

VICTORIA UNIVERSITY OF WELLINGTON

Annual Report 2018



Capital thinking. Globally minded.

VICTORIA
UNIVERSITY
WELLINGTON

TE WHARE WĀNANGA
O TE ŪPOKO O TE IKA A MĀUI





Contents

02 Interview with the Chancellor	03 Interview with the Vice-Chancellor	04 At a glance	07 Year in review	08 Our distinctive strengths
09 Research	10 Awards and honours	11 Learning and teaching	12 Student experience	13 Māori at Victoria University of Wellington
14 Pasifika at Victoria University of Wellington	15 Sustainability	16 People, places, and programmes	17 Community	18 Statement of service performance
24 Student levies	26 Financial overview	27 Statement of responsibility	28 Independent auditor's report	31 Financial statements
36 Notes to the financial statements	51 Council	55 Senior Leadership Team		

The *Annual Report 2018* is published online at www.victoria.ac.nz/annualreports

Published by

Victoria University of Wellington
Te Whare Wānanga o te Ūpoko o te Ika a Māui

21 Kelburn Parade
PO Box 600
Wellington 6140
New Zealand

Telephone +64 4 472 1000
Fax +64 4 499 4601

ISSN 1171-2740 (Print)
ISSN 1174-8184 (Online)

April 2019



Interview with the Chancellor

What are the Council's top priorities?

We have been seeking to increase international recognition of the very high-quality teaching and research at this University. This is central to sustaining our long-term prospects. The Council also continues to emphasise enhancing the overall student experience as a top priority, along with increasing engagement in Wellington. My vision is that, in the not-too-distant future, Wellington is considered to be one of the world's great student cities.

What has been notable about 2018?

The recognition of many of our world-class researchers in receiving distinguished awards and additional external funding to support their work has been outstanding and thoroughly well-deserved. We are proud of many student achievements and successes. It is notable that our students again took to the streets and voiced their concerns about real issues in society. Growing the University's overall student numbers and achieving the 3 percent surplus required by Government are noteworthy in a challenging environment of fewer school leavers and a strong job market. As much as possible, we have endeavoured to reinvest funds into improving facilities, purchasing new equipment, and supporting the demand for accommodation. 2018 will also be remembered for the passionate debate about the name of the University.

Progress towards achieving the University's strategic goals?

A range of new programmes and many new initiatives to build the employability of our students were implemented. More Māori and Pasifika students have enrolled at the University and we have provided increased support for degree completion. We have been delighted with the level of philanthropic support for the proposed National Centre for Music. The University's digital strategy is well developed and is expected to deliver a significantly enhanced experience for students in the coming year and beyond.

What highlights stand out during 2018?

The Prime Minister opening our new Biological Sciences building, Te Toki a Rata, was a prestigious start to the year. Demonstrable leadership across academic disciplines was evident with such highlights as the critical acclaim for the *Oceania* exhibition, co-curated by staff member Dr Peter Brunt, at the Royal Academy of Arts in London, and the Royal Society Te Apārangi's top honour, the Rutherford Medal, being awarded to

Professor Rod Downey, the second year in a row one of our researchers has received this accolade.

How well positioned is the University for the future?

The University is doing an outstanding job of fulfilling the role society expects of universities—to provide quality education, produce impactful research, solve complex problems, inform public debate, and cultivate creative, social, and intellectual capital. The University must continue to strengthen its global reputation as a means to ensure high-quality international partnerships, recruitment of world-leading staff, and growth in international student numbers, international research funding, and philanthropic support.

Reflections on your first year as Chancellor?

It is a privilege to lead a Council that is eager for the University to perform to its potential, noting there are many challenges to this. Graduation ceremonies are a highlight—they are a time to reflect on our purpose and what we are collectively able to achieve. I enjoy seeing the delight on students' faces as they walk across the stage knowing a new chapter in their lives is about to commence, or watching as whānau perform a stirring haka to acknowledge their loved one's graduation on the University's marae.

Who would you like to thank?

My sincere thanks go to Vice-Chancellor Professor Grant Guilford and the management and staff of the University. Thanks also to the student bodies, notably VUWSA, for their engagement with Council and management and shared aspiration for the University. Thanks to our alumni who support and engage with the University in various ways, and to all those who serve in a voluntary capacity on University boards and entities. I would like to acknowledge the leadership of our city, from Mayor to executives, for their commitment to Wellington as a great student city. I especially acknowledge my Council colleagues—a diverse, talented, and committed group of people dedicated to effective governance of, and having high aspirations for, the University.

NEIL PAVIOUR-SMITH

BCA Well, FCA ACIS CFInstD MSAFAA AFA
Chancellor



Interview with the Vice-Chancellor

What were some of the key achievements in 2018?

The year started strongly with the opening of Te Toki a Rata and welcoming the first cohort of students into our Faculty of Health. Enrolment growth has been pleasing, particularly in international students, and we launched the Great Futures programme, which aims to more than double the University's philanthropic scholarship funds by 2020. It has been exciting to see global uptake of our MOOCs through the edX platform. We also continue to be recognised for our efforts in sustainability, winning two Australasian Green Gown Awards in 2018.

Notable research highlights?

We have had outstanding success in external research funding this year—from investment through the Government's Marsden Fund and the Health Research Council of New Zealand to the Ministry of Business, Innovation and Employment's Endeavour Fund. Our staff have also received numerous accolades and awards, including five of our researchers receiving Royal Society Research Honours. We also submitted many more evidence portfolios for the 2018 Performance-Based Research Fund round than for prior rounds.

And the big challenges?

A major focus this year has been improving our international reputation in order to secure our future. The proposal to change our name to University of Wellington is one strand of that programme, which is designed to close the gap between the high quality of our institution and how we are perceived around the world. Without a strong global reputation, the University's future is at risk from constrained earnings and the emergence of global elite university 'brands' capable of disrupting local markets through online delivery.

How has the University focused on employability during the year?

We have continued to leverage the advantages delivered through our location in Wellington, which is New Zealand's strongest knowledge economy. Both employers and the wider community increasingly appreciate the importance of our students having transferable skills and opportunities for work-integrated learning during their study. One notable initiative of many this year was the Faculty of Humanities and Social Sciences launching an online, extracurricular course in Digital Fluency, which enables students to develop the digital skills that are so necessary in today's employment market.

What was done to boost Māori and Pasifika achievement?

A highlight was establishing two new university-wide teams to provide culturally responsive support and enhance the retention and achievement of Māori and Pasifika students. This initiative ushers in a new era which will see us providing comprehensive, customised support across all faculties and programmes. Our Taihonoa partnership programme also went from strength to strength with more than 60 agreements now signed with iwi and iwi-related organisations. We saw a boost in numbers of Māori staff, and also expanded the Tohu Māoritanga programme to allow students to enrol in a wider range of 100-level courses. The first round of recipients of our Ngā Hoe a Kupe Pathfinder Scholarships, funded by the divestment of the former Karori campus, began their studies at the University this year. The scholarships are available to students from low decile schools in the Wellington region with large numbers of Māori and Pasifika students.

What was done to further improve the student experience?

Supporting the roll out of fees-free tertiary study for first-year students was a focus, as was support for the introduction of a tertiary travel discount for our students travelling to and from the University by bus, rail, and ferry. Working alongside student representatives and advocacy groups to support student health and wellbeing has also been a high priority. This year, we joined the Berkeley-led *Student Experience in the Research University (SERU)* Consortium, which allows us to compare our students' experiences to those of students at universities across the world.

Any final words?

It has been another incredibly busy year in which our people have put an enormous amount of effort into their work and ensuring the best possible outcomes for our students. I want to thank everyone who is part of our community—staff, students, Council members, partners and collaborators, stakeholders, alumni, and donors—for everything they do for Victoria University of Wellington.

PROFESSOR GRANT GUILFORD
Vice-Chancellor

At a glance

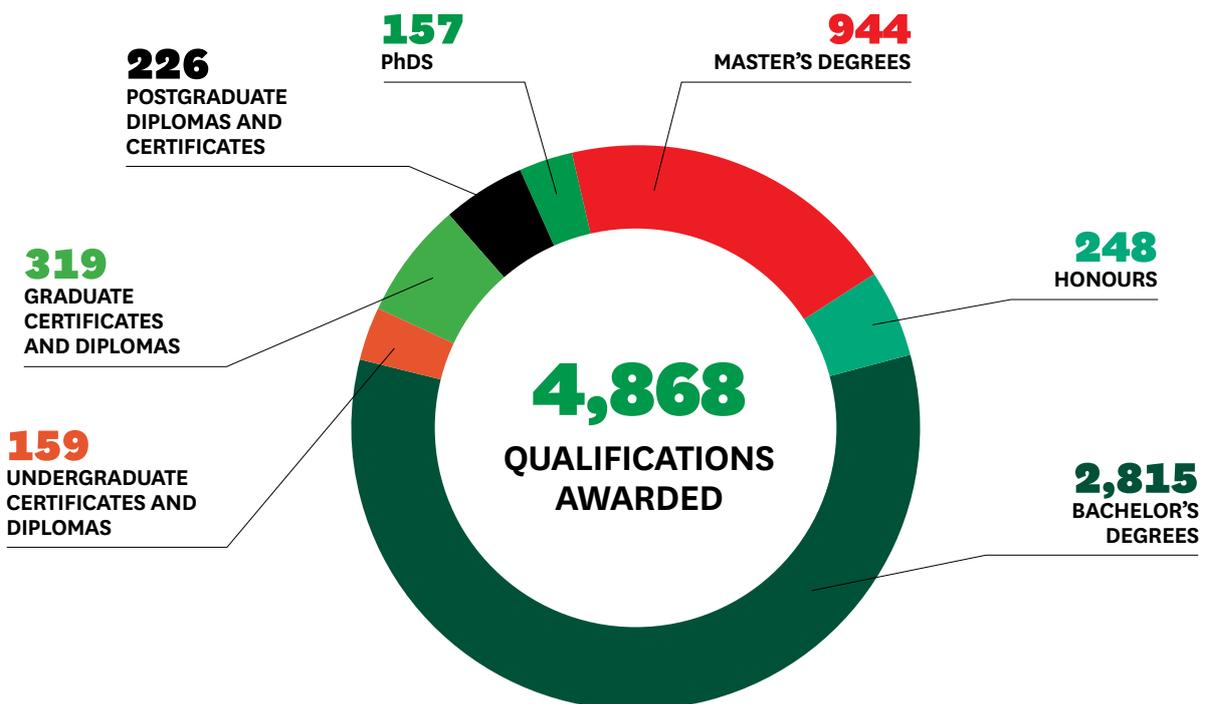
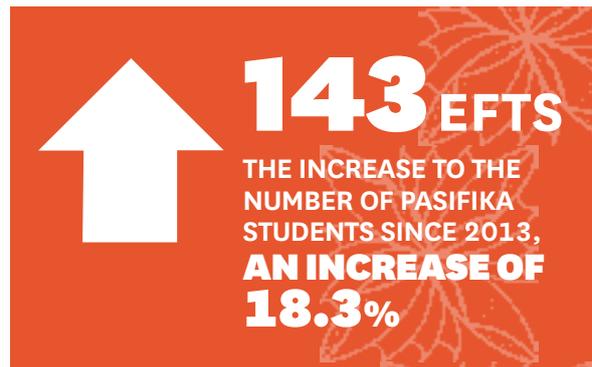
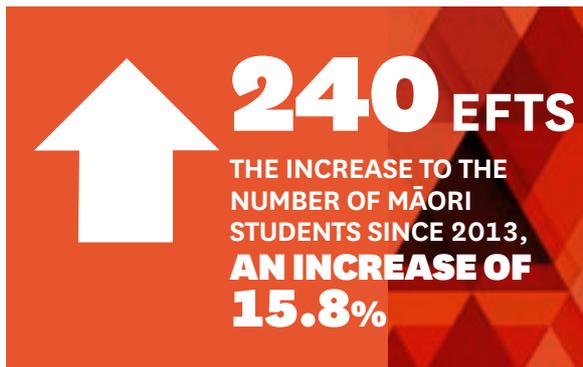
Globally ranked in 2018*

=221st
OF THE WORLD'S **18,000** UNIVERSITIES

TOP 1% OF THE WORLD'S UNIVERSITIES FOR 17 SUBJECTS AND IN THE TOP 2% OF UNIVERSITIES OVERALL

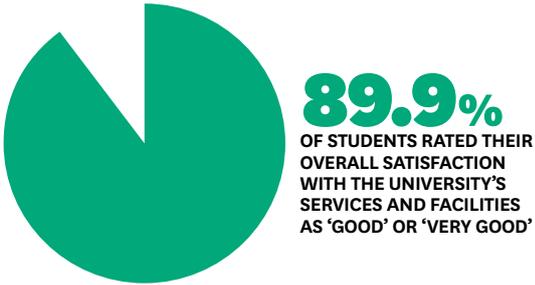
IN THE WORLD'S TOP 100 FOR TWELVE SUBJECTS
ARCHAEOLOGY, DEVELOPMENT STUDIES, EARTH SCIENCES, ENGLISH, GEOGRAPHY, HISTORY, HOSPITALITY AND LEISURE MANAGEMENT, LAW, LIBRARY MANAGEMENT, LINGUISTICS, PERFORMING ARTS, PSYCHOLOGY

* QS World University Rankings 2018.



