



THE UNIVERSITY OF  
**WAIKATO**  
*Te Whare Wānanga o Waikato*

## ANNUAL REPORT

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# 2016



The Student Centre  
Te Manawa

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# From the Chancellor



Following the adoption of a new Constitution for the University Council as required by amendments to the Education Act in 2015, Council operated with 12 members during 2016. I extend my thanks to the members of the Council for their engagement with the challenges created by the reconstitution process, including our need to reconsider committee structures and other aspects of Council operations. The transition has been a smooth one, and demonstrated the benefits of a smaller and more focussed Council.

My thanks, also, to Mr Indula Jayasundara, who made a strong contribution to Council business during the year, but whose term expired at the end of 2016.

New Zealand universities continue to operate in an environment of fiscal constraint, while at the same time they are challenged by government, stakeholders and their students to constantly reassess the quality and the relevance of their teaching and research programmes. To ensure that the University of Waikato is well-placed to address these challenges, the Vice-Chancellor was tasked with leading the development of a new Strategy. University staff were consulted about a draft of the Strategy, with the majority of the feedback signalling strong support for the overall intent of the draft Strategy as well as for the clear direction about the future direction of the University that it provided.

Substantial changes were made to the Strategy on the basis of the feedback received and following further consideration by the University's Executive Leadership Team before the final version of the Strategy was adopted at Council's December 2016 meeting.

The approach adopted in the new Strategy reflects Council's resolve to focus on the aspiration for the University of Waikato to be a great university rather than a good university, and for a culture of excellence and high performance to be embedded in all parts of the University. Implementation of the Strategy will require substantial change, including reallocation of resources and changes to organisational culture. While change can be unsettling for all involved, the Council firmly believes that it is necessary for the future prosperity of the University. The Council is equally aware that the regions served by the University of Waikato continue to experience economic and population growth, making it important that the University Strategy demonstrate commitment to innovation and engagement with change in these regions.

All of the success the University experiences is because of its people: its students and staff and the members of the community who support and engage with us. We have great pride in the people who work here and study here – and twice a year, I am privileged to see many students cross the stage at graduation before they go out into the world as Waikato graduates.

During 2016 a number of changes were made to the format and timing of our graduation ceremonies. The decision to move the end of year graduation to December allows students who finish their studies in B Semester to graduate in the same year they finish, and is particularly important for international students who may not be able to return to New Zealand for a graduation ceremony held the following year and domestic students who may be going overseas to embark on their careers or to undertake further study.

It is my pleasure to thank my fellow Council members, the Vice-Chancellor and other senior managers of the University for their commitment to and leadership of the University, and all of the staff of the University for their loyalty and hard work over the past year.



Rt Hon James Bolger ONZ  
*Chancellor*

# Vice-Chancellor's Overview



Ngā mātāwaka o te motu, tēnā koutou katoa.

Rarau mai ki te whare wānanga o Waikato, ki te ahurewa o tūmanako, o wawata, o moemoeā.

Pike mai, kake mai, whakatau mai rā.

## Distinctiveness

The University of Waikato holds a special place in the New Zealand university system. Since its inception in 1964, when it was created by the demands of the local community, the University of Waikato has shown a commitment to innovation and to serving the needs of its community. It has a proud Māori heritage with the highest proportion of Māori students of any University in New Zealand and stands as an example to New Zealand and the world of cultural partnerships in tertiary education.

The University of Waikato consciously reflects the hopes, aspirations and dreams of the communities that it serves. The University of Waikato is committed to academic excellence. It embraces its heritage and takes pride in contemporary New Zealand culture, our commitment to biculturalism, our modern multicultural society, and the sustainability of our environment, economy and society. The research and teaching programmes of the University of Waikato reflect its historical and geographical location in the heartland of New Zealand through experience of conflict, reconciliation and co-operation, formation of political movements, interpretation of the Treaty of Waitangi and the law, and creation of an environment in which tikanga Māori, te reo Māori and mana Māori are preserved and promoted. The practical application of the University motto, Ko Te Tangata, is demonstrated by our academically challenging programmes that reflect the interests of students and the needs of employers and the communities with which we are engaged. Our students are challenged and inspired to fulfil their potential and to make their mark on the national and international stage.

The University of Waikato complements its historical and cultural distinctiveness by demonstrating adaptability, flexibility and future-focus in its programmes and its engagement with industry and community organisations. Key to the success of the University of Waikato's research effort is a very high level of engagement with the application of academic knowledge to the solution of practical real world problems. That approach is also reflected in the experience of our students, with many of our undergraduate students having some workplace experience as part of the degree, and a very high proportion of our Masters and PhD students following the lead of their supervisors in engaging with organisations and problems outside the University. The University also has an outstanding track record in applied research, with very high levels of success in generating commercial and industry-linked contestable research funding.

## Strategy

The process of working with senior colleagues and with the University Council to refine our strategic direction came to fruition at the end of 2016 with Council adopting a new Strategy for the University of Waikato. For the next five years the University of Waikato will focus its activities around six strategic goals:

1. An Organisational Culture Focused on High Performance
2. Teaching and Research Programmes Distinguished by Academic Excellence and Relevance
3. A Comprehensive Programme of Community Engagement
4. Improved Efficiency
5. A Distinctive University of Waikato Student Experience
6. Investment in Growth

In some areas, development of the strategy and the first steps in its implementation began in parallel during 2016, with the result that progress was made on a number of important new initiatives.

## Major New Initiatives

The new University Strategy will require the University of Waikato to go through a process of renewal and re-energisation, focusing resources on those teaching programmes for which there is student demand and those research programmes where excellence can be achieved.

The potential for the University to ensure that a clear strategy drives its investment in new positions was demonstrated by the appointment of three new staff to complement existing capability relating to Security and Crime Science. The success of this strategy is demonstrated by the New Zealand Police selecting the University of Waikato as its primary partner in the implementation of its Evidence-Based Policing strategy. Another area of focus for new hiring during the year was our Engineering programme. Here, we made three new senior appointments, including a Dean, an Associate Dean and an appointment to the Dr John Gallagher Chair in Agricultural Engineering (the latter generously funded by the John and Glenice Gallagher foundation).

The year was also a busy one with respect to our work on the review of our curriculum and degree structures. This project involves a whole-of-University approach to considering what is being offered, why, how, and when. This has included, at a high level, an opportunity to re-think our graduate attributes and offerings in a coordinated way, while it has also created a framework for increasing flexibility, revising and reducing paper offerings, and increasing co-operation across the boundaries between cognate disciplines and Faculties.

Research performance has also received substantial attention. Our focus on improved research performance has centred on the obligations of academic staff to conduct research of international standing, and to provide evidence of that standing by the dissemination of their research in quality peer-reviewed journals, in patents, or in the quality of its impact outside the University. We have also emphasised the need to pursue sources of external research income to support the funding provided by the University, and have re-organised staffing in the Research Office and Waikato Link to align with this strategy.

Based on the success of our pilot regional engagement programme with schools in the South Waikato and the Northern King Country, the University explored an extension of this programme and the associated daily commuter bus services for students during the second half of 2016. At the end of the year we announced a significant extension of the programme to begin in 2017.

## Vice-Chancellor's Overview continued

In October 2016 the University of Waikato provided the New Zealand government with a business case for the establishment of a new medical school, to be implemented through a partnership with the Waikato DHB. It has been almost 50 years since New Zealand last established a medical school, and by the time a third medical school could be established the population will have doubled. In contrast to the diversity of medical education programmes in other developed countries, New Zealand currently has one model of medical education offered by two of its universities, reducing the diversity of those who can enter medical school and the diversity of health workforce outcomes that results from the investment in medical education. To meet its health workforce needs New Zealand currently imports 1100 international medical graduates each year, and as a result is the OECD country that is most heavily dependent on doctors trained overseas. Shortages of doctors are most apparent in primary care and outside the main cities, meaning that many of our provincial and high health needs communities are largely depending on doctors trained outside New Zealand.

To address these issues the University of Waikato has worked with the Waikato DHB to develop a proposal for a community engaged graduate entry medical school. It is designed to complement the two existing medical schools by using Waikato Hospital as its tertiary hospital base, but developing in addition up to 15 clinical training centres around the Midland region in partnership with communities, PHOs and other DHBs.

### Staff and Community Support

I continue to be impressed by the enthusiasm and commitment of the staff of the University. There is here at the University of Waikato a strong sense of community and enthusiasm for the advancement of the institution that is rare in large and complex organisations. Equally, the support for the University that exists in Hamilton, the Waikato and the Bay of Plenty regions has made me confident about the opportunities that exist and about the alignment that exists between the expectations of our community stakeholders and our new Strategy.

I have benefited from a wide range of advice from colleagues within the University and from many friends of the University in the wider community. I thank all of those people for their support for my efforts to promote and identify new opportunities for the University. In particular I acknowledge the support of the University Council together with my colleagues in the Vice-Chancellor's Office and the Executive Team.



Professor Neil Quigley  
*Vice-Chancellor*



# 2016 at a Glance

**5** STAR RATING – QS RANKINGS

**12** SUBJECT AREAS IN TOP 250 IN WORLD – QS RANKINGS

**\$11.27** MILLION IN SCHOLARSHIPS AWARDED

**\$73.3** MILLION IN RESEARCH AND DEVELOPMENT REVENUE

**324** IN WORLD UP 14 PLACES ON 2015 – QS RANKINGS

**1,510** FULL-COST INTERNATIONAL EFTS

**1,754** STUDENTS UNDERTAKING INDUSTRY PLACEMENTS

**2,261** NZ MĀORI STUDENTS STUDYING AT WAIKATO

**3,642** QUALIFICATIONS COMPLETED

**7,893** STUDENTS UNDER 25

**9,805** TOTAL EFTS

# Year in Review

## New Building for Law and Management

On 7 April 2016 the Prime Minister of New Zealand, Rt Hon John Key, officially opened the University's new home for Te Piringa – faculty of Law. The building also includes space for students services for both Te Piriniga – Faculty of Law and the Waikato Management School. The building is comprised of a five-storey office tower and rooms below-ground level that feature a living lawn roof. The tower is linked below ground-level to the existing Management building on Hillcrest Road, and has offices, interview/meeting rooms, a boardroom, computer labs, student services, function areas, reception and research areas, a sunken courtyard and a moot courtroom. Furnishings in the moot courtroom came from the old Manukau District Court and a history of the University dating from 1964 is featured in photographs along a history wall in the stair-well of the tower building.

## Scholarships

A substantial increase in the University's commitment to scholarships was a key initiative for 2016. The additional funding was split between programmes focussed on academic excellence and programmes focussed on increasing access to the University, reflecting our need to attract and retain the most academically able students while also increasing our ability to attract students from low income families and under-represented groups.

The largest part of the additional scholarship funding was allocated to a new outstanding academic achievement school leaver scholarship – Te Paewai o te Rangi. This scholarship provides students attending the University and residing in the Halls of Residence with \$25,000 in scholarship funding spread over the three years of their undergraduate study. From 174 high quality applications the University made 53 scholarship offers, a commitment of \$1.3 million over and above the existing undergraduate scholarship programme of the University. Of the 43 students who have accepted the scholarship for 2017, 33% identified as Māori or Pasifika.

The University also committed additional scholarship funding to two existing scholarship schemes. The number of PhD scholarships funded by the University will increase by 10 for each of the next three years, representing an additional commitment of \$1 million per annum from the third year onwards. An extension of the Te Ara ki Angitū: Pathways to Excellence programme similarly resulted in the commitment of an additional \$460,000 per annum of additional funding to access scholarships associated with this programme. Scholarships are awarded on evidence of financial need, personal circumstances, leadership and community roles, academic ability, and commitment to succeed in university study.

A total of 92 scholarships were awarded, with 35% of the recipients being Māori or Pasifika. The scholarship programme associated with Te Ara ki Angitū: Pathways to Excellence receives substantial funding from the DV Bryant Trust as well as contributions from ANZ Bank, Mighty River Power and Raukawa Charitable Trust.

## Approval to Offer Full Waikato Degrees in China

During 2016 the University of Waikato received approval from the Chinese Ministry of Education in Beijing to establish a joint institute with Zhejiang University City College (ZUCC) that will allow students to complete their degree studies in China and receive a dual degree from both universities. Proposals to teach and award degrees in China go through a rigorous process, including vetting by the Provincial Ministry of Education and the University of Waikato is the first New Zealand university to be approved to offer degrees in this way. The first intake of students to the joint institute in September 2017 will be able to study for degrees in finance, media and creative technologies, and computer graphic design.

ZUCC is an independent college of Zhejiang University – one of the top three universities in China. The University of Waikato originally partnered with ZUCC in 2002 and this joint venture reflects the University's commitment to developing strong and mutually beneficial international partnerships. This partnership complements other joint programmes Waikato has been running in China for

the past 20 years. The University of Waikato attracts students from China through long-standing partnerships with Chinese universities, such as ZUCC and the Shanghai International Studies University, as well as new partners such as the Hebei University of Science and Technology, where in 2016 the University of Waikato began offering courses that will provide a foundation for students to complete their engineering degrees at the University of Waikato in Hamilton.

## Engagement with Vietnam

The University of Waikato has embarked on a major programme of engagement with Vietnam, focussed on student recruitment and the development of research programmes. A Vietnam Country Manager was engaged from October 2016, and in November the Vice-Chancellor visited Vietnam for meetings with the Prime Minister, Minister of Public Security, and senior staff from partner universities and the Ministry of Education.

Te Piringa – Faculty of Law was successful in securing a group scholarship under the Prime Minister's Scholarship for Asia programme. The scholarship allowed ten students to spend two weeks in the Law Faculty of the University of Economics, Ho Chi Minh City and then four weeks at Hanoi Law University in Hanoi. Another important relationship is being developed between the Vin School Group and the University's Faculty of Education, with a professional development programme being provided to Vin School staff and teachers from Vin School coming to Waikato to undertake Master's and PhD programmes in Education.

## Precision Medicine: The Future of Health

Two University of Waikato professors have been appointed to the leadership team of the Precision Driven Health (PDH) initiative that is set to influence the way medicine is practised, further strengthening the University's commitment to addressing New Zealand's health challenges. Dean of Computing and Mathematical Sciences Professor Geoffrey Holmes has been appointed to the PDH Independent Advisory Group, and Professor Bernhard Pfahringer has been appointed Theme Lead for Predictive Modelling.

PDH is a multi-million-dollar research partnership aimed at improving health outcomes for people through data science. It is a major public-private venture

between industry, government and academia, and its research will design healthcare solutions tailored to a person's characteristics, predict risk factors and create more effective care plans. The initiative was announced in March 2016 by founding partners Orion Health, University of Auckland and Waitemata District Health Board with support from Ministry of Business, Innovation and Employment (MBIE). The initiative is projected to invest \$38 million – with \$14 million from MBIE – over the next seven years, and more health sector and private partners are expected to join over this time. The New Zealand research will contribute to the growing body of international research being carried out in this area.

Precision health research aims to develop a framework for classifying patients, developing predictive models to identify high-risk patients and prescribe the best pathway for them through the healthcare system. Precision medicine gathers information relating to a person's health and wellbeing including factors such as lifestyle, genetics, and environment, and makes it available to the health professional and the patient, allowing them to make the best decisions regarding a treatment plan. By gathering so much information, patterns can be found that might give a clue, through similarity, to cases with pathways that have led to positive outcomes.

Data will only increase in this field as advances are made in the -omics area (genomics, proteomics, metabolomics, epigenomics, exposomics, collectively known as global-omics). If this data can be modelled relative to health, then mapping has the potential to predict the likelihood of major illness from an early stage. It could also indicate effective treatments for patients based on their omic-mapping.

## ICT Graduate School

Following the announcement that to meet growing demand for ICT graduates the government had committed \$28.6 million over three years to the creation of three ICT Graduate Schools, The University of Waikato and the University of Auckland have collaborated in order to establish one of the schools and to offer postgraduate qualifications in Information technology. The two universities are now jointly offering a Postgraduate Certificate in Information Technology (PGCertInfoTech), a Postgraduate Diploma in Information Technology and a Masters in Information Technology (MInfoTech).

## Year in Review continued

The purpose of the graduate school is to meet the growing demand for industry-ready ICT graduates who have a mix of ICT, critical thinking and other complementary skills needed to drive innovation in New Zealand. They are intended to be a vital link between our fast-moving hi-tech industries and tertiary education and provide a unique opportunity for businesses to connect with students and education providers, and help shape ICT talent and R&D. The decision by the government to award one of the ICT Graduate Schools jointly to the University of Waikato recognises the University's world class reputation in computer sciences and ensures that the University will continue to be positioned as a national leader in this area of teaching and research.

### Security and Crime Science

During 2016 New Zealand Police sought tenders from research providers for the position of Primary Partner supporting their Evidence-Based Policing Strategy. Building on several years of successful work with Waikato Police and its expertise in computer science, data mining, software engineering and cyber security, the University of Waikato was chosen as the Primary Partner. The University will provide research support, and partner with the Police in the development of an Evidence Based Policing centre in Wellington.

In parallel with this initiative, the University of Waikato launched an Institute for Security and Crime Science as a vehicle through which to showcase its world class reputation as leaders in security research, and provide a platform to undertake further high impact, cross-disciplinary research and teaching. The Institute based at the University of Waikato incorporates four interlinked components; theories in crime science, modelling and analysis of data on crime and security issues in New Zealand, the use of computer science to assist evidence-based police work, and the application of psychology to areas such as witness testimony and memory, and the drivers of criminal behaviour.

The University will introduce new qualifications to align with the work that is being undertaken through the institute. The University, with support from NZ Police, has developed a Master of Security and Crime Science, (MSCS) the first qualification of its kind in New Zealand. To support this teaching, and to complement the existing capability at the University of Waikato, three new appointments to

the Institute for Security and Crime Science were made during the year: Professors Maryanne Garry and Devon Polaschek in Psychology, and Dr Joe Burton a Senior Lecturer in Political Science and Public Policy.

### Regional Engagement

Expanding its commitment to the region, the University is leading the development of a Tauranga CBD tertiary campus, is the tertiary partner in the University of Waikato Adams Centre for High Performance located at Bay Park in Tauranga, and is increasing its accessibility for students.

The University of Waikato Adams Centre for High Performance Sport was opened in 2016, with financial support from the Bethlehem Trust. The University's space in the Centre includes a purpose-built laboratory and a state-of-the-art environmental chamber. The laboratory will be used for the purpose of sports science and research as well as athletic performance testing. The high-tech environmental chamber, to be built inside the laboratory, will be able to control specific heat and humidity requirements. It will also offer the capability to simulate a high altitude environment. The chamber will be used for research, training, recovery and acclimatisation. This facility will complement the core teaching facility for the University's programmes in Tauranga that is being funded by contributions from Tauranga City Council, Bay of Plenty Regional Council and the Tauranga Energy Consumer Trust and the University for which the full architectural design was completed in 2016.

An important initiative launched by the University in 2015 and implemented in 2016 is Te Ara ki Angitū: Pathways to Excellence programme, which focusses on making the University more accessible to students of the regional secondary schools and communities in the wider Waikato region. Based on the success of the pilot programme developed with the schools and communities in the South Waikato, and in the Northern King Country, the University announced a major extension of the programme during 2016. The programme extends across 25 secondary schools of the Waikato region. Financial assistance for the students includes a scholarship programme and the ability to commute to the University on heavily subsidised daily Wi-Fi-enabled buses running through 15 Waikato townships. Student mentoring and pastoral care and a whānau/common room on campus round out the student support associated with this programme.

In a move to further expand the University's regional reach, the University signed a Memorandum of Understanding with Napier City Council which provides for the University to have a permanent space in Napier. The University will undertake regional research projects in economic development, the environment, high performance sport, water management and marine science, and collaborate with EIT in the offer of tertiary programmes in the region.

## Bringing Nature Back to the Cities

In 2016 Deputy Vice-Chancellor Research Professor Bruce Clarkson was awarded the Charles Fleming Award for Environmental Achievement by the Royal Society of New Zealand and received more than \$2.8 million Endeavour funding from the Ministry of Business, Innovation and Employment to lead a project titled *People, Cities and Nature: Restoring indigenous nature in urban environments*.

The Charles Fleming Award honours those who have achieved distinction in the protection, maintenance, management, improvement or understanding of the environment, in particular the sustainable management of the New Zealand environment. The award is made every three years to an individual and consists of a medal and a cash grant of \$2000.

For *People, Cities and Nature*, Professor Clarkson has brought together a cross-disciplinary team of researchers from institutions around the country to be part of the four-year project that will look at the best methods to bring nature, that's plants, native birds and animals, back into urban areas. The researchers, a vigorous, highly productive group of urban ecologists, come from Waikato, Victoria and Otago universities and Landcare Research. The cities participating are Hamilton, New Plymouth, Tauranga, Napier, Wellington, Nelson and Dunedin, plus the Waikato and Hawke's Bay regional councils and Zealandia in Karori, Wellington.

## University of Waikato Awarded First Rutherford Discovery Fellowship

The University of Waikato was awarded its first Rutherford Discovery Fellowship in November 2016. The fellowship was awarded to School of Science Senior Lecturer Dr Adam Hartland who has been granted \$800,000 over five years for his project *Unlocking the karst record: quantitative proxies of past climates from speleothems*.

Dr Hartland's study addresses the need to find new ways of working out the exact range of past rainfall and air temperature variations over the recent geological past (up to the last 10,000 years). Dr Hartland is utilising new approaches, including trace elements and magnetism, to ensure that the project will develop new records of the past climate of our region, focusing on the major climate mode of El Niño – Southern Oscillation (ENSO). Combining cave monitoring, laboratory experiments and cutting-edge geochemical measurements, the new records produced will alter the existing understanding of cave science and the climate of this region.

Dr Hartland refers to caves as nature's vaults, containing archives of Earth's past climate in deposits collectively termed speleothems. Common examples are stalagmites and stalactites, but many other cave formations can provide valuable insights that can inform our understanding of how our environment changes through time. Speleothems can provide information on climatic changes of greatest relevance to human civilisations using radio-isotopes, and can inform the changes our climate is likely to show in the coming decades resulting from human activities.

# The University of Waikato

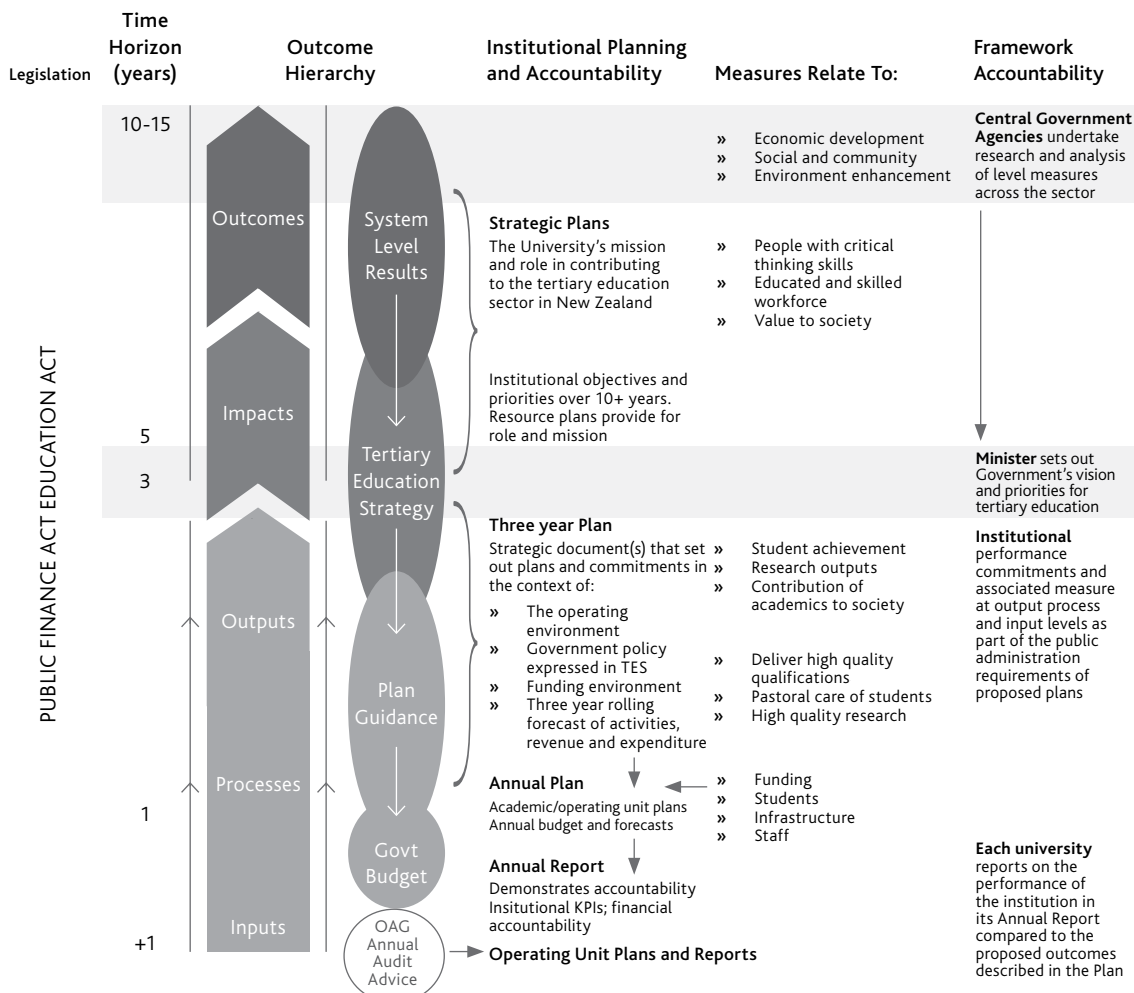
## University Role

Consistent with its statutory role as a New Zealand university under Section 162 of the Education Act 1989, the University of Waikato develops graduates with intellectual independence and delivers research and teaching that are interdependent. It meets international standards of teaching and research, is a repository of knowledge and expertise and acknowledges its role as critic and conscience of society.

The University of Waikato is committed to meaningful partnerships under the Treaty of Waitangi and to providing leadership in research, scholarship and education relevant to the needs and aspirations of iwi and Māori communities.

Standards of entrance to the University are determined and monitored by an inter-university body established under the Education Act 1989: Universities New Zealand which also determines and monitors standards for the quality and accreditation of the University's qualifications. Like all other New Zealand universities the University of Waikato is subject to regular and rigorous academic audit by the Academic Quality Agency for New Zealand Universities (AQA). These external audits support and enhance the institution's own ongoing programmes of self-review and quality assurance.

