Director, New Zealand Trade and Enterprise

Director, New Zealand Film Commission

Director, Kawarau Estate

#### **Max Hardy**

President, Victoria University of Wellington Students' Association Trustee, Victoria University of Wellington Students' Association Trust

#### Patricia McKelvey

Chair, The Correspondence School Board of Trustees Chair, Electra Ltd Deputy Chair, Charities Commission

#### **Ian McKinnon**

Councillor/Deputy Mayor, Wellington City Council Trustee, Nikau Foundation Consultant, Ian McKinnon Associates Director, Wellington International Airport Ltd

#### **Graeme Mitchell**

Director, Barnardos New Zealand Board Member, Karori Sanctuary Trust Member, Audit and Risk Committee, Porirua City Council

Member, Audit Committee, Human Rights Commission

Honorary Consul General for Norway Board Member, Accounting Standards Review Board

Trustee, National Provident Fund Board of Trustees

Member, Audit and Risk Committee, Ministry of Justice

### James Ogden

Director, New Zealand Post Ltd
(concluded 30 April 2010)
Director, Kiwibank Ltd
(concluded 30 April 2010)
Chairman, CCO & Trusts CCOP Subcommittee, Wellington City Council

(concluded 13 October 2010)
Director, Academic Colleges of
New Zealand Ltd
Director, Datamail Ltd
(concluded 30 April 2010)
Chairman, Audit Committee of Ministry
of Social Development
Director, Motor Trade Association
Group Investment Ltd
Director, Vehicle Testing Group Ltd
Director, Seaworks Ltd
Director, The Warehouse Group Ltd
Member, Governance Committee, AMP
Capital Property Portfolio

### **Dr Jock Phillips**

General Manager, Ministry for Culture and Heritage

### Brenda Pilott

National Secretary, New Zealand Public Service Association Vice-President/Member, Institute of Public Administration NZ Director, Learning State Member, VUW School of Government Advisory Board

### Professor Pat Walsh

Board Member, Wellington Employers' Chamber of Commerce Trustee, Dan Long Trust

### NOTHING TO DISCLOSE

Rosemary Barrington
Emeritus Professor Tim Beaglehole
Fleur Fitzsimons
Assoc. Professor Dolores Janiewski
Professor Paul Morris
Conrad Reyners
Helen Sutch

### COUNCIL MEETINGS ATTENDED AND PAYMENTS TO COUNCILLORS

Thirteen Council Meetings were held in 2010. 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 Pat Walsh, is not eligible to receive fee payments.

| Member of Council    | Council meeting attendance | Payment (\$)   |
|----------------------|----------------------------|----------------|
| Rosemary Barrington  | 13                         | 5,760          |
| Tim Beaglehole       | 11                         | 5,440          |
| Mary Bruce           | 3                          | 960            |
| David Chamberlain    | 12                         | 5,120          |
| Charles Daugherty    | 10                         | 3,200          |
| Kevin Duggan         | 12                         | 5,440          |
| Charles Finny        | 9                          | 2,880          |
| Fleur Fitzsimons     | 11                         | 4,480          |
| Max Hardy            | 13                         | 6,080          |
| Dolores Janiewski    | 12                         | 4,160          |
| Patricia McKelvey    | 12                         | 5,760          |
| Ian McKinnon (Chair) | 13                         | 24,892         |
| Graeme Mitchell      | 11                         | 5,440          |
| Paul Morris          | 10                         | 3,840          |
| James Ogden          | 10                         | 9,504          |
| Jock Phillips        | 11                         | No fee paid    |
| Brenda Pilott        | 9                          | 2,880          |
| Conrad Reyners       | 13                         | 5,440          |
| Helen Sutch          | 12                         | 12,400         |
| Pat Walsh            | 13                         | Not applicable |





#### **Professor David Bibby**

BTech(Hons) PhD DSc Lough

Trustee of the Malaghan Institute of Medical Research Board member of the MacDiarmid Institute Governing Board Director of Victoria Link Ltd

#### **Professor Robert Buckle**

BCom MCom(Hons) Auck

Director of the New Zealand School of Business Ltd Director of the New Zealand Graduate School of Business Ltd Director of the New Zealand School of Management Ltd

### Annemarie de Castro

BA Massey, FHRINZ

Director of the Adams Properties (Blenheim) Ltd

### **Professor Neil Quigley**

MA Cant, PhD Tor

Trustee of the Research Trust of Victoria University of Wellington

Trustee of the VUW Art Collection Funding Trust Trustee of the Quigley-McBride Foundation

Director of the Bradley Farm Ltd

Chair of iPredict Ltd

Chair of Predictions Clearing Ltd

Chair of New Zealand Tertiary Education Consortium

Chair of Victoria Link Ltd

Chair of Wetox Ltd

Director of Te Puni Village Ltd

Director of EQM Farming Ltd

Director of Neil Quigley and Associates Ltd

Trustee of the Neil Quigley Family Trust

Trustee of the Quigley-McBride Charitable Trust

Chair of Wellington College Board of Trustees

Trustee of the Wellington College Foundation

Director of the Reserve Bank Board

Member of the New Zealand Qualifications Authority Board

Trustee of the Education New Zealand Trust

Chair of the Adam Art Gallery

#### **Professor Roberto Rabel**

PhD Duke, BA(Hons)

Trustee of the Greater Mekong Subregion Tertiary Education Consortium

Trustee of Education New Zealand

#### Professor Piri Sciascia

BSc BA Otago, Tohunga Huarewa Massey, BA(Hons) DipTchg

Director of the Ngāi Tahu Cultural Fund Director of Toi Māori Aotearoa Ltd Director of Piri Com Ltd

#### **Andrew Simpson**

BCom Otago, CA

Board Member of the New Zealand School of Music

### Professor Pat Walsh

MA Cant, PhD Minn

(See Council members' disclosures of interest on page 94)

### NOTHING TO DISCLOSE

#### Professor Penny Boumelha

MA DPhil Oxon, FAHA

### **Professor Dugald Scott**

MA, BEdStuds, DipTchg

### **Professor Tony Smith**

LLM Cant, LLD Camb, Barrister and Honorary Bencher (Middle Temple)

### Professor Deborah Willis

MA Cant, PhD DipTchg