\$23.7M
INVESTED IN
SCHOLARSHIPS
BY THE UNIVERSITY

TOTAL REVENUE
\$490M
TOTAL EXPENDITURE
\$475M



2,534
PUBLICATIONS
BY ACADEMIC STAFF,
INCLUDING JOURNAL
ARTICLES, CHAPTERS,
BOOKS, AND
SCHOLARLY EDITIONS*

* Data calculated from the University's publications database, retrieved February 2019.

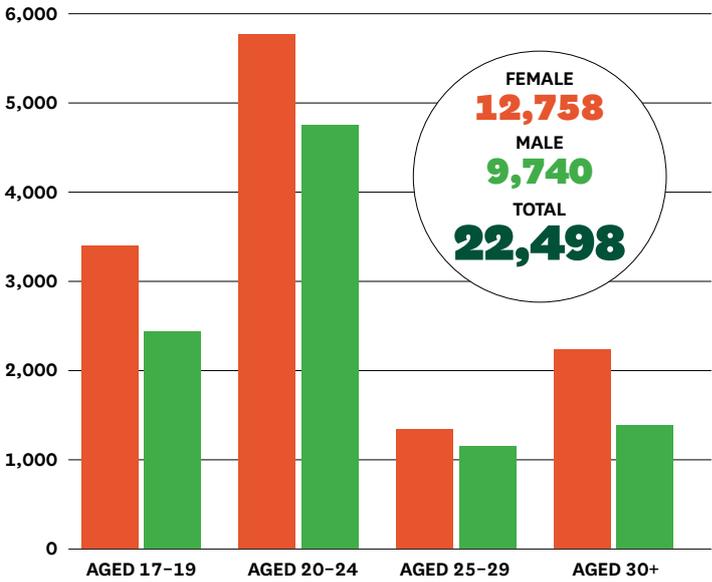
Equivalent
full-time students

15,799 GOVERNMENT
FUNDED

1,964 FULL FEE



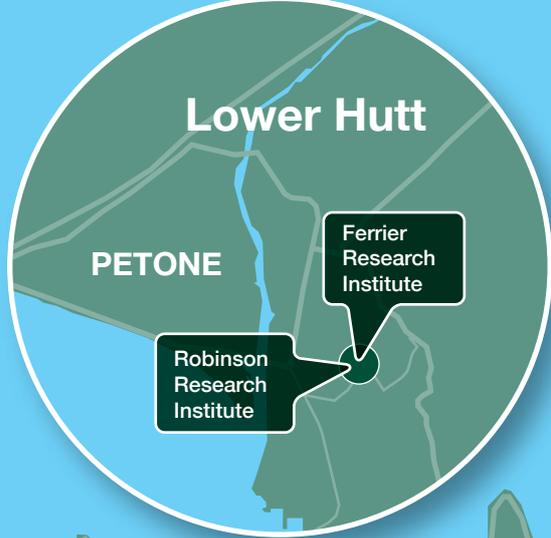
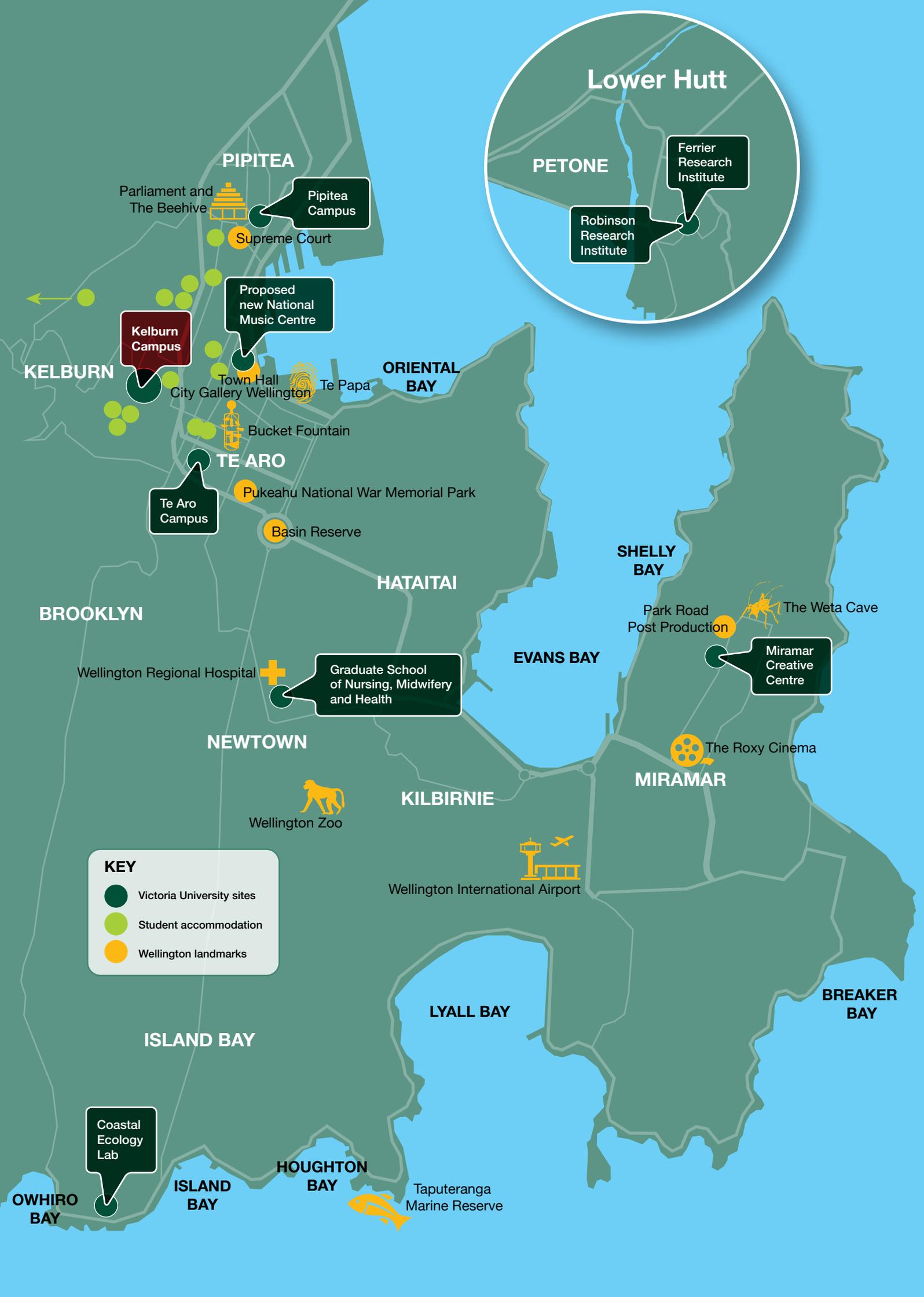
Student distribution¹



2,317
STAFF
(FULL-TIME
EQUIVALENT)

1,090
TEACHING AND
RESEARCH STAFF

¹ Student distribution by headcount.



PIPITEA

Parliament and The Beehive
 Supreme Court
 Pipitea Campus

KELBURN

Kelburn Campus

Proposed new National Music Centre

ORIENTAL BAY

Town Hall
 City Gallery Wellington
 Te Papa
 Bucket Fountain

TE ARO

Te Aro Campus

Pukeahu National War Memorial Park
 Basin Reserve

HATAITAI

BROOKLYN

Wellington Regional Hospital

Graduate School of Nursing, Midwifery and Health

SHELLY BAY

Park Road Post Production

The Weta Cave

Miramar Creative Centre

EVANS BAY

NEWTOWN

Wellington Zoo

KILBIRNIE

Wellington International Airport

MIRAMAR

The Roxy Cinema

KEY

- Victoria University sites
- Student accommodation
- Wellington landmarks

ISLAND BAY

Coastal Ecology Lab

ISLAND BAY

HOUGHTON BAY

Taputeranga Marine Reserve

LYALL BAY

BREAKER BAY

OWHIRO BAY

Year in review

Building our global reputation

Enhancing our global reputation was a key focus during 2018. Boosting the University's international reputation will help it to forge high-quality partnerships with top universities, recruit world-leading staff, grow the number of international students, and more effectively compete for international research funding. A stronger brand also strengthens our ability to compete against the international elite university brands and their new modes of delivery. All of this is beneficial for alumni as it increases the value of their qualifications offshore. A strong global reputation is also essential to ensure the financial sustainability and long-term viability of the University.

University of Wellington

A proposal for University of Wellington to become the new legal name of the University was approved by the University Council in September. The proposed name change was an important step towards a closer partnership with Wellington and towards giving the University a clear, distinctive, and memorable name upon which an enhanced global reputation could be more effectively developed. The Council also approved a change in the University's Māori name to Te Herenga Waka, which is also the name of our marae and means the mooring place of canoes. In December, the University was advised that the Minister of Education had declined the Council's recommendation to change its legal name to University of Wellington. Council will consider its response to the Minister's decision in early 2019.

Programme of actions

A broad programme of initiatives to enhance our international reputation was developed in 2018. By way of example, these projects included:

- continued attention to research and teaching quality and their proxies, such as citations, awards, and surveys

- additional staff-to-staff collaboration and more effective institutional-level partnering
- engagement activities to boost the University's profile and reach such as hosting more conferences in Wellington and increased participation in offshore conferences.

Rankings

Despite a tough year overall for New Zealand universities, Victoria University of Wellington held its standing in the QS World University rankings for 2018. At an overall rank of 221, we are now the highest-ranked of the New Zealand universities that do not have a medical school and remain in the top 2 percent of the world's 18,000 universities. Since 2014, the University has moved up 44 places in the QS World University rankings.

International engagement

The University hosted a range of conferences in 2018, bringing thousands of academics to Wellington from institutions around the world. This included the Third International Conference on Wellbeing and Public Policy, which brought together over 350 policymakers, wellbeing researchers, and members of the public, and the Australasian Association of Philosophy's 2018 conference, in which hundreds of philosophy academics and students presented and discussed their ideas.

A number of new collaborations within New Zealand and internationally were also launched. One example of many is a collaboration between researchers at Victoria University of Wellington, the Universities of Oxford and Reading in the United Kingdom, and the Centre for International Climate Research in Norway, to develop better ways of thinking about how methane fits into carbon budgets.



Our distinctive strengths

Advancing better government

In April, the Faculty of Law hosted the New Zealand Centre for Public Law's 'Government Law: Year-in-Review' seminar, which sought to explain some of the key developments in government law over the past year and explore their significance for those working inside and outside of government. In November, the Political Science and International Relations programme hosted a three-day New Zealand Political Studies Association conference on the theme of 'representation and responsibility'.

Cultivating creative capital

In November, Rachel Barrowman's book *Creative Victoria: A History of 119 Years of Creativity at Victoria University of Wellington* was published by Victoria University Press to celebrate the University's contributions to the cultural and creative life of Wellington, New Zealand, and beyond—in music, art, theatre, film, architecture, creative literature, and publishing.

Enabling our Asia-Pacific trading nation

The team leading the 'Enabling our Asia-Pacific trading nation' area facilitated an Asia-Pacific Spotlight Lecture Series in late 2018 featuring Victoria University of Wellington academics, government experts, and visiting international fellows speaking on topics including New Zealand Inc.'s trade and investment in the Asia-Pacific and ASEAN's pivotal role in the region. All three sessions were well attended by business and government stakeholders, as well as university staff and students.