## University Planning and Accountability Framework



## University of Waikato Council



**Chancellor**  
Rt Hon James Bolger  
*Appointed directly  
by the Council*



**Vice-Chancellor**  
Professor Neil Quigley



Paul Adams  
*Appointed directly  
by the Council*



Susan Hassall  
*Appointed directly  
by the Council*



Mervyn Dallas  
*Appointed by the Minister  
responsible for Part 13 of the  
Education Act 1989*



Ian Fitzgerald  
*Appointed by the Minister  
responsible for Part 13 of the  
Education Act 1989*



Simon Graffhuis  
*Appointed by the Minister  
responsible for Part 13 of the  
Education Act 1989*



Mike Pohio  
(to February 29 2016)  
*Appointed by the Minister  
responsible for Part 13 of the  
Education Act 1989*



Richard Jefferies  
*Appointed after consultation  
with Te Arikinui*



Ngāreta Timutimu  
*Appointed after consultation  
with Te Rōpū Manukura*



Indula Jayasundara  
*Appointed following an  
election by the students*



Dr Alison Campbell  
*Appointed on the nomination  
of the Academic Board*

### SECRETARY TO COUNCIL

Helen Pridmore

### COMMITTEES OF COUNCIL

- Academic Board
- Audit and Risk Committee
- Capital Development Committee
- Honours Committee
- People and Cultures Committee
- Student Discipline Appeals Committee
- Te Rōpū Manukura

## Senior Leadership Team of the University of Waikato

As at 31 December 2016



**Vice-Chancellor**  
Professor Neil Quigley



**Senior Deputy Vice-Chancellor**  
Professor Alister Jones



**Deputy Vice-Chancellor**  
Professor Robyn Longhurst



**Deputy Vice-Chancellor Research**  
Professor Bruce Clarkson



**Chief Financial Officer**  
Andrew McKinnon



**Pro Vice-Chancellor Māori**  
Professor Linda Smith



**Assistant Vice-Chancellor Communications, Marketing and Engagement**  
David Craig



**Assistant Vice-Chancellor Student and Information Services**  
Michelle Jordan-Tong



**Director, Office of the Vice-Chancellor**  
Duanna Fowler



**Director, Regional Engagement**  
Joseph Macfarlane



**Dean of Arts and Social Sciences**  
Professor Alison Kirkman  
(acting from August 2016)



**Dean of Computing and Mathematical Sciences**  
Professor Geoff Holmes



**Dean of Education**  
Russell Yates  
(acting from September 2016)



**Acting Dean of Engineering**  
Professor Janis Swan



**Dean of Graduate Research**  
Professor Kay Weaver



**Dean of Health, Sport and Human Performance**  
Professor Alan St Clair Gibson





**Dean of Law**  
Associate Professor  
Wayne Rumbles



**Dean of Management**  
Emeritus Professor  
Deborah Willis  
(acting from February 2016)



**Dean of Māori and  
Indigenous Studies**  
Professor Brendan Hokowhitu



**Dean of Science**  
Professor Chad Hewitt



**Pro-Vice Chancellor  
Teaching and Learning**  
Dr Tracy Bowell



**Director, Facilities  
Management**  
James Crawford  
(from June 2016)



**Director, Human  
Resource Management**  
Carol Gunn



**Director, Information and  
Technology Services**  
Eion Hall  
(from March 2016)



**Director,  
International Office**  
Sharon Calvert



**Librarian**  
Ross Hallett



**Director, Marketing  
and Recruitment**  
Simon Bush



**Academic Director  
Tauranga Campus**  
Associate Professor  
Ken Perszyk



**Director, Student Services**  
Mike Calvert



**Associate Director,  
External Engagement**  
Pat Mellsop

# Institutional Sustainability



The University of Waikato has continued to deliver strong performance across most aspects of its operations. In 2016 University of Waikato staff delivered quality teaching and continued to undertake world-changing research which made vital contributions to national and international challenges in many areas. Further, the University continued to make strong contributions towards Government's tertiary education ambitions set out in the Tertiary Education Strategy.

2016 was a year of building foundations for the future with respect to the University's new curriculum framework and the development of a new student management system – both initiatives include fundamental elements that will allow the University to improve outcomes for all students.

Through its forecast statement of service performance in its Investment Plan 2015-2017, the University committed to delivering a range of deliverables. Performance against these deliverables is set out in the Statement of Service Performance. Set out below are the initiatives and activities undertaken during 2016 to aid in the achievement of these deliverables.

## **Ministry-Funded EFTS Achievement**

The University has a very well established student recruitment programme through regional and national secondary schools. From 2016 our advisers now work online when programme planning with students to ensure that their paper choices are entered into the University's student management system and not left to the student to follow up at another time.

The University has increasingly involved academic staff in its secondary school visits and these staff have often given mini lectures and talks. This has been successful and we have worked with some local schools to provide academics from different faculties to present each week.

The University hosted scholarships sessions in a number of secondary schools – with the growth of the number of schools sitting within the Te Ara ki Angitū programme, and the introduction of new Waikato high-achiever scholarships the University has run sessions on these scholarships, including information about how to apply and how to write personal statements.

The University is working to build relationships with younger secondary school students and has been increasingly working with Year 10 students at local and regional secondary schools to encourage them to think about University early on and to plan their programme of study to aid their transition to future study and employment. In 2016 the University held a number of events on campus for Year 10 students and will work to expand this activity in the future.

In 2016 the University increased the number of regional information sessions (held across the Auckland, Waikato, Bay of Plenty and East Coast regions) that were run targeting partners and families in its regions. These sessions were well attended and have been well supported by local secondary schools.

In 2016 the University increased the number of information sessions (including update days, breakfasts, lunches and presentations) for careers advisers and have run a range of workshops at CATE (Careers and Tertiary Education Association) and CDANZ (Career Development Association of New Zealand). These have been well attended and we have had requests from careers advisers to run more. Additionally, the University sponsored the CATE 2016 annual conference, and University of Waikato academic Dr Ryan Ko was one of the key note speakers at the conference.

While a key focus of the University's domestic student recruitment activity is on school leavers, the University also attracts a significant proportion of its domestic students from outside this group. A significant programme of general recruitment activities is undertaken each year.

In support of its wider engagement strategy the University undertook the following new engagement activities in 2016:

- The University attended a greater number of expos this year and took bigger stand space. The University has increasingly involved academics in these expos.
- The University launched a new format Experience Waikato Day – this was very successful with over 120 prospective students attending “speed lectures”.
- An Education information event at Tauranga campus with graduates coming in to talk about their experience teaching. Future occurrences of this event would be run with more lead in time to try to elicit better attendance.
- Attending the Bay of Plenty Poly Open Day giving our own talks, following up on contacts and promoting pathways to the University from BOPP qualifications.
- The University attended the NZ National Fieldays Education Hub and gave a series of talks; attendance at these talks was lower than anticipated and while the Education Hub was free to attend traffic through from Fieldays was limited; the University is unlikely to utilise this activity as a recruitment opportunity in the future.

## Full-Cost International EFTS Achievement

In June 2015 the University set up an International Office to better respond to the needs of the University and the increasing importance placed on internationalisation. The Office has a primary focus of supporting student recruitment; partnerships and outward student mobility.

The creation of the Office in 2015, and the stronger coordination of University activities around international student recruitment has helped stem a potential decline in international student numbers as a result of a number of external factors; the most significant of which was the suspension of the Saudi Scholarship programme in 2016. This programme has provided approximately 40-50 students annually into Waikato's pathway programmes with eventual progression to degree level study.

While it is recognised that lead-time of 18 months is usually required to see the results of international recruitment activity, there is evidence to suggest that activities undertaken since the creation of the International Office have had an impact on 2016 enrolments.

# Institutional Sustainability continued

Activities undertaken include:

- Signing of National Scholarships Agreements with the:
  - Vietnam International Education Development Agency (seven students in 2016);
  - Oman Ministry of Education (17 students with 12 starting in English Language programmes in 2016).
- Promoting English Language programmes to encourage new enrolments which has had an impact in the latter half of 2016.
- Expanded recruitment activity in a larger number of countries which has seen increased applications and enrolments from a wider range of countries.
- Performance managed agents in India, which has resulted in an increased number of applications in 2016 for a 2017 start.
- Targeted promotion for flagship programmes including the MBM.
- Put in place a more comprehensive pre-arrival communication plan which has assisted with conversion from offer to enrolment.
- Implemented strategies to ensure student numbers transferring from both the University's established Chinese partnership programmes are maximized despite increasing competition. This resulted in a slight increase in SISU enrolments in 2016; however ZUCC numbers have fallen in 2016.
- The new offshore partnership with HEBUST has resulted in the recruitment of 70 students to the HEBUST/Waikato programme in 2016.
- Significant investment in Vietnam is starting to produce results with immediate returns in 2016 through the delivery of a commercial training programme with VinSchool which is part of the VinGroup, the largest Vietnamese owned multinational company in Vietnam.
- Increased activity, and further strengthening the relationships, with partner universities where we have guaranteed credit arrangements have resulted in increased enrolments through this stream in 2016; during 2016 the University added UniKL in Malaysia to its list of organisations with which it has guaranteed credit agreements.

## Financial Performance

The University has a well-established financial monitoring and reporting system that allows for regular review of financial activity to ensure that expenditure remains on track with budget. Each month actual financial performance is compared to the budget for the month (and year to date) and budget holders prepare a monthly variance reports and update the year end forecast.

The University's Financial Services monitor actual results and forecasts and work with budget holders to ensure that the key financial performance indicators are met (i.e. as revenue moves up and down against budget, then there are corresponding movement in the University's expenditure to compensate). The monthly results and forecasts are reported to the University Council.

There has been no need during 2016 to implement any specific actions to ensure that the financial performance has remained on track other than in the Faculty of Education where a financial plan was agreed with the Acting Dean in October 2016 to reduce operating expenditure and staffing costs (through annual leave reduction) to address the decline in EFTS enrolment in the Faculty.

During 2016 the University made a number of staffing related decisions that will impact on ongoing expenditure. These decisions have included enhanced retirement offerings to staff, redundancies and appointment of staff in new and emerging areas.

The University has signalled changes to its internal budget methodology and budget targets for 2017 and beyond. The implications of these changes for staffing levels are not known at present and will need to be worked through in detail in each area. However, in some parts of the University it is likely that there will need to be changes to staffing levels to meet budget targets by the beginning of 2018. Where staffing changes are required, a key objective will be to achieve as many staffing reductions as possible through enhanced retirement offers and the non-continuation of casual positions. Where change affects academic programmes it will need to be associated with an academic plan that can be considered as part of the consultation associated with any change process.

# Student Participation and Performance

Through its Investment Plan 2015-2017 the University of Waikato made a number of commitments with respect to student participation and performance. These ranged from increasing participation by particular groups of students, through enhancing student achievement generally to offering targeted student support for particular groups of students.

Details about the key new initiatives undertaken in 2016 in support of student participation and performance are set out below:

## Increasing Māori Participation

While the University has been successful in increasing Māori participation over recent years the University ensures that efforts are still taken to engage with Māori from the region and nationally.

In 2016 the University's programme of Māori recruitment activities was enhanced with the addition of the following activities:

- The University's student recruitment team ran Hiko across schools in Tauranga and Bay of Plenty with a view to building stronger links with Māori in these regions.
- The University consolidated efforts in 2016 to increase the recruitment activities around Māori secondary students in the wider Waikato and Bay of Plenty regions. A targeted presentation was developed, founded on the principles of a Māori world view and whakawhanaungatanga (the process of establishing relationships). The purpose of the presentation was to engage Māori students and encourage them to pursue university study. Because of the appetite from schools, the presentation was delivered to more than 2000 Māori students. This is the first time that the University has targeted Māori students on such a scale in Tauranga and the Bay of Plenty.
- Further effort to engage with students in more remote regions saw the introduction of the Te Ara ki Angitū programme to the Putaruru/Tokoroa and Otorohanga/Te Kuiti regions. Although not exclusive to Māori, because of the ethnic makeup of these areas this programme will help increase the number of Māori students enrolling, receiving scholarships and accessing support at university. A key contributor to the success of this programme is the subsidised bus service that the University provides to students



## Student Participation and Performance continued

from these areas, meaning that students can undertake university education without the expense of relocating to Hamilton.

- A key 2016 recruitment tool has been the selection and training of competent student ambassadors who can engage with Māori audiences. These ambassadors have not only supported Māori recruitment within secondary schools but also in the wider community at events like Koroneihana, youth education and careers expos.
- In addition Māori recruitment increased its presence and activity at on-campus events such as Māori Ori, Kingitanga Day, Experience Waikato, Applicant and Open Days. A major component of this activity included giving presentations promoting our Māori student groups and the extensive Māori student support available.
- During 2016, the University recruited an additional member to student recruitment team to assist with Māori recruitment, this role will work with our current Tauranga based staff to widen our activity in the region.

### Increasing Pacific Student Participation

Over the past few years the University of Waikato has noticeably increased the proportion of its Ministry-Funded EFTS that are generated by Pacific students. This increase aligns with Government's ambitions to increase Pacific participation in tertiary education. In 2015, 6.7% of its Ministry-Funded students identified as Pacific, a figure considerably higher than the proportion of the Waikato/Bay of Plenty regional population who identified as Pacific in the 2013 Census (3.5%). Given the limited opportunities for growth in Pacific enrolments in the Waikato/Bay of Plenty region, the University has been undertaking Pacific student recruitment across the wider North Island as well as South Auckland for a number of years.

Following an internal promotion, the University appointed a new Pacific Student Success Coordinator in early 2016. The new Coordinator has been centrally involved in the University's Pacific student recruitment and support activities since her appointment and has led to the expansion of the University's Pacific student activities throughout 2016.

In 2016 the University has been involved in many events in Auckland targeted at Pacific communities. The University has used this involvement to reach into and build relationships with Pacific communities. During 2016 the University:

- Joined the Pasifika festival at Western Springs which sees 100,000 people through the park.
- Was part of the West Auckland Tula'i Pasifika Youth leadership programme in helping young Pacific leaders discover pathways to their choice of careers.
- Was involved in the Vahefonua Tongan Education Expo which is an expo put on for the Tongan Methodist church of NZ.
- Attended the Rising Foundation Expo which catered to some South Auckland schools for children from disadvantaged families.

The University's Pacific Student Success Coordinator joined up with the student recruitment team on their Hiko to schools around Hamilton and South Auckland, and coordinated the University's first Pacific Information evening in Hamilton held at Bryant Hall.

The Pacific Student Success Coordinator also spoke on behalf of the University for the first time at various youth conferences and youth evenings for the Tongan Methodist churches because of her close affiliation with that community.

The University affirmed its links with the Ministry of Education in the Cook Islands – meeting with their representatives when they visited New Zealand and ensured they were up to date with the latest developments at Waikato.

### Increasing the Proportion of Postgraduate Students

A very significant proportion of the University's postgraduate students carry directly on from undergraduate study at the University. While the University is very supportive of a 'home-grown' approach to its postgraduate student, it recognises that the potential market for postgraduate students is much wider.

To this end, and in order to deliver on its objective to increase its proportion of students enrolled at postgraduate level and above, during 2016 the University has undertaken a range of new activities targeted at recruiting students to postgraduate study.

These activities have included:

- Four postgraduate information sessions in Hamilton, two in Tauranga and postgraduate drop-in sessions at the University's Auckland office.
- Postgraduate Information Session – at the University's 2016 Applicant Day. The session covered why study at postgraduate level, why study at Waikato, qualifications on offer, differences between undergraduate study, support systems, and scholarships.
- Postgraduate study information sessions for current students have been held during the University's weekly cultural hour and developed a slide for lecturers to use with final year students to promote postgraduate study.
- At the University's Graduation Event a postgraduate information station was set up next to the alumni station at the Claudelands Event Centre. Postgraduate information, along with some scholarship information was made available and information gathering postcards circulated.

## Student Achievement

While the University has entered into a range of performance commitments with the Tertiary Education Commission around student achievement, some of which have been included as part of the forecast statement of service performance in the University's 2015-2017 Investment Plan and reported on as part of this Annual Report, in all cases performance against these (paper completions, retention and qualification completion) are dependent on strong student achievement in individual papers.

Students who are successfully completing papers are more likely to re-enrol and more likely to complete their intended qualification. To this end, the most significant efforts by the University are expended on supporting students in individual papers, and the majority of the actions and initiatives that have been undertaken in 2016, and detailed below, have been to support this purpose. The University recognises that the campus environment and other student services and support structures play a lesser, but still significant role in the overall student experience, and the sections below relating to 'organisational culture' and 'other commitments' address these areas in more detail.

The University of Waikato has a long-established system of student support services that operate both centrally and through the Faculties. Traditionally students have primarily self-directed to these services.

Over recent years, the University has increasingly used data to identify particular papers and cohorts of students where activities could be targeted to improve results. Each Faculty has taken a slightly different, and often discipline specific, approach to enhancing student achievement. While this new approach is in its infancy many of the approaches have been 'pilot' in nature and have been trialled with small numbers of papers to judge their effectiveness.

Examples of the approaches undertaken in 2016 are set out below:

### Central Student Learning Support

- **Library drop-in consultations in the Student Centre, 11-1 p.m. daily during teaching semesters.** No appointments were required and students could request assistance with focused assignment questions. This service extended the opportunity for students to consult with a learning developer.
- **Online synchronous consultations.** Off-campus students could book one-hour, synchronous consultations through Zoom. This service extended one-to-one consultation opportunities to University of Waikato students anywhere in New Zealand.
- **Participation in 'O' Week orientation.** Interactive sessions on reading and writing at tertiary level were run throughout 'O' week 2016; student feedback was extremely positive, and the attendance at these sessions was high.
- **Increased use of software tools for writing development.** The University introduced strategies for helping students develop their editing skills and language accuracy, in their own time and at their own pace, through the use of software tools (in particular, Grammarly).
- **Academic Integrity Moodle paper.** A new paper was developed by Student Learning in 2016, and could contribute to the academic foundations papers that will be required as part of the new Curriculum Design Framework from 2018. Its efficacy will be determined in 2017.

In addition to the new activities undertaken centrally, a number of new initiatives were piloted or introduced across the University's Faculties in 2016. These initiatives support those already undertaken in the Faculties including student mentoring, discipline-specific learning support and pastoral care.

## Student Participation and Performance continued

Throughout 2016 staff in the Faculty of Computing and Mathematical Sciences have prepared reports for all Faculties highlighting students who may be "at risk" and enabling all Faculties to target a portion of their efforts on those students who present as being most at need.

New student support activities undertaken in specific Faculties in 2016 included:

- Enhanced monitoring of student achievement and targeted investment in additional sessional assistance  
Increased student support activities as a "safety-net" for students at risk.
- Enhancing key relationships between Faculty student services and other student support services across campus have been instrumental in ensuring students receive appropriate support.
- Follow-up Orientation during week one and two of each semester and offering additional support to potentially overwhelmed students.
- The establishment of an "at risk" committee to monitor students in all of 100 level papers within one Faculty. This enhanced student monitoring had a positive impact on retention of first year students during 2016. However, it also highlighted that many students that ended up as "ineligible for re-entry" were second year students. To this end further monitoring of students in core 200 level papers will be undertaken in 2017.
- Trialling changes to paper structure and tutorials and the introduction of field trips as part of a core 100-level Sport and Leisure Studies paper to enhance the link between specific learning outcomes and their practical application in the community-sport and for-profit active recreation sectors.
- Assessment of student skills through support groups and the development of targeted learning opportunities to help bring students reading comprehension, APA citations and paraphrasing skills up to a university level.
- Contacting "at risk" first year students using SMS or text messaging which proved effective as demonstrated by increased response rates from students and a more than a 70% increase in consults with students.
- Creation of the role of Academic Champion to act as a conduit between the Academic staff in one Faculty and the Māori Mentor Unit. The primary focus of this role was to increase staff awareness about:
  - Providing timely feedback to students in preparation for content continuation, and
  - Identifying and contacting "at risk" students and providing guidance and encouragement.
- Minimising student timetable clashes through student programme approval sessions ensuring that students can attend all classes that they are enrolled in.
- Within one Faculty, increased follow-up with those students identified as being "at risk" – including one on one meetings with Faculty Register and/or Associate Dean (Teaching and Learning) to discuss the availability of Faculty-based and central student support services.
- Students deemed as being "at risk" are monitored by a dedicated adviser in one Faculty. In 2016 these students included those who have previously failed to meet re-entry criteria, those admitted under special admission and those identified through the reports provided by the Faculty of Computing and Mathematical Sciences.

### Support for Māori and Pacific Students

Over the period of the Investment Plan 2015-2016 the University has been successful in increasing Māori and Pacific participation. It is recognised that progress towards the achievement of outcomes for Māori and Pacific students has not progressed as quickly as the University had originally planned; the University recognises that the issues relating to Māori and Pacific achievement are complex and there will be significant time lags associated with improving outcomes because of the many systemic bases for the difference in achievement rates for Māori and Pacific students.

As part of its drive to ensure Māori and Pacific students have access to, and are successful at university study, Waikato focuses strongly on these groups. Within this ongoing engagement and oversight of Māori students the Office of the Pro Vice-Chancellor (Māori) has continued to work with the Waikato Students' Union and the various Māori student groups on campus to deliver a well-received social cultural programme.



## Māori Students

The Māori Student Achievement Programme (MSAP) is a university wide approach to student support based on a Kaupapa Māori philosophy. The programme includes Faculties, Student Associations and University Services in providing a range of activities and support services that are partially funded by the TEC through equity funding. Initiatives and activities for the Equity Fund (Māori Learners) are managed and coordinated by the Pro Vice-Chancellor Māori Office.

The overarching goal of the MSAP is to produce successful students who are culturally empowered, who can contribute positively in their chosen disciplines and in their communities.

The key areas of focus for the MSAP in 2016 included:

- Increased centralisation and co-ordination of the Mentoring programme,
- Early and sustained intervention particularly for first year students,
- Improving Māori completion rates in specific papers,
- Appointing Academic Champions in each Faculty and Tauranga to support student achievement, and
- The establishment of Māori Advancement Committees in two Faculties to concentrate on Māori Achievement Plan objectives.

Throughout 2016, 1,156 individual students sought support from the Māori Student Mentors. There were 3,939 visits to the Mentoring Units across the University.

During 2016, the MASP had a specific focus on first year and undergraduate Māori Students; to this end the following was achieved:

- Two workshops for Māori Students were held as part Orientation Week and hosted by Professor Linda Smith (Pro Vice-Chancellor (Māori)).
- Māori Ori Day was attended by around 90 First Year Māori students who were enrolled in 345 papers; of those students:
  - 80% passed 100% of their A semester papers,
  - 90% re-enrolled in the B semester, and
  - 75% maintained contact with their Mentoring Units throughout the year.
- Mentors also contacted 513 new Māori students and followed up appointments with 381 of those Māori students.

- Five academic workshops were held with Student Learning as part of the Te Ara Tautoko Workshop Series:
  - 23 low performing papers for Māori were identified and supported. Pass rates for 70% of these papers increased. In two papers, a 25% improvement in pass rate was achieved.

In collaboration with Te Puna Tautoko (a network of staff from Student Learning, Waikato Students' Union, Future Student Advisors, Student Success, Counselling, Careers and the Tauranga Campus) and the Māori Mentor service, Student Learning Support ran a series of four afternoon academic literacy workshops for Māori students during 2016. The sessions had high attendance, and the content was well received by participants.

In addition to the actions and initiatives provided centrally, many of the University's Faculties undertook discipline-specific approaches to support Māori students undertaking papers in their area. Examples of these approaches are set out below:

- Focus on papers with lower than desirable pass rates has led to the identification that many of these papers have higher proportions of Māori students enrolled in them; closer collaboration between Student Services and the specific academic staff in the Faculties who are responsible for these papers has had positive impacts on both the pass rates of these individual papers and Māori student pass rates overall.
- Commitment to ensuring that all Māori mentor positions in both Hamilton and Tauranga have been filled across all Faculties to ensure that students at both campuses gain the benefits of the University's Māori mentoring programme.
- Increased alignment between Faculty Māori Student Mentoring Units and MASP through the PVC Māori Office has helped ensure a comprehensive student success model for Māori students. In 2016 this has included encouraging students to engage early with the unit, strong visibility of the services and activities of the unit, and increased communication between academic staff and the unit for student referrals and follow-up.
- Offering kaupapa Māori streams for select papers. One example of this was a 100-level core Law paper where students electing to attend the kaupapa Māori stream got to learn the contents of the paper from within a Māori paradigm.

## Student Participation and Performance continued

- Events specifically targeted at Māori students; for example Study Wānanga, Māori business network evening, a Noho marae, and Kaitahi, along with industry evenings for Māori students to engage with iwi, CRIs and other groups to increase their understanding of career opportunities.

### Pacific Students

The Pacific Student Success Coordinator is a dedicated resource within the University's central Student Success Group (Student Services) providing targeted support for Pacific learners at the University of Waikato. The Student Success Group consist of a variety of service teams whose work assists the University with improving student:

- Participation,
- Academic Achievement,
- Retention, and
- Graduate Outcomes.

The Pacific Student Success Coordinator was a restructured role that began in April 2016. A key focus for this role for 2016 has been around increasing participation of Pacific students within all aspects of learning and support; to keep them connected and to improve the retention and academic success of our students.

The following initiatives were undertaken in 2016 to increase Pacific student participation and success and to improve their student experience:

### STUDENT SUCCESS ACTIVITIES

- Pacific Orientation Lecture and Ava ceremony.
- Manu Moana Leadership Programme; continuing the programme that was established by the Pacific Support Staff Forum in 2015 to grow a community of academic competencies. The Manu Moana programme recognises and encourages the strengths of our current Pacific learners who are academically talented and have the potential to build on their profile as current Student Ambassadors and leave the University of Waikato as Future Leaders. The programme for 2016 was enhanced to build on key skills that would enhance graduate employability.
- Supplementary Information Tutorials; following a review of student achievement in all Low Performing Papers (LPP) from 2012-2015, particular papers were identified where Pacific students made up a

significant proportion of the enrolments. As part of a pilot programme operated through two papers in the Faculty of Arts and Social Sciences were selected and working with the lecturers and Faculty support staff, the Pacific Student Success Coordinator established a programme of supplementary tutorial support with the aim of increasing Pacific students' likelihood of success.

- On-going one-to-one meetings of students with Pacific Student Success Coordinator.
- Academic Monitoring and additional support in collaboration with Student Services and faculties that have Pacific support systems in place; FLAW, FSEN, FASS, WMS.
- Pacific Support Staff Forum.
- Promotion of Pacific Awards and Scholarships.
- Pacific Celebrating Success Ceremony.
- Pacific Postgraduate Talanoa.
- Māori and Pacific Careers evening; offered in response to strong demand from local employers, the University hosted a Māori and Pacific careers evening for its students in 2016. Research has identified that Māori and Pacific students are traditionally less likely to engage with and attend networking events and presentations with employers and organisations, and this event provided a targeted opportunity for employers and organisations to gain access to Māori and Pacific students to meet their company's strategic targets. The evening was developed through the University's Career Development Services in collaboration with the Pacific Student Success Coordinator, PVC Māori Office, Communications, Marketing and Engagement and the Faculty of Management.
- Facebook engagement.

### SOCIAL ACTIVITIES AND ENGAGEMENT WITH PACIFIC CLUBS

- Pacific Language Weeks (seven in total).
- Pacific at Waikato Sports Day.
- Pacific at Waikato Quiz Night.
- Ta'okita'l'anga – Cook Island Tertiary Students Conference.
- So'otaga – Samoan Tertiary Students Conference.

In addition to the actions and initiatives provided centrally, many of the University's Faculties undertook discipline-specific approaches to support Pacific students undertaking papers in their area.

Examples of the approaches taken by the Faculties are set out below:

- Appointment of Pacific student mentors to ensure sufficient levels of support were offered across each Faculty's range of programmes, especially those with high proportions of Pacific students.
- Appointment of Pacific student ambassadors in specific Faculties with a view to increasing awareness of and engagement with Pacific Student services offered within Faculties.
- Connecting with all first-year students who identified as Pacific to make them aware of the range of student support available in the Faculties.
- Holding Pacific student assignment help and exam workshops each semester; attendance at these sessions were considerably higher in 2016 than in previous years.
- Increased social media presence of Faculty Pacific Student Support on Facebook raising awareness of the Faculty-based services provided. The increased social media presence proved more successful in raising awareness and participation among Pacific students than traditional emails had been in the past.