Enhancing the resilience and sustainability of our national heritage and capital

Four Victoria University of Wellington researchers were awarded Rutherford Foundation New Zealand Postdoctoral Fellowships for research that will be carried out with the University's Antarctic Research Centre and School of Biological Sciences. The projects include research that looks at the role atmospheric warming has played in driving ice sheet retreat and Antarctic environmental change in the past, and a project that will map changes to New Zealand's biggest glacier—the Tasman—using drones, satellites, and field observations.

Enriching national culture

Senior lecturer in Art History Dr Peter Brunt co-curated *Oceania*, the United Kingdom's first major show to explore Oceanic art, at London's Royal Academy of Arts. The exhibition was opened in September with an event attended by the Duchess of Sussex, and has received overwhelmingly positive reviews.

Improving health and wellbeing in our communities

The Faculty of Health was launched in 2017 and the first cohort of 125 Bachelor of Health students took their seats in the 2018 academic year. Of those students, 28 percent identified as Māori or Pasifika. More broadly, Victoria University of Wellington researchers from various faculties obtained more than \$22 million in grants in 2018 for projects related to health and wellbeing, ranging from the Ferrier Research Institute's work on developing new drugs and vaccines to combat malaria, to Faculty of Health researcher Dr Terry Fleming's work on digital game-based mental health interventions for young people.

Spearheading digital futures

Launched this year by the University's Wai-te-ata Press, 'LitAtlas' is a smartphone app that takes users on a stroll around Wellington's waterfront in the virtual company of some of the country's favourite writers using geo-location tracking, kinetic typography, and augmented reality. A collaboration between staff and students, the app connects landscape with technology and demonstrates how new media can reinvent digital space.



Senior Lecturer Dr Terry Fleming from the Faculty of Health is working on digital game-based mental health interventions for young people.

Stimulating a design-led, high-value manufacturing region

In September, the Faculty of Architecture and Design hosted 'Manufacturing our Future', a series of events that brought together internationally recognised experts and design leaders from around New Zealand. The series included two design exhibitions as well as public lectures and panel discussions on topics including New Zealand's point of difference in design and new technologies within the Māori design environment.

Research

Increase in PBRF submissions

The University met the deadline for Performance-Based Research Fund (PBRF) submissions with 35 percent more evidence portfolios than in the last PBRF round. The 932 portfolios submitted (up from 692 in the 2012 round) reflect the University's growing research culture and its commitment to ongoing enhancement of research quality, quantity, and impact.

Landslide victory

New technology from a student-led research project aims to revolutionise the way geotechnical engineers monitor and predict landslides, potentially helping to save countless lives and cut costs. The project uses low-cost solar- or battery-powered wireless GPS sensors together with a unique, cloud-based algorithm to calculate the location of each sensor, enabling daily measurements to be taken at multiple points on a landslide without the need for site visits. Following a pilot in Taiwan, the technology is now being trialled closer to home in areas where landslides have occurred, including Kaikōura, the Kāpiti Coast, and Wellington.

Breaking the silence

In the first study of its kind, Dr Chris Bowden from the School of Education found that young men aged between 17–25 who lost a close male friend to suicide suffered, grieved, and eventually changed in silence. Dr Bowden conducted in-depth 'lived experience' interviews with young men over a period of a year. His research recommends that health professionals, families/whānau, and friends learn to acknowledge and interpret the silence of men in order to better understand their experience and need for care and support.

A boost for start-ups

A new partnership between Victoria University of Wellington's commercialisation arm, Viclink, and New Zealand financial services company Booster highlights

the investment potential in start-up companies spun out of the University's world-leading research. The partnership, called the New Zealand Innovation Booster, was launched in August and will invest a minimum of \$2 million per year for five years. It marks the first time a New Zealand financial institution has joined forces with a university to invest in its start-up companies.

Marsden Fund success

Twenty-two Victoria University of Wellington-led projects received more than \$14.5 million from the Government's 2018 round of Marsden Fund grants. The successful projects include a 'waka laboratory' utilising aerial drones and ocean submersibles to sample gas emissions from some of the world's most inaccessible volcanoes, research investigating whether self-harm among New Zealand youth leads to suicidal thought and behaviour or vice versa, and a project that looks at how subtle genetic differences create diverse and useful chemical compounds in fungi, with a view to tailor-making compounds with medicinal uses.

Innovative endeavours

Eleven Victoria University of Wellington-led projects—a sixth of the total funded—received more than \$34 million from the Ministry of Business, Innovation and Employment's Endeavour Fund. The University has more projects supported than any of the other institutions in the 2018 round of New Zealand's largest contestable research fund, acknowledging the quality, innovation, and impact of its research.

Funded projects include materials for next-generation computers that use superconductor technology to increase operating speed and data storage, a magnetic sensor to test the integrity of infrastructure such as electricity networks, pipelines, and buildings (for example, after an earthquake), technology that uses solar-generated steam to purify water for drinking, and handheld biosensors for winemakers to monitor grape and wine quality.



Dr Chris Bowden's research sheds light on the silent suffering of men who have lost a close male friend to suicide.

Awards and honours



In May, Provost Professor Wendy Larner received the Victoria Medal from the United Kingdom's Royal Geographical Society, one of geography's most prestigious awards. She also won the 2018 Women of Influence Award for Innovation and Science and took up the role of President of the Royal Society Te Apārangi in July.



Alumnus and former Prime Minister and Minister of Finance, Rt Hon Sir Bill English, received an honorary Doctor of Commerce in December, acknowledging his distinguished record of public service. In May, alumnus Sir Terence Arnold QC received an honorary Doctor of Laws in recognition of his eminent legal career.



Deputy Vice-Chancellor (Māori) Professor Rawinia Higgins, a highly regarded Māori language expert, was appointed as Chairperson of Te Taura Whiri i te Reo Māori (the Māori Language Commission) in June. In December, Professor Higgins won the Education section of the 2018 *Dominion Post* Wellingtonian of the Year Awards.



Assistant Vice-Chancellor (Pasifika) Associate Professor Hon Luamanuvao Winnie Laban was made a Dame Companion of the New Zealand Order of Merit for services to education and the Pacific community. She also received the 'Tribute to a Wellington Icon' award at the Wellington Gold Awards.



First-year student Lewis Clareburt, the first recipient of the University's Swimming Scholarship, competed in the 2018 Commonwealth Games where he won the 400m individual medley bronze medal. He was also named Sportsperson of the Year at the Victoria University of Wellington Blues Awards.



Associate Professor Rebecca Priestley from the Science and Society group was made a Companion by the Royal Society Te Apārangi, while four staff were made Fellows: Vice-Provost (Research) Professor Margaret Hyland, Professor Emily Parker, Professor Susy Frankel, and Professor John Creedy.



The University's Ferrier Research Institute received the Discovery Gold Award at the Wellington Gold Awards for work that led to the creation of Mundesine®, a drug that treats previously hard-to-treat lymphomas. Pictured are Professors Peter Tyler and Richard Furneaux from the Ferrier Research Institute.



Professor Rod Downey received the 2018 Rutherford Medal, New Zealand's top science award, at the Royal Society Te Apārangi New Zealand Research Honours for his research into computability, computational complexity, and randomness.



Two of the University's recent building projects, the Biological Sciences building Te Toki a Rata and the Rutherford House extension, each won a Local Architecture Award from the New Zealand Institute of Architects.



Alumna and lecturer Dr Pip Adam won the premier \$50,000 Acorn Foundation Fiction Prize at the 2018 Ockham New Zealand Book Awards in May for her novel *The New Animals*.



Professor Sally Davenport from the School of Management was made a Member of the New Zealand Order of Merit in the New Year Honours for services to science.



Associate Professor Taehyun Rhee was awarded the Research Entrepreneur Award at the 2018 KiwiNet Research Commercialisation Awards for his work in virtual and augmented reality.

Learning and teaching

Innovative teaching and learning

In 2018 the University continued to innovate in teaching and learning to meet the needs of students and ensure an engaging learning experience. One example of this is the newly approved micro-credentialing policy, offering recognition for taking courses and developing skills in specific areas. The first pilot micro-credential to be offered is in Digital Fluency through the Faculty of Humanities and Social Sciences.

In addition, a new course called The Future of Work offers second-year students from the Faculties of Commerce and Humanities and Social Sciences an internship-like experience without having to leave the lecture theatre. The course brings in industry experts from organisations such as Wellington Zoo, Flick Electric, and Inland Revenue to give presentations on how they are being challenged by social and technological changes.

Online outreach

The University continued to expand its outreach through the edX platform with two new massive open online courses (MOOCs). In March, the University launched the world's first restorative justice MOOC, drawing on the pioneering role New Zealand has played in incorporating restorative practices into its justice, welfare, and education systems.

In August, the University launched another MOOC, *New Zealand Landscape as Culture: Maunga (Mountains)*, which explores New Zealand's mountain landscapes through the lens of Māori and Pākehā cultures, touching on mythology, literature, and the cultural identities attached to mountains. Victoria University of Wellington is still the only university in New Zealand to offer MOOCs on the prestigious edX platform, founded by Harvard University and MIT.

Virtual field trips

Dr Christian Schott from Victoria Business School has created a new teaching tool that takes students out into the world using innovative technology. The tool is a 'virtual field trip' that replicates a real Fijian island and its community, allowing Sustainable Tourism Management students to explore sustainable development on the island. Constructed by 3D gaming software and incorporating videoed conversations with Fijian community members, students use virtual reality headsets or computer monitors to explore the island, taking the theories from the course to the 'field'.

The tool creates a highly immersive experience that also incorporates sound elements such as the crashing of waves. In addition to learning about sustainable development, the students gain leadership skills critical for a sustainable future and develop awareness as global citizens. The tool has already received several accolades for its innovative approach to teaching.

Digital legal tools

Victoria University of Wellington and LexisNexis announced a new five-year Innovation Partnership providing Law students with cutting-edge technology to support their studies and their transition to the workforce. Alongside the software, LexisNexis will also provide 35 scholarships over five years to support the next generation of outstanding legal talent from New Zealand as well as annual workshops for students, faculty members, and alumni on industry trends, insights, and challenges.

Open Classroom Week

A new initiative organised by the Centre for Academic Development saw award-winning teachers open their classrooms for others to observe excellent teaching in action. In Trimester 1, five award-winning teachers opened their classrooms and in Trimester 2, seven different teachers from five different faculties put their teaching and their students' learning on display to other teachers and interested staff from around the University. Each week finished with a panel discussion and social event.

Academic integrity

The University has undertaken a stocktake into aspects of academic integrity and as a result it is developing a holistic Academic Integrity Framework. This piece of work is informed by practices at other universities in Australasia and is expected to have a transformative impact on lifting understanding and aligning policies and monitoring systems with international best practice.



Dr Christian Schott (left) has created a new teaching tool that takes students on a 'virtual field trip' using innovative technology.

Student experience

A decade of student leadership

This year the University celebrated 10 years of providing students with award-winning leadership programmes. Since they were piloted in 2008, the University's two leadership programmes, the Victoria International Leadership Programme and the Victoria Plus Programme, have both played a central role in developing future leaders by recognising students' involvement in extracurricular activities that help shape engaged local and global citizens.

Over the past 10 years, more than 7,000 students have participated in either one or both of the programmes, allowing them to take part in a range of community engagements, volunteer activities, seminars, networking opportunities, and international conferences.

Increase in international students

The first trimester of 2018 saw 32 percent more international undergraduate students begin studying at the University compared with the same period in 2017. This is the third consecutive annual increase in international undergraduates at the University, reflecting its growing reputation as a globally ranked capital city university.

The University has also seen a more than 10 percent increase in new international Master's, postgraduate diploma, and postgraduate certificate students. As well as established markets such as China, the United States, and Europe, the University has gained students from new regions such as Latin America and Russia.

Students sharing their views

In February, the University launched *myView*, a blog where students can share posts about life on and off campus. So far there have been more than 50 posts on topics including life in halls of residence, developing healthy money habits, dealing with culture shock for international students, and events around the city.

www.myview.co.nz

Investing in the future

In August, the University launched Great Futures, a new philanthropic scholarship programme aimed at significantly increasing the support available to students. Great Futures aims to more than double the University's philanthropic scholarship funds by 2020 and allow capable

students to reach their full potential by removing the financial barriers that could prevent them from going to university or making the most of opportunities while they are studying.