## Support for Other Student Groups

While all students can access the range of student support services provided centrally and through their Faculty, the University also offers a range of targeted support activities specifically focussed on student subgroups with a view to addressing the specific needs of these students. These sub-groups include international students, students in the University's halls of residence, students re-admitted who did not meet the re-entry criteria for their programme of study, or even those requiring Mathematics or Statistics development across a range of disciplines.

To this end the following activities and initiatives have been offered in 2016:

### International Students

During 2016 an International Buddy Programme was developed in collaboration with a student group on campus (Study Abroad Network). The programme sought to increase the levels of pastoral care support during the settling in stage for the University's new international students.

The programme recruited high achieving and culturally competent mentors to oversee new arriving international students during their first semester of studies. Through the course of the year the University recruited and trained 50 mentors for the programme with over 250 new international students signing up to participate in the programme during 2016.

Following the successful pilot of the programme in A semester 2016 it will be expanded in 2017.

The range of academic skills taught through the MFAT Scholarship student orientation – which operates as a three week programme in February, prior to the start of A semester – was expanded in 2016 to include a focus on digital literacy.

### Students in the Halls of Residence

In addition to the established mentoring, tutoring and other student support activities run through the University' Halls of Residence, in 2016 the University ran training workshops for residential assistants (RAs) to teach them how to work with Halls students who were seeking academic assistance.

### Support for Students Undertaking Mathematics and Statistics Papers Across Different Disciplines

A number of programmes of study outside the Faculty of Computing and Mathematical Sciences require students to undertake mathematics or statistics, often students have not studied mathematics or statistics since secondary school and are challenged by the content.

A particular range of support initiatives have been implemented in 2016 to assist these students; these included:

- Collaboration between student learning support and lecturers to embed mathematics and statistics skills development within first-year Chemistry papers.
- Establishment of fully on-line consultations through Zoom for students studying both specific mathematics education papers through the Faculty of Education and students undertaking mathematics and statistics through other Faculties. The on-line consultations proved very popular among students and will be expanded further in 2017.
- Holding revision tutorials for students in specific papers which were very well attended.

## Student Participation and Performance continued

- Offering drop-in mathematics and statistics sessions twice a week during A and B semesters through the library.
- Providing support for staff through teaching development in mathematics and statistics pedagogy sessions for the teaching teams in specific papers to help students cope with the content. These sessions were provided at the request of the course convenors.
- Review of tutorial sizes and content to ensure students receive proper academic scaffolding through acquiring and development the basic competencies required for academic success.

### Increasing Doctoral Degree Completions

In 2016, in an effort to increase the timeliness of doctoral completions, the University completely overhauled its doctoral examination process and required PhD examiners to submit their thesis exam reports within six weeks of receiving the thesis. Examiners have been provided with a date by which the report has to be returned rather than, as was previously the case, a timeframe. The change in requirement has been very effective in decreasing the turn-around time for PhD examination and the University has seen a much better return of examiners reports in a timely fashion requiring less chasing up from staff of the School of Graduate Research.

The creation of the School of Graduate Research (see more detail below under other commitments) has led to other improvements in administrative structures that support doctoral students and these improvements are expected to lead to further improvements in retention and completion rates over time.

The University also offers a range of support programmes for doctoral students and in 2016 these were enhanced by the provision of:

- Three writing retreats for up to 15 PhD students through the MAI Doctoral Support programme including mentoring support from the Pro Vice-Chancellor Māori and the Director of Te Kotahi Research Institute Professor Jenny-Lee Morgan.
- The weekly Doctoral Writing Conversation (open to all doctoral students) offered an increased number (four in total) of two-day, off-campus writing retreats during the year. All retreats were very well attended.

### Low Performing Provision

The Tertiary Education Commission monitors tertiary education institution delivery and has the power to require the repayment of funding for papers that have a completion rate of less than 60% – these papers are deemed by the TEC to represent low performing provision (LPP). Over the past few years, the University has reduced the number of papers in this category and in 2016 made a considerable effort through the Faculties to ensure that students are being provided with adequate levels of support to enable their success. In many cases completion rates have been lower than desired as a consequence of design of curriculum and assessment items, and the timing of assessment can mean that "at-risk" students are not identified until well into the paper and appropriate interventions are not taken.

Specific initiatives put in place for 2016 include:

- The introduction of tracking grades in all papers and providing regular reports on pass rates and forecasts of papers on track to fall into the LPP category; information from these reports can be used by Faculties to better monitor 'at-risk' students, to modify assessment strategies and to inform Board of Examiner decisions.
- Processes for identifying, monitoring and supporting 'at-risk' students – these have varied across Faculties and many of these are set out above.
- The introduction of a University-wide requirement to set an assessment (formative or summative) for the third week of teaching in all first year papers providing an opportunity to provide early feedback and intervention for 'at-risk' students.

# Research Performance and Industry Relevance

## Work Placements

The University has committed to increasing the number of its students who undertake work placements as part of their undergraduate degrees. As part of the Curriculum Enhancement Programme (see below under 'other commitments') the University will be significantly increasing the numbers and proportions of its students who undertake work-integrated learning as part of their programme of study. A number of the actions and initiatives undertaken in 2016 are have been taken in light of this planned future increase and increased central coordination of relationships with business and industry will ensure a more ordered approach to work placement organisation with local and regional businesses, industry and organisations.

The actions and initiatives undertaken in the Faculties in support of increasing the number of work placements undertaken in 2016 included:

- Increased promotion of work placements through programme planning to raise awareness.
- Increased investment in infrastructure and staffing in support of work placement and internship arrangements.
- Establishment of a network of coordinators across the Faculties.
- Increased engagement with specific organisations and businesses to provide discipline-specific work placements for students across a wide range of subjects and academic programmes.
- Increased focus on building relationships with businesses in the Bay of Plenty for future work placements.



## Research Performance and Industry Relevance continued

### Research and Development Revenue

The University is committed to increasing its research and development revenue. To this end, it has been focusing internal strategic investment funding support to staff research projects that show a clear pathway to a funding opportunity such as Marsden, MBIE Fast Start or Endeavour Fund. During 2016 the University was successful in increasing its funding through these research streams, and its overall research revenue increased by \$2M on the basis of strong growth in research revenue in the Faculty of Science and Engineering, particularly associated with the University's strong performance in the National Science Challenges.

The University had anticipated a decline in revenue generated through Ministry of Education contracts through the Institute of Professional Learning, primarily as a consequence of policy changes by the Ministry around Professional Learning and Development. However, the year-end result for the Institute was very much on par with that achieved in 2015 and highlighted the appeal of the University's professional development programmes in the face of enhanced competition in the sector.

The University's increased focus on R&D revenue is also expected to have an impact on staff preparedness for the next PBRF round, with a number of Faculties linking efforts to increase R&D revenue with efforts to ensure higher levels of performance in both the University's internal Formative Research Exercises and the forthcoming PBRF round.

In support of the University's ambition to increase R&D revenue, a number of actions and initiatives have been undertaken by the Faculties; in 2016 these have included:

- Establishment of contestable Faculty research funds to support projects that will produce high-quality peer-reviewed research outputs and contribute to improving 2018 PBRF performance.
- Holding research development workshops for staff with a view to raising staff awareness of funding opportunities from MBIE, the Health Research Council, the National Science Challenges and other groups.
- Encouraging team based, collaborative approaches to the submission of grant proposals and the development of new research ideas with a view to increasing the proportion of academic staff actively involved in research.
- Holding Research Workshops for Faculty staff designed to support researchers in a number of critical areas focussed around raising ERI application success rates, improving management of ERI skills, improving PBRF performance and related topics.
- Running fora for staff to present SMART ideas and research programme proposals to a panel (internal and external participants) for feedback with a view to helping academic staff to develop their proposals for submission.
- Running pilot projects with local companies to explore potential for longer-term commercial application.
- Increased promotion of Faculty research activity and publications through journals and conference proceedings.

# Organisational Culture: Staff and Students

## Staff Survey

The University undertook a number of actions and initiatives to respond to feedback from the 2015 staff survey. In some cases changes were made to the 2016 staff survey to clarify questions.

Results from the 2015 Staff Survey indicated that results in the Engagement Scale were generally positive with strong levels of organisational commitment, job satisfaction and intention to stay. As a consequence the majority of effort in 2016 was directed toward other issues raised by staff in the 2015 survey, and to this end the University:

- Reviewed salary scales to better align with other Universities and the private sector.
- Identified opportunities during change management to create new team leadership positions to enhance staff career development opportunities.
- Identified areas to enhance leadership capability through 360° feedback of senior managers.
- Initiated a "unified communications project" to improve the internal phonebook and enhance communication between and across University departments.
- Enhanced the staff pages of the University website to improve communication and understanding of key responsibilities.
- Worked with public transport providers to improve public transport options for University commuters.

Results in the 2016 staff survey are covered in detail in the Statement of Service Performance. However, while the results against the Engagement Scale in 2016 were broadly consistent with the previous year, feedback from the survey indicates that there is a future workplan to ensure that results against this indicator are maintained at current levels.

Results from the 2015 Staff Survey indicated that results in the Progress Scale identified some areas for improvement, particularly around change management; but alongside these areas was the suggestion that some of the questions in the survey were unclear.



## Organisational Culture: Staff and Students continued

As a consequence the University made changes to clarify the survey questions for 2016 as follows:

- “The University of Waikato understands the needs of its customers” has been broken into two new items in the 2016 survey: “The University of Waikato understands the needs of its students” and “The University of Waikato understands the needs of its external stakeholders”.
- The item “The University of Waikato is good at learning from its mistakes and successes” has similarly been edited for 2016 to “The University of Waikato is good at identifying and taking advantage of opportunities for improvement” and “The University of Waikato is good at remedying mistakes and errors once they are identified”.

These changes were intended to allow the University to better understand staff perceptions around change and innovation and customer satisfaction.

While the overall result against the Progress Scale in 2016 indicated areas for improvement it must be recognised that the University is going through a period of significant change and it was anticipated that a number of staff would be uncomfortable with the pace and scale of change; the results in the 2016 staff survey have indicated that this is indeed the case.

While it is evident that the changes made for 2016 have aided understanding, it is clear that the 2016 staff survey results have indicated areas for future work.

As a consequence of the 2016 staff survey, a comprehensive review of the survey tool and timing will be undertaken alongside a comprehensive programme of work to focus on the issues raised through the survey responses and to support staff through the process of change.

### Student Surveys

Results of the 2015 domestic Student Barometer (dSB) and International Student Barometer (ISB) surveys have been shared widely with staff and areas across the University have been asked to take these results into account when they are reviewing their activity and programmes of work.

As published in the University’s 2015 Annual Report, the results of both the dSB and ISB surveys were generally positive and trended ahead of global averages. As a

consequence of the results of the 2015 dSB and ISB surveys the University has focussed on addressing some of the lower satisfaction areas from these surveys. Some examples of the work that the University has undertaken in 2016 to address these areas included:

- The provision of WiFi access to international students on arrival.
- The creation of the School of Graduate Research to better align and coordinate the support of research students.
- The continued development of the University’s Curriculum Enhancement Programme, redesigning curriculum and creating Work Integrated Learning components.
- The development of the University’s Employability Plus Programme, to be launched in Semester A 2017. The Employability Plus Programme will give University of Waikato students the opportunity to gain work-ready skills through volunteer activity, personal development modules and University participation.
- Bringing U-Leisure into the University and ensuring that the management of the University’s Rec Centre and Student Clubs through the University’s central Student Services meet the needs of students.
- The review of catering across the campus with a new company being awarded the catering rights for the Hamilton campus; the University will be working with very closely with that company to ensure that student demand for both the cost and variety of food available on campus is better met in the future.
- The establishment of new scholarships and financial support arrangements for students.
- The negotiation of a subsidised bus service contract with Waikato Regional Council for students using the Hamilton Bus Service; funded through money generated from paid parking on campus.
- An improved and more comprehensive academic and social student orientation programme that was held, for the first time in 2016, the week before A semester classes began.

It is anticipated that the initiatives implemented in 2016 will positively impact on student survey results in future years.



# Reputation

## Rankings

World University rankings are a highly competitive activity and more and more efforts are made by upcoming institutions each year to progress up the rankings. In order to maintain its position in the top 500 in the two key rankings exercises (Times Higher Education (THE) and QS) the University has undertaken a number of initiatives and actions. In 2016 the University undertook:

- An increasingly proactive approach to the collation of academic peers to provide to rankings organisations.
- An increasingly proactive approach to the collation of employers to provide to rankings organisations with a view to these employers being invited by those organisations to participate in relevant surveys.
- Commissioning QS to supply data from the reputation surveys for an anonymous benchmark group of universities. The University selected the benchmark group of universities but individual universities will not be named in the data received from QS. This data will help inform our efforts to improve our reputation scores in the future.
- Participation in the QS Stars Audit enhanced the University's internal focus to collate data which led to a successful audit result and which will supplement data used to calculate rankings.

In support of the University's efforts to maximise its performance in rankings by academic peers, the University has been more proactive in promoting its successes to these peers, primarily through electronic circulation of the University's Horizon's magazine and through advertising campaigns to promote our rankings success in the past two years.

The timing of rankings exercises mean that the efforts undertaken by the University in 2016 with respect to improving its performance in the THE and QS university rankings exercises will not have influenced its performance in these rankings in 2016.



# Other Commitments

In its Investment Plan 2015-2017, the University of Waikato signalled that it would undertake a number of specific initiatives and projects relating to:

- Internationalisation,
- Establishment of the School of Graduate Research,
- The University's Curriculum Enhancement Programme,
- The University's Research and Enterprise Group,
- The National Science Challenges,
- STEM Certificate of University Preparation,
- Tauranga CBD Campus Development, and
- Law/Management Building (see Year in Review section).

Relevant activities and initiatives undertaken in 2016 are set out below:

## Internationalisation

In 2016 the University has continued to build an infrastructure to support a more comprehensive internationalisation plan across multiple areas including research; strategic partnerships; student outward mobility; international student experience on campus and internationalising the curriculum.

## International Research Collaborations

During 2016 the University established a Research Institute in China with the Chinese Academy of Sciences in Freshwater Management. The institute focuses on research collaboration and graduate education in fields of common interest between the two parties that are mutually beneficial to the scholarly and research communities of both countries.

The collaboration will enable:

- The organisation of joint scientific research,
- Encouraging graduates and young scholars to consider a period of study with the other party,
- Joint participation in applications for reception of national and international grants, and
- An exchange of research information.

## Strategic Partnerships

The University has undertaken a review of its international partnerships with a view to ensuring its strategic partners are better aligned to assist the University meet its core objectives of:

- Growth in international student enrolments and increased diversity of students studying at Waikato.
- Increasing in the number of transnational education programmes delivered either in part or full offshore across a diverse range of disciplines and in a greater number of countries.
- Enhancing the University's reputation by partnering with universities where there is common interest across research; teaching and student mobility.

During 2016 the University entered into new strategic partnerships with:

- University of California System,
- Lancaster University,
- University of Calgary,
- University of Kuala Lumpur,
- University of Economics, Ho Chi Minh City, and
- Hanoi Law University, Vietnam.

During 2016 the University received approval by the Chinese Ministry of Education to establish a joint teaching institute with Zhejiang University City College in the areas of Finance; Computer Graphic Design and Media and Creative Technologies. The University has had a long-standing strategic partnership with Zhejiang University City College, and it is on the basis of the strength of this partnership that the Chinese Ministry of Education approved the establishment of a joint institute in China – making the University of Waikato the first New Zealand university to be approved to teach and award its degrees in China.

The University also commenced delivery of the joint programmes between Waikato and Hubei University of Science and Technology (HEBUST), details of which were included in the University's 2015 Annual Report.

## Study Overseas

The number of Waikato students seeking a mobility experience declined in 2016, this was in part due to the lack of promotional activity in 2015 due to the transition of setting up an office. Outbound numbers dropped from 59 in 2015 to 44 in 2016. However as part of the new International Office a small team responsible only for study abroad and exchange was created. New strategic initiatives were developed including:

- Appointment of one FTE to support student mobility,
- Creation of travel grants to offset the perceived high cost of study abroad,
- New partners in more attractive destinations were added to the portfolio, and
- Increase in promotion and interaction with students on the benefits of taking up an exchange opportunity.

Evidence that these efforts are likely to pay dividends was clearly demonstrated by the application and selection process for 2017 which was completed in September 2016. Thirty University of Waikato students are going out on exchange in A semester 2017. This is the largest number of students that have undertaken student exchanges in A semester in the last five years.

## Internationalising the Curriculum

As part of the wider curriculum enhancement project the University is focused on preparing its students to be able to operate within a global context. Increasing opportunities for students to have an overseas experience is part of this however in order to ensure all of our students have an opportunity, in 2016 the University has focused on creating a framework to develop a compulsory cultural perspectives paper into its curriculum. This paper will provide students with an opportunity to understand how to interact and be mindful of other cultures especially in the context of business for long-term career success.

## Establishment of the School of Graduate Research

In late 2015, the University of Waikato established Te Mata Kairangi School of Graduate Research. The School has responsibility for strategic oversight of the following degrees: Higher Doctorates, the PhD, Professional Doctorates, and the MPhil. The School is also responsible for the administration of all scholarships – undergraduate and postgraduate at the University, and the Hillary Scholarship Programme.

The expectations of the School as outlined in its founding document and approved by Academic Board were: 'to provide a single point of oversight of the administration processes for graduate research students from enquiry through to application, admission, enrolment, progress monitoring and completion of their research thesis'. Since its establishment, the University has been committed to ensuring that these expectations are met and the School has been working to streamline processes to ensure a seamless and efficient administrative structure for an improved student experience.

In 2016 Te Mata Kairangi School of Graduate Research has implemented a number of major initiatives for the University. These included:

- Reviewing the entirety of the School's process management of higher research degree (HDR) students to support efficiencies within the School and across its staffing, and rewriting all the University's HDR webpages. This has included a project to take over the management of HDR enquires, applications and enrolments and to batch process these alongside the batch processing of scholarship applications. It is anticipated that this project will improve decisions and timeframes in the acceptance of HDR students and the award of research scholarships.
- Developing the proposal and regulations for the University's new Outstanding Academic Achievement school leaver scholarship – Te Paewai. The School has worked with staff across the University on the promotion of this scholarship, managed 174 applications to it, and the 53 scholarship offers made. This involved managing over \$1 million worth of new scholarship funding and using it to attract a highly qualified and motivated students to Waikato.

## Other Commitments continued

- The extension of the Te Ara ki Angitu – Pathways to Excellence Scholarships to six new districts – Hauraki, Matamata-Piako, Otorohanga, Thames-Coromandel, Waikato and Waitomo. This involved working with the University’s Director of Regional Engagement in developing district specific regulations for the award, managing the 123 applications and 111 scholarship offers made.
- Introducing new Doctoral and Masters Publications Scholarships that support the publication and dissemination of research student’s thesis research and encourage supervisors to publish with students, and holding workshops to promote these scholarships.
- Revamping the regulations for the Hillary Scholarship to increase the monetary value of the scholarship, increasing the quality threshold for entry into the programme, and decreasing the number of scholarship offers made annually with the strategic intent of making this the University’s premier school leaver scholarship.
- Reviewing the entirety of the University of Waikato’s central scholarships budget spend totalling \$7.5 million in 2016 and rising to \$9.9 million in 2017. This involved ensuring the strategic alignment of the scholarships portfolio with the University’s Draft Strategic Plan 2017-2021.

### Curriculum Enhancement Programme

Throughout 2016 the University has continued with its multi-year Curriculum Enhancement Programme. The Curriculum Enhancement Programme is intended to ensure that the University has a future-focused curriculum that reflects international trends, is research-led and is flexible enough to respond to changing market demands.

The Programme involves a fundamental review and redesign of all the University’s offerings and will include the reconsideration and redevelopment of all undergraduate papers. Such a comprehensive stocktake and reworking of the University’s offerings is unlikely to be undertaken again within the next 15 years.

During 2016 the University determined its future Curriculum Design Framework which is made up of three constitutive parts:

1. The Curriculum Design Principles
2. The Overarching University of Waikato Graduate Attributes
3. The University of Waikato Degree Architecture

The Curriculum Design Principles provide a conceptual scaffold for the provision of relevant curricula and a world-class university experience. They provide a framework that will ensure all students have the opportunity to acquire the overarching graduate attributes of a Waikato qualification.

These principles are set out below:

#### Curriculum Development

The University offers and delivers a curriculum that is: future-oriented, research-led, socially and culturally responsive, with an embedded global perspective, dynamic and responsive to changing student and societal needs, and adequately prepares students for their working lives, to participate fully in their communities both locally and globally, and to become lifelong learners.

#### Teaching

The University provides and supports quality teaching, including flexible delivery modes that are responsive to student and societal needs.

#### Students and their Experiences

From pre-enrolment through programmes of study and into work or further study, the University of Waikato provides a world-class student experience for on-campus and online students that is distinctive to the institution.

#### Strengthening Pathways to Work and Life-long Learning

Waikato students are provided with clear and purposeful pathways from undergraduate to postgraduate studies – within the University and through joint national and international provision.

## Workforce Development: Investing in and Building Talent

The University will nurture all staff, especially new and emerging academics, providing them with the opportunities to develop their expertise in research, teaching and leadership. It will adopt best employment practices to attract, retain and support excellent staff. It will provide professional opportunities for leadership development and will implement effective succession planning.

Through the Curriculum Design Framework, all University of Waikato undergraduate qualifications will be redesigned to enhance the following graduate attributes:

1. Application of discipline-specific (and profession-specific) knowledge
2. Application of critical thinking in systematic, innovative and creative ways
3. Effective communication and collaboration
4. Competence in culturally diverse local and global contexts
5. Professional and personal integrity

To ensure that opportunities for acquiring the abilities, knowledge and understanding that comprise the University's overarching graduate attributes are included in every student's programme of study, three elements have been identified that will need either to be explicitly integrated into papers within a qualification or offered as stand-alone papers in order to meet a University-wide requirements that the three elements be included within all undergraduate degrees.

These elements are as follows:

### **ELEMENT ONE: Disciplinary Foundations (100 Level) Graduate Attributes 1, 2, 3 and 5**

Inclusion of this element is intended to ensure that students have opportunities to develop an understanding of the nature and place of their discipline(s) within the context of the broader area of their qualification and to provide opportunities for the successful acquisition of academic competencies and literacies.

These papers will be at 100 level and will be designed to support students' successful transition into university study, while also providing them with the foundational concepts and methods required if they are to successfully complete their chosen qualification.

These papers will include:

- Fundamental undergraduate-level academic skills (including, but not limited to: information gathering and analysis, communication in a variety of relevant formats, digital literacy, and collaborative work).
- An introduction to the nature of the discipline(s) and its fundamental concepts and methods.
- An introduction to academic integrity and to professional ethics.

### **ELEMENT TWO: Cultural Perspectives (100, 200 or 300 level) Graduate Attributes: 2, 3 and 4**

The concepts of this element are designed to ensure that students have the opportunity to gain experience in culturally and linguistically diverse contexts both locally and globally.

Students will experience and develop these capabilities in a context-dependent way. Opportunities to fulfil this requirement might include: purpose-developed papers; international student exchanges and study abroad; study tours; te reo Māori and tikanga papers; international language and culture papers; and/or the design and delivery of a paper in such a way that its content, tasks and assessments are properly aligned with the rationale and learning objectives that drive this requirement.

### **ELEMENT THREE: Industry, Employer and Community Engagement (200 or 300 Level) Graduate Attributes 1, 2, 3 and 5**

The inclusion of this element is intended to ensure students have the opportunity to apply their knowledge and skills in community-based and work settings, and that they are well prepared for their transition to future study and work.

The majority of students in comprehensive undergraduate degrees will fulfil this requirement with a work placement or internship in either industry or in community organisations. Other opportunities to fulfil this requirement might include: summer research scholarships; papers built around a community-engagement project, and/or the design and delivery of a paper in such a way that its content, tasks and assessments are properly aligned with the rationale and learning objectives that drive this requirement. Many students in specialised degrees already undertake a work placement as part of the requirements for their programme.

## Other Commitments continued

The University will be extending its stakeholder network as part of this development and reaching out to a wide range of employers across the Waikato and Bay of Plenty region. Feedback from employers involved in the work-integrated learning component will be fed through the University's established industry advisory boards and a process of continuous enhancement will be implemented.

In late 2016 proposals that either align existing qualifications with the CDF or proposed to replace existing qualifications with new ones were approved through the Universities New Zealand CUAP process, which included peer review by other New Zealand universities. It is intended that these new and revised qualifications will be taught from 2018.

### Research and Enterprise Group

The University has continued to focus on the reorganisation of its Research and Enterprise Group over 2016. The amalgamation of WaikatoLink into the University was always planned to take some time as legacy issues have needed to be dealt with and a phased transition made from the University's previous approach to investing in commercialisation of IP; however, significant changes have been made to date and staff are already experiencing a much more integrated approach to research support through the Research and Enterprise Office with end-to-end advice and support provided on the development of research proposals, management of research contracts and deliverables, identification of potential commercialisation opportunities and support for commercialisation of IP.

During 2016 a more collaborative approach to seeking new revenue has been instigated with staff from the University's Research Office interacting with WaikatoLink staff to take a more holistic approach to contestable grant applications and the sharing of intelligence on new opportunities between Business Managers and Research Developers.

A new Director of Research and Enterprise, Dr Simon Lovatt, has been appointed and starts on 23 January 2017; all staff including WaikatoLink staff will be line managed by Dr Lovatt. Some further reorganisation to ensure better integration of activities will follow in 2017.

### National Science Challenges

A strong areas of activity for the University in 2016 has been the identification of its role and contribution to addressing the National Science Challenges. The University

has been successful in securing funding exceeding \$7 million for its staff involvement in the National Science Challenges. The staff who have attracted funding come from five of the University's Faculties and cover a wide range of disciplines.

Challenges the University is involved in include: Ageing Well; New Zealand's Biological Heritage; Building Better Homes, Towns and Cities; Healthier Lives; Resilience to Nature's Challenges; Science for Technological Innovation; and Sustainable Seas.

### STEM Certificate of University Preparation

The University's STEM Certificate of University Preparation including the Bridging STEM Academy ran for the second year in both the semesters A and B in 2016. The structure was kept much the same as the one in 2015 given the results achieved that year, along with Faculty and student feedback. The STEM CUP programme (2016) included:

- Weekly facilitated STEM Study groups,
- Whole group STEM Academy meetings with senior staff, lecturers and registrars from FSEN and FCMS,
- Whole group meetings for all Academies (STEM; Business and Social Science Academies were introduced in semester B, 2016) and linking and accessing services and support such as Student Learning, Careers staff, science librarian, Māori mentors,
- Sharing of experiences by former Bridging Programmes students who are succeeding in their degree studies as well as from other successful undergraduates,
- Moodle STEM Academy page with a range of materials, quizzes, activities and resources,
- Engagement and belonging to the wider University via Open Day, Career Fair, Study Options Fair, Boat Race, and WSU Frisbee Competition, and
- STEM Academy extension questions /quizzes for each STEM subject paper worth 5% of overall mark for the paper.

Student results from 2014-2016 showed that the students who had undertaken science and mathematics papers with the support of the STEM Academy had performed much more strongly than students who had undertaken the same papers prior to the establishment of the STEM Academy in 2015.