Great Futures will support more students who face increased barriers to participation and achievement in tertiary education, including Māori, Pasifika, and refugee-background students.

Well positioned for change

A report by Victoria University of Wellington researchers found that Wellington and graduates working in the city are well positioned to navigate technology-driven upheavals. Called *It Takes a City to Raise a Graduate*, the report was prepared by the University's Working Capital project and is based on nearly 90 interviews with Wellington managers, human resource specialists, and recent graduates from a range of businesses, the public sector, and not-for-profit organisations. The report highlights Wellington's compact size and its benefits for networking and communication between employers and tertiary institutions.

Safety first

2018 saw continued success for the 'safety bus' service provided by the Accommodation Service and Campus Safety to take students from halls of residence to the city and back. On Wednesday, Friday, and Saturday nights, a bus drops students from Te Puni Village and Weir House to Courtenay Place and after midnight two shuttle vans offer all residents a ride back to their hall. The service regularly returned around 250 students to their halls of residence, improving safety for residents and reducing noise issues for neighbours.

Global village

Four students from Victoria Business School joined 35 others from across the world for a Social Economic Enterprise Development programme run by the School of Business Management at the Institut Teknologi Bandung in Indonesia. The programme involved the students spending a week in an Indonesian village to experience the daily life of local villagers and to help develop, market, and distribute a new product for the village.



Māori at Victoria University of Wellington

Māori and Pasifika student interventions

Following a four-month review in 2017 of Māori and Pasifika student interventions, 2018 saw outcomes from the review being implemented to help boost enrolment of Māori and Pasifika students and support their continued success.

In October, the University released the *Final Outcome* document establishing two new teams to support our student success—Āwhina, a University-wide Māori student support team, and a University-wide Pasifika Student Support team. The two new teams came into effect on 1 January 2019. Together, they will work collaboratively with faculties and other student services to provide culturally responsive support and enhance the retention and achievement of our Māori and Pasifika students.

Towards a bilingual Wellington

Victoria University of Wellington academics worked with Wellington City Council and Te Taura Whiri i te Reo Māori (the Māori Language Commission) to develop an action plan that will ensure te reo Māori is seen and heard more in Wellington.

An essential part of this initiative is Te Tauihu, Kaupapa Here Hukihuki—Te Reo Māori, the Te Reo Māori Policy. Deputy Vice-Chancellor (Māori) Professor Rawinia Higgins, Dr Vincent Olsen-Reeder, and other Te Kawa a Māui staff developed a detailed submission on the draft policy, and Dr Olsen-Reeder gave a follow-up oral submission on behalf of the University. Dr Olsen-Reeder also attended a hui with Council and Te Taura Whiri i te Reo Māori representatives, which included a discussion on developing a language plan to help implement the policy.

Supporting future leadership

In August, the University launched the Hei Rātā Whakaruruhau programme, which aims to help emerging Māori leaders in governance roles. The programme

involved 22 participants between 18–35 years of age and was delivered in partnership with Te Pūtea Whakatupu Trust and the Federation of Māori Authorities.

Hei Rātā Whakaruruhau taught the students about leadership tools from a range of Māori, non-Māori, and global sources, and examined how leadership themes link back to the participants' own tribal, Māori land trust, or company workplace strategy and culture.

Toiora programme

The Toiora programme was developed in 2016 by Student Health and Victoria Recreation with the aim of improving the overall hauora (health and wellbeing) of Māori and Pasifika students by promoting the importance of wellness.

In 2018, Victoria Recreation continued to deliver the programme, educating students on important aspects of wellness such as good nutrition, sleep, and keeping active, and provided Māori and Pasifika students with wellness opportunities through simple, informal 'drop-in' recreation sessions. As a result, Victoria Recreation has become a hub for Māori and Pasifika students, who are increasingly engaging in services such as group exercise classes and casual sport sessions.

Taihonoa partnership programme

The University continued to progress its partnerships with iwi and other Māori organisations through its Taihonoa partnership programme. The programme provides an opportunity for iwi and other Māori stakeholders to match dollar-for-dollar a contribution by the University for scholarships to their students attending Victoria University of Wellington. In 2018, 27 He Herenga Tangata relationship agreements were signed with new partners and more than \$500,000 of scholarship money went towards increasing the participation and success of Māori students at the University across all disciplines at both undergraduate and postgraduate levels.



Dr Vincent Olsen-Reeder has been working with Wellington City Council and Te Taura Whiri i te Reo Māori (the Māori Language Commission) to develop an action plan that will ensure te reo Māori is seen and heard more in Wellington.

Pasifika at Victoria University of Wellington

Pacific Climate Change Conference

In February, the University co-hosted the second Pacific Climate Change Conference at Te Papa, involving three days of presentations by more than 160 scientists, researchers, artists, legal minds, politicians, activists, and indigenous rights experts.

The conference was opened by Samoan Prime Minister, The Honourable Tuila'epa Dr Sa'ilele Malielegaoi, and sessions touched on diverse themes including the need for evidence-based laws incorporating traditional knowledge, the need to build capacity in the Pacific region to ensure climate change programmes are fit for purpose and managed adequately and ethically, and the importance of the arts in tackling climate change.

Representatives from 11 Pacific Island nations attended the conference and shared their on-the-ground experience of living and coping with the impacts of climate change. The conference was co-organised with the Secretariat of the Pacific Regional Environment Programme.

Emerging Pasifika Writer's Residency

In June, the International Institute for Modern Letters launched its new Emerging Pasifika Writer's Residency. Supported by Creative New Zealand, the Residency runs for three months and includes a writing room and a stipend of \$15,000. A member of the Pasifika arts community will also mentor the Emerging Pasifika Writer-in-Residence. Leki Jackson-Bourke, a South Auckland-based playwright of Tongan, Niuean, and Samoan descent, will take up the first Residency in 2019.

Pacific nursing outreach

A unique initiative saw Victoria University of Wellington academics delivering postgraduate courses in nursing, midwifery, and health at the National University of Samoa (NUS) to help address a chronic shortage of qualified lecturers within the NUS School of Nursing. Called *Growing our Own*, the initiative is a joint response to the factors contributing to the shortage, which has impacted the ability of NUS to provide research capability and

postgraduate qualifications both within its School of Nursing and in Samoa's broader nursing and midwifery sector.

The initiative began in July and involves Dr Robyn Maude and Dr Ausaga Fa'asalele Tanuvasa from the Faculty of Health, who are helping to deliver five PhDs, eight Master's degrees, and up to 40 diploma and certificate courses in Samoa.

Public sector symposium

In August, Victoria Business School hosted a three-day symposium that explored issues affecting public sector development in Cook Islands, Fiji, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, and Vanuatu.

Papers were presented by a cross-section of Members of Parliament, members of the diplomatic corps, public servants, development practitioners, students, and academics on themes including performance management, capacity building, and the role of regional and sub-regional intergovernmental organisations.

Prestigious prize for Samoan academic

Dr Guy Fiti Sinclair, Senior Lecturer at the Faculty of Law, was awarded the prestigious 2018 European Society of International Law Book of the Year Prize. The jury unanimously decided to award him the prize for his book *To Reform the World: International Organizations and the Making of Modern States*, published by Oxford University Press. Dr Sinclair is the first author not affiliated with a European university to win this prize.

Innovative architecture

Master of Architecture student Anthony Liuvaie Freddie, who grew up in Niue, has developed sustainable, cyclone-resistant architecture for the island nation utilising its important natural features such as the native Ovava tree. He hopes this work will improve the country's resilience and better prepare it for the impacts of climate change.



(L-R) Dr Pala Molisa, Professor James Renwick, Prime Minister of Samoa Hon Tuila'epa Dr Sa'ilele Malielegaoi, Associate Professor Winnie Laban, and Secretariat of the Pacific Regional Environment Programme Director-General Kosi Latu at the Pacific Climate Change Conference.

Sustainability

Two projects win Green Gown Awards

In November, Victoria University of Wellington won two prestigious Australasian awards for its demonstration of sustainability leadership.

The Green Gown Awards recognise sustainability best practice across the Australasian tertiary education sector and are highly competitive. The University's winning projects were Sustainability Week, which took out the 'Student Engagement' category, and the Victoria Plus Programme, winner in the 'Benefiting Society' category. Both projects are now eligible for the International Green Gown Awards.

Sustainability Week was a student-led event held in May 2018, with support from the University's Sustainability Office and other parts of the University. More than 1,000 students and staff attended events or took part in associated activities, including a climate change panel with Green Party co-leader Hon James Shaw and Wellington Mayor Justin Lester, documentary screenings, art installations, and talks from ethical and environmental organisations.

The Victoria Plus Programme was the first of its kind in New Zealand and generates student volunteering and civic engagement opportunities. Students volunteering on campus and in the wider Wellington community contribute between 100 and 300 hours of their time respectively for the Victoria Plus Certificate and Award. Thousands of students have participated in the programme over the past 11 years.

Energy management recognised

In September, the University won a 2018 Energy Efficiency and Conservation Authority (EECA) Business Award in the Public Sector category. EECA promotes energy efficiency, energy conservation, and the use of energy from renewable sources, and the Awards aim to highlight and celebrate best practice in energy management in New Zealand.

The win acknowledges the University's energy management programme, which commenced in 2007 and has resulted in significant reductions in energy consumption, greenhouse gas emissions, and waste generation.

Sustainable Development Goals

In 2018, the University continued to demonstrate its commitment to the United Nations' Sustainable Development Goals (SDGs)—17 economic, environmental, and social goals that aim to 'transform our world' by ending poverty, protecting the planet, and ensuring prosperity for all by 2030.

In April, the University hosted a day-long summit bringing together academics and people from the public and private sectors to discuss how New Zealand can make progress in achieving the SDGs. Panel sessions throughout the day explored topics such as what the Government needs to do to act on SDGs and how leading New Zealand businesses are using the SDGs to help unlock value.

The School of Government has been working on a website that aims to 'hold a mirror' up to New Zealand's progress in achieving the SDGs, which will be launched in early 2019. Every quarter, the website will be updated with the latest Statistics New Zealand data to show the country's performance against measures under each goal.

A multidisciplinary research team has also been exploring how urban agriculture (cultivating, processing, and distributing food in or around a city) can help address SDGs in the local neighbourhood context.

Steering climate change policy

In April, five Victoria University of Wellington academics were confirmed as lead authors for the next report from the Intergovernmental Panel on Climate Change—one of the world's leading independent reports on our changing climate.

Professors Dave Frame, Andrew Mackintosh, and James Renwick, Associate Professor Nick Golledge, and Dr Judy Lawrence make up one of the larger groups of authors from any organisation to be involved in preparing the report.

The inclusion of such a large group of academics from one institution reflects Victoria University of Wellington's strength in climate science across a wide range of areas including climate physics, global and regional climate change, ice sheets, and sea level rise.



(L-R) Professor Dave Frame, Professor Andrew Mackintosh, Dr Judy Lawrence, Associate Professor Nick Golledge, and Professor James Renwick were confirmed as lead authors for the next report from the Intergovernmental Panel on Climate Change—one of the world's leading independent reports on our changing climate.

People, places, and programmes

Te Toki a Rata

In February, Prime Minister Jacinda Ardern officially opened the University's new Biological Sciences building, Te Toki a Rata. Situated on Kelburn Parade, the building has been designed to reflect international best practice, including collaborative laboratory and learning and teaching environments. Serving as a gateway to our science precinct for staff, students, and the wider community, Te Toki a Rata will allow important scientific research being undertaken at the University to be more visible and accessible. In May, the building won a Local Architecture Award in the Education category from the New Zealand Institute of Architects.



Prime Minister Jacinda Ardern and Professor Grant Guilford at the opening of Te Toki a Rata.

Creative links with Beijing

At a special event in April, Victoria University of Wellington signed two Memorandums of Understanding (MoU) with the prestigious Beijing Film Academy that will increase collaboration and creative links between the two institutions. The first MoU is a general agreement that the two institutions will work together to explore key areas of mutual collaboration. The second MoU is focused on study abroad opportunities, and will allow Beijing Film Academy students to spend a semester studying at Victoria University of Wellington. The agreements will utilise the Miramar Creative Centre's strengths in film, animation, and game design.

New senior appointments

In July, Dr Lucy Baragwanath joined Victoria University of Wellington as Deputy Vice-Chancellor (Engagement). Dr Baragwanath brings with her a wealth of experience in strategic engagement, leadership, and influence from her previous role as Senior Advisor to the Vice-Chancellor at Auckland University of Technology, and past roles at the

Committee for Auckland, the Auckland Mayor's Office, Auckland Council, and the University of Auckland.

Professor Margaret Hyland took up the role of Vice-Provost (Research) in July. Prior to her appointment she was Professor of Chemical and Materials Engineering at the University of Auckland, and was also seconded to the Ministry of Business, Innovation and Employment in the role of Chief Scientist. Professor Hyland was the first woman to be awarded the prestigious Pickering Medal for excellence in technology by the Royal Society Te Apārangi in 2015. She was also the inaugural Director of the Science for Technological Innovation National Science Challenge.

Professor Stephen Dobson took up the position of Dean of Education in July. Professor Dobson is a widely respected scholar whose research focuses on pedagogy, assessment, and learning. Prior to his appointment he was Dean and Head of the School of Education at the University of South Australia, and he has also held higher education roles in Scandinavia.

3D printing partnership

The University's School of Design formally partnered with internationally renowned 3D printing company Shapeways, joining 12 other institutions, including MIT in the United States and the United Kingdom-based Royal College of Art, as a Shapeways Education Partner. Shapeways provides printing and design services to businesses and schools around the world, and the partnership is an endorsement of the high-quality design work done at Victoria University of Wellington.

Leap forward for national music centre

Plans by the University, the New Zealand Symphony Orchestra, and Wellington City Council to create a national centre of musical excellence in central Wellington took another leap forward this year when the New Zealand Lottery Grants Board granted \$4 million to the project. The fundraising campaign is well on its way to achieving its \$30 million target. The result of many years' planning, the national music centre is intended to be a vibrant community facility that will support civic engagement and be a magnet for musical and creative talent nationally and internationally.

University Consortium of Maritime Silk Road

In October, Victoria University of Wellington became the only New Zealand university to join the new University Consortium of Maritime Silk Road, which was launched in Xiamen, China. The Consortium comprises more than 60 universities from 17 countries and regions and was initiated by Xiamen University, one of Victoria University of Wellington's longstanding partners, with the aim of improving collaboration between Consortium members.

Community

Cycling up Mount Everest

The Mental Health Foundation received a \$2,400 boost thanks to Dr John Randal from Victoria Business School, who held a cycling fundraiser in the Hub at Kelburn campus in March. A further \$750 in cash donations were collected for the University's Student Hardship Fund as Dr Randal pedalled for 15.5 hours, up and down a virtual hill 66 times until he had ridden the equivalent of the elevation of Mount Everest (8,848m). Dr Randal's epic cycle began at 7 am, and with only a couple of short breaks, he reached the 'summit' at 11.15 pm. During the day, students, staff, supporters, and family kept him company, stopping by for a chat and to donate to the cause.

Student Volunteer Week

Victoria University of Wellington celebrated the volunteers who give to our community and encouraged others to give volunteering a go as part of Student Volunteer Week in April. Alongside their studies, student volunteers support services on campus and organisations throughout the wider Wellington region, helping build a supportive, engaged community, while developing their leadership skills and increasing their employability. To celebrate the work of student volunteers, staff and students hosted a range of events on campus across the week including a quiz night, a healthy eating stall, and a seminar about the impact of volunteering.

The University was also the naming sponsor for the 2018 Volunteer Wellington Corporate Challenge, which encourages organisations to get involved in volunteer activities throughout the community. A group of student volunteers worked behind the scenes of this event in June to make sure it was a success.

Relay for Life

A total of \$8,790 was raised by university staff, students, and friends as part of the Cancer Society's Relay for Life in March, placing the team ninth in the list of top fundraisers for the Wellington event. It was the first time the University had entered a team in the annual fundraiser.

Digital heritage

A group of Architecture students brought historical architecture and social history to life with a virtual reality project to explore Wellington's Gordon Wilson Flats. As part of the University's Summer Research Scholarships programme, students explored contemporary methods of digital heritage by developing a virtual reality experience that recreated the flats within the 59-year-old building on The Terrace in central Wellington and overlaid the experience with the social histories of tenants who lived there over the past five decades.

Spotlight, Inaugural, and Provost Lectures

This year the University continued to stimulate public thought and discussion by hosting a range of public lectures, with 10 Inaugural Lectures, eight Spotlight Lectures, and four Provost Lectures. All lectures were open to the public, and they covered a diverse range of topics including taxation equity, the skyscraper and its place in socio-political history, plate tectonics in Zealandia, and the role of poetry in the twenty-first century.



Dr John Randal raised money for the Mental Health Foundation of New Zealand and the Student Hardship Fund by spending nearly 16 hours on a stationary bike to cycle the equivalent height of Mount Everest.

Statement of service performance 2018

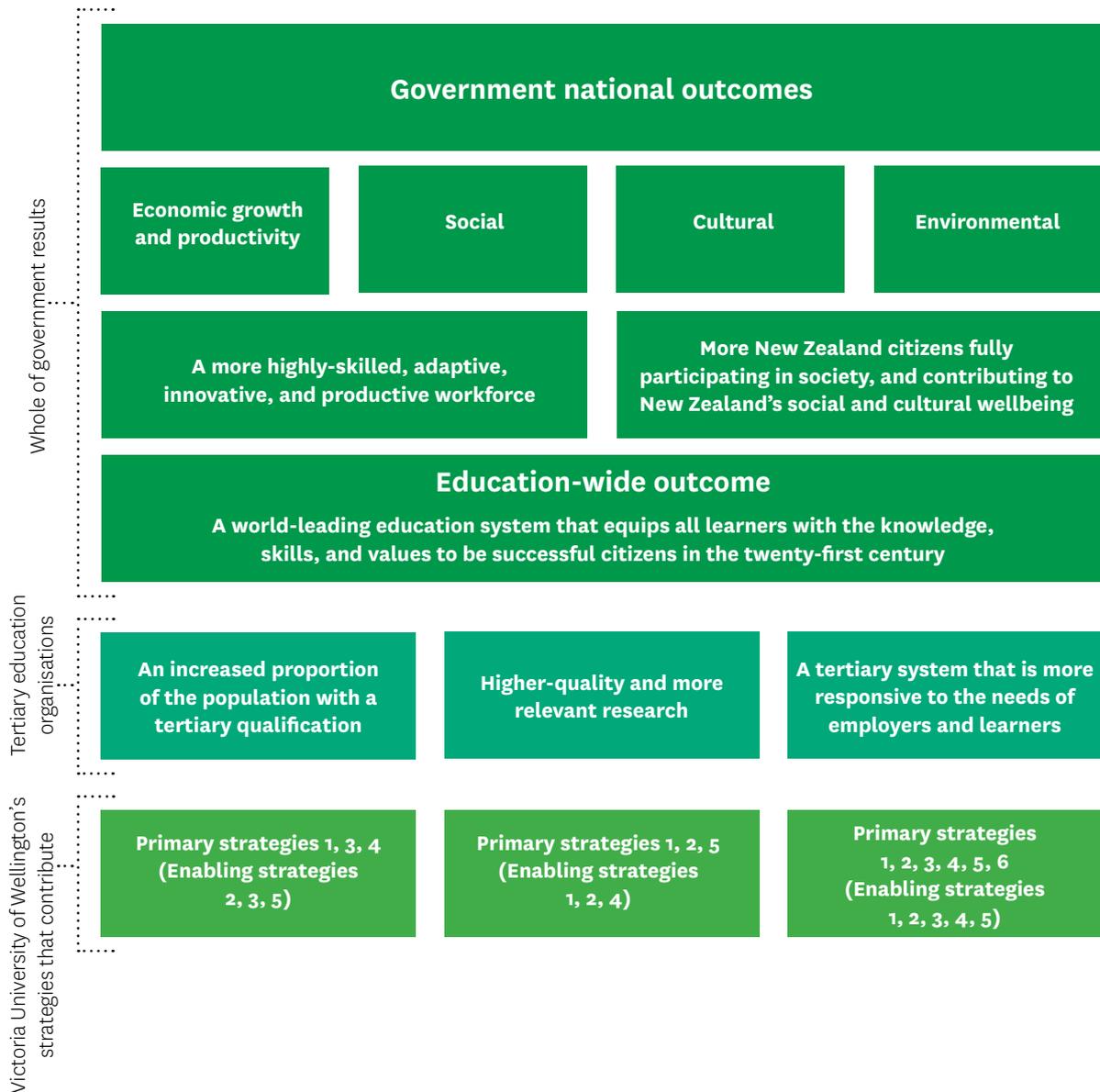
For the year ended 31 December 2018

Victoria University of Wellington's Strategic Plan is designed to guide the University towards its vision of becoming one of the world's great global-civic universities.

The outcomes in this Statement of Service Performance illustrate the ongoing progress made during 2018 towards achieving our vision.

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

Outcomes and performance framework



The Statement of Service Performance is organised around our own strategies and how they contribute to the Government’s outcomes for New Zealand. These focus on a more highly-skilled, adaptive, innovative, and productive workforce and more citizens fully participating in society and contributing to New Zealand’s social and cultural wellbeing.

Primary strategies

1 – Adopt a distinctive academic emphasis

	2018 ACTUAL	2018 TARGET	2017 ACTUAL
Progress the development of the eight multidisciplinary themes identified as part of our distinctive academic emphasis	Achieved	Objectives and milestones set by each of the themes’ steering groups are achieved	Achieved

2018 saw the first round of competitive grants awarded. The Distinctiveness Themes Activity Fund awarded eight grants for such activities as ‘Averting Dystopia—better government of our digital future’ which was an event hosted by three distinctive themes (Spearheading Digital Futures/Advancing Better Government/Enriching National Culture), and ‘Shaping New Zealand’s design-led enterprise’, an event to facilitate working with stakeholders of the Design-led High-value Manufacturing theme.

Highlights of the year for some of the themes included:

- A symposium under the Enabling our Asia-Pacific Trading Nation theme called ‘Looking at India from the Pacific’ was held by the New Zealand India Research Institute.
- The Enhancing Resilience and Sustainability theme held a successful summit in April on the Sustainable Development Goals (SDGs) of the United Nations, which brought together civil-society, government, business, academic, and youth groups to talk about the SDGs and think about solutions that would achieve the goals of Agenda 2030.
- Under the Enriching National Culture theme, a conference was held in September in partnership with the Aotearoa New Zealand Women’s Studies Association called ‘Feminist Engagements: 125 Years of Suffrage and Beyond’.
- Also in September, several staff who are part of the Improving Health and Wellbeing in our Communities theme were involved in the organisation of the Third International Conference on Wellbeing and Public Policy which focused on critically evaluating the rapidly expanding field of wellbeing research across a range of disciplines, sharing the work of leading international organisations, and distilling ideas and practices that will aid governments in developing a wellbeing approach to public policy.
- The Stimulating a Design-led High-value Manufacturing Region theme developed and prioritised a series of research platforms that draw on internal research expertise that is strategically aligned with regional strengths and partnerships, targeting global niches of research and teaching excellence. Three of the platforms have been given a high priority and have been the focus of activities for the theme. They are the Smart City Technology Research Centre, Wellington Smart Health Device Technologies Cluster, and the 3D Printing Enabled University.

2 – Enhance research quality, quantity, and impact

	2018 ACTUAL	2018 TARGET	2017 ACTUAL	2016 ACTUAL
External Research Income (\$ millions)	69.7	65	57.8	52.5
Citation impact (weighted) Web of Science—Category-normalised citation impact	1.36	1.2–1.25	1.29	1.21
Citation impact (weighted) Scopus—Field-weighted citation impact	1.35	1.3–1.35	1.33	1.3
Number of new invention disclosures	46	45	44	38

External Research Income (ERI), as part of PBRF reporting requirements, was \$63.0m, a 20 percent increase from 2017 (\$52.6m). Continued strong success in the contestable funding rounds contributed to a \$9.8m increase in contracted research revenue resulting in \$44.9m (2017: \$35.1m) in the Research Trust. Other research revenue streams within the University were \$18.1m (2017: \$17.5m), including VicLink (\$6.4m) and the Foundation (\$3.3m).

Sub-contracted research, which is excluded from the figures in the paragraph above, increased to \$6.7m in 2018 (2017: \$5.2m). This brings total ERI to \$69.7m.