In A semester 2016 a higher than typical number of students failed the programme overall with an IC grade awarded due to non-completion of work and lack of engagement in their studies, with an unusually high number of students reporting a range of personal issues that had impacted on their achievement. As a consequence of analysis of these A semester results initiatives introduced in semester B, 2016 to enhance student engagement included:

- Changes to the nature and frequency of student assessment items,
- Introduction of assignment retreats, an assignment amnesty where students at any stage in their papers can come along and catch up with tutor input,
- Students provided with greater choice of assessment task in a paper – able to pick and choose according to strengths and interest while still achieving learning outcomes,
- Moderation of papers with discipline experts in Faculties. External moderation with Massey due in December 2016,
- Mid- and end-semester student social gatherings,
- Increased monitoring and follow-up of students showing signs of disengagement,
- Increased use of ICT and lecture-capture technology for all papers, and
- Increased emphasis in all papers on key skills such as active note-taking, knowing how to begin and end an assignment, accessing and drawing on lengthy texts to construct text.

## Tauranga CBD Campus development

Throughout 2016 the University has been continuing with preparatory work for the Tauranga CBD Campus development. Major areas of work in 2016 included:

- The Tauranga Tertiary Campus Charitable Trust and the three regional funders (Tauranga City Council, Tauranga Energy Consumer Trust, and the Bay of Plenty Regional Council) approving the design concept, contract works project plan, and drawdown schedule as per the Heads of Agreement conditions of funding.

- Completing negotiations to turn the Development Contract and Lease Agreement into a Funding Agreement; the new Funding Agreement between the University and the Tauranga Tertiary Campus Charitable Trust has been signed by the Vice-Chancellor as per the authority delegated by Council and provides the University with ownership of Stage One prior to the commencement of construction.
- Working with Toi Ohomai to affirm the University's position as its preferred partner and to reach agreement that Toi Ohomai was not seeking, at this point, to bring degrees currently delivered in Rotorua to Tauranga. This has secured a very significant pathway for Waikato as a number of students entering University programmes in Tauranga do so through pathways from, formerly the Bay of Plenty Polytechnic and now, Toi Ohomai.
- Commencing a review and re-mapping the academic pathways between Toi Ohomai and the University in light of both the New Zealand Qualifications Authority targeted review of qualifications (TRoQ) and the University's own Curriculum Enhancement Programme.
- The newly appointed Academic Director for the Tauranga Campus, Ken Perszyk, and the Senior Deputy Vice-Chancellor have commenced a work programme with the University's Faculty Deans to ensure the new CBD campus offers integrated and cohesive programmes aligned to the Curriculum Enhancement Programme that maximise the strengths of the University in areas of regional need.
- Engaging with the iwi of Tauranga Moana for the planning and design of the new campus, and to strengthen relationships more generally. This has included the establishment of a Tauranga Moana Advisory which includes membership of senior University staff and iwi representatives, as well as the appointment of a University kaumātua for Tauranga Moana.

# Statistical Information

## Total Students by Origin

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Core Region	8,333	9,234	8,845	8,732	8,863	8,799	8,523	8,429	8,460
Inner Periphery	626	794	843	961	930	971	1,002	1,054	1,004
Outer Periphery	521	585	551	561	506	537	525	500	495
Auckland	790	754	679	614	587	489	488	541	490
Wellington	131	188	169	181	156	165	153	142	142
South Island	157	137	134	128	129	137	124	141	118
Overseas	1,448	1,397	1,421	1,386	1,350	1,246	1,417	1,471	1,307
<b>Total</b>	<b>12,006</b>	<b>13,089</b>	<b>12,642</b>	<b>12,563</b>	<b>12,521</b>	<b>12,344</b>	<b>12,232</b>	<b>12,278</b>	<b>12,016</b>

## Total Qualification Completions by Level

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Foundation Certificates	879	1,098	827	548	546	484	523	473	488
Degree	1,884	1,993	1,843	1,929	2,037	2,167	1,937	1,891	2,038
Graduate/ Postgraduate	995	1,111	1,208	1,289	1,284	1,071	968	918	1,025
Higher Degree	53	54	71	105	73	83	92	74	91
<b>Total</b>	<b>3,811</b>	<b>4,256</b>	<b>3,949</b>	<b>3,871</b>	<b>3,940</b>	<b>3,805</b>	<b>3,520</b>	<b>3,356</b>	<b>3,642</b>

## Total EFTS by Level

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sub-degree	749	872	575	453	406	345	335	393	321
Degree	7,236	7,851	7,874	8,009	8,123	8,075	7,824	7,881	7,710
Taught Postgraduate	1,028	1,149	1,205	1,159	1,117	1,161	1,168	1,192	1,238
Research Postgraduate	497	545	593	620	620	576	576	551	536
ACE	176	189	168	108	104	2	-	-	-
<b>Total</b>	<b>9,685</b>	<b>10,606</b>	<b>10,415</b>	<b>10,349</b>	<b>10,371</b>	<b>10,159</b>	<b>9,904</b>	<b>10,018</b>	<b>9,805</b>



### Total EFTS by Source of Funding

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Ministry-Funded (excluding ACE)	7,859	8,700	8,546	8,660	8,776	8,726	8,473	8,451	8,250
Full-Cost International	1,615	1,669	1,664	1,543	1,461	1,408	1,401	1,535	1,510
Full-Cost other	36	49	38	37	30	24	29	32	46
ACE	176	189	168	108	104	2	-	-	-
<b>Total</b>	<b>9,685</b>	<b>10,606</b>	<b>10,415</b>	<b>10,349</b>	<b>10,371</b>	<b>10,159</b>	<b>9,904</b>	<b>10,018</b>	<b>9,805</b>

### Total EFTS by Organisational Unit

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Arts & Social Sciences	1,849	2,054	2,091	2,060	2,185	2,227	2,143	2,092	2,054
Computing & Mathematical Sciences	706	759	804	878	950	993	964	998	993
Education	1,932	2,266	3,061	2,905	2,871	2,568	2,322	2,200	2,042
Law	589	608	626	650	622	646	635	643	637
Management	2,536	2,664	2,641	2,580	2,455	2,416	2,512	2,673	2,671
Māori & Pacific Development/Māori & Indigenous Studies	274	278	274	302	283	263	226	247	230
Science & Engineering	875	916	918	974	1,003	1,047	1,103	1,165	1,178
Other Organisational Unit	925	1,062	-	-	-	-	-	-	-
<b>Total</b>	<b>9,685</b>	<b>10,606</b>	<b>10,415</b>	<b>10,349</b>	<b>10,371</b>	<b>10,159</b>	<b>9,904</b>	<b>10,018</b>	<b>9,805</b>

### Ratio of EFTS to Academic FTE (Counting All Academic FTEs and EFTS)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Academic FTE	643	633	654	646	637	640	636	647	628
Total EFTS	9,685	10,606	10,415	10,349	10,371	10,159	9,904	10,018	9,805
<b>Ratio</b>	<b>15.1</b>	<b>16.8</b>	<b>15.9</b>	<b>16.0</b>	<b>16.3</b>	<b>15.9</b>	<b>15.6</b>	<b>15.5</b>	<b>15.6</b>

## Statistical Information continued

### Research Revenue per Academic FTE (Research)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Annual Research Revenue	\$21.894 million	\$27.838 million	\$27.464 million	\$31.077 million	\$29.693 million	\$28.666 million	\$27.969 million	\$32.824 million	\$34.574 million
Academic FTE (Research)	492	450	449	441	442	448	451	449	423
Research Revenue per Academic FTE (Research)	\$44,500	\$60,862	\$61,111	\$70,395	\$67,169	\$63,986	\$62,015	\$73,095	\$81,735

### Research Publication Count by Type

	Books	Chapters	Conference Contributions	Creative Works	Journals	Other	Total
Arts & Social Sciences	17	56	178	33	175	110	569
Computing & Mathematical Sciences	1	3	43	2	41	5	95
Education	11	56	81		125	15	288
Law	1	6	9		20	3	39
Management	6	24	56	1	136	31	254
Māori & Indigenous Studies		2	4	6	2	5	19
Science & Engineering	1	6	162		249	15	433
Office of the Vice-Chancellor	1	5	9		18	2	35
Non Faculty Staff			3		5		8
<b>Total</b>	<b>38</b>	<b>158</b>	<b>545</b>	<b>42</b>	<b>771</b>	<b>186</b>	<b>1740</b>

### Total Students by Ethnicity

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Pākeha/European	5,631	6,061	5,841	5,775	5,778	5,711	5,472	5,331	5,066
NZ Māori	2,230	2,451	2,300	2,339	2,343	2,290	2,254	2,249	2,261
Pacific Islander	500	525	470	491	557	589	570	624	631
Chinese	1,405	1,383	1,301	1,182	1,181	1,130	1,252	1,368	1,395
Indian	320	402	416	428	456	419	447	470	444
Other	1,920	2,267	2,314	2,348	2,206	2,205	2,237	2,236	2,219
<b>Total</b>	<b>12,006</b>	<b>13,089</b>	<b>12,642</b>	<b>12,563</b>	<b>12,521</b>	<b>12,344</b>	<b>12,232</b>	<b>12,278</b>	<b>12,016</b>

## Total Staff FTE

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Academic	643	633	654	646	637	640	636	647	628
Other	916	895	882	897	876	880	847	863	870
<b>Total</b>	<b>1,560</b>	<b>1,528</b>	<b>1,537</b>	<b>1,543</b>	<b>1,513</b>	<b>1,520</b>	<b>1,483</b>	<b>1,510</b>	<b>1,498</b>

## Seniority of Total Academic Staff FTE

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Professors	84	84	82	81	86	81	82	82	84
Associate Professors	78	78	77	78	73	72	74	77	82
Senior Lecturers	212	224	229	230	234	231	234	226	206
Lecturers	113	120	126	125	123	106	95	92	88
Other	156	128	140	131	122	150	151	170	168
<b>Total</b>	<b>643</b>	<b>633</b>	<b>654</b>	<b>646</b>	<b>637</b>	<b>640</b>	<b>636</b>	<b>647</b>	<b>628</b>

## Total Staff FTE by Organisational Unit

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Arts & Social Sciences	179	173	174	170	173	179	178	179	175
Computing & Mathematical Sciences	75	74	80	78	74	78	77	78	84
Education	282	292	381	386	363	367	342	319	256
Law	37	35	36	38	38	42	40	38	36
Management	196	186	188	186	177	171	167	175	165
Faculty of Māori & Indigenous Studies*	34	29	24	21	41	44	38	37	21
Science & Engineering	193	188	189	193	195	187	186	195	201
Other Organisational Unit	561	551	465	471	452	452	455	489	562
<b>Total</b>	<b>1,560</b>	<b>1,528</b>	<b>1,537</b>	<b>1,543</b>	<b>1,513</b>	<b>1,520</b>	<b>1,483</b>	<b>1,510</b>	<b>1,498</b>

\*Until 2016 staff numbers included staff in the Office of the Pro Vice-Chancellor (Māori), from 2016 these staff have been included under the category 'Other Organisational Unit'

# Auditor General Opinion

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of the University of Waikato and group's financial statements and statement of service performance for the year ended 31 December 2016

The Auditor-General is the auditor of the University of Waikato (the University) and group. The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the University and group on his behalf.

## Opinion

We have audited:

- the financial statements of the University and group on pages 64 to 112, that comprise the balance sheet as at 31 December 2016, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the University and group on pages 46 to 56.

In our opinion:

- the financial statements of the University and group on pages 64 to 112:
  - present fairly, in all material respects:
    - the financial position as at 31 December 2016; and
    - the financial performance and cash flows for the year then ended;
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards.
- the statement of service performance of the University and group on pages 46 to 56 presents fairly, in all material respects, the University and group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2016.

Our audit was completed on 28 March 2017. This is the date at which our opinion is expressed.

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

## **Basis for our opinion**

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

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

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

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

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

The Council is also responsible on behalf of the University and group for preparing a statement of service performance that is fairly presented.

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

In preparing the financial statements and the statement of performance, the Council is responsible on behalf of the University and group for assessing the University and group's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate the University and group or to cease operations, or has no realistic alternative but to do so.

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

## **Responsibilities of the auditor for the audit of the financial statements and the statement of performance**

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

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

## Auditor General Opinion continued

For the budget information reported in the financial statements and statement of service performance, our procedures were limited to checking that the information agreed to:

- the University and group's Council approved budget for the financial statements; and
- the investment plan for the statement of service performance.

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Council is responsible for the other information. The other information comprises the information included on pages 2 to 42 and pages 57 to 63, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

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

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

### **Independence**

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

In addition to the audit we have carried out an assurance engagement with respect to the University's Performance-based Research Fund external research revenue, which is compatible with those independence requirements. Other than the audit and that assignment, we have no relationship with or interests in the University or any of its subsidiaries.



Clarence Susan  
Audit New Zealand  
On behalf of the Auditor-General  
Tauranga, New Zealand

# Statement of Service Performance

## Institutional Sustainability

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2016 Actual
1. Achieve the Ministry-Funded EFTS targets set out in the Investment Plan 2015-2017	8,776 EFTS	8,726 EFTS	8,473 EFTS	8,451 EFTS	8,253 EFTS (funded)	8,250 EFTS

The University exceeded the 99% funding threshold set by the Tertiary Education Commission and achieved all of its allocated Student Achievement Component (SAC) funding for 2016.

Ministry-Funded EFTS by level were broadly consistent with those achieved in 2015 with a very slight increase in taught postgraduate level enrolments being offset by a modest decline in undergraduate enrolments.

While enrolments by school leavers were up in 2016, the increase was not sufficient to offset a decline in returning students meaning that overall Ministry-Funded EFTS were lower than that achieved in 2015.

January summer school enrolments continued to build on previous years, with volumes exceeding those achieved in both 2014 and 2015; this was offset by a decline in December summer school enrolments with 2016 volumes back to the same level achieved in 2014 and down on 2015.

At a Faculty-level enrolments remained relatively stable across most Faculties, with numerically small (but statistically and trend significant) growth in the Faculties of Science & Engineering and Computing & Mathematical Sciences. The decline in teacher education enrolments continued to impact on the Faculty of Education with enrolments in the Faculty down about 100 EFTS over the previous year and continuing the pattern of decline that has been evident since 2013; since 2010 early childhood education EFTS have decreased by 50% from their peak, and both primary and secondary teacher education EFTS have fallen by about a third over the same period. Uncertainty of demand in the teaching workforce and messaging by Government have had a very significant impact on demand for teacher education programmes over the past few years.

Ministry-Funded EFTS in Tauranga were lower than targeted and down (516 EFTS against the 540 EFTS achieved in 2015) on the previous year. The creation of Toi Ohomai Institute of Technology, as the result of the merger of the Bay of Plenty Polytechnic and Waiariki Institute of Technology, has caused some uncertainty in the Bay of Plenty tertiary education sector and this is understood to have impacted on tertiary enrolments across the region.

Enrolment declines in Tauranga for the University were evident across each of the five programmes that have typically been most popular in the region (Bachelor of Teaching, Bachelor of Social Sciences, Bachelor of Social Work, Bachelor of Science and diploma programmes), with the largest decline in the area of teacher education.

The shortfall in enrolments in Tauranga in 2016 will not impact on the University's longer term growth plan associated with the new Tauranga CBD campus development.



	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2016 Actual
2. Achieve the Full-Cost International EFTS targets set out in the Investment Plan 2015-2017	1,461 EFTS	1,408 EFTS	1,401 EFTS	1,535 EFTS	1,572 EFTS	1,510 EFTS

The University continued its strong performance with respect to Full-Cost International EFTS and while it ended the year slightly behind the 2016 target, it was not far off the result achieved in 2015.

A reasonably significant decline in sub-degree EFTS (down by about 22% on 2015's result) was offset by positive growth in both undergraduate (up 2.6%) and taught postgraduate EFTS (up 9.5%). Growth in new undergraduate enrolments is expected to provide a stronger pipeline for future Full-Cost International EFTS.

Enrolments by source region continued established patterns with the most significant proportion of students coming from Mainland China – the majority of which were through the University's established partnership arrangements. Enrolments from the Middle East continued to trend down reflecting tighter resections on the King Abdullah Scholarship Programme which has typically funded 90% of Saudi students' study overseas.

The University's partnership programmes with Shanghai International Studies University (SISU) and Zhejiang University City College (ZUCC) both continued to perform strongly in 2016, with enrolments by both groups up on the volume achieved in 2015.

The top five programmes in 2016 for international students were the Bachelor of Business Analysis, the Masters of Business Management, Bachelor of Engineering with Honours, the Certificate of Attainment in English Language and non-assessed English language programme offered through the Pathways College. This pattern is consistent with the past few years; however both the Bachelor of Business Analysis and Masters of Business Management have become increasingly popular with international students over time.

While the overall number of countries represented by international students declined in 2016 (down from 78 in 2015 to 75 in 2016) the University recruited students for the first time from both Yemen and Bhutan.

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2016 Actual
3. Maintain a 'low-risk' rating against the TEC's Financial Monitoring Framework	'Low Risk'	'Low Risk'	'Low Risk'	'Low Risk'	≥3 (Low Risk)	'Low Risk'

The Tertiary Education Commission discontinued its annual assessment of TEI financial performance against its Financial Monitoring Framework (FMF) in 2013, but advised that it would support the University continuing to use the FMF model to assess its own performance against the framework.

Based on the University's audited results for 2014 and three-year forecasts developed and provided to the TEC in May 2016, the FMF model indicated no change to the 'low risk' rating achieved in previous years.

## Statement of Service Performance continued

### Student Participation and Performance

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2016 Actual
4. Increase the proportion of all EFTS enrolled at postgraduate level and above to at least 18.9% by 2017	16.8%	17.1%	17.6%	17.4%	18.7%	18.1%

The University continued its overall pattern of growth in the proportion of its EFTS enrolled at postgraduate level and above, but ended the year slightly below its 2016 target.

While no 2016 target was set against this indicator in the University's 2015-2017 Investment Plan, the 2016 target represents the combination of the Ministry-Funded EFTS negotiated with the TEC to be delivered at taught postgraduate level and above as part of the University's 2016 Mix of Provision, and the volume of Full Cost International EFTS at this level determined through the University's internal target setting processes for 2016.

Taught postgraduate EFTS generated by both Ministry-Funded and Full Cost International students increased in 2016 over the volumes achieved in 2015, with research postgraduate EFTS being slightly below the volume achieved in 2015.

The University continued to increase its PhD enrolments in 2016, achieve its second highest volume in the last five years. However, this increase was offset by a continued fall in Masters thesis enrolments, a continued effect from the introduction and increasing popularity of one-year (180-point) taught Masters programmes.

Programmes at postgraduate level and above continued to be attractive to international students with the proportion of international students enrolling in programmes at these levels in 2016 the highest on record. Underpinning this increase were the University's one-year (180-point) taught Masters programmes.

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2016 Actual
5. Maintain the proportion of Ministry-Funded EFTS generated by Māori students at at least 21.0%	22%	21%	22%	22%	21%	23%

The University's proportion of Ministry-Funded EFTS generated by Māori students continued to be far and away the highest of any New Zealand university; when tertiary contribution targets were agreed with the Tertiary Education Commission the University was asked to at least maintain its, then current, level of provision at 21%.

The University continued to deliver a very strong result against this indicator, increasing its proportion of Ministry-Funded EFTS generated by Māori students to 23% in 2016. The University's 22.6% result remained consistent with the proportion of the Waikato/Bay of Plenty who identified as Māori in the 2013 Census.

The overall volume of Ministry-Funded EFTS generated by Māori students in 2016 was very slightly behind that generated in 2015 (down by 5 EFTS to 1,865); however, the proportion of Ministry-Funded EFTS generated by Māori students increased because his decrease was statistically far less significant than the decline in Ministry-Funded EFTS overall experienced in 2016 (down from 8,451 in 2015 to 8,262 in 2016 – see KPI 1 above).

In 2016 the University recruited a higher proportion of its new Māori students from the school leaver cohort than in recent years; volumes of Māori students from other age groups remained relatively constant with previous years. This increase in school leaver volumes has contributed to a slight decrease in the proportion of Māori students enrolled at postgraduate level and above, and resulted in a larger volume of Māori students enrolled in degree-level programmes in 2016.

Of note in 2016 was the relatively significant increase in the numbers of Māori students enrolling the Faculty of Computing and Mathematical Sciences – up by 17% over 2015. Enrolments across the University’s other Faculties have remained consistent with previous years although the slight decline in teacher education programme enrolments noted in previous years continued into 2016.

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2016 Actual
6. Increase the proportion of Ministry-Funded EFTS generated by Pacific students to at least 6.4% by 2017	5.6%	6.1%	6.0%	6.7%	6.4%	6.8%

The University’s achievement of 6.8% of its Ministry-Funded EFTS being generated by Pacific students was the highest proportion ever recorded by the University and significantly higher than the proportion of the Waikato/Bay of Plenty regional population who identified as Pacific in the 2013 Census (3.5% compared with 7.0% nationally).

While the University did not include a target against this indicator for 2016 in the forecast statement of service performance in its Investment Plan 2015-2017, it did enter into a performance commitment with the Tertiary Education Commission to increase the proportion of Ministry-Funded EFTS generated by Pacific students to 6.4% in this year, a target that was comfortably exceeded.

While growth against this indicator has been driven in recent years by Pacific students from outside the Waikato/BOP region, this pattern was turned around in 2016 with an increase in Pacific students from the Waikato/BOP region and a downturn in enrolments from South Auckland.

Since 2010 Pacific enrolments by students aged 25 and over have remained relatively static; however, over the same period enrolments by students aged under 25 have increased by around 50%.

Of note in 2016 was the relatively significant increase in the numbers of Pacific students enrolling in the Faculty of Science and Engineering – up 15% over 2015. Enrolments across most other Faculties have remained consistent with previous years although there was a notable decline in Pacific student enrolments in both the Faculty of Education and the Faculty of Law in comparison with the volumes achieved by those Faculties in 2015.

## Statement of Service Performance continued

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2016 Interim
7. Maintain successful course (paper) completion rate for Ministry-Funded students at at least 86.0%	86%	85%	85%	84%	≥86%	85%
8. Increase successful course (paper) completion rate for Ministry-Funded Māori students to at least 85.0% by 2017	81%	80%	79%	78%	84%	79%
9. Increase successful course (paper) completion rate for Ministry-Funded Pacific students to at least 76.0% by 2017	71%	65%	69%	67%	75%	71%
10. Maintain successful course (paper) completion rate for Full-Cost International students at at least 86.0%	86%	87%	89%	89%	≥86%	91%

*The 2016 results for these indicators are interim and subject to change.*

While the University did not include a target against KPIs 8 and 9 for 2016 in the forecast statement of service performance in its Investment Plan 2015-2017, it did enter into a performance commitment with the Tertiary Education Commission to achieve particular paper completion rates; these targets are stated above.

While achievement by Ministry-Funded students overall was slightly below target in 2016, it is significant to note that all groups showed improvements over the previous year. Of particular note was the significant improvement made by Pacific students in 2016.

2016 saw an increase in paper completion rates for students at 100-level – up from 74.5% in 2015 to 76.9% in 2016; work being undertaken by the University with respect to the earlier timing of assessment in first year papers and directing students to appropriate support networks. As shown in the table below, despite recent improvements paper completion rates in higher level papers remain significantly higher than those in first-year and sub-degree.

### Paper completion rates – MF – All Students by Level

Paper Level	2014	2015	2016
Sub-Degree	-	61.6%	69.6%
100 Level	75.6%	74.5%	76.9%
200 Level	85.0%	84.9%	85.3%
300 Level	90.6%	90.4%	90.4%
400 Level	93.0%	90.8%	92.7%
500 Level	91.0%	89.3%	93.0%

11.

Paper completion rates overall remained relatively static across all of the Faculties in 2016 when compared with the previous couple of years.

Of note in 2016 was the significant improvement in paper completion rates at 100-level and 200-level for Pacific students (see table below). As signalled in Section 6: Student Participation and Performance, significant efforts have been made in 2016 to better target student support for Pacific students and the results for 100-level and 200-level students show that these efforts have had a positive effect on Pacific student pass rates overall.

### Paper completion rates – MF – Pacific by Level

Paper Level	2014	2015	2016
100 Level	52.5%	53.4%	57.5%
200 Level	71.6%	72.0%	76.0%

While paper completion rates for Māori did not improve at the same rate as Pacific students, improvements over 2015 were evident across all levels from 100 level to 500 level.

Full Cost International students continued to perform strongly and exceeded both the 2016 target and the 2015 actual result. 2015 results published as interim in the University's 2015 Annual Report have been updated to actual in the table set out above following the publication of 2015 TEC Educational Performance Indicator data during 2016.

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2016 Interim
12. Increase number of qualifications completed by domestic students to at least 3,150 per annum by 2017*	3,169	3,013	2,829	2,791	>2,791	2,705
13. Increase number of qualifications completed by Māori students to at least 680 per annum by 2017*	622	653	545	575	>575	540
14. Increase number of qualifications completed by Pacific students to at least 150 per annum by 2017*	190	163	164	183	≥150	216
15. Increase number of qualifications completed by international students to at least 820 per annum by 2017*	769	789	935	799	>799	937

*The 2016 results for these indicators are interim and subject to change.*

Qualification completions for 2016 will continue to be confirmed during the first quarter of 2016. Results to date indicate that the University will be close to achieving, if not exceeding the volumes of qualification completion achieved in 2015.

2015 results published as interim in the University's 2015 Annual Report have been updated to actual in the table set out above following the recording of completions relating to the 2015 academic year being entered in 2016.

## Statement of Service Performance continued

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2016 Interim
16. Increase the number of doctoral qualifications completed to at least 100 per annum by 2017*	71	80	95	78	>78	<b>88</b>

*The 2016 results for these indicators are interim and subject to change.*

Doctoral qualification completions for 2016 will continue to be confirmed during the first half of 2017. The University has already exceeded the volume of doctoral qualification completions achieved in 2015.

Doctoral qualification completions generate additional funding for the University through the Research Degree Completion component of the TEC's Performance Based Research Fund. Additional weighting of the funding is determined by the subject area of the doctorate, the ethnicity of the student and the language the doctorate is produced in (significant additional weightings apply for doctorates submitted in Te Reo Māori).

Overall Research Degree Completions are anticipated to be slightly behind those generated in 2015 even though completions are slightly ahead of those achieved in 2015.

While overall numbers of doctoral theses completed by Māori and Pacific students (which attract a Research Degree Completion factor of 2) remained relatively constant in 2016 there was a significant change in the areas of study of these students – increases in numbers in both the Faculty of Arts and Social Sciences and the Faculty of Management made up for declines in doctoral completions in the Faculty of Education.

2015 results published as interim in the University's 2015 Annual Report have been updated to actual in the table set out above following the recording of doctoral completions relating to the 2015 academic year being entered in 2016.

### Research Performance and Industry Relevance

	2014 Actual	2015 Actual	2016 Target	2016 Actual
17. Increase the number of students undertaking industry placements to at least 2,050 per annum by 2017*	1,789	1,746	>1,746	<b>1,754</b>

*Note: Results for 2014 and 2015 have been updated to include those work placement papers that are not EFTS generating, including those in the Bachelor of Engineering with Honours programme.*

The University exceeded its 2016 target for this indicator, with most Faculties (with the exception of the Faculty of Education) delivering an increase on the volumes achieved in 2015.

While the majority of the University's undergraduate degrees offer students the opportunity to undertake an industry placement as part of their programme of study, in 2016 the majority of industry placements were undertaken in qualifications where an industry placement is a required component. Because of the popularity of many of these qualifications with female students two-thirds of industry placements in 2016 were undertaken by female students.

While enrolments in teacher education programmes have declined over time, these programmes still generate the highest numbers of industry placements. In 2016 growth in work placements was particularly evident in the Bachelor of Science (Technology) and the Bachelor of Engineering with Honours. Strong numbers of industry placements are also generated in the Bachelor of Social Work, Bachelor of Management Studies, and Postgraduate Diploma in Clinical Psychology.