3 – Provide a holistic learning, teaching, and student experience that is second to none

	2018 PROVISIONAL ¹ %	2018 TARGET %	2017 PROVISIONAL %	2016 PROVISIONAL %
Course completion rate for all SAC-funded students	83.9	88.1	84.3	85.3
Course completion rate for students aged under 25	84.2	88.1	84.8	85.5
Course completion rate for Māori students	77.3	84.5	78.2	78.5
Course completion rate for Pasifika students	68.7	79.0	70.4	70.4
Course completion rate for commencing students	81.2	86.5	81.9	83.3
Student retention rate	86.9	88.0	86.6	86.5
	2018 ACTUAL	2018 TARGET	2017 ACTUAL	2016 ACTUAL
Proportion of courses evaluated that achieve scores of 'good' or greater for the 'overall effectiveness' indicator	82.0	80.0	83.0	83.0
Proportion of teachers evaluated who achieve scores of 'good' or greater for the 'overall effectiveness' indicator	94.0	86.3	92.0	91.0
Graduates in employment, further study, and not seeking work 1st year post-graduation (%)	96.0	95.0	95.1	93.0
Proportion of students rating services and facilities as 'good' or 'very good' in the Student Experience Improvement Survey	89.9	>90.0	86.0	88.0
Number of students who achieved awards in extracurricular programmes				
Victoria Plus Programme	97	100	105	82
Victoria International Leadership Programme	118	100	90	82
Number of students on exchange (inbound)	313	260	259	248
Number of students on study abroad (outbound)	209	300	205	210

A total of 918 courses and 663 teachers were evaluated in 2018. Both represent an increase over the number of courses and teachers evaluated in 2017, which were 873 and 623 respectively.

This is the tenth year that leadership programmes have been run at Victoria University of Wellington. During the year, the value of the Victoria Plus Programme to the Wellington community was recognised through receiving an Australasian Green Gown Award. The programme won an award in the 'Benefiting Society' category, which recognised the more than 125,000 hours students have contributed to the Wellington community since the programme began. In a recent survey of alumni of the programme, 84 percent confirmed it has had a positive impact on their employability.

In 2018, there were 81 full programme recipients in the Victoria International Leadership Programme (VILP), 25 of whom were international students and 56 domestic students. Group members have participated in various activities including involvement with international or cross-cultural organisations and events in Wellington and overseas. There are currently over 2,300 students enrolled in the programme and over 10,000 students have participated in VILP over the 10 years it has been offered.

In 2018, the methodology governing exchange students has been revised to include all students on exchange in a given year regardless of the date of their arrival or departure. In previous years, only students who were new to exchange in any given year were included. The change has been made as the duration of an exchange is as important to tracking reciprocity as the number of students going on an exchange. Many inbound students who begin an exchange in one calendar year are still on exchange the following year due to the differences in academic calendars between partner institutions.

1 Final results for certain TEC-defined indicators will not be available until later in 2019. Provisional results are provided, although targets are set on the basis of final results as required by the TEC. For comparative purposes, provisional rates are provided for previous years.

4 – Secure the intellectual potential put at risk through experience of disadvantage

	2018 ACTUAL	2018 TARGET	2017 ACTUAL	2016 ACTUAL
Proportion of Māori students (%)	11.2	11.4	11.1	11.0
Proportion of Pasifika students (%)	5.9	6.3	5.9	5.9
Māori retention rate (%)	82.5	83.2	79.5	81.6
Pasifika retention rate (%)	80.2	81.4	79.7	81.6
Commencing Māori student EFTS	555	650	542	535
Commencing Pasifika student EFTS	234	341	226	283
Proportion of professors and associate professors who are female (%)	30.6	>2017 result	30.5	31.1
Proportion of academic staff who are Māori (%)	4.3	>2017 result	4.8	4.2
Proportion of academic staff who are Pasifika (%)	1.9	>2017 result	2.6	1.8

5 – Deepen engagement with alumni, benefactors, and communities

	2018 ACTUAL	2018 TARGET	2017 ACTUAL
Fundraising campaign (as per counting policy includes all bequests, pledges, as well as cash donations)	\$97.4m	\$80m+	\$65.2m

The campaign ‘counting’ methodology takes into account pledges made, cash received, and gifts in kind which more accurately reflects Victoria University of Wellington’s philanthropic activity. The methodology used considers the time frame from 2011 through 2018.

6 – Deepen Victoria University of Wellington’s intellectual influence in the Asia-Pacific region

	2018 ACTUAL	2018 TARGET
Evaluate the capital city universities network pilot to decide whether to proceed to implementation	In progress	Decision is implemented
A holistic engagement approach to countries and issues relevant to the Asia-Pacific region is developed that addresses global challenges where Victoria University of Wellington can have an impact	In progress	Country plans are finalised

During 2018, work related to the Capital City Universities Initiative (CCUI) included a fourth symposium at Victoria University of Wellington, this time on the theme of Open Knowledge versus Fake News. The symposium brought together leading scholars from the United States, Canada, Ireland, Singapore, and South Africa with our own experts, and was organised in partnership the National Library of New Zealand. In conjunction with the symposium, other events were held including a panel discussion open to the public that took place at the National Library and a policy-academic roundtable with Library and government officials.

The other main activity related to this pilot was the extension of an invitation to the President of the Network of Universities from the Capitals of Europe (UNICA) to visit Victoria University of Wellington in February 2019. Discussions on the ongoing viability and nature of the initiative will take place around this visit.

The further development of country plans was delayed in 2018 in favour of redevelopment of a university-wide international strategy that reflects current directions and thinking. As part of that development, a new International Board was established and approved by the Senior Leadership Team in December 2018. The new Board, which will commence work in early 2019, is charged with considering local and international interventions to support realising agreed strategic goals. This will then inform further development of new and existing strategies for regions and countries.

Activities under the approved China Strategy have continued apace. This includes significant progress being made in discussions with Xiamen University in China. In particular, a joint Master’s programme has been developed in the field of Architecture involving the main campus for Xiamen in China as well as new pathway agreements with its international campus in Malaysia. In addition, and along with a number of high-profile world universities, Victoria University of Wellington was invited to participate in the University Consortium of the 21st Century Maritime Silk Road initiative. Xiamen University continues as our Confucius Institute partner. In addition to this partnership, other high-profile and meaningful

partnerships have been developed in China, including one with the Beijing Film Academy, which further highlights Wellington's position as a creative capital.

The University has also invested in India, including in-country staff resource in Mumbai to work with potential students, agents, and university partners. The University also continues to work closely with Malaysia, in particular with the KYS Business School, and the Malaysian Government scholarship agencies.

Work in the Pacific continues with stronger relationships being formed with the Government of Vanuatu where the University is collaborating on Tourism programmes delivered there. Further cooperation is to be advanced in 2019.

The University is considering how to expand offerings already available in Papua New Guinea in Diplomatic Training to other disciplines for the government there as well as in other parts of the Pacific region.

Discussions continued with the National University of Samoa regarding the delivery of English Language Training and for postgraduate study in Nursing and Midwifery. It is expected that the programmes, which are supported through aid from the New Zealand Government to the Samoan Government, will commence in 2019 and continue over a five-year period.

Enabling strategies

1 – Double the community of world-class scholars choosing Victoria University of Wellington

	2018 RESULT	2018 TARGET	2017 RESULT	2016 RESULT
Number of annual Master's by Thesis completions	365	295	395	413
Number of annual PhD degree completions	159	150	132	193
Proportion of the University salary budget allocated for training and development (%)	1.9	2.6	2.8	2.8
Implement the Your Voice—Victoria Staff Survey work programme	Achieved	Action Plan progressed	Achieved	–

Staff were provided with the opportunity to anonymously and confidentially complete the Your Voice—Victoria Staff Survey in May 2018. The University had a return rate of 73 percent, the same as for the first survey conducted in 2015. The survey results were shared across the University, and included discussion and analysis tailored to the relevant work area. As a result of the survey results, a new Your Voice programme of work has commenced. This programme leverages off actions taken as a result of the 2015 survey, revisiting and reprioritising required actions as appropriate. The University will implement improvements in key areas such as technology, cross-area cooperation, and environmental sustainability through specific projects and working groups led and supported by relevant CSU/Faculty areas of expertise. Each work area is responsible for determining one or two areas that they will work on and improve.

2 – Attain the scale, quality, and academic profile of leading public universities

	2018 RESULT	2018 TARGET	2017 RESULT	2016 RESULT
Total EFTS increase by 1.5% per annum	1.7	1.5% more EFTS than EOY 2017	0.4%	2.4%
Commencing total EFTS	5,631	5,677	5,406	5,553
Commencing research postgraduate EFTS	111	138	115	126
Commencing full fee EFTS	895	779	741	764
Proportion of taught postgraduate EFTS	12.1	>2017 result	11.7	11.2
Proportion of research postgraduate EFTS	6.4	>2017 result	6.2	6.3
Proportion of international students (headcount)	16.7	>2017 result	15.9	15.5

Growth in student numbers in 2018 was largely due to increases in international students. A total of 114 countries are represented by the students who study at all levels at the University, with the top five countries remaining China, the United States, Viet Nam, Malaysia, and Australia. The largest increases in students were from China (109) and India (33). Other notable increases in enrolments were from Korea (13), Denmark (13), and Saudi Arabia (15).

While the number of commencing students and commencing research postgraduate students was not as strong as anticipated, overall EFTS for all levels of study increased over the previous year, which is reflected in the 1.7 percent increase in total EFTS.

3 – Optimise the University’s organisation, processes, facilities, and use of resources

	2018 RESULT	2018 TARGET	2017 RESULT	2016 RESULT
Major capital projects delivered on time and budget	In progress	Milestones and budgets met	In progress	Achieved

The major project (by value) was the reinstatement of lift cores and seismic upgrade/resilience work in the Rankine Brown building following damage sustained in the November 2016 earthquake. Seismic joints between the Rankine Brown building and the adjoining Hub will also be repaired as part of this project. The project is staged and work is expected to be completed in February 2020.

The floor-by-floor refurbishment of Rutherford House recommenced and level five was completed and reoccupied, allowing work to commence on level six. This is a multi-year programme that is expected to conclude in 2024.

The construction of K Pod, a small building that will provide decant and research postgraduate space, commenced in late 2018 and is scheduled for completion in October 2019.

Planning continued for a new home for the New Zealand School of Music—Te Kōki in central Wellington. A lease of premises is still being negotiated.

Planning for refurbishment of the Easterfield building commenced and a proposal with an indicative programme and cost is expected to be presented to University governance groups in the first quarter of 2019.

4 – Increase and diversify sustainable revenue

	2018 RESULT	2018 TARGET	2017 RESULT	2016 RESULT
Achieve real revenue growth of a minimum of 3% per annum	5.7%	Exceeds 3% on 2017	4.0%	3.3%
Revenue retained as surplus for reinvestment	3.0%	3.5%	3.0%	3.4%
Increase the amount of revenue from non-SAC-funded sources	13.7%	>2017 result	5.9%	5.4% increase over 2015

5 – Communicate the quality, values, and distinctiveness that define Victoria University of Wellington

	2018 RESULT	2018 TARGET	2017 RESULT	2016 RESULT
Number of expert contributions on topical issues in broadcast media (radio and television)	646	425	609	506
Number of inaugural professorial lectures	10	At least 10	11	13

Student levies

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

Victoria University of Wellington staff work in partnership with the Advisory Committee on the Student Services Levy (ACSSL), an oversight body with student representatives that consults with the Victoria University of Wellington Students' Association (VUWSA) executive and their executive subgroups—the Student Academic Committee (comprising faculty-based representatives) and the Student Equity and Diversity Committee (Māori and equity-based groups), before presenting its recommendation on changes to the Levy. VUWSA also runs an independent survey of all students prior to considering any recommendation on changes to the Levy.

The University works in partnership with students to ensure they have a say in how the Student Services Levy is spent. In 2018, VUWSA consulted on a proposed increase

to the Levy with the VUWSA Executive, several VUWSA committees, and with other student executive groups.

The Student Services Levy and Student Assistance Levy together made a deficit of \$10,557 in 2018. Annual carried forward levy surpluses and deficits are ring fenced, and are actively managed during the next financial year's levy budgeting and planning processes.

In 2018, an internal student studying 25 points or more was charged \$756 (GST inclusive) for the Student Services Levy. A Student Assistance Levy of \$24 (GST exempt) was paid by all students. The total Compulsory Student Service Fee per student in 2018 was \$780, which translates to \$851 per equivalent full-time student.

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

Advocacy and legal advice

Advocacy services delivered by the University manage a range of resolution activities in relation to student complaints, disputes, appeals, pastoral (including accommodation) issues, and academic disputes. VUWSA is also contracted to deliver an independent advocacy service and train and support class representatives and faculty delegates to ensure that students have a meaningful and independent voice at Victoria University of Wellington.

SERVICE CATEGORY	2018 STUDENT SERVICES LEVY (SSL) REVENUE \$'000	2018 STUDENT ASSISTANCE LEVY (SAL) REVENUE \$'000	2018 REVENUE FROM OTHER SOURCES \$'000	TOTAL REVENUE \$'000	TOTAL COST (SSL RELATED AND SAL GRANTS) \$'000	NET SURPLUS/ (COST) \$'000
Advocacy and legal advice	850	-	-	850	922	(72)
Careers information, advice, and guidance	1,286	-	46	1,332	1,332	-
Counselling services and pastoral care	2,288	-	344	2,632	2,651	(19)
Employment information	742	-	18	760	783	(23)
Financial support and advice	495	491	120	1,106	1,068	38
Health services	3,546	-	2,090	5,636	5,491	145
Media	185	-	-	185	189	(4)
Childcare services	194	-	-	194	195	(1)
Clubs and societies	2,887	-	4	2,891	2,201	690
Sports, recreation, and cultural activities	250	-	665	915	1,680	(765)
Total	12,723	491	3,287	16,501	16,512	(11)

Careers information, advice, and guidance

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

Counselling services and pastoral care

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

Employment information

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

Financial support and advice

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

Health services

The University's Student Health and Wellbeing centres operate from the Kelburn and Pipitea campuses and include Student Health, Student Counselling, and the

Physiotherapy Clinic. Disability Services works alongside students with temporary and ongoing impairments to ensure they are able to engage fully and achieve in their studies.

Media

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

Childcare services

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

Clubs and societies

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

Sports, recreation, and cultural activities

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

Financial overview

The operating surplus for the consolidated Group (excluding Foundation) was \$15.9m, which is 3.2 percent of revenue. The consolidated Group operating result (including all entities) generated a surplus of \$15.0m, equating to 3.1 percent of revenue. Revenues and the resulting surpluses were positive and largely in line with the Strategic Plan, which can be found on our website. For the third year in a row, Victoria University of Wellington's real revenue growth exceeded 5.0 percent, a significant achievement given that current school leaver student numbers in New Zealand have been gradually declining

on an annual basis. Domestic student numbers for the University were up 0.8 percent compared to the prior year, short of the aspirational budget, but ahead of government funding targets. There was pleasing growth in international student numbers, up 10.5 percent, and external research revenue, a key strategic KPI, grew by 21 percent from \$57.8m to \$69.7m. Victoria Link Limited, the University's entrepreneurial intellectual property development group, had a successful year developing prospective project opportunities for the future.

	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000
Financial performance					
Total operating revenue ¹	490,381	448,094	415,214	391,306	376,434
University surplus for the year¹	15,869	6,447	9,897	7,882	12,379
EBITDA¹	68,046	66,414	51,417	48,781	52,274
Surplus (including the Foundation)	14,985	13,450	14,098	18,405	16,498
Financial position					
Total current assets	148,396	146,103	102,239	99,485	92,832
Total non-current assets	912,449	904,731	829,788	763,942	698,055
Total assets	1,060,845	1,050,834	932,027	863,427	790,887
Total current liabilities	137,867	191,616	107,117	98,151	82,542
Total non-current liabilities	115,112	64,715	123,333	78,468	55,259
Total liabilities	252,979	256,331	230,450	176,619	137,801
Total community equity	807,866	794,503	701,577	686,808	653,086
Statistics					
University surplus to total revenue	3.2%	1.4%	2.4%	2.0%	3.3%
University surplus to total assets	1.5%	0.6%	1.1%	0.9%	1.6%
Current assets to current liabilities	109%	76%	98%	101%	112%
Assets to equity	131%	132%	133%	126%	121%

The Victoria University of Wellington Foundation (the fundraising arm of the University) earned \$4.1m from donations and investment returns, and generated \$11.9m in future pledges. Funds raised through the generous engagement of alumni and civic supporters of the University are critical to help us invest in key initiatives that support the realisation of the Strategic Plan. Total Foundation funds increased to \$57.2m at year end.

Net cash flow from operations at \$71.3m increased by \$3.4m from 2017, generating funds which, together with bank borrowings, are assisting the University to renew obsolete or outdated facilities and to proactively address critical maintenance and earthquake resilience requirements on university infrastructure. Over the past

two years, the University has spent \$94m on capital expenditure, including \$39m allocated to the new Science building, Te Toki a Rata, opened in February 2018.

While our sector faces significant challenges, the University is in a sound financial position. We operate in an increasingly challenging environment with limited fee increases under the fee maxima regime and continued pressure on limited government funding. As such, we must continue to grow cash generation to fund investment in critical people and infrastructure resources to ensure we deliver across the board on our Strategic Plan.

¹ These numbers are University Group (excluding the Foundation).

Statement of responsibility

We are responsible for:

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

In our opinion the financial statements and statement of service performance for the financial year ended 31 December 2018 fairly reflect the financial position and operations of Victoria University of Wellington and the Group.



Neil Paviour-Smith
Chancellor
25 March 2019



Professor Grant Guilford
Vice-Chancellor
25 March 2019

Independent auditor's report

TO THE READERS OF THE VICTORIA UNIVERSITY OF WELLINGTON AND GROUP'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2018

The Auditor-General is the auditor of Victoria University (the University) and group. The Auditor-General has appointed me, Grant Taylor, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and the 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 31 to 50, that comprise the statement of financial position as at 31 December 2018, the statement of comprehensive revenue and expense, statement of changes in equity, statement of cash flows and statement of accounting policies for the year ended on that date and the notes to the financial statements that includes other explanatory information; and
- the statement of service performance of the University and group on pages 18 to 23.

In our opinion:

- the financial statements of the University and group on pages 31 to 50:
 - present fairly, in all material respects the:
 - financial position as at 31 December 2018; and
 - financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
 - the statement of service performance of the University and group on pages 18 to 23 presents fairly, in all material respects, the University's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2018.

Our audit was completed on 25 March 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the key audit matters, responsibilities of the Council and our responsibilities relating to the financial statements and statement of service performance. We also 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 International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

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

Key audit matters

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

We have fulfilled the responsibilities described in the *Responsibilities of the auditor for the audit of the financial statements and statement of service performance* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements and statement of service performance. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements and statement of service performance.

Student enrolment, Government grant revenue and academic results

Why significant	How our audit addressed the key audit matter
<p>The core function of the University is to deliver tertiary education to students at a consistently high level of academic quality.</p> <p>The University recognised \$164.3m of government funding, through the Tertiary Education Commission (TEC), which in part is based on equivalent full-time student enrolments (EFTS) and retention and achievement results.</p> <p>Specific rules impact the University's entitlement to revenue:</p> <ul style="list-style-type: none"> where enrolled students withdraw from courses of study; and based on the actual results for targeted student cohorts. <p>The University negotiates the targets for these groups through its investment plan with the TEC and reports actual achievement in the statement of service performance. Because of the impacts on revenue and service performance reporting, we view the University's reporting of EFTS, retention and achievement results as a key audit matter.</p>	<ul style="list-style-type: none"> understanding the University's key processes, systems and controls to support accurate EFTS calculations and the recognition of related Government grant revenue and student achievement performance information. testing on a sample basis the controls surrounding the Student Management System from which the reported retention and achievement data is extracted. testing a sample of student enrolments and withdrawals and their recognition within the Student Management System to assess whether EFTS numbers have been accurately reported. testing the reconciliation of reported student achievement performance, on a sample basis, to the core Student Management System. comparing the University's actual EFTS results against target EFTS in the Investment Plan to test whether revenue recognised in the statement of comprehensive revenue and expense was consistent with the agreed entitlement.

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 statement of service performance, the Council is responsible on behalf of the University and group for assessing the University and group's ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Council intends to liquidate the

University and group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

For the budget information reported in the financial statements and 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 statement of service performance.

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

- We identify and assess the risks of material misstatement of the financial statements, and 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 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 statement of service performance, including the disclosures, and whether the financial statements and statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information. The other information comprises the information included on pages 1 to 17, 24 to 27 and 51 to 56 but does not include the financial statements, statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and 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 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 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 to provide a report on the University's Performance-Based Research Fund external research income. This engagement is compatible with our independence requirements. Other than the audit and this engagement, we have no relationship with or interests in the University or any of its subsidiaries.



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

Financial statements

Statement of comprehensive revenue and expense

For the year ended 31 December 2018

	NOTE	CONSOLIDATED			UNIVERSITY		
		ACTUAL 2018 \$'000	BUDGET 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	BUDGET 2018 \$'000	ACTUAL 2017 \$'000
Revenue							
Government funding		164,261	151,809	140,867	164,261	151,809	140,867
Performance-Based Research Fund (PBRF) funding		35,247	34,698	33,109	35,247	34,698	33,109
Domestic tuition		70,511	94,536	89,642	70,511	94,536	89,642
Full-fee tuition		43,087	40,651	37,213	43,087	40,651	37,213
Research		63,958	49,263	52,976	35,612	29,217	31,591
Commercial		15,883	15,972	14,944	14,396	14,481	14,250
Other revenue		97,434	73,175	79,343	64,139	58,099	64,780
Total operating revenue	2	490,381	460,104	448,094	427,253	423,491	411,452
Expenses							
People	3	247,891	237,765	231,191	235,004	228,256	220,855
Operating	4	130,675	120,526	114,271	102,337	93,824	90,622
Occupancy	4	43,769	39,381	36,218	42,949	38,488	35,194
Finance costs	5	2,729	2,736	174	3,447	3,387	720
Depreciation & amortisation	11,12	49,448	47,234	59,793	49,039	47,029	59,346
Total operating expenses		474,512	447,642	441,647	432,776	410,984	406,737
University surplus/(deficit)		15,869	12,462	6,447	(5,523)	12,507	4,715
Victoria University of Wellington Foundation:							
Movement of net assets	6	(884)	6,094	7,003	-	-	-
Surplus/(deficit) (including the Foundation)		14,985	18,556	13,450	(5,523)	12,507	4,715
Other comprehensive revenue and expense							
Movements in revaluation reserve	11	(395)	-	79,775	(395)	-	79,775
Movements in cash flow hedge reserve		(975)	-	(715)	(975)	-	(715)
Total other comprehensive revenue & expense		(1,370)	-	79,060	(1,370)	-	79,060
Total comprehensive revenue & expense		13,615	18,556	92,510	(6,893)	12,507	83,775

The accompanying notes form part of these financial statements.