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2016 Actual
<b>18. Increase Research and Development (R&amp;D) revenue to at least \$66.1M per annum by 2017*</b>	\$61.0M	\$67.3M	\$66.5M	\$73.5M	≥\$73.5M	<b>\$73.3M</b>

Research and Development (R&D) revenue counts all non-teaching revenue generated by the Faculties, Research Institutes and subsidiary entities. The University's 2016 result was significantly ahead of the overall target for this indicator to achieve \$66.1M per annum in Research and Development (R&D) revenue by 2017, but very slightly behind that achieved in 2015.

Underpinning the strong 2016 result was a \$2M increase in research revenue driven primarily by a significant increase in research revenue generated by the Faculty of Science and Engineering; while the Faculty of Computing and Mathematical Sciences also achieved a small increase in research revenue in 2016, most other Faculties returned similar or lower results than they had in 2015.

## Organisational Culture: Staff and Students

	2014 Actual	2015 Actual	2016 Target	2016 Actual
<b>19. In the annual Voice staff survey:</b>				
a. Increase the 'staff engagement' scale result each year	78%	77%	>77%	<b>74%</b>
b. Increase the 'organisational progress' scale result each year	55%	47%	>47%	<b>45%</b>

The Voice survey includes two key measures of organisational performance, these are:

1. 'Staff Engagement' – the extent to which staff are passionate about their day-to-day work, positive about belonging to the organisation and keen to keep working there.
2. 'Organisational Progress' – this measures staff perceptions about organisational performance: how successful is the organisation at achieving its objectives, how well is change and continuous improvement managed, and is client service delivery of a high-standard.

In 2016 the University continued with the shorter annual staff survey that was implemented in 2015.

Analysis of the University's 2015 results against the 'Organisational Progress' scale had indicated a change of terminology from stakeholders to customers for one item within the survey may have negatively impacted on results against this indicator in 2015. For the 2016 survey the terminology was changed back to stakeholders and there was a consequential improvement (up by 3%) for the relevant component score within the 'Organisational Progress' scale.

The University is currently going through a period of significant change, and it has been reflected in the staff survey results that a number of the University's staff are uncomfortable with the pace and scale of change.

Analysis of the 2016 staff survey results have highlighted some issues with individual's access to participate in the survey and issues with participants self-identifying in areas other than which they work in. As a consequence the University will be undertaking a comprehensive review of the survey tool and timing of future surveys.

As noted in the Organisational Culture: Staff and Students section, the 2016 staff survey results have identified a work programme to ensure that the issues raised through the survey are effectively addressed and to ensure that staff are supported through the continuing process of change.

## Statement of Service Performance continued

	2013 Actual	2014 Actual	2015 Actual	2016 Target
20. In the bi-annual i-Graduate Domestic Student Barometer survey:				
a. Maintain the student satisfaction rating with overall university experience	-	93%	95%	N/A
b. Maintain the student satisfaction rating with learning experience	-	91%	93%	N/A
c. Maintain the student satisfaction rating with student support services	-	93%	92%	N/A
21. In the bi-annual i-Graduate International Student Barometer survey				
a. Maintain the student satisfaction rating with overall university experience	91%	-	91%	N/A
b. Maintain the student satisfaction rating with learning experience	88%	-	88%	N/A
c. Maintain the student satisfaction rating with student support services	91%	-	89%	N/A

The bi-annual Domestic Student Barometer and International Student Barometer surveys will next be conducted in 2017. During 2016 work has focussed on responding to issues raised in the 2015 surveys.

## Reputation

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2016 Actual
22. Maintain a ranking within the top 500 in the annual World THE University Ranking	302	311	391	401-500	<500	<b>401-500</b>
23. Maintain a ranking within the top 500 in the annual QS World University Ranking	374	401-410	401-410	338	<500	<b>324</b>

The University continued its improvement in the annual QS World University Ranking exercise, up 14 places on its previous result. The improvements was primarily as a result of improved citation rates, with most other criteria being similar to the previous year.

The University undertook a QS Stars audit during 2016 and was granted a five star rating through this audit. It is anticipated that the additional material provided for this audit, together with a deeper understanding of methodological implications will have a positive impact on the University's future QS World University Rankings.

The University's performance in the 2016 World THE University Rankings remained consistent with the previous year; there were no methodological changes introduced for the World THE University Rankings in 2016.



	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Target	2016 Actual
24. Maintain at least 5 subjects ranked in the top 200 in the annual QS World University Rankings by Subject	6	5	5	10	≥5	9

Linked to its annual World University Rankings, QS also rates the top 200 universities in a range of subject areas (42 discrete subject areas in 2016). These results are based on the University Rankings exercise from the previous year (i.e. the subject rankings released in 2016 relate to the 2015 World University Rankings exercise).

In 2016 the University of Waikato had nine subjects ranked in the top 200, with a further three subjects in the top 250. The 2016 rankings of subjects for the University were as follows:

Subject	2015 Ranking	2016 Ranking
English Language & Literature	-	201-250
Linguistics	101-150	151-200
Modern Languages	201-250	201-250
Computer Science & Information Systems	151-200	201-250
Geography	101-150	101-150
Accounting & Finance	101-150	101-150
Business & Management Studies	101-150	101-150
Communication & Media Studies	101-150	101-150
Education	51-100	51-100
Economics & Econometrics	151-200	151-200
Law	101-150	151-200
Sociology	151-200	151-200

## Statement of Service Performance continued

The QS World University Rankings by Subject use a methodology that takes account of:

- Academic reputation – sourced from the QS Academic Peer survey,
- Employer reputation – sourced from the QS Employer survey,
- H index scores, and
- Citations per paper.

The weighting attributed to each of the components varies by subject – full details of the various subject weightings that applied in 2016 are available at [www.iu.qs.com/university-rankings/subject-tables](http://www.iu.qs.com/university-rankings/subject-tables)

The methodology for the 2016 QS World University Rankings by subject was unchanged from the previous year although six new subject areas were released for 2016: Anthropology, Archaeology, Minerals and Mining, Nursing, Performing Arts, and Social Policy & Administration.

*Note: KPI results and targets for percentages greater than 20% have been rounded to the nearest whole number.*

*\* The University did not include a target against this KPI for 2016 in the forecast statement of service performance in its Investment Plan 2015–2017; the stated 2016 target represents the 2015 final result.*

# EEO Statement

During 2016 the University launched a revised Diversity and Inclusion programme for the period 2016-2018. The revised goals of the programme were to:

- Strengthen the University's commitment to equal opportunity by ensuring that diversity and inclusion principles are incorporated into organisational development, recruitment, retention, promotion/advancement, succession planning and professional development.
- Strengthen the University of Waikato as an inclusive workplace that fosters and supports equity, diversity and inclusion in the University community.
- Provide learning development across ethnicities, linguistic/religious/socio-cultural groups and genders to improve career opportunities and a diversity of representation in leadership positions.
- Provide support for target groups.

While the University has not changed its gender profile over 2015, 59% of staff in 2016 were female, with 41% male – the same proportions reported for 2015, an increased proportion of staff at senior levels (Associate Professor and above) were female in 2016. In 2016, 30% (FTE) of professors and 40% (FTE) of associate professors were women (both up 2% on 2015).

Actions undertaken in 2016 to support achievement of the University's Diversity and Inclusion goals included:

1. Line managers were targeted with a comprehensive Diversity and Inclusion seminar to raise the University's commitment to diversity and inclusion. It included legislative context, line manager responsibilities, current situation and recognising unconscious bias. Online material for line-managers was developed to provide links to the necessary legislative and organisational programme, research and reporting material.
2. An assessment of all 2015 job advertisements was carried out for the purpose of understanding the attractiveness of job advertisements to women, Māori and Pacific peoples. The Analysis revealed patterns of gender and ethnicity preferences across disciplines, levels of seniority male/female interview success rates.

3. The starting salaries of male and female continuing staff were compared by the Director of HRM. The starting salary of female academic Lecturers and Senior Lecturers was around 3% higher than male academic Lecturers and Senior Lecturers. In contrast the starting rate of general staff males was around 8% higher than female general staff.
4. Diversity and Inclusion has been introduced as one of the topics presented on as part of the University's induction programme.
5. Multiple professional development seminars were provided under the banner of Diversity and Inclusion throughout 2016 repeated in semesters A and B (c. 200 people attended), topics included:
  - Leadership for Women,
  - Beginning your leadership Journey,
  - Coping with change,
  - Self-knowledge,
  - Knowing strengths, and
  - Understanding organisational culture.

In addition the University hosted a Waikato Women in Leadership Day – with around 150 women attending.

Support and professional learning was provided to female line managers. It included coaching/mentoring around staff engagement and performance, leadership, culture facilitating change and strategic planning.

During 2016 the University increased its proportion of Professorial (up from 4% in 2015 to 5% in 2016) and Associate Professorial (up from 8% in 2015 to 11% in 2016) staff who identify as Māori; this was despite overall numbers of Māori FTE staff remaining the same over the period. Representation of Māori staff across the University varies considerably across the University with the majority of academic staff located in two Faculties (Education and Māori and Indigenous Studies).

# Student Services Levy

## Compulsory Student Services Fees for 2016

Service Category	Direct Cost of Providing the Service	Overhead Related to Providing the Service <sup>1</sup>	Third Party Contracts <sup>2</sup>	Total Costs	Income from Other Sources	Total Income	Net Cost	
Advocacy and Legal Advice	29,567	144,200	147,900	321,667		-	321,667	
Careers Information, Advice and Guidance	213,186	42,867		256,052	8,266	8,266	247,786	
Counselling Services and Pastoral Care	1,540,490	164,511	2,500	1,707,501	314,851	314,851	1,392,650	
Employment Information			15,000	15,000		-	15,000	
Financial Support and Advice	493,384	21,482	20,400	535,266		-	535,266	
Health Services	1,399,447	53,222		1,452,670	630,168	630,168	822,502	
Media			112,200	112,200		-	112,200	
Childcare Services		223,530		223,530		-	223,530	
Clubs and Societies			139,280	139,280		-	139,280	
Sports, Recreation and Cultural Activities	74,453		545,870	620,323		-	620,323	
<b>Total</b>	<b>3,750,527</b>	<b>649,812</b>	<b>983,150</b>	<b>5,383,489</b>	<b>953,285</b>	<b>953,285</b>	<b>4,430,204</b>	
							<b>Less Student Services Levy</b>	<b>3,895,910</b>
							<b>(Over)/Under Recovery</b>	<b>534,294</b>

<sup>1</sup> Includes all Facility related costs, does not include HR & ITS related expenses which are attributed to Salary Costs within Direct Costs

<sup>2</sup> WSU contract for Advocacy Service, U Leisure contract for Volunteer Programme, WSU funding arrangement for Nexus, WSU and WUCS funding arrangements for club and societies support, U Leisure contracts for Sports and recreation activities

### Compulsory Student Services Levy per EFTS

The 2016 compulsory student services levy charged by University of Waikato per EFTS was \$445.00, there was also an additional annual building levy charge of \$24.80 per EFTS.

### Accounting Requirements for Compulsory Student Services Levy Fees and Expenditure

The University of Waikato accounts separately in the accounting system for all revenue and expenditure relating to the student services levy and building services levy.

### Description of Services Funded Out of the Compulsory Student Services Levy and Building Levy

#### ADVOCACY AND LEGAL ADVICE

A free confidential and independent service is provided to assist students with University related problems. Such problems might include administrative problems, disciplinary proceedings and complaints. Advice can also be sought in relation to personal issues such as landlord disputes, legal problems, budgeting, and sudden unexpected financial difficulties.

#### CAREERS INFORMATION, ADVICE AND GUIDANCE

Students are provided with:

- Career advice and guidance to assist with their transition into employment,
- Interview and CV workshops, and
- Course and degree guidance to support students on their pathway toward employment and careers.

The University establishes and maintains a relationship with a range of external stakeholders to enhance career opportunities for students, along with industry trends information. A range of career-specific events are also available to contribute to graduate career outcomes.

#### COUNSELLING SERVICES AND PASTORAL CARE

Access to free counselling services are available to create a safe and healthy campus environment, enhance the student experience, and contribute to academic achievement.

The University also offers a broad range of pastoral care services that recognise the diversity of the scholarly community.

Emergency response is also provided in relation to incidents that impact the welfare of students, along with recovery and crisis resolution functions.

#### EMPLOYMENT INFORMATION

- Management of online information to provide students with 24/7 access to job vacancies, career articles, events and news.
- Staff members organise career fairs, expos and other graduate recruitment programmes.
- Management of internships and work experience opportunities.
- Access to Student Job Search.
- Management of employer relationships to enable opportunities for students to engage with prospective employers.

#### FINANCIAL SUPPORT AND ADVICE

- Budgeting, financial planning and tuition fee management advice.
- Support on all matters relating to student loans and allowance.
- Financial advice for prospective students and their parents.
- Administration of a Student Assistance fund, Equity grants and awards.
- Advice about the preparation of budgets and financial statements for scholarship applicants.

#### HEALTH SERVICES

The University offers a full general practice medical care centre for students. Specialist advice and services are also available for students with impairments to ensure that they can fully participate in the student experience and succeed in their studies.

Advice for staff is also provided on creating an inclusive education environment for students with a disability or medical condition.

## Student Services Levy continued

### MEDIA

A student media contract with Waikato Students' Union (WSU) ensures that students are provided with information and news created by and for students via print and internet based media.

### CHILDCARE SERVICES

Operating costs are subsidised for early childhood facilities on campus.

### CLUBS AND SOCIETIES

The University provides support to all clubs and club hubs in the form of meeting rooms, activity spaces and resources for clubs to use, along with a range of communication means to regularly inform students and clubs of opportunities, services and support.

This is done in close partnership with WSU, U Leisure and the Waikato University Combined Sports Clubs (WUCS).

### SPORTS, RECREATION AND CULTURAL ACTIVITIES

Also in partnership with the previously mentioned groups, the University provides means of coordinating and running sports leagues, organising and supervising a range of sport, recreation, and cultural activities, and establishing links to other community activities for students.

Facilities for recreational activities are also provided in the form of venues for hosting and supporting student events and student common rooms; related services such as providing security, cleaning, bookings, maintenance, onsite support and improvement of the facilities are also provided.

The University also offers sponsorship for student initiatives, recognition of student sporting and cultural achievements, and the initiation of other activities identified through recreational forums or student suggestions.

## Statement of the Cost of Outputs

The University recognises four broad classes of output that result from its activities. These outputs are teaching and learning, external research, services and products (other than teaching and learning) provided to students and all other services and products provided. The following table provides an analysis of the cost of providing these outputs.

Outputs	This Year \$000	Budget \$000	Last Year \$000
Teaching and Learning	156,328	152,703	150,570
Research	41,842	41,514	34,534
Student Services and Products	11,140	11,079	10,616
Other Services and Products	21,813	20,230	20,433
<b>Total</b>	<b>231,123</b>	<b>225,526</b>	<b>216,153</b>

# Financial Overview 2016

The University Group earned for the second year running, an historical high in total revenue of \$253.5 million in 2016, up \$9.1 million or 3.7 percent on 2015's revenue of \$244.4 million. Importantly, the surplus of \$12.3 million grew by \$2.8 million or 29.5 percent on 2015's surplus of \$9.5 million. This large growth in the surplus is largely due to donations received as a contribution towards capital investment in the University's campus development in Tauranga.

Offsetting these gains was an impairment in the carrying value of certain investments held in the University's commercialisation subsidiary, WaikatoLink Limited. The University Group's 2016 surplus represents a 4.8 percent return on revenue, up on the previous year's 4.0 percent return, and within the University's guidelines of 3.0 – 5.0 percent promulgated by the Tertiary Education Commission. The financial performance of the University's core activities (i.e. teaching and research) is improved from the previous year through the containment of costs while revenue grew.

WaikatoLink Limited recorded a deficit of \$1.5 million in 2016 compared to a surplus of \$1.3 million in previous year. The 2016 result was significantly affected by an impairment of \$1.2 million in the carrying value of its investment in Intellectual Property development costs. Also, in 2015, WaikatoLink sold the net assets of a subsidiary and an investment entity recording a gain of \$2.6 million. The other significant result in the University Group was recorded by the University of Waikato Foundation Trust with a surplus of \$2.5 million, up \$0.9 million on 2015's surplus of \$1.6 million, as a result of donations received and growth in investment income. Offsetting these surpluses, the University of Waikato Research Trust recorded a deficit of \$0.5 million as it continued to invest in research projects across the University. The University only surplus of \$13.4 million is \$3.3 million more than budget and \$5.2 million more than the previous year. This represents a return of 5.4 percent on total revenue (2015: 3.4 percent).

2016 continued to be challenging for the University, with the University having difficulty in meeting its student growth targets while continuing to work through restructures of its academic and support service units. For 2016, the University had budgeted an increase in tuition revenue (of approximately \$3.2 million) with other revenue streams budgeted to remain relatively static.

The University also budgeted to maintain its surplus at 4 percent of revenue – consistent with previous years and necessary in order for the University to fund its ongoing capital requirements. As the year progressed, the University was unable to maintain its student numbers from the previous year. However, offsetting this shortfall, the University achieved unbudgeted growth in other revenue streams to lift the University revenue to \$248.2 million \$6.9 million up on budget.

While tuition fees increased slightly by \$1.1 million to \$78.0 million during 2016 as a result of fee increases of approximately 3.0 percent, Government funded student enrolments decreased overall by 201 EFTS, or 2.4 percent, to 8,250 (2015: 8,451) and were 203 EFTS shy of targets, resulting in a shortfall of budgeted Government funded EFTS tuition fee income of \$0.8 million. The University did meet its Government funded enrolment target achieving enrolments of 99.1 percent of its investment plan SAC target.

Full Cost International (FCI) EFTS were also down on budget and down on the previous year, with the University enrolling 1,510 FCI EFTS compared to a target of 1,600 and actual enrolments of 1,535 in 2015. This resulted in a decrease in budgeted revenue of \$1.3 million. But with the fee rate increases, actual FCI tuition fee revenue increased by \$0.8 million. FCI EFTS now make up 15.5 percent of the total student population (2015: 15.3 percent).

The consolidated revenue growth of \$9.3 million for 2016 of the University Group was due to the University recording a revenue increase of \$8.8 million to \$248.2 million (2015: \$239.4 million) – primarily in external research income, other revenue and donations. The increase in research revenue of \$1.8 million or 5.3 percent increase builds on the \$4.8 million (or 17.6 percent increase) increase recorded in 2015. Again the growth was largely a result of major research contracts

## Financial Overview 2016 continued

won at the end of 2014 by the Faculty of Science and Engineering and the Faculty of Education. The resulting \$34.6 million (2015: \$32.8 million) of research income is the highest ever recorded by the University. However the University has budgeted for lower research revenue in 2017 as a number of current contracts are completed.

During 2016, the University renegotiated its funding arrangements with the Tauranga Tertiary Campus Charitable Trust over the Tauranga Campus Development Project, resulting in the campus building being University owned from the start of construction rather than leased. This change meant that the community funding of \$2.6 million received by the University from the Trust during 2016 is recorded as Donation income. The University Foundation also received a significant donation for the University of Waikato Adams Centre for High Performance which was opened in Tauranga in 2016 and is operated under a Strategic Partnership Agreement with Bay Venues Limited.

Also included in other revenue for the first time is the revenue from U Leisure Limited of \$2.8 million. U Leisure Ltd is now a wholly owned subsidiary of the University following the purchase of the shares of the company in January 2016. The company is now fully consolidated into the Group results, rather than equity accounted for as it was in prior years.

The University Group recorded an increase in costs of \$6.3 million. Where revenue grew in research and commercial contracts, there was a corresponding increase in expenditure as the University increased its activities to meet its contractual commitments. The University was largely able to maintain costs in its teaching activities and support services in line with revenue, however the University continued its reorganisation of parts of its structure and incurred an additional \$1.6 million of unbudgeted costs for a total of \$2.6 million (2015: \$2.0 million). While total revenue increased by \$9.3 million or 3.8 percent (2015: 6.0 percent), personnel and other costs only increased by \$5.2 million or 2.4 percent (2015: 7.6 percent).

The University Group again generated strong operating cash flows, recording net cash flows from operations of \$37.8 million consistent with 2015's \$36.5 million.

These cash flows were reinvested back into the University's campus and resources, with the University spending \$27.8 million on capital expenditure which is down on the \$36.8 million spent in 2015. During 2016, the construction of the new facilities (\$30 million project) for the Faculty of Law and Faculty of Management was completed and opened in April 2016. The new significant capital projects started in 2016 include design work for the new campus development in Tauranga. Construction of this \$55.0 million facility is expected to commence in 2017 with completion due in 2019. In 2016 the University also commenced its \$20 million plus capital project to replace its Student Management System over the next four years.

The strong operating cash flows resulting from a very sound financial performance for the year, plus a reduction in capital spend in 2016 has seen the University's cash balances and other financial assets grown to \$46.4 million, compared with \$37.0 million in 2015. This strong cash position at year end is required to fund the capital commitments highlighted above.

Overall the University achieved a very sound financial result while continuing to reorganise itself and to invest in new initiatives. The University is well placed to face the financial challenges ahead but will continue to need to review its allocation of resources and to drive efficiencies in its processes to generate sufficient cash in the years to come to make the necessary planned changes and improvements to the University's infrastructure and services. This must be done while maintaining high quality services to students and other stakeholders.

Andrew McKinnon  
*Chief Financial Officer*



# Statement of Responsibility

In the financial year ended 31 December 2016, the Council and management of The University of Waikato were responsible for:

1. The preparation of the annual financial statements and statement of service performance, and the judgements used in them;
2. Establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
3. In the opinion of Council and management of The University of Waikato, the annual financial statements and statement of service performance of the financial year ended 31 December 2016 fairly reflect the financial position and operations of The University of Waikato and group.



*Chancellor*  
Rt Hon Jim Bolger  
28 March 2017



*Vice-Chancellor*  
Professor Neil Quigley  
28 March 2017



THE UNIVERSITY OF  
**WAIKATO**  
*Te Whare Wānanga o Waikato*

# Financial Statements

## Statement of Comprehensive Revenue and Expense

For the Year Ended 31 December 2016

	Notes	Group		University		
		This Year Actual \$000	Last Year Actual \$000	This Year Actual \$000	Budget \$000	Last Year Actual \$000
<b>Revenue</b>						
Government Funding and Grants	2	103,129	101,812	103,129	101,143	101,812
Tuition Fees	3	77,965	76,861	77,965	80,093	76,861
Research Revenue		34,574	32,824	34,574	33,350	32,824
Investment Revenue	14	1,920	2,516	1,558	1,500	2,187
Other Revenue	4	30,564	28,536	27,786	25,104	25,201
Donations		5,394	1,708	3,152	105	479
<b>Total Revenue</b>	<b>5</b>	<b>253,546</b>	<b>244,257</b>	<b>248,164</b>	<b>241,295</b>	<b>239,364</b>
<b>Expenses</b>						
Personnel Costs	6	138,435	134,681	134,830	134,482	132,440
Other Expenses	7	79,271	77,840	78,476	75,658	78,217
Finance Costs		199	160	161	160	160
Depreciation, Amortisation and Impairment	17, 18	22,867	21,782	21,253	20,900	20,306
<b>Total Expenses</b>		<b>240,772</b>	<b>234,463</b>	<b>234,720</b>	<b>231,200</b>	<b>231,123</b>
Share of Surplus/(Deficit) from Associates and Joint Ventures	8	(508)	(319)	-	-	-
<b>Surplus</b>		<b>12,266</b>	<b>9,475</b>	<b>13,444</b>	<b>10,095</b>	<b>8,241</b>
<b>Surplus Attributable to</b>						
University of Waikato		12,779	8,690	13,444	10,095	8,241
Non-Controlling Interest		(513)	785	-	-	-
<b>Surplus</b>		<b>12,266</b>	<b>9,475</b>	<b>13,444</b>	<b>10,095</b>	<b>8,241</b>
<b>Other Comprehensive Revenue and Expense</b>						
Gains on Property Revaluations	9	-	-	-	-	-
<b>Total Other Comprehensive Revenue and Expense</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Revenue and Expense</b>		<b>12,266</b>	<b>9,475</b>	<b>13,444</b>	<b>10,095</b>	<b>8,241</b>
<b>Comprehensive Revenue and Expense Attributable to</b>						
University of Waikato		12,779	8,690	13,444	10,095	8,241
Non-Controlling Interest		(513)	785	-	-	-
<b>Total Comprehensive Revenue and Expense for the Year</b>		<b>12,266</b>	<b>9,475</b>	<b>13,444</b>	<b>10,095</b>	<b>8,241</b>

Explanations of major variances against budget are provided in note 30.

The accompanying notes form an integral part of, and should be read in conjunction with, this statement.

## Statement of Changes in Equity

For the Year Ended 31 December 2016

	Notes	Group		University		
		This Year Actual \$000	Last Year Actual \$000	This Year Actual \$000	Budget \$000	Last Year Actual \$000
<b>Balance at 1 January</b>		<b>395,890</b>	<b>386,415</b>	<b>374,982</b>	<b>374,983</b>	<b>366,741</b>
Comprehensive Revenue and Expense Surplus		12,266	9,475	13,444	10,095	8,241
Other Comprehensive Revenue and Expense	9	-	-	-	-	-
Total Comprehensive Revenue and Expense		12,266	9,475	13,444	10,095	8,241
Minority Interest Repurchased		(311)	-	-	-	-
<b>Balance at 31 December</b>		<b>407,845</b>	<b>395,890</b>	<b>388,426</b>	<b>385,078</b>	<b>374,982</b>
<b>Attributable to</b>						
University of Waikato	9	407,588	395,120	388,426	385,078	374,982
Minority Interest		257	770	-	-	-
		<b>407,845</b>	<b>395,890</b>	<b>388,426</b>	<b>385,078</b>	<b>374,982</b>

*The accompanying notes form an integral part of, and should be read in conjunction with, this statement.*

# Financial Statements continued

## Balance Sheet

As at 31 December 2016

	Notes	Group		University		
		This Year Actual \$000	Last Year Actual \$000	This Year Actual \$000	Budget \$000	Last Year Actual \$000
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	10	26,110	12,408	23,519	23,241	11,677
Receivables	11	19,669	22,928	17,171	14,865	20,066
Derivative Financial Instruments	12	3	-	3	-	-
Inter Company Balances	13	-	-	5,232	3,458	5,242
Prepayments		4,304	4,169	4,304	3,523	4,169
Other Financial Assets	14	20,276	20,546	15,167	-	16,000
Inventories	15	895	1,015	891	1,015	1,015
<b>Total Current Assets</b>		<b>71,257</b>	<b>61,066</b>	<b>66,287</b>	<b>46,102</b>	<b>58,169</b>
<b>Non Current Assets</b>						
Investments in Associates and Joint Ventures	8	861	3,002	-	374	374
Investments	16	198	198	4,372	3,998	2,198
Other Financial Assets	14	1,000	4,070	1,000	-	4,070
Intangible Assets	17	12,921	10,704	10,210	6,901	6,901
Property, Plant and Equipment	18	399,708	394,881	397,676	410,594	394,872
<b>Total Non Current Assets</b>		<b>414,688</b>	<b>412,855</b>	<b>413,258</b>	<b>421,867</b>	<b>408,415</b>
<b>Total Assets</b>		<b>485,945</b>	<b>473,921</b>	<b>479,545</b>	<b>467,969</b>	<b>466,584</b>

## Balance Sheet (continued)

As at 31 December 2016

	Notes	Group		University		
		This Year Actual \$000	Last Year Actual \$000	This Year Actual \$000	Budget \$000	Last Year Actual \$000
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Revenue in Advance	19	35,183	34,171	34,919	28,972	34,171
Inter Company Balances	13	-	-	14,125	12,518	14,302
Payables	20	15,320	16,138	14,571	12,962	15,589
Employee Entitlements	6	13,457	13,385	13,364	13,203	13,203
Borrowings	21	5	5	5	4	5
<b>Total Current Liabilities</b>		<b>63,965</b>	<b>63,699</b>	<b>76,984</b>	<b>67,659</b>	<b>77,270</b>
<b>Non Current Liabilities</b>						
Employee Entitlements	6	12,822	13,014	12,822	13,914	13,014
Borrowings	21	1,313	1,318	1,313	1,318	1,318
<b>Total Non Current Liabilities</b>		<b>14,135</b>	<b>14,332</b>	<b>14,135</b>	<b>15,232</b>	<b>14,332</b>
<b>Equity</b>						
General Equity	9	252,845	239,732	233,683	229,690	219,594
Other Reserves	9	154,743	155,388	154,743	155,388	155,388
Equity – Parent		407,588	395,120	388,426	385,078	374,982
Non-Controlling Interest		257	770	-	-	-
<b>Total Equity</b>		<b>407,845</b>	<b>395,890</b>	<b>388,426</b>	<b>385,078</b>	<b>374,982</b>
<b>Total Liabilities and Equity</b>		<b>485,945</b>	<b>473,921</b>	<b>479,545</b>	<b>467,969</b>	<b>466,584</b>

*The accompanying notes form an integral part of, and should be read in conjunction with, this statement.*

# Financial Statements continued

## Statement of Cash Flows

For the Year Ended 31 December 2016

	Notes	Group		University		
		This Year Actual \$000	Last Year Actual \$000	This Year Actual \$000	Budget \$000	Last Year Actual \$000
<b>Cash Flows from Operating Activities</b>						
Receipts from Government Funding and Grants		103,099	101,811	103,099	89,954	101,811
Receipts from Tuition Fees		78,208	79,843	78,260	80,094	79,843
Receipts from Other Revenue		74,038	62,757	68,689	69,748	60,996
Interest Revenue Received		1,705	2,357	1,558	1,500	2,187
Dividend Revenue		-	131	23	-	113
Goods and Services Tax (net)		268	428	274	(2,627)	393
Interest Paid		(217)	(160)	(161)	(168)	(160)
Payments to Suppliers		(81,416)	(77,891)	(80,090)	(74,866)	(77,885)
Payments to Employees		(137,909)	(132,775)	(134,833)	(133,719)	(131,146)
<b>Net Cash Flows from Operating Activities</b>	<b>22</b>	<b>37,776</b>	<b>36,501</b>	<b>36,819</b>	<b>29,916</b>	<b>36,152</b>
<b>Cash Flows from Investing Activities</b>						
Receipts from Sale of Property, Plant and Equipment		292	145	293	-	143
Receipts from Sale or Maturity of Investments		1,791	518	-	-	93
Acquisition of Investments		1,642	1,427	2,100	(1,800)	1,946
Purchase of Intangible Assets		(4,833)	(2,730)	(4,570)	-	(2,397)
Purchase of Property, Plant and Equipment		(22,962)	(34,026)	(22,796)	(36,622)	(34,023)
<b>Net Cash Flows from Investing Activities</b>		<b>(24,070)</b>	<b>(34,666)</b>	<b>(24,973)</b>	<b>(38,422)</b>	<b>(34,238)</b>
<b>Cash Flows from Financing Activities</b>						
Payment of Finance Leases		(4)	(4)	(4)	-	(4)
<b>Net Cash Flows from Financing Activities</b>		<b>(4)</b>	<b>(4)</b>	<b>(4)</b>	<b>-</b>	<b>(4)</b>
Net Cash Flows from All Activities		13,702	1,831	11,842	(8,506)	1,910
Opening Cash and Cash Equivalents		12,408	10,577	11,677	11,677	9,767
<b>Closing Cash and Cash Equivalents</b>		<b>26,110</b>	<b>12,408</b>	<b>23,519</b>	<b>3,171</b>	<b>11,677</b>

*The Goods and Services Tax (GST) (net) component of operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.*

*The accompanying notes form an integral part of, and should be read in conjunction with, this statement.*

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

## Note 1: Statement of Accounting Policies

### The Reporting Entity

The University of Waikato (the University) is a public benefit entity, domiciled and operates in New Zealand, constituted as a university under the University of Waikato Act 1963 for the advancement of knowledge and the dissemination and maintenance thereof by teaching and research.

The financial statements of the University and Group are for the year ended 31 December 2016. The financial statements were authorised for issue by Council on 28 March 2017. The financial statements cover all the activities of the University and Group including those of:

- WaikatoLink Limited and Group, a wholly owned subsidiary company, and the results for the year ended 31 December 2016 have been fully consolidated into the University group results.
- The University of Waikato Foundation, incorporated as a Charitable Trust in 1992, and the results for the year ended 31 December 2016 have been fully consolidated into the University group results.
- The University of Waikato Alumni Association, incorporated in 1990, and the results for the year ended 31 December 2016 have been fully consolidated into the University group results.
- The Student Campus Building Fund Trust, incorporated as a Charitable Trust in 1971, and the results for the year ended 31 December 2016 have been fully consolidated into the University group results.
- The University of Waikato Research Trust, incorporated as a Charitable Trust in 2007, and the results for the year ended 31 December 2016 have been fully incorporated into the University group results.
- iEngagEd Limited, a wholly owned subsidiary company, and the results for the year ended 31 December 2016 have been fully consolidated into the University group results.
- U Leisure Limited and Group, a wholly owned subsidiary company, and the results for the year ended 31 December 2016 have been fully consolidated into the University group results. For the year ended 31 December 2015 U Leisure Limited was an associate of the University and equity accounting methods were used to report U Leisure Limited's results.

All of the University's subsidiaries and associates are incorporated in New Zealand.

As the primary objective of the University and Group is to provide goods or services for community and social benefit, rather than for making a financial return, the University and Group are public benefit entities for the purpose of financial reporting.

### Basis of Preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

### STATEMENT OF COMPLIANCE

These accompanying financial statements are presented in accordance with Section 203 of the Education Act 1989 which refers to the provisions of the Crown Entities Act 2004, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements of the University and Group comply with Public Benefit Entity (PBE) accounting standards. The financial statements have been prepared in accordance with Tier 1 PBE standards.

### PRESENTATION CURRENCY AND ROUNDING

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 is New Zealand dollars.

### STANDARDS ISSUED AND NOT YET EFFECTIVE AND NOT EARLY ADOPTED

There are no standards issued and not yet effective that are relevant to the University and group.

# Notes to the Financial Statements continued

## Significant Accounting Policies

### BASIS OF CONSOLIDATION

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

### Subsidiaries

The University consolidates as subsidiaries in the group financial statements all entities where the University has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the University controls the majority voting power on the governing body or where financing and operating policies have been irreversibly predetermined by the University or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

The University measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

The University will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by the University. If the consideration transferred is lower than the net fair value of the University's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

The University's investments in its subsidiaries are carried at cost in the University's own "parent entity" financial statements.

### Associates

The University accounts for an investment in an associate in the group financial statements using the equity method. An associate is an entity over which the University 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 University'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's surplus or deficit. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the University's share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the relevant associate.

The University's investments in associates are carried at cost in the University's own "parent entity" financial statements.

### Joint Venture

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

The University's jointly controlled entity interest is accounted for by proportionate consolidation in the group financial statements. The group combines its share of the joint venture's individual revenue and expenses, assets and liabilities, and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers.

Investments in jointly controlled entities are carried at cost in the University's "parent entity" financial statements.

### BUDGET FIGURES

Budget figures are those approved by the Council per minutes of 14 October 2015 for the University entity. However some line items have been subsequently reclassified to align with the annual reporting format and



to reflect opening balances following completion of the 2015 financial statements. The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

### **CASH AND CASH EQUIVALENTS**

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the University invests as part of its day-to-day cash management. Cash equivalents are not subject to a significant risk of change in value, and have a short maturity of three months or less.

### **REVENUE**

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

#### **Student Achievement Component (SAC) Funding**

SAC funding is the University's main source of operational funding from the Tertiary Education Commission (TEC). The University considers SAC funding to be non-exchange. The University has a guaranteed amount of SAC funding agreed with TEC. The University's SAC funding is specifically identified by the TEC as being for a funding period as required by Section 159YA of the Education Act 1989. The University recognises its SAC funding at the commencement of the specified funding period, which is the same as the University's financial year.

#### **Student Tuition Fees**

Domestic student tuition fees are subsidised by government funding and are considered non-exchange. Revenue is recognised when the course withdrawal date has passed, which is when a student is no longer entitled to a refund for withdrawing from the course.

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

#### **Performance-Based Research Fund (PBRF)**

The University considers PBRF funding to be non-exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by

Section 159YA of the Education Act 1989. The University recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the University's financial year. PBRF revenue is measured based on the University's funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

#### **Research Revenue**

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

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

For an exchange research contract, revenue is recognised on a percentage completion basis. The percentage of completion is measured by reference to the actual research expenditure incurred as a proportion to total expenditure expected to be incurred.

For a non-exchange research contract, the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied. A condition could include the requirement to complete research to the satisfaction of the funder to retain funding or return unspent funds. Revenue for future periods is not recognised where the contract contains substantive termination provisions for failure to comply with the requirements of the contract. Conditions and termination provisions need to be substantive, which is assessed by considering factors such as contract monitoring mechanisms of the funder and the past practice of the funder.

## Notes to the Financial Statements continued

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

### Other Grants Received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance when received and recognised as revenue when the conditions of the grant are satisfied.

### Donations, Bequests and Pledges

Donations and bequests are recognised as revenue when the right to receive the fund or asset has been established, unless there is an obligation in substance to return the funds if conditions of the donation or bequest are not met. If there is such an obligation, they are initially recorded as revenue in advance when received and recognised as revenue when the conditions are satisfied. Pledges are not recognised as assets or revenue until the pledged item is received.

### Sales of Goods

Revenue from sales of goods is recognised when the product is sold to the customer.

### Accommodation Services

Revenue from the provision of accommodation services is recognised on a percentage completion basis. This is determined by reference to the number of accommodation days used up till balance date as a proportion of the total accommodation days contracted for with the individual.

### Interest and Dividends

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

Dividends are recognised when the right to receive payment has been established.

### BORROWING COSTS

Borrowing costs are expensed in the financial year in which they are incurred.

### SCHOLARSHIPS

Scholarships awarded by the University that reduce the amount of tuition fees payable by the student are accounted for as an expense and not offset against student tuition fees revenue.

### RECEIVABLE

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

### EMPLOYEE ENTITLEMENTS

Provision is made for benefits accruing to staff in respect of the University's liability for wages and salaries, and annual and sick leave where it is probable that settlement will be made and they are capable of being measured reliably. These provisions are calculated using the current rates of pay.

The University recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the University anticipates it will be used by staff to cover those future absences. The sick leave provision is only calculated for those staff with a fixed sick leave provision in their employment contracts. The majority of University staff have an unlimited sick leave entitlement.

Additionally provision has been made, where applicable, using an actuarial valuation for retirement gratuities and long service leave. This valuation, as at 31 December 2016, was undertaken by Mercer (NZ) Limited (Actuaries). The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- The present value of the estimated future cash flows.

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the National Provident Fund scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on these schemes is disclosed in Note 6.

To the extent that it is anticipated that the liability will arise during the following year the entitlements are recorded as current liabilities. The remainder of the anticipated entitlements are recorded as non-current liabilities.

## EQUITY

Equity is the community's interest in the University and Group and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that University and Group make of its accumulated surpluses. The components of equity are:

- General Equity,
- Property Revaluation Reserve, and
- Trusts and Bequests Reserve.

### Property Revaluation Reserve

This reserve relates to the revaluation of land, buildings, and infrastructure assets to fair value.

### Trusts and Bequests Reserve

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the University. Transfers from these reserves may be made only for certain specified purposes or when certain conditions are met.

## DERIVATIVE FINANCIAL INSTRUMENTS, HEDGING ACTIVITIES AND FOREIGN CURRENCY TRANSACTIONS

The University uses derivative financial instruments to manage its exposure to foreign exchange risk arising from its operational activities. The University does not hold or issue these financial instruments for trading purposes. The University has not adopted hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. Movements in the fair value of derivative financial instruments are recognised in the surplus or deficit.

Foreign currency transactions (including those for which forward exchange contracts are held) are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

## INCOME TAX

Income Tax has not been provided for in these accounts as the University has been recognised as a charitable organisation by the IRD and is therefore exempt from income tax.

## GOODS AND SERVICES TAX

Goods and Services Tax (GST) is excluded from these financial statements, with the exception of receivables and payables which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the balance sheet.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

# Notes to the Financial Statements continued

## INVENTORIES

Inventories held for distribution or for use in the provision of services that are not supplied on a commercial basis are measured at cost (determined on a weighted average basis) adjusted when applicable for any loss of service potential. This valuation includes allowances for slow moving and obsolete inventories. No account is taken of other minor stocks in academic schools and administrative departments, which are expensed as issued.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

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

The write down from cost to net realisable value is recognised in the surplus or deficit in the year of the write down.

## OTHER FINANCIAL ASSETS

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in surplus or deficit.

### Term Deposits and Loans to Subsidiaries

Term deposits and loans to subsidiaries are initially measured at the amount invested. Where applicable, interest is subsequently accrued and added to the investment balance.

At year end, term deposits and loans to subsidiaries are assessed for indicators of impairment. If they are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

### New Zealand Government Bonds

New Zealand Government bonds are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the bonds are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense.

### Managed Fund

The managed fund is a portfolio of financial assets that are actively traded with the intention of making profits. Therefore, the managed fund is classified as held for trading.

After initial recognition, the managed fund is measured at fair value, with gains and losses recognised in the surplus or deficit.

### Listed and Unlisted Shares

Equity investments are designated at fair value through other comprehensive revenue and expense.

After initial recognition the shares are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

A significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred from equity to the surplus or deficit.

Impairment losses on equity investments recognised in the surplus or deficit are not reversed through the surplus or deficit.

## LEASES

A finance lease transfers to the lessee substantially all the risks and rewards incidental to the ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the balance sheet 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 reasonable certainty as to whether the University 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.

An operating lease is one where the lessors effectively retain substantially all the risks and benefits of ownership of the leased asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment consists of the following asset classes: land, buildings, infrastructure, leasehold improvements, computer hardware, furniture and equipment, motor vehicles, and library collection.

Land is measured at fair value, and buildings and infrastructure are measured at fair value less accumulated depreciation. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

### Land

In 1996 the land occupied by the University campus was transferred by the Crown to Waikato-Tainui, as part of the Crown's settlement of the Raupatu claim. The University leases back the land from Waikato-Tainui. Compensation was paid to the University in 1996 by the Crown to fund the University's financial obligations under the lease.

### Buildings

The majority of buildings recognised in the financial statements, including the previous Hamilton Teachers' College buildings, are still subject to the legal transfer of ownership from the Ministry of Education. The University is of the opinion that as at 31 December 2016 it is in substance the owner of these Buildings and assumes all the normal risks and rewards of ownership.

### Depreciation

Property plant and equipment is depreciated on either a straight line (SL) or diminishing value (DV) basis as follows:

Asset Class	Useful Life/Rate	Depreciation Rate
Buildings		
• Structure	13-100 years	1-8%
• Services	13-52 years	2-8%
• Fitout	13-32 years	3-8%
Infrastructure	27-69 years	2-4%
Leasehold Improvements	5-35 years	3-20%
Library		
• Books	35 years	3%
• Periodicals	15 years	7%
Teaching/Research Equipment	14 years	15%
Computer Equipment (excluding servers)	3-4 years	25-33%
Computer Servers	5 years	20%
Other Property Plant and Equipment	10-40 years	5-20%

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

### Revaluations

Land, buildings, and infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value.

Revaluation of plant, property and equipment is carried out on a class of assets basis.

## Notes to the Financial Statements continued

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

### Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the University and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost.

Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the University and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are initially recognised in the surplus or deficit as they are incurred.

### Disposals

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

## INTANGIBLE ASSETS

### Patents, Trademarks and Licences

Patents, trademarks and licences are finite life intangibles and are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives which range between seven and twenty years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

### Computer Software

Computer software is amortised on a straight line basis that will write off the cost within three to four years. Computer software for the financial, student enrolment and library systems are amortised on a straight line basis that will write off the cost within ten years.

Internally generated intangible assets for finite life intangibles are stated at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives as follows:

### Research

Expenditure on research activities is expensed as incurred in the surplus or deficit.

### Intellectual Property Development

Development costs that are directly attributable to the design, construction, and testing of preproduction or pre-use prototypes and models associated with intellectual property development are recognised as an intangible asset if all the following can be demonstrated:

- It is technically feasible to complete the intangible asset and use or sell it;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenses that do not meet these criteria are recognised as an expense as incurred in the surplus or deficit. Development costs previously

recognised as an expense can not be recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

#### **IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT AND INTANGIBLE ASSETS**

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is considered to be impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

#### **Value in Use for Non-Cash-Generating Assets**

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

#### **Value in Use for Cash-Generating Assets**

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

The University and group does not currently hold any cash-generating assets.

#### **PROVISIONS**

Provisions are recognised when the University has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

#### **Restructuring**

A provision for restructuring is recognised when either an approved detailed formal plan for the restructuring has been announced publicly to those affected, or implementation of it has already started.

#### **PAYABLES**

Short-term payables are recorded at the amount payable.

#### **BORROWINGS**

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

Borrowings are classified as current liabilities unless the University or group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

#### **CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

In preparing these financial statements the University has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

## Notes to the Financial Statements continued

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Note 6 provides information about the estimates and assumptions exercised in the measurement of retirement gratuities.
- Note 18 provides information about the estimates and assumptions exercised in the measurement of revalued land, buildings, and infrastructure.

### CRITICAL JUDGEMENTS IN APPLYING THE UNIVERSITY'S ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying the University's accounting policies for the period ended 31 December 2016:

- Most Crown funding received is operational in nature and is provided by the Crown under the authority of an expense appropriation and is recognised as revenue. Where funding is received from the Crown under the authority of a capital appropriation, the University accounts for the funding as a capital contribution directly in equity.

## Note 2: Government Funding and Grants

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Block Grants	87,493	86,776	87,493	86,776
Advisory Services Grants	14,634	14,029	14,634	14,029
Other Grants	1,002	1,007	1,002	1,007
<b>Total Government Funding and Grants</b>	<b>103,129</b>	<b>101,812</b>	<b>103,129</b>	<b>101,812</b>

*All Government funding and grants are non-exchange transactions.*

*There are no unfulfilled conditions or contingencies relating to the above Government grants.*

## Note 3: Tuition Fees

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Government Funded Students	46,881	46,616	46,881	46,616
Full Cost International Students	31,084	30,245	31,084	30,245
<b>Total Fees</b>	<b>77,965</b>	<b>76,861</b>	<b>77,965</b>	<b>76,861</b>

*Government Funded tuition fee revenue results from non-exchange transactions as well as \$475,293 (2015 \$623,847) of Full Cost International tuition fees.*



## Note 4: Other Revenue

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Student Accommodation and Other Student Services	12,354	11,866	12,354	11,866
Gym Membership and Hire	2,218	-	-	-
Rental	1,053	676	725	676
Carbon Dating Services	669	699	669	699
Printing and Copying Services	802	842	802	842
Teaching Resource Sales	360	517	360	517
Other Revenue	13,108	13,936	12,876	10,601
<b>Total Other Revenue</b>	<b>30,564</b>	<b>28,536</b>	<b>27,786</b>	<b>25,201</b>

## Note 5: Total Revenue

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Revenue from Exchange Transactions</b>				
Tuition Fees	30,608	29,621	30,608	29,621
Research	8,292	7,502	8,292	7,502
Investment Revenue	1,920	2,515	1,558	2,187
Other Revenue	22,251	21,475	17,406	17,209
<b>Total Revenue from Exchange Transactions</b>	<b>63,071</b>	<b>61,113</b>	<b>57,864</b>	<b>56,519</b>
<b>Revenue from Non-Exchange Transactions</b>				
Government Funding and Grants	103,129	101,812	103,129	101,812
Tuition Fees	47,357	47,240	47,357	47,240
Research	26,282	25,322	26,282	25,322
Other Income	8,313	7,063	10,380	7,992
Donations	5,394	1,707	3,152	479
<b>Total Revenue from Non-Exchange Transactions</b>	<b>190,475</b>	<b>183,144</b>	<b>190,300</b>	<b>182,845</b>
<b>Total Revenue</b>	<b>253,546</b>	<b>244,257</b>	<b>248,164</b>	<b>239,364</b>

## Notes to the Financial Statements continued

### Note 6: Employee Entitlements

#### Personnel Costs

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Employee Benefit Expenses – Academic	82,261	80,385	81,819	79,987
Employee Benefit Expenses – General	56,145	53,954	52,982	52,111
Movement in Actuarial Valuation	29	342	29	342
<b>Total Personnel Costs</b>	<b>138,435</b>	<b>134,681</b>	<b>134,830</b>	<b>132,440</b>

*Personnel Costs also includes \$2,578,638 in restructuring costs for the year ended 31 December 2016 (2015 : \$2,000,955).*

#### Employee Entitlements

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Staff Annual and Long Service Leave Vested	8,743	9,117	8,743	9,117
Sick Leave	5	4	5	4
Other Employee Entitlements	2,285	2,061	2,192	1,879
Actuarial Valuation of Anticipated Retirement Gratuities and Long Service Leave	15,246	15,217	15,246	15,217
<b>Total Employee Entitlements</b>	<b>26,279</b>	<b>26,399</b>	<b>26,186</b>	<b>26,217</b>
Current Portion	13,457	13,385	13,364	13,203
Non Current Portion	12,822	13,014	12,822	13,014
<b>Total Employee Entitlements</b>	<b>26,279</b>	<b>26,399</b>	<b>26,186</b>	<b>26,217</b>

The present value of the retirement obligations depends on factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used match, as closely as possible the estimated future cash outflows.

The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary.

If the salary inflation factor were to increase or decrease by one percent from that used, with all other factors held constant, the carrying amount of the gratuity liability would be an estimated \$1,019,000 higher/lower (2015 – \$1,031,500).

If the discount rates were to increase or decrease by one percent from that used, with all other factors held constant, the carrying amount of the gratuity liability would be an estimated \$1,018,000 lower/higher (2015 – \$1,030,000).

The University makes contributions to defined contribution plans which include contributions to Kiwisaver, NZ Universities' Superannuation Scheme, National Provident Fund and the Government Superannuation Fund.

The following is included in the Personnel Costs:

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Defined Contribution Plan Employer Contributions	5,175	5,102	5,167	5,092

## Note 7: Other Expenses

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Audit Fees to Audit New Zealand for Financial Statement Audit	277	293	210	202
Audit Fees to KPMG	14	-	-	-
Audit Fees to Staples Rodway	3	2	-	-
Audit Fees to Audit New Zealand for Assurance Services	7	8	7	8
Net Loss on Disposal of Property Plant & Equipment	6	38	6	38
Net Foreign Exchange (Gain)/Loss	16	92	7	78
Impairment of Receivables	46	46	46	(44)
Inventories Consumed	623	584	623	584
Teacher Release Days	3,137	3,868	3,137	3,868
Professional Services	20,550	19,155	20,108	18,593
Travel and Accommodation	4,599	5,279	4,599	5,279
Operating Leases	3,777	3,901	3,777	3,887
Scholarships	11,277	11,437	11,277	11,437
Hirage	1,462	1,224	1,347	1,204
Repairs and Maintenance	2,689	2,926	2,689	2,926
Teaching and Research Materials	2,338	2,123	2,338	2,123
Utilities	4,054	3,999	4,053	3,998
Other Operating Expenses	24,396	22,865	24,252	24,036
<b>Total Other Expenses</b>	<b>79,271</b>	<b>77,840</b>	<b>78,476</b>	<b>78,217</b>

*Audit Fees to Audit New Zealand include \$11,514 (2015: \$11,290) for the University of Waikato Foundation, \$7,162 (2015: \$6,021) for iEngaged Limited, and \$10,188 (2015: \$10,180) for the University of Waikato Research Trust*

*Audit fees for assurance services were for the audit of the University's declaration to the Ministry of Education on the Performance-based Research Fund external research income.*

## Notes to the Financial Statements continued

### Note 8: Investments in Associates and Joint Ventures

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
U Leisure Limited	-	1,816	-	374
Ligar Polymers Limited	349	331	-	-
Ligar Limited Partnership	91	130	-	-
Aduro Biopolymers Limited Partnership	421	725	-	-
<b>Total Investments in Associates and Joint Ventures</b>	<b>861</b>	<b>3,002</b>	<b>-</b>	<b>374</b>

In January 2016 the University obtained full control of U Leisure Limited, investment in the subsidiary is disclosed in Note 16: Investments.

#### Associates

##### U LEISURE LIMITED

	Ownership	Balance Date
U Leisure Limited (previously known as Campus Services Limited)	50%	31 December

#### Principal Activity

Provision of sport & recreation facilities and food & entertainment outlets for the University students and staff.

	Group	
	This Year \$000	Last Year \$000
<b>The University's share of the results of U Leisure is as follows</b>		
Investment in Associate		
Opening Balance	1,816	1,816
Transfer to Subsidiary Investment	(1,816)	-
<b>Closing Balance</b>	<b>-</b>	<b>1,816</b>
Represented by:		
Share of Increase in Net Assets of Associate (Carrying Value)	-	1,816

##### LCO NEW ZEALAND LIMITED (LCONZ)

	Ownership	Balance Date
LCo New Zealand Limited (LCoNZ)	25%	31 December

#### Principal Activity

A consortium of four New Zealand universities providing library solutions to those universities.

	Group	
	This Year \$000	Last Year \$000
<b>The University's share of the results of LCoNZ is as follows</b>		
Investment in Associate		
Opening Balance	-	162
Share of Retained Surplus/(Loss)	-	(3)
Dividend Paid	-	(67)
Return of Capital	-	(92)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

LCoNZ commenced winding up the company in 2015, shareholders have been paid out and the company was removed from the register in 2016.

#### LIGAR POLYMERS LIMITED

	Ownership	Balance Date
Ligar Polymers Limited	40%	31 December

#### Principal Activity

To develop molecularly imprinted polymers to filter, extract or detect specific molecules of interest.

	Group	
	This Year \$000	Last Year \$000
<b>WaikatoLink's share of the results of Ligar Polymers Limited is as follows</b>		
Investment in Associate		
Opening Balance	331	304
Share of Retained Surplus/(Loss)	19	27
<b>Closing Balance</b>	<b>350</b>	<b>331</b>
Represented by:		
Share of Increase in Net Assets of Associate (Carrying Value)	350	331

#### LIGAR LIMITED PARTNERSHIP

	Ownership	Balance Date
Ligar Limited Partnership	17%	30 September

#### Principal Activity

To develop molecularly imprinted polymers to filter, extract or detect specific molecules of interest.

## Notes to the Financial Statements continued

	Group	
	This Year \$000	Last Year \$000
<b>WaikatoLink's share of the results of Ligar Limited Partnership is as follows</b>		
Investment in Associate		
<b>Opening Balance</b>	130	300
<b>Investment</b>	120	-
Share of Retained Surplus/(Loss)	(160)	(170)
<b>Closing Balance</b>	90	130
Represented by:		
Share of Increase in Net Assets of Associate (Carrying Value)	90	130

### Jointly Controlled Entity

#### ADURO BIOPOLYMERS LIMITED PARTNERSHIP

	Ownership	Balance Date
Ligar Limited Partnership	30%	31 March

#### Principal Activity

To develop and commercialise a range of biopolymer materials for use in plastics, composites, agriculture, horticulture, manufacturing and construction.

	Group	
	This Year \$000	Last Year \$000
<b>WaikatoLink's share of the results of Aduro is as follows</b>		
Investment in Joint Venture		
Opening Balance	725	899
Additions	64	-
Share of Retained Surplus/(Loss)	(367)	(174)
<b>Closing Balance</b>	422	725
Represented by:		
Share of Increase in Net Assets of Joint Venture (Carrying Value)	422	725

## Summarised Financial Information of Associates and Joint Ventures

	Group	
	This Year \$000	Last Year \$000
Assets	4,611	8,353
Liabilities	1,625	1,962
Revenue	563	3,777
Net Surplus/(Loss)	(1,607)	(1,135)
Share of Associates' and Joint Venture's Surplus/(Loss)	(508)	(319)

The Group's associates and joint ventures are unlisted entities, accordingly there is no published price quotations to determine the fair value of the investments. Details of contingent liabilities arising from the group involvement in the associates and joint ventures are disclosed separately in Note 27.

## Note 9: Equity

	Ref	Group		University	
		This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>General Equity</b>					
<b>Opening Balance</b>		<b>239,732</b>	<b>231,094</b>	<b>219,594</b>	<b>211,405</b>
Surplus/(Deficit)		12,266	9,475	13,444	8,241
Minority Interest Repurchased		(311)	-	-	-
Property Revaluation Reserve Transfer on Disposal		571	-	571	-
Surplus Attributable to Non-Controlling Interest		513	(785)	-	-
Transfers to Trusts and Bequests Reserve		(565)	(703)	(565)	(703)
Transfers from Trusts and Bequests Reserve		639	651	639	651
<b>Closing Balance</b>		<b>252,845</b>	<b>239,732</b>	<b>233,683</b>	<b>219,594</b>
<b>Other Reserves</b>					
Property Revaluation Reserve	i	151,858	152,429	151,858	152,429
Trusts and Bequests Reserve	ii	2,885	2,959	2,885	2,959
Total Other Reserves		154,743	155,388	154,743	155,388
<b>Total Equity Before Non-Controlling Interest</b>		<b>407,588</b>	<b>395,120</b>	<b>388,426</b>	<b>374,982</b>

## Notes to the Financial Statements continued

### i) Property Revaluation Reserve

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Opening Balance</b>	152,429	152,429	152,429	152,429
Land Revaluation Gains	-	-	-	-
Transfers to General Funds on Disposal of Property	(571)	-	(571)	-
Infrastructure Revaluation Losses	-	-	-	-
<b>Closing balance</b>	<b>151,858</b>	<b>152,429</b>	<b>151,858</b>	<b>152,429</b>

The property revaluation reserve consists of:

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Land	915	915	915	915
Buildings	137,037	137,608	137,037	137,608
Infrastructural Assets	13,906	13,906	13,906	13,906
<b>Total property revaluation reserve</b>	<b>151,858</b>	<b>152,429</b>	<b>151,858</b>	<b>152,429</b>

### ii) Trusts and Bequests Reserve

The Trusts and Bequests Reserve represent funds held by the University on behalf of others and funds provided to the University by various people for specific purposes. Revenue received for these items and disbursements to authorised recipients are recorded in the Statement of Comprehensive Revenue and Expense. Fund balances remaining are shown as restricted reserves.

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Prizes, Scholarships and Trust Funds</b>				
<b>Opening Balance</b>	2,959	2,907	2,959	2,907
Add Appropriation of Net Surplus	565	703	565	703
Less Application to Prizes, Scholarships and Trust Funds	(639)	(651)	(639)	(651)
<b>Closing balance</b>	<b>2,885</b>	<b>2,959</b>	<b>2,885</b>	<b>2,959</b>



## Note 10: Cash and Cash Equivalents

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Cash at Bank and in Hand	4,951	4,138	2,433	3,477
Term Deposits Maturing Three Months or Less from Date of Acquisition	21,159	8,270	21,086	8,200
	<b>26,110</b>	<b>12,408</b>	<b>23,519</b>	<b>11,677</b>

*The carrying value of cash at bank and term deposits with maturity dates of three months or less approximates their fair value.*

## Note 11: Receivables

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Trade Receivables	7,614	10,012	6,871	8,960
Student Fee Receivables	10,429	11,080	10,429	11,080
Receivables from Subsidiaries	-	-	25	95
Receivables from Related Parties	2,045	2,210	-	39
Impairment of Debtors	(419)	(374)	(154)	(108)
<b>Total Receivables</b>	<b>19,669</b>	<b>22,928</b>	<b>17,171</b>	<b>20,066</b>

### Receivables are Comprised of

Receivables from exchange transactions – this includes outstanding amounts for research revenue classified as exchange, international tuition fees and revenue from other direct transactions.	5,879	6,257	3,422	3,441
Receivables from non-exchange transactions – this includes outstanding amount for research revenue classified as non-exchange, government funded tuition fees and revenue from other non-direct transactions.	13,790	16,671	13,749	16,625
<b>Total Receivables</b>	<b>19,669</b>	<b>22,928</b>	<b>17,171</b>	<b>20,066</b>

### Fair Value

Student fees are due before a course begins or are due upon enrolment if the course has already begun. For courses that span more than one trimester, domestic students can arrange for fees to be paid in instalments. Student fee receivables are non-interest bearing and are generally paid in full by the course start date. Therefore, their carrying value approximates their fair value.

Other receivables are non-interest bearing and are generally settled on 30-day terms. Therefore, the carrying value of other receivables approximates their fair value.

The University of Waikato does not have any receivables that would otherwise be past due, but not impaired, whose terms have been renegotiated.

## Notes to the Financial Statements continued

### Impairment

The aging profile of receivables at year end is detailed below:

	University					
	This Year			Last Year		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not Past Due	10,966	-	10,966	14,854	-	14,854
Past Due 1-30 Days	4,924	-	4,924	4,202	-	4,202
Past Due 31-60 Days	843	-	843	729	-	729
Past Due 61+ Days	592	(154)	438	389	(108)	281
<b>Total</b>	<b>17,325</b>	<b>(154)</b>	<b>17,171</b>	<b>20,174</b>	<b>(108)</b>	<b>20,066</b>

	Group					
	This Year			Last Year		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not Past Due	13,700	-	13,700	17,179	-	17,179
Past Due 1-30 Days	4,924	-	4,924	4,202	-	4,202
Past Due 31-60 Days	845	-	845	729	-	729
Past Due 61+ Days	619	(419)	200	1,192	(374)	818
<b>Total</b>	<b>20,088</b>	<b>(419)</b>	<b>19,669</b>	<b>23,302</b>	<b>(374)</b>	<b>22,928</b>

Movements in the provision for impairment of receivables are as follows:

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Opening Balance	374	419	108	153
Provisions Made During the Year	16	38	17	38
Receivables Written Off During the Year	29	(83)	29	(83)
<b>Closing balance</b>	<b>419</b>	<b>374</b>	<b>154</b>	<b>108</b>

The University holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

## Note 12: Derivative Financial Instruments

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Current Asset Portion</b>				
Forward Foreign Exchange Contracts	3	-	3	-
<b>Total Derivative Financial Instrument Assets</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>

### Fair Value

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sources market parameters such as currency rates. Most market parameters are implied from instrument prices.

The notional principal amount of outstanding forward foreign exchange contracts in NZD was \$193,029 (2015 \$Nil). The foreign currency principal amount was GBP108,000 (2015 \$Nil).

## Note 13: Intercompany Balances

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Current Assets</b>				
iEngagEd Limited	-	-	215	199
University of Waikato Foundation Trust	-	-	-	26
WaikatoLink Limited	-	-	5,017	5,017
<b>Intercompany Current Asset Balances</b>	<b>-</b>	<b>-</b>	<b>5,232</b>	<b>5,242</b>
<b>Current Liabilities</b>				
University of Waikato Foundation Trust	-	-	(164)	-
Student Campus Building Fund Trust	-	-	(2,021)	(1,784)
University of Waikato Research Trust	-	-	(11,940)	(12,518)
<b>Intercompany Current Liability Balances</b>	<b>-</b>	<b>-</b>	<b>(14,125)</b>	<b>(14,302)</b>

The intercompany balances are a cumulative record of the transactions between the University and its subsidiaries.

All intercompany current accounts are classified as current.

Intercompany balances are unsecured, non-interest bearing, and are repayable on demand. The fair value of the on demand accounts cannot be less than the amount repayable on demand. Therefore, the carrying value of the accounts on demand reflects their fair value.

As at 31 December 2016 the University had advanced to WaikatoLink Limited a total of \$5,017,215 (2015 \$5,017,215) by way of shareholder loan. The loan is interest free and repayable on demand. The University has undertaken not to demand repayment until WaikatoLink Limited has sufficient free cash available to make repayments.

## Notes to the Financial Statements continued

### Note 14: Other Financial Assets

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Current Portion</b>				
Term Deposits with Maturities of 4-12 Months	17,219	17,681	15,167	16,000
Endowment Portfolio (CIP)	3,057	2,865	-	-
<b>Total Current Other Financial Assets</b>	<b>20,276</b>	<b>20,546</b>	<b>15,167</b>	<b>16,000</b>
<b>Non Current Portion</b>				
Bay Venues Limited	1,000	-	1,000	-
Term Deposits with Maturities of 12-24 Months	-	4,070	-	4,070
<b>Total Non Current Other Financial Assets</b>	<b>1,000</b>	<b>4,070</b>	<b>1,000</b>	<b>4,070</b>
<b>Total Other Financial Assets</b>	<b>21,276</b>	<b>24,616</b>	<b>16,167</b>	<b>20,070</b>
<b>Investment Revenue</b>				
Interest	1,746	2,260	1,536	2,074
Dividends	71	110	22	113
Gains/(Losses) on Equity Investments	103	146	-	-
<b>Total Investment Revenue</b>	<b>1,920</b>	<b>2,516</b>	<b>1,558</b>	<b>2,187</b>

Term deposits are valued at amortised cost using the effective interest method.

The endowment portfolio is managed by Craigs Investment Partners (CIP), equities and fixed interest investments within the portfolio are valued using quoted market price, the balance of the portfolio is valued at amortised cost using the effective interest method. See Note 25.

On 1 November 2016, the University signed a Strategic Partnership Agreement with Bay Venues Limited. Bay Venues Limited has developed a high performance sports training centre at Blake Park, Mount Maunganui. The agreement documents the ongoing relationship between Bay Venues Limited and the University, a sponsorship arrangement, facility sublease arrangements and a \$1,000,000 loan from the University to Bay Venues Limited. The loan is interest free and repayable upon expiry of the strategic partnership agreement on 30 April 2031.

There was no impairment provision for investments. None of the financial assets are either past due or impaired.

## Note 15: Inventories

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Held for Sale	125	258	121	258
Held for Distribution/Use	770	757	770	757
	<b>895</b>	<b>1,015</b>	<b>891</b>	<b>1,015</b>

*No inventories are pledged as security for liabilities or subject to retention of title clauses. (2015 \$Nil).*

*No stock held for sale was written down for obsolescence in 2016 (2015 \$Nil).*

## Note 16: Investments

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Strategic Investments</b>				
NZ Synchrotron Group Limited	198	198	198	198
<b>Investment in Subsidiaries</b>				
Uleisure Limited	-	-	2,174	-
WaikatoLink Limited	-	-	2,000	2,000
	<b>198</b>	<b>198</b>	<b>4,372</b>	<b>2,198</b>

On 13 January 2016, the University purchased 50% of the shares and control of Uleisure Limited. The purchase price was \$1,800,000. The original investment amount of \$374,000 was previously recognised as an associate investment and disclosed in Note 8: Investments in Associates and Joint Ventures.

Investments in unlisted entities, and subsidiaries above are carried at cost less impairment as either the fair value of the investment cannot be reliably determined using a standardised valuation technique or due to cost not being materially different to fair value.

## Notes to the Financial Statements continued

### Note 17: Intangible Assets

	Group				University		
	Software Purchased \$000	Software Internally Generated \$000	Non Software Development Costs	Group Total \$000	Software Purchased \$000	Software Internally Generated \$000	Group Total \$000
<b>This Year</b>							
<b>Balance at 1 January 2016</b>							
Cost	21,886	925	4,765	27,576	21,885	925	22,810
Accumulated Amortisation and Impairment	(14,985)	(925)	(962)	(16,872)	(14,984)	(925)	(15,909)
<b>Opening Carrying Amount</b>	<b>6,901</b>	<b>-</b>	<b>3,803</b>	<b>10,704</b>	<b>6,901</b>	<b>-</b>	<b>6,901</b>
<b>Year Ended 31 December 2016</b>							
Additions	4,570	-	263	4,833	4,570	-	4,570
Disposals	-	-	(48)	(48)	-	-	-
Amortisation and Impairment Charge	(1,261)	-	(1,355)	(2,616)	(1,261)	-	(1,261)
Disposals Amortisation and Impairment	-	-	48	48	-	-	-
<b>Closing Carrying Amount</b>	<b>10,210</b>	<b>-</b>	<b>2,711</b>	<b>12,921</b>	<b>10,210</b>	<b>-</b>	<b>10,210</b>
<b>Balance at 31 December 2016</b>							
Cost	26,456	925	4,980	32,361	26,455	925	27,380
Accumulated Amortisation and Impairment	(16,246)	(925)	(2,269)	(19,440)	(16,245)	(925)	(17,170)
<b>Closing Carrying Amount</b>	<b>10,210</b>	<b>-</b>	<b>2,711</b>	<b>12,921</b>	<b>10,210</b>	<b>-</b>	<b>10,210</b>

	Group				University		
	Software Purchased \$000	Software Internally Generated \$000	Non Software Development Costs	Group Total \$000	Software Purchased \$000	Software Internally Generated \$000	Group Total \$000
<b>Last Year</b>							
<b>Balance as at 1 January 2015</b>							
Cost	20,085	925	11,697	32,707	20,070	925	20,995
Accumulated Amortisation and Impairment	(14,434)	(906)	(5,896)	(21,236)	(14,419)	(906)	(15,325)
<b>Opening Carrying Amount</b>	<b>5,651</b>	<b>19</b>	<b>5,801</b>	<b>11,471</b>	<b>5,651</b>	<b>19</b>	<b>5,670</b>
<b>Year Ended 31 December 2015</b>							
Additions	2,398	-	332	2,730	2,398	-	2,398
Disposals	(597)	-	(7,264)	(7,861)	(583)	-	(583)
Amortisation and Impairment Charge	(1,148)	(19)	(1,472)	(2,639)	(1,148)	(19)	(1,167)
Disposals Amortisation and Impairment	597	-	6,406	7,003	583	-	583
<b>Closing Carrying Amount</b>	<b>6,901</b>	<b>-</b>	<b>3,803</b>	<b>10,704</b>	<b>6,901</b>	<b>-</b>	<b>6,901</b>
<b>Balance as at 31 December 2015</b>							
Cost	21,886	925	4,765	27,576	21,885	925	22,810
Accumulated Amortisation and Impairment	(14,985)	(925)	(962)	(16,872)	(14,984)	(925)	(15,909)
<b>Closing Carrying Amount</b>	<b>6,901</b>	<b>-</b>	<b>3,803</b>	<b>10,704</b>	<b>6,901</b>	<b>-</b>	<b>6,901</b>

## Non Software Development Costs

Cost incurred on development of projects (relating to the design and testing of new or improved products) are recognised as assets when the following criteria have been fulfilled:

- It is technically feasible to complete the intangible asset and use or sell it;
- Management intends to complete the intangible asset and use or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefit;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured.

The amount of intangible assets that are work in progress for non software development is \$2,289,900 (2015 \$2,362,349). The amount of intangible assets that are work in progress for software purchased is \$4,611,147 (2015 \$2,768,000). There are no restrictions over the title of the University's intangible assets, nor are any intangible assets pledged as security for liabilities.

## Notes to the Financial Statements continued

### Note 18: Property, Plant and Equipment

#### This Year University

	Cost/Valuation 1 Jan 16	Accumulated Depreciation and Impairment Charges 1 Jan 16	Carrying Amount 1 Jan 16	Current Year Additions	Current Year Disposals	Current Year Impairment Charges	Current Year Depreciation	Accumulated Depreciation on Disposal	Revaluation Movement	Cost/Revaluation 31 Dec 16	Accumulated Depreciation and Impairment Charges 31 Dec 16	Carrying Amount 31 Dec 16
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	2,200	-	2,200	1,500	-	-	-	-	-	3,700	-	3,700
Infrastructural Assets	26,508	(653)	25,855	1,245	-	-	(688)	-	-	27,753	(1,341)	26,412
Buildings	320,592	(10,293)	310,299	9,424	(25)	-	(10,713)	20	-	329,991	(20,986)	309,005
Leasehold Building Improvements	1,880	(1,282)	598	22	-	-	(52)	-	-	1,902	(1,334)	568
Library Collection	74,647	(44,090)	30,557	3,879	-	-	(2,835)	-	-	78,526	(46,925)	31,601
Plant and Equipment	47,325	(33,850)	13,475	3,066	(209)	-	(2,434)	170	-	50,182	(36,114)	14,068
Computer Equipment	34,920	(26,490)	8,430	3,226	(1,751)	-	(2,750)	1,682	-	36,395	(27,558)	8,837
Art Collection	1,186	-	1,186	-	-	-	-	-	-	1,186	-	1,186
Motor Vehicles	4,539	(2,267)	2,272	763	(704)	-	(520)	488	-	4,598	(2,299)	2,299
<b>Total</b>	<b>513,797</b>	<b>(118,925)</b>	<b>394,872</b>	<b>23,125</b>	<b>(2,689)</b>	<b>-</b>	<b>(19,992)</b>	<b>2,360</b>	<b>-</b>	<b>534,233</b>	<b>(136,557)</b>	<b>397,676</b>



## Last Year University

	Cost/Valuation 1 Jan 15	Accumulated Depreciation and Impairment Charges 1 Jan 15	Carrying Amount 1 Jan 15	Current Year Additions	Current Year Disposals	Current Year Impairment Charges	Current Year Depreciation	Accumulated Depreciation on Disposal	Revaluation Movement	Cost/Revaluation 31 Dec 15	Accumulated Depreciation and Impairment Charges 31 Dec 15	Carrying Amount 31 Dec 15
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	1,950	-	1,950	250	-	-	-	-	-	2,200	-	2,200
Infrastructural Assets	24,901	-	24,901	1,607	-	-	(653)	-	-	26,508	(653)	25,855
Buildings	299,070	-	299,070	21,522	-	-	(10,293)	-	-	320,592	(10,293)	310,299
Leasehold Building Improvements	1,721	(1,224)	497	159	-	-	(58)	-	-	1,880	(1,282)	598
Library Collection	70,565	(41,354)	29,211	4,082	-	-	(2,736)	-	-	74,647	(44,090)	30,557
Plant and Equipment	46,627	(32,752)	13,875	1,920	(1,222)	-	(2,236)	1,138	-	47,325	(33,850)	13,475
Computer Equipment	32,296	(24,783)	7,513	3,574	(950)	-	(2,656)	949	-	34,920	(26,490)	8,430
Art Collection	1,104	-	1,104	82	-	-	-	-	-	1,186	-	1,186
Motor Vehicles	4,125	(2,075)	2,050	824	(410)	-	(507)	315	-	4,539	(2,267)	2,272
<b>Total</b>	<b>482,359</b>	<b>(102,188)</b>	<b>380,171</b>	<b>34,020</b>	<b>(2,582)</b>	<b>-</b>	<b>(19,139)</b>	<b>2,402</b>	<b>-</b>	<b>513,797</b>	<b>(118,925)</b>	<b>394,872</b>

## Notes to the Financial Statements continued

### Note 18: Property, Plant and Equipment continued

#### This Year Group

	Cost/Valuation 1 Jan 16	Accumulated Depreciation and Impairment Charges 1 Jan 16	Carrying Amount 1 Jan 16	Current Year Additions	Current Year Disposals	Current Year Impairment Charges	Current Year Depreciation	Accumulated Depreciation on Disposal	Revaluation Movement	Cost/Revaluation 31 Dec 16	Accumulated Depreciation and Impairment Charges 31 Dec 16	Carrying Amount 31 Dec 16
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	2,220	-	2,200	1,500	-	-	-	-	-	3,700	-	3,700
Infrastructural Assets	26,508	(653)	25,855	1,245	-	-	(688)	-	-	27,753	(1,341)	26,412
Buildings	320,592	(10,293)	310,299	9,424	(25)	-	(10,713)	20	-	329,991	(20,986)	309,005
Leasehold Building Improvements	1,880	(1,282)	598	2,804	-	-	(173)	(967)	-	4,684	(2,422)	2,262
Library Collection	74,647	(44,090)	30,557	3,879	-	-	(2,835)	-	-	78,526	(46,925)	31,601
Plant and Equipment	47,557	(34,073)	13,484	3,909	(312)	-	(2,574)	(101)	-	51,154	(36,748)	14,406
Computer Equipment	34,920	(26,490)	8,430	3,225	(1,751)	-	(2,749)	1,682	-	36,394	(27,557)	8,837
Art Collection	1,186	-	1,186	-	-	-	-	-	-	1,186	-	1,186
Motor Vehicles	4,539	(2,267)	2,272	765	(704)	-	(519)	485	-	4,600	(2,301)	2,299
<b>Total</b>	<b>514,029</b>	<b>(119,148)</b>	<b>394,881</b>	<b>26,751</b>	<b>(2,792)</b>	<b>-</b>	<b>(20,251)</b>	<b>1,119</b>	<b>-</b>	<b>537,988</b>	<b>(138,280)</b>	<b>399,708</b>

## Last Year Group

	Cost/Valuation 1 Jan 15	Accumulated Depreciation and Impairment Charges 1 Jan 15	Carrying Amount 1 Jan 15	Current Year Additions	Current Year Disposals	Current Year Impairment Charges	Current Year Depreciation	Accumulated Depreciation on Disposal	Revaluation Movement	Cost/Revaluation 31 Dec 15	Accumulated Depreciation and Impairment Charges 31 Dec 15	Carrying Amount 31 Dec 15
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	1,950	-	1,950	250	-	-	-	-	-	2,200	-	2,200
Infrastructural Assets	24,901	-	24,901	1,607	-	-	(653)	-	-	26,508	(653)	25,855
Buildings	299,070	-	299,070	21,522	-	-	(10,293)	-	-	320,592	(10,293)	310,299
Leasehold Building Improvements	1,721	(1,224)	497	159	-	-	(58)	-	-	1,880	(1,282)	598
Library Collection	70,565	(41,354)	29,211	4,082	-	-	(2,736)	-	-	74,647	(44,090)	30,557
Plant and Equipment	46,920	(33,034)	13,886	1,923	(1,286)	-	(2,240)	1,201	-	47,557	(34,073)	13,484
Computer Equipment	32,296	(24,783)	7,513	3,574	(950)	-	(2,656)	949	-	34,920	(26,490)	8,430
Art Collection	1,104	-	1,104	82	-	-	-	-	-	1,186	-	1,186
Motor Vehicles	4,125	(2,075)	2,050	824	(410)	-	(507)	315	-	4,539	(2,267)	2,272
<b>Total</b>	<b>482,652</b>	<b>(102,470)</b>	<b>380,182</b>	<b>34,023</b>	<b>(2,646)</b>	<b>-</b>	<b>(19,143)</b>	<b>2,465</b>	<b>-</b>	<b>514,029</b>	<b>(119,148)</b>	<b>394,881</b>

## Notes to the Financial Statements continued

### LAND AND BUILDINGS

Specialised buildings (e.g. campuses) are valued at fair value using optimised depreciated replacement cost because no reliable market data is available for buildings designed for education delivery purposes.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity,
- The replacement costs is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information,
- The remaining useful life of assets is estimated, and
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised building and land are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. Land and Buildings were revalued as at 31 December 2014 by Darroch Valuations Limited (Registered Valuers). In accordance with the land lease agreement with Tainui Group Holdings Limited the University is able to sublet up to 25% of the gross floor area of the buildings.

### INFRASTRUCTURE

Infrastructure assets such as roads, car parks, footpaths, underground utilities (e.g. water supply and sewerage systems), and site drainage have been independently valued at Optimised depreciated replacement cost. The valuations have been performed in accordance with the New Zealand Valuation and Depreciation Guidelines issued by the NAMS Group. The significant assumptions applied in determining the depreciated replacement cost of infrastructure assets are similar to those described above for specialised buildings. Infrastructural Assets were revalued as at 31 December 2014 by Opus International Consultants Limited.

### FINANCE LEASES

The net carrying amount of Property, Plant and equipment held under finance leases is \$1,852,751 (2015 – \$1,914,213).

### RESTRICTIONS ON TITLE

Under the Education Act 1989, the University and group is required to obtain the consent from the Ministry of Education to dispose or sell of property where the value of the property exceeds an amount determined by the Minister.

### WORK IN PROGRESS

Property, plant and equipment in the course of construction by class of asset is detailed below:

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Land	-	250	-	250
Buildings	5,110	27,033	5,110	27,033
Infrastructural Assets	490	1,872	490	1,872
Leasehold Building Improvements	176	155	176	155
Plant and Equipment	713	534	713	534
Computer Equipment	1,338	899	1,338	899
	<b>7,827</b>	<b>30,743</b>	<b>7,827</b>	<b>30,743</b>

## Note 19: Revenue in Advance

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Research Revenue	8,792	9,166	8,792	9,166
Commercial	3,208	1,822	2,373	737
Tuition Fees	23,183	23,183	23,754	24,268
<b>Total Revenue in Advance</b>	<b>35,183</b>	<b>34,171</b>	<b>34,919</b>	<b>34,171</b>
<b>Total Revenue in Advance Comprise</b>				
Revenue in Advance from Exchange Transactions	25,373	15,487	25,225	15,487
Revenue in Advance from Non-Exchange Transactions	9,810	18,684	9,694	18,684
<b>Total Revenue in Advance</b>	<b>35,183</b>	<b>34,171</b>	<b>34,919</b>	<b>34,171</b>

*Included in tuition fees is \$10,219,994 (2015 : \$11,256,769) of 2017 fees which have been invoiced but are not due for payment until 2017.*

## Note 20: Payables

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Payables Under Exchange Transactions</b>				
Trade Payables	7,859	9,374	7,022	8,629
Payables to Related Parties (See Note 26)	-	-	153	193
Accrued Expenses	3,227	2,796	3,202	2,855
<b>Total Payables Under Exchange Transactions</b>	<b>11,086</b>	<b>12,170</b>	<b>10,377</b>	<b>11,677</b>
<b>Payables Under Non-Exchange Transactions</b>				
Taxes Payable (GST)	4,234	3,968	4,194	3,912
<b>Total Payables</b>	<b>15,320</b>	<b>16,138</b>	<b>14,571</b>	<b>15,589</b>

*Payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of payables approximates their fair value.*

## Notes to the Financial Statements continued

### Note 21: Borrowings

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Opening Balance</b>	1,323	1,326	1,323	1,326
Less Borrowings Repaid	(5)	(3)	(5)	(3)
<b>Closing Balance</b>	1,318	1,323	1,318	1,323
Current Portion - Financial Lease	5	5	5	5
Non Current Portion - Finance Lease	1,313	1,318	1,313	1,318
	1,318	1,323	1,318	1,323

The Financial lease was fair valued at inception using a discount rate of 12.07% (2015 12.07%).

#### Finance Lease

##### (A) LEASING ARRANGEMENTS

The Finance lease relates to University buildings which become the property of the University at the conclusion of the lease term in 2046.

##### (B) FINANCE LEASE LIABILITIES

	Minimum Future Lease Payments				Present Value of Minimum Future Lease Payments			
	Group		University		Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
No Later Than One Year	164	164	164	164	154	154	154	154
Between One and Five Years	655	655	655	655	459	459	459	459
Later Than Five Years	4,042	4,206	4,042	4,206	705	710	705	710
Minimum Lease Payments	4,861	5,025	4,861	5,025	1,318	1,323	1,318	1,323
Less Future Finance Charges	(3,543)	(3,702)	(3,543)	(3,702)				
<b>Present Value of Minimum Lease Payments</b>	1,318	1,323	1,318	1,323	1,318	1,323	1,318	1,323

## Note 22: Reconciliation of Surplus/(Deficit) to the Net Cash Flows from Operating Activities

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Surplus/(Deficit)</b>	12,266	9,475	13,444	8,241
<b>Add/(Less) Non Cash Items</b>				
Share of Associate's Surplus/Deficit	508	319	-	-
Depreciation and Amortisation	22,867	21,782	21,252	20,306
Increase/(Decrease) in Non-Current Employee Entitlements	(192)	767	(192)	767
Increase/(Decrease) Working Capital Through Acquisition of Associate	(385)	-	-	-
(Increase)/Decrease in Asset Sale in Operating Cash	-	1,262	-	-
Other	(506)	(303)	-	-
	<b>22,292</b>	<b>23,827</b>	<b>21,060</b>	<b>21,073</b>
<b>Add/(Less) Movements In Other Working Capital Items</b>				
(Increase)/Decrease in Receivables	3,347	(2,063)	2,983	(1,910)
Increase/(Decrease) in Payables	(703)	1,066	(1,019)	1,030
(Increase)/Decrease in Inventories	32	(2)	36	(2)
Increase/(Decrease) in Revenue In Advance	896	5,042	749	5,049
Increase/(Decrease) in Employee Entitlements	73	66	160	185
(Increase)/Decrease in Prepayments	(135)	2	(135)	2
Increase/(Decrease) in Intercompany Balances	-	-	(167)	2,446
	<b>3,510</b>	<b>4,111</b>	<b>2,607</b>	<b>6,800</b>
<b>Add/(Less) Items Classified As Investing And Financing Activities</b>				
(Gains)/Losses on Disposal of Property, Plant and Equipment	(292)	38	(292)	38
(Gains)/Losses on Sale of Investments	-	(950)	-	-
	<b>(292)</b>	<b>(912)</b>	<b>(292)</b>	<b>38</b>
<b>Net Cash Flow from Operating Activities</b>	<b>37,776</b>	<b>36,501</b>	<b>36,819</b>	<b>36,152</b>

## Notes to the Financial Statements continued

### Note 23: Key Management Personnel Compensation

The compensation of the members of Council, Executive Committee and Deans' Committee being the key management personnel of the University, is set out below:

	This Year	Last Year
<b>Council members</b>		
Full-Time Equivalent Members <sup>1</sup>	0.80	0.45
Remuneration	224,932	74,272
<b>Executive Committee and Deans' Committee</b>		
Full-Time Equivalent Members	20.53	19.12
Remuneration	4,891,965	4,344,956
<b>Total Full-Time Equivalent Members</b>	<b>21.33</b>	<b>19.57</b>
<b>Total Key Management Personnel Compensation</b>	<b>5,116,897</b>	<b>4,419,228</b>

<sup>1</sup>The full-time equivalent for council members has been calculated based on the frequency and length of Council meetings and the estimated time for members to prepare for meetings.

### Note 24: Leases

#### Operating Leases as Lessee

##### (A) LEASING ARRANGEMENTS

	Final Expiry	2016 Actual \$000	Commentary
<b>Property Leases</b>			
Waikato-Tainui Campus Land	In Perpetuity	1,562	Subject to Lease Completion
Tauranga Campuses	2017 to 2046	727	9 Separate Lessees
Ruakura Satellite Campus	2017 to 2029	212	2 Separate Leases
Other Hamilton/Cambridge Leases	2017 to 2034	342	6 Leases
Other	2017 to 2022	157	7 Leases
<b>Equipment Leases</b>	2017	777	3 Leases
<b>Total</b>		<b>3,777</b>	

The University leases the land for the Hamilton campus from Tainui Group Holdings Limited. The use of this land is restricted to tertiary education, research or any other activity permitted by the rules of the Regional and District plans or by a Resource Consent. The University may sublet up to 25% of the land for periods of no longer than 10 years.

The University has entered into a prepaid lease agreement. The future aggregate minimum lease payments under the non-cancellable operating lease are \$150,000 not longer than one year, \$112,5000 longer than one year and not longer than five years, and nil longer than five years. These amounts will be expensed through the Statement of Comprehensive Income in the relevant periods.



## (B) FINANCE LEASE LIABILITIES

The future aggregate minimum lease payments payable under non-cancellable operating lease are as follows:

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Not Longer than One Year	3,010	2,883	3,010	2,883
Longer than One Year and Not Longer than Five Years	7,203	7,492	7,203	7,492
Longer than Five Years	39,024	40,788	39,024	40,788
	<b>49,237</b>	<b>51,163</b>	<b>49,237</b>	<b>51,163</b>

## (C) SUB-LEASES

The total minimum future receipts that the University expects to receive from its tenants on leased land is \$7,231,770 (2015 \$7,335,020). The minimum renewal periods range from one to 30 years.

## Lessor Disclosures

### Operating Leases as Lessor

#### (A) LEASING ARRANGEMENTS (RECEIVABLES)

Operating leases relate to shops on campus, campus land and residential premises adjacent to the University. Lease terms are for terms of between one month and 46 years with various options to renew. The lessees do not have the option to purchase at the expiry of the lease period.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

#### (B) NON-CANCELLABLE OPERATING LEASE PAYMENTS

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Not Longer than One Year	638	524	638	524
Longer than One Year and Not Longer than Five Years	1,319	1,536	1,319	1,536
Longer than Five Years	5,751	5,739	5,751	5,739
	<b>7,708</b>	<b>7,799</b>	<b>7,708</b>	<b>7,799</b>

*No contingent rents have been recognised in the Statement of Comprehensive Revenue and Expense.*

## Notes to the Financial Statements continued

### Note 25: Financial Instruments

#### 25A: Financial Instrument Categories

The accounting policies for financial instruments have been applied to the line items below:

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Financial Assets</b>				
<b>Fair Value Through Surplus or Deficit</b>				
<b>Held for Trading</b>				
Forward Foreign Exchange Contracts	3	-	3	-
New Zealand Equities	811	810	-	-
Australian Equities	674	532	-	-
Other Offshore Equities	834	558	-	-
Fixed Interest Instruments	573	354	-	-
<b>Total Held for Trading</b>	<b>2,895</b>	<b>2,254</b>	<b>3</b>	<b>-</b>
<b>Loans and Receivables</b>				
Cash and Cash Equivalents	26,110	12,408	23,519	11,677
Receivables	19,669	22,928	17,171	20,066
Inter Company Asset Balances	-	-	5,232	5,242
Other Financial Assets	18,384	22,362	16,167	20,070
<b>Receivables</b>	<b>64,163</b>	<b>57,698</b>	<b>62,089</b>	<b>57,055</b>
<b>Financial Assets at Cost</b>				
Investments	198	198	4,372	2,198
<b>Total Financial Assets at Cost</b>	<b>198</b>	<b>198</b>	<b>4,372</b>	<b>2,198</b>
<b>Financial liabilities</b>				
<b>Financial Liabilities at Amortised Cost</b>				
Payables	11,086	12,170	10,376	11,677
Inter Company Liability Balances	-	-	14,125	14,302
<b>Total Financial Liabilities at Amortised Cost</b>	<b>11,086</b>	<b>12,170</b>	<b>24,501</b>	<b>25,979</b>

## 25B: Fair Value Hierarchy Disclosures

For those instruments recognised at fair value on the balance sheet, fair values are determined according to the following hierarchy:

- Quoted market price – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs – Financial instruments valued using models where one or more significant inputs are not observable.

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

	Valuation Technique			
	Total \$000	Quoted Market Price \$000	Observable Inputs \$000	Significant Non- Observable Inputs \$000
<b>31 December 2016 – University and Group</b>				
Financial Assets				
Derivatives	3	-	3	-
<b>31 December 2016 – Group</b>				
Financial Assets				
Fixed Interest Instruments	573	573	-	-
Listed Shares	2,319	2,319	-	-
<b>31 December 2015 – University and Group</b>				
Financial Assets				
Derivatives	-	-	-	-
<b>31 December 2015 – Group</b>				
Financial Assets				
Government Bonds	354	354	-	-
Listed Shares	1,900	1,900	-	-

*There were no transfers between the different levels of the fair value hierarchy.*

## 25C: Financial Instrument Risks

The University's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The University has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

# Notes to the Financial Statements continued

## Market Risk

### FAIR VALUE INTEREST RATE RISK

The estimated fair value of the University's financial instruments are equivalent to their carrying amounts in the financial statements. The University's exposure to fair value interest rate risk is limited to its bank deposits which are held at fixed rates of interest, and a finance lease.

### CASH FLOW INTEREST RATE RISK

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates expose the University to cash flow interest rate risk.

The University holds a mixture of fixed rate and floating call rate deposits. At 31 December the University had \$16,794,392 (2015 \$10,502,893) invested in variable rate deposits and the balance in fixed rate deposits.

### SENSITIVITY ANALYSIS

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding general funds) for reasonably possible market movements, with all other variables held constant, based on financial instrument exposures at balance date.

	This Year		Last Year	
	\$\$\$	\$\$\$	\$\$\$	\$\$\$
<b>Interest Rate Risk</b>				
<b>University</b>				
<b>Instrument</b>	<b>+100bps</b>	<b>-100bps</b>	<b>+100bps</b>	<b>-100bps</b>
Variable Rate Deposits	168	(168)	105	(105)
<b>Group</b>				
<b>Instrument</b>	<b>+100bps</b>	<b>-100bps</b>	<b>+100bps</b>	<b>-100bps</b>
Variable Rate Deposits	191	(191)	125	(125)

### Explanation of Interest Rate Risk Sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rate, with all other variables held constant, measured as a basis points (BPS) movement. For example a decrease in 100 bps is equivalent to a decrease in interest rates of 1%.

	This Year		Last Year	
	\$000	\$000	\$000	\$000
<b>Currency Risk</b>				
<b>University</b>				
<b>Instruments Held in USD</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>
Creditors	6	(7)	60	(73)
Debtors	(23)	28	(1)	1
US Dollar Account	(58)	70	(48)	58
<b>Group</b>				
<b>Instruments Held in USD</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>
Creditors	6	(7)	61	(74)
Debtors	(23)	28	(1)	1
US Dollar Account	(58)	70	(48)	58
Equities	(66)	80	(37)	45
<b>University</b>				
<b>Instruments Held in AUD</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>
Creditors	5	(3)	2	(3)
Debtors	-	-	-	-
AUD Dollar Account	(3)	4	(21)	26
<b>Group</b>				
<b>Instruments Held in AUD</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>
Creditors	5	(6)	2	3
Debtors	-	-	-	-
AUD Dollar Account	(3)	4	(21)	26
Equities	(62)	75	(46)	56
<b>University and Group</b>				
<b>Instruments Held in EUR</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>
Creditors	-	-	-	-
Debtors	-	1	(1)	1
Euro Account	-	-	(12)	15
<b>University and Group</b>				
<b>Instruments Held in GBP</b>	<b>+10%</b>	<b>-10%</b>	<b>+10%</b>	<b>-10%</b>
Creditors	-	-	2	(2)
GBP Account	(1)	1	(9)	11
Equities	(10)	13	(14)	17

#### Explanation of Currency Risk Sensitivity

The foreign exchange sensitivity is based on a reasonable possible movement in foreign exchange rates, with all other variables held constant, measured as a percentage movement in the foreign exchange rate.

## Notes to the Financial Statements continued

### CREDIT RISK

Credit risk is the risk that a third party will default on its obligation to the University causing the University to incur a loss.

Financial instruments which potentially subject the University to credit risk principally consist of bank balances, intercompany balances and accounts receivable.

Credit risk in respect of bank and short term deposits is reduced by spreading deposits over major New Zealand registered trading banks with minimum S&P long term credit rating of A+ or minimum Moody's Investors long term credit rating of A. Receivables are unsecured, but are subject to credit control.

No collateral is held.

### Credit Quality of Financial Assets

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

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
<b>Counterparties with Credit Ratings</b>				
<b>Cash at Bank and Term Deposits</b>				
AA-	46,386	37,024	38,686	31,747
<b>Derivative Financial Instruments</b>				
AA-	3	-	3	-
<b>Counterparties without Credit Ratings</b>				
<b>Debtors and Other Receivables</b>				
Existing Counterparty with No Defaults in the Past	19,669	22,928	17,171	20,066
Existing Counterparty with Defaults in the Past	-	-	-	-
<b>Total debtors and other receivables</b>	<b>19,669</b>	<b>22,928</b>	<b>17,171</b>	<b>20,066</b>
<b>Loans to Related Parties</b>				
Existing Counterparty with No Defaults in the Past	-	-	5,232	5,242
Existing Counterparty with Defaults in the Past	-	-	-	-
<b>Total loans to related parties</b>	<b>-</b>	<b>-</b>	<b>5,232</b>	<b>5,242</b>

### LIQUIDITY RISK

Liquidity risk is the risk that the University will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities.

The University is expected to maintain combined cash reserves and committed credit lines available to a minimum of 120% of the forecast peak funding requirements at any one point of time in the following 12 month period.

### Contractual Maturity Analysis of Financial Liabilities

The following table analyses the University's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying Amount \$000	Contractual Cash Flows \$000	Less than Six Months \$000	Between Six Months and One Year \$000	Between One and Five Years \$000	More than Five Years \$000
<b>University</b>						
<b>This Year</b>						
Payables	14,571	14,571	14,571	-	-	-
Finance Leases	1,318	4,861	82	82	655	4,042
Inter Company Balances	14,125	14,125	-	14,125	-	-
<b>Last Year</b>						
Payables	15,589	15,589	15,589	-	-	-
Borrowings	1,323	5,025	82	82	655	4,206
Inter Company Balances	14,302	14,302	-	14,302	-	-
<b>Group</b>						
<b>This Year</b>						
Payables	15,320	15,320	15,320	-	-	-
Borrowings	1,318	4,861	82	82	655	4,042
<b>Last Year</b>						
Payables	16,138	16,138	16,138	-	-	-
Borrowings	1,323	5,025	82	82	655	4,206

## Notes to the Financial Statements continued

### Note 26: Related Party Transactions

The following related party transactions occurred between the University and WaikatoLink Limited, U Leisure Limited (ULL) and their subsidiary Boathouse Events Limited (Boathouse), The University of Waikato Foundation (Foundation), The Students' Campus Building Fund Trust (SCBFT), LCo New Zealand Limited (LCoNZ), The University of Waikato Alumni Association Incorporated (Alumni) (No related party transactions for 2015 or 2016), University of Waikato Research Trust (UoW RT) and iEngagEd Limited, during the year:

	WaikatoLink \$	ULL \$	Boathouse \$	Foundation \$	SCBFT \$	LCoNZ \$	UoW RT \$	iEngagEd \$
Payments in 2016 to:	1,487,848	610,852	-	-	2,632	-	1,756,000	556,293
- 2015	1,402,000	569,708	95,000	-	34,398	28,999	1,405,000	644,033
Receipts in 2016 from:	380,941	388,083	-	1,679,579	240,001	-	38,742	-
- 2015	3,651,345	288,626	90	710,410	258,966	194,322	56,183	-
Accounts Receivable at 31 December 2016 owing from:	5,062,851	25,284	-	1	-	-	-	215,073
- 2015	5,085,375	39,063	-	26,405	-	-	-	197,700
Accounts Payable at 31 December 2016 owing to:	-	1,128	-	163,773	2,021,090	-	11,940,000	151,482
- 2015	-	1,930	-	-	1,783,722	-	12,518,000	192,802

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

Related party disclosures have also not been made for transactions within the University group where services, such as facilities, have been provided free or on a subsidised basis, where the transactions are consistent with the normal operating relationships between the entities. No provisions have been required, nor expense recognised for impairment of receivables for any other loans or other receivables to related parties.

### Note 27: Contingencies

#### University Contingent Liabilities

A guarantee has been given to the Bank of New Zealand for an overdraft facility of \$53,000 (2015 \$53,000) on a continuing basis to the Campus Creche Trust. The University routinely monitors the financial performance of Campus Creche Trust. The likelihood of the guarantee being called upon is considered to be very low.

The University is aware of potential payments for employee disputes up to a maximum of \$300,000. A contingent liability for \$12,000 as settlement in a student discipline dispute has been offered but not accepted at this stage. There are no other known contingent liabilities.



## SHARE OF SUBSIDIARIES' AND ASSOCIATES' CONTINGENT LIABILITIES

For the subsidiaries and associates included in the consolidated financial statements there are no other known contingent liabilities.

## CONTINGENT ASSETS

The University is considering lodging a claim in relation to an infrastructural asset.

## Note 28: Capital Management

The University's capital is its equity, which comprises general equity and reserves. Equity is represented by net assets. The University is subject to the financial management and accountability provisions of the Education Act 1989, which includes restrictions in relation to disposing of assets and interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings, and borrowings.

The University manages its revenues, expenses, assets, liabilities, investments and general financial transactions prudently to ensure the responsible use of, and accountability for public resources.

The University's planning process includes the development of the University Strategy, Academic Plan, Investment Plan and budgets. These plans set out the University's activities for the next one to three years. The University's operational budget is set annually and ensures that the planned activities are appropriately funded and that expenditure requirements of the planned activities have been identified. The University's budget is set at a level to ensure that the University's operating activities are funded from operating cash flows and also that the University's operating activities generate sufficient cash flows to fund the capital expenditure requirements of the University.

The University has in place asset management plans for major classes of assets including maintenance and renewal programmes. A budget for capital expenditure is set annually and is funded from cash generated from the University's operating activities.

The University has created a reserve within equity, for Prizes, scholarships and Trust Funds. This reserve represents funds held by the University on behalf of others and funds provided to the University by various people and are restricted for specific purposes.

## Note 29: Commitments

### Capital Commitments

The University has the following capital expenditure contracted:

	Group		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Land	-	1,186	-	1,186
Buildings	1,713	2,451	1,713	2,451
Infrastructural Assets	52	282	52	282
Library Collection	3,219	1,686	3,219	1,686
Plant and Equipment	199	207	199	207
	<b>5,183</b>	<b>5,812</b>	<b>5,183</b>	<b>5,812</b>

## Notes to the Financial Statements continued

### Note 30: Explanations of Major Variances Against Budget

Explanations for major variations against the budget information at the start of the financial year are as follows:

#### Statement of Comprehensive Income

##### GOVERNMENT FUNDING AND GRANTS

The University exceeded its budget for Government Funding and Grants by \$2.0 million. The Institute for Professional Learning received \$3.4 million more than budgeted in Ministry of Education contracts, this was offset by a budget shortfall of \$1.3 million in government domestic student funding. While the University met its TEC domestic student enrolment target, the budget was set higher and final domestic enrolments were 203 EFTS short of budget.

##### TUITION FEES

The University received \$2.2 million less than budget in tuition fees, this was a combination of shortfalls in both domestic and international enrolments. Domestic enrolments were 203 EFTS short of budget and international enrolments were 62 EFTS short of budget.

##### RESEARCH REVENUE

The University exceeded its Research Revenue budget by \$1.2 million, this was predominately in the Faculty of Science and Engineering.

##### OTHER REVENUE

Other revenue received by the University was \$2.7 million more than budget. A large portion of this is contributions from the University Foundation Trust and the University Research Trust. There is also a portion which relates to unbudgeted commercial teaching revenue.

##### DONATIONS

The University received \$3.0 million more than budget in donations during 2016, most of this was from the Tauranga Tertiary Campus Charitable Trust, contributing towards the cost of building a Tauranga campus.

##### OTHER COSTS

The University spent \$2.8 million more than budgeted in other costs. A portion of this relates to additional spending to support increased research activity, and there was extra spend arising from significant projects undertaken, and the appointment of new staff.

### Note 31: Events after Balance Sheet Date

There were no significant events after balance date.

# Glossary of Abbreviations and Terms

## Glossary of Abbreviations

<b>ACE</b>	Adult and Community Education
<b>CEP</b>	Curriculum Enhancement Programme
<b>EEO</b>	Equal Employment Opportunity
<b>EFTS</b>	Equivalent Full Time Student
<b>FASS</b>	Faculty of Arts and Social Sciences
<b>FCI</b>	Full-Cost International
<b>FCMS</b>	Faculty of Computing and Mathematical Sciences
<b>FCO</b>	Full-Cost Other
<b>FEDU</b>	Faculty of Education
<b>FLAW</b>	Faculty of Law
<b>FMAN</b>	Faculty of Management/Waikato Management School
<b>FMIS</b>	Faculty of Māori and Indigenous Studies (formerly School of Māori and Pacific Development)
<b>FSEN</b>	Faculty of Science and Engineering
<b>FTE</b>	Full-Time Equivalent
<b>ICT</b>	Information and Communication Technology
<b>IP</b>	Intellectual Property
<b>IT</b>	Information Technology
<b>KPI</b>	Key Performance Indicator

<b>MF</b>	Ministry-Funded
<b>MOE</b>	Ministry of Education
<b>OAG</b>	Office of the Auditor General
<b>PBRF</b>	Performance-Based Research Fund
<b>PCOL</b>	Pathways College
<b>QS</b>	Quacquarelli Symonds
<b>RDC</b>	Research Degree Completion
<b>RPG</b>	Research Postgraduate
<b>SAC</b>	Student Achievement Component
<b>SLMS</b>	Student and Learning Management System
<b>SMPD</b>	School of Māori and Pacific Development (now Faculty of Māori and Indigenous Studies)
<b>TEC</b>	Tertiary Education Commission
<b>TEI</b>	Tertiary Education Institution
<b>THE</b>	Times Higher Education
<b>TPG</b>	Taught Postgraduate
<b>WMS</b>	Waikato Management School/Faculty of Management

# Glossary of Abbreviations and Terms continued

## Glossary of Terms

<b>Academic Staff</b>	Staff whose conditions of employment require teaching and/or research to be undertaken
<b>Domestic Students</b>	Students who are New Zealand citizens, who include citizens of the Cook Islands, Niue and Tokelau, or New Zealand permanent residents currently living in New Zealand, or Australian citizens currently living in New Zealand, or Australian permanent residents who have a returning resident's visa and are currently living in New Zealand
<b>EFTS (Equivalent Full Time Students)</b>	The measure used by all tertiary education organisations for reporting student numbers. At the University of Waikato 1 EFTS equates to a student workload of 120 points (1,200 total learning hours)
<b>Ethnicity</b>	Students can self-report up to three ethnicities; results generated by students against the 'first' ethnicity are reported
<b>FCI (Full-Cost International)</b>	Associated with international students; students do not attract SAC funding
<b>FCO (Full-Cost Other)</b>	Does not attract SAC funding from Government because the student concerned is undertaking study in another part of the education sector (e.g. a secondary school student), or is undertaking a full-fee domestic programme of study (e.g. some specific Corporate and Executive Education programmes)
<b>FTE (Full-Time Equivalent)</b>	The measure use for reporting staff numbers. 1.0 FTE is equivalent to a full-time employee for a whole calendar year. A value of less than 1.0 FTE represents either a part-time staff member, or a staff member working full-time for less than one calendar year.
<b>Interim</b>	Results subject to confirmation by the TEC following submission of the April 2017 SDR
<b>International Students</b>	Students who do not satisfy the criteria for domestic citizenship
<b>MF (Ministry-Funded)</b>	Students who attract SAC funding
<b>New Students</b>	Students enrolled for the first time in a formal qualification at the University of Waikato
<b>Other Staff</b>	Staff whose conditions of employment do not require teaching and/or research to be undertaken
<b>Research Revenue</b>	The sum on both 'PBRF-eligible external research income' and 'non-PBRF eligible research revenue' (these terms are defined in detail by the TEC for PBRF purposes)
<b>School Leavers</b>	Students who were enrolled at a secondary school in New Zealand or overseas in the year prior to, or the same year as, enrolling at the University of Waikato
<b>SAC (Student Achievement Component) Funding</b>	Government's contribution to the direct costs of teaching, learning and other costs driven by domestic (and some international PhD) student learner numbers

# Notes

## STATISTICAL INFORMATION

Numbers in this section may not add due to rounding. EFTS counts those generated in both assessed and non-assessed papers unless specified otherwise.

## TOTAL STUDENTS BY ORIGIN

The data in these tables count students enrolled in formal programmes only.

## TOTAL STUDENTS BY ETHNICITY

The data in these tables count students enrolled in formal programmes only.

## TOTAL QUALIFICATIONS COMPLETION BY LEVEL

The data in these tables count students completing formal qualifications only.

### Foundation Certificate

Comprises the Certificate of Attainment in English Language, the Certificate of Attainment in Academic English, the Certificate of Attainment in Foundation Studies, and the Certificate of University Preparation

### Degree

Comprises undergraduate degrees, certificates (undergraduate and graduate) and diplomas (undergraduate and graduate).

### Graduate/Postgraduate

Comprises graduate degrees (including one-year and four-year honours degrees and masters degrees), postgraduate certificates and postgraduate diplomas.

### Higher Degrees

Comprises Masters of Philosophy and Doctorates (PhD, EdD, SJD and DMA).

## TOTAL EFTS BY ORGANISATIONAL UNIT

Counts EFTS by the organisational unit that 'owns' the relevant papers. Until 2009 the Pathways College was separate from the Faculty of Education, from 2010 the Pathways College was part of the Faculty of Education.

## RESEARCH REVENUE

Annual research revenue counts both PBRF eligible and non-PBRF eligible research revenue. Academic FTE research counts FTE generated by 'teaching and research' and 'research only' academic staff on continuing appointments (i.e. fixed-term and casual staff are excluded from this count).

## RESEARCH PUBLICATION BY TYPE

The snapshot of verified information is from 20 January 2017. Research outputs have been counted once in an organisational unit. If a publication is co-authored by staff located in different organisational units it will be counted once in each of the relevant units; this could result in a research output being counted multiple times within the University. 'Other' publication types include, for example, reports, discussion papers, oral presentations not delivered within a conference setting, patents, theses and dissertations.

# Notes continued

## **TOTAL STUDENTS BY ORIGIN**

Identified student origin by address at time of application.

### **Core Region**

Waikato and Bay of Plenty

### **Inner Periphery**

Auckland City (Southern), Gisborne, Taranaki,  
Manawatu, Whanganui

### **Outer Periphery**

Hawke's Bay, Northland

### **Auckland Region**

Auckland region excluding Auckland City (Southern)

### **Wellington Region**

Wellington region

### **South Island**

Entire South Island

## **STATEMENT OF SERVICE PERFORMANCE**

KPI results and targets for percentages greater than 20%  
have been rounded to the nearest whole number.





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