Statement of financial position

As at 31 December 2018

	NOTE	CONSOLIDATED			UNIVERSITY		
		ACTUAL 2018 \$'000	BUDGET 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	BUDGET 2018 \$'000	ACTUAL 2017 \$'000
Current assets							
Cash & cash equivalents	8	79,010	27,488	45,579	37,900	18,000	21,971
Investments & other financial assets	9	35,309	59,574	46,458	(1,645)	-	(670)
Accounts receivable & accruals	10	16,482	16,072	39,463	20,484	13,864	38,894
Pre-paid expenses		13,363	13,398	11,187	10,350	10,950	8,447
Other current assets		4,232	3,623	3,416	109	120	116
Loans to related parties		-	-	-	4,300	2,000	3,900
Total current assets		148,396	120,155	146,103	71,498	44,934	72,658
Non-current assets							
Property, plant, & equipment	11	893,271	851,249	884,976	875,144	850,807	884,751
Intangibles	12	12,923	13,803	14,519	12,923	13,726	14,458
Investments in related parties	9,13	6,255	2,052	5,236	3,451	2,010	3,324
Total non-current assets		912,449	867,104	904,731	891,518	866,543	902,533
Total assets		1,060,845	987,259	1,050,834	963,016	911,477	975,191
Current liabilities							
Accounts payable & accruals	14	61,098	42,499	52,921	55,943	38,489	49,543
Revenue in advance	15	52,263	38,171	42,404	29,029	21,055	21,131
Related party borrowings	20	-	-	-	27,000	23,000	23,500
Employee entitlements	16	18,793	16,458	17,189	18,423	16,280	16,951
Deferred revenue—contractual obligation	17	3,593	-	3,202	3,593	-	3,202
Finance lease	19	-	-	790	-	-	790
Bank borrowings	18	2,010	-	75,000	-	-	75,000
Other current liabilities		110	-	110	110	-	110
Total current liabilities		137,867	97,128	191,616	134,098	98,824	190,227
Non-current liabilities							
Employee entitlements	16	19,809	19,905	18,852	19,809	19,905	18,852
Bank borrowings	18	95,000	132,000	45,000	95,000	132,000	45,000
Other non-current liabilities		303	682	863	303	-	413
Total non-current liabilities		115,112	152,587	64,715	115,112	151,905	64,265
Total liabilities		252,979	249,715	256,331	249,210	250,729	254,492
Net assets		807,866	737,544	794,503	713,806	660,748	720,699
Community equity							
Accumulated surplus		429,143	434,412	414,048	335,027	357,616	340,550
Other reserves		378,779	303,132	380,149	378,779	303,132	380,149
Non-controlling interest		(56)	-	306	-	-	-
Total community equity		807,866	737,544	794,503	713,806	660,748	720,699

The accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2018

	NOTE	CONSOLIDATED			UNIVERSITY		
		ACTUAL 2018 \$'000	BUDGET 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	BUDGET 2018 \$'000	ACTUAL 2017 \$'000
Community equity at 1 January		794,503	718,988	701,577	720,699	648,241	636,924
Surplus/(deficit) for the year		14,985	18,556	13,450	(5,523)	12,507	4,715
Net share capital of non-controlling interest		(252)	-	416	-	-	-
Other comprehensive revenue and expense							
(Decrease)/increase in revaluation reserve	11	(395)	-	79,775	(395)	-	79,775
Decrease in cash flow hedge reserve		(975)	-	(715)	(975)	-	(715)
Community equity at 31 December	22	807,866	737,544	794,503	713,806	660,748	720,699
Community equity represented by:							
Accumulated surplus							
Opening balance		414,048	415,856	398,445	340,550	345,109	333,792
Surplus/(deficit) for the year		14,985	18,556	13,450	(5,523)	12,507	4,715
Transfer from revaluation reserve		-	-	2,043	-	-	2,043
Transfer to non-controlling interest		110	-	110	-	-	-
Closing balance		429,143	434,412	414,048	335,027	357,616	340,550
Non-controlling interest							
Opening balance		306	-	-	-	-	-
Share capital		28	-	416	-	-	-
Transfer from accumulated surplus		(110)	-	(110)	-	-	-
Elimination of non-controlling interest at disposal		(280)	-	-	-	-	-
Closing balance		(56)	-	306	-	-	-
Asset revaluation reserve							
Opening balance		380,819	303,132	303,087	380,819	303,132	303,087
(Decrease)/increase in revaluation reserve	11	(395)	-	79,775	(395)	-	79,775
Transfer to accumulated surplus		-	-	(2,043)	-	-	(2,043)
Closing balance		380,424	303,132	380,819	380,424	303,132	380,819
Cash flow hedge reserve							
Opening balance		(670)	-	45	(670)	-	45
Decrease in cash flow hedge reserve		(975)	-	(715)	(975)	-	(715)
Closing balance		(1,645)	-	(670)	(1,645)	-	(670)
Community equity at 31 December		807,866	737,544	794,503	713,806	660,748	720,699

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 31 December 2018

	CONSOLIDATED			UNIVERSITY			
	NOTE	ACTUAL 2018 \$'000	BUDGET 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	BUDGET 2018 \$'000	ACTUAL 2017 \$'000
Cash flows from operating activities							
Government funding		166,325	148,999	140,214	166,325	148,994	140,214
PBRF revenue		35,247	34,698	33,109	35,247	34,697	33,109
Tuition fees		114,551	135,199	132,371	114,551	135,187	132,371
Research, commercial, & other revenue		162,505	133,919	134,639	106,309	99,920	92,945
Interest received		2,039	542	878	1,834	443	691
Dividends received		6	12	6	-	-	-
Cash donations		6,010	8,505	3,971	3,710	5	2,401
GST (net)		623	-	1,026	300	-	831
Payments to employees		(240,217)	(236,324)	(228,431)	(227,403)	(226,816)	(218,260)
Payments to suppliers		(173,022)	(165,407)	(149,665)	(143,772)	(134,933)	(124,522)
Interest paid		(2,729)	(2,736)	(175)	(3,447)	(3,387)	(720)
Net cash flow from operating activities		71,338	57,407	67,943	53,654	54,110	59,060
Cash flows from investing activities							
Receipts from sale of property, plant, equipment, & intangibles		27,729	-	7,999	27,729	-	7,999
Receipts from investments		3,573	-	4,004	-	1,750	-
Purchase of property, plant, equipment, & intangibles		(43,309)	(54,284)	(75,244)	(42,527)	(54,079)	(75,011)
Payments for investments		-	(1,430)	-	(127)	-	(1,814)
Net cash flow to investing activities		(12,007)	(55,714)	(63,241)	(14,925)	(52,329)	(68,826)
Cash flows from financing activities							
Proceeds from borrowings		15,000	35,225	60,515	15,000	33,249	60,523
Repayment of borrowings		(40,110)	(36,000)	(45,000)	(40,110)	(36,000)	(45,000)
Proceeds from related party borrowings		-	-	-	3,100	1,800	2,000
Finance lease payments		(790)	(830)	(750)	(790)	(830)	(750)
Net cash flow (to)/from financing activities		(25,900)	(1,605)	14,765	(22,800)	(1,781)	16,773
Net increase in cash & cash equivalents		33,431	88	19,467	15,929	-	7,007
Cash & cash equivalents at the beginning of the year		45,579	27,400	26,112	21,971	18,000	14,964
Cash & cash equivalents at the end of the year	8	79,010	27,488	45,579	37,900	18,000	21,971

The accompanying notes form part of these financial statements.

Reconciliation of surplus to net cash flow from operating activities

For the year ended 31 December 2018

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Surplus/(deficit)	14,985	13,450	(5,523)	4,715
Add/(less) non-cash items				
Depreciation & amortisation	49,448	59,793	49,039	59,346
Other non-cash items	(17,422)	(169)	(134)	(169)
Total non-cash items	32,026	59,624	48,905	59,177
Add/(less) items classified as investing or financing activities				
Losses/(gains) on disposal of property, plant, & equipment	1,566	(10,730)	1,566	(10,723)
Losses/(gains) on investments held at fair value	6,128	(5,606)	-	-
Add/(less) changes in working capital items				
Increase in receivables	(2,926)	(809)	(8,015)	(1,408)
Increase/(decrease) in deferred revenue	391	(670)	391	(670)
(Increase)/decrease in prepayments	(2,176)	2,215	(1,903)	2,508
(Increase)/decrease in other current assets	(816)	292	7	-
Increase in accounts payable	9,740	2,638	7,899	2,277
Increase in employment provisions	2,561	2,538	2,429	2,473
Increase in revenue received in advance	9,859	5,001	7,898	711
Net cash flow from operating activities	71,338	67,943	53,654	59,060

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2018

1 Statement of accounting policies

THE REPORTING ENTITY

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

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

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

The financial statements of the University and the Group for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Victoria University of Wellington Council (the University Council) on 25 March 2019.

BASIS OF PREPARATION

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

These financial statements are presented in accordance with Section 220 of the Education Act 1989, the Crown Entities Act 2004, and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with PBE Standards and other applicable financial reporting standards, as appropriate for PBEs.

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

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

The Group financial statements are prepared on a consolidation basis, which involves adding together like-items of assets, liabilities, equity, revenue, expenses, and cash flows on a line-by-line basis. All significant intra-group balances, transactions, revenue, and expenses are eliminated on consolidation. The Group financial statements comprise the financial statements of the University, its controlled entities (including controlled trusts and subsidiary companies), and investments in associates and joint ventures as at 31 December each year. Investments in associates and joint ventures have been recognised at fair value through surplus or deficit.

The budget for 2018 was approved by the University Council on 27 August 2017.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

- Management relies on the services of an independent valuer to assess the carrying values of land and building assets and the remaining useful lives on a regular basis (refer note 11).
- Asset impairment judgements will be made where there is reason to suggest that the value of the assets has changed materially since the previous balance date (refer notes 11 and 12).
- Management relies on the services of an independent actuary to assess the carrying value of retirement and long service entitlements (refer note 16).
- Valuation of Level 3 investments (refer note 9).
- Stage of completion of research projects is regularly assessed to determine the carrying value of deferred revenue recognised.

2 Revenue

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

Government funding: This is recognised as revenue as the courses to which the funding relates are taught, unless there is an obligation to return the funds if the conditions of the funding are not met. If there is such an obligation, the funding is initially recorded as a deferred revenue liability and then recognised as revenue when the conditions of the funding are satisfied.

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

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

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

Other revenue: Revenue from other sources includes fees for accommodation and services provided to students of \$50.6m (2017: \$48.4m), sundry revenue of \$44.3m (2017: \$19.0m), proceeds from disposal of various fixed assets of \$0.3m (2017: \$11.0m), and interest earnings of \$2.2m (2017: \$0.9m). The interest amount is predominantly revenue from cash that is surplus to immediate requirements and that has been invested on call or on short-term deposits. In 2018, interest rates ranged from 1.75% to 3.7% (2017: 1.75% to 3.8%).

3 People expenses

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Salaries	228,037	214,811	215,771	204,938
Contractors	4,146	3,607	3,809	3,217
Entitlements	15,708	12,773	15,424	12,700
Total	247,891	231,191	235,004	220,855

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

4 Operating and occupancy

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
The following items are included within operating & occupancy expenses:				
Audit fees: Ernst & Young	319	318	207	202
Other fees paid to auditors	-	75	-	75
Property leases	17,530	15,174	17,517	15,170
IT leases	2,574	2,434	2,535	2,394
Losses on disposal of property, plant, & equipment	1,876	325	1,876	325
Information technology	5,992	5,422	5,716	5,038
Grants & scholarships	34,000	31,966	20,463	22,836
Insurance	4,028	3,024	3,856	2,887
Travel & accommodation	14,151	13,811	5,500	5,378

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

5 Finance costs

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Interest on borrowings	3,404	2,942	4,122	3,488
Finance charge on finance lease	40	80	40	80
Capitalised borrowing costs	(715)	(2,848)	(715)	(2,848)
Total	2,729	174	3,447	720

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

6 Victoria University of Wellington Foundation

Movement of net assets for the Foundation includes investment (losses)/returns of (\$0.4m) (2017: \$7.2m) and donation revenue of \$4.5m (2017: \$4.2m).

7 Financial instruments

	CONSOLIDATED		UNIVERSITY	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
FINANCIAL ASSETS				
Loans and receivables				
Cash & cash equivalents	79,010	45,579	37,900	21,971
Trade receivables	8,608	9,117	16,859	10,990
Loans to related parties	–	–	4,300	3,900
Other current assets	4,232	3,416	109	116
Total	91,850	58,112	59,168	36,977
At fair value through surplus or deficit				
Investments	43,533	52,201	–	–
Total	43,533	52,201	–	–
At fair value through other comprehensive revenue and expense—cash flow hedges				
Derivative financial instruments	(1,969)	(507)	(1,645)	(670)
Total	(1,969)	(507)	(1,645)	(670)
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Accounts payable	20,984	21,042	18,998	19,630
Bank borrowings	97,010	120,000	97,010	120,000
Related party borrowings	–	–	27,000	23,500
Total	117,994	141,042	143,008	163,130

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

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

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

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

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

Impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect amounts due. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For other financial assets, impairment losses are recognised directly against the instrument's carrying amount.

(a) Market risk and sensitivity

Currency risk exposure arises on foreign exchange sales and purchases (typically library items and scientific equipment) denominated in a foreign currency. Wherever possible, the University transacts in the functional currency, including the setting of fees for international students. The Group's policies require that foreign currency forward-purchase contracts are used to limit the Group's exposure to movements in exchange rates on foreign currency denominated liabilities and purchase commitments above \$100,000, where the committed payment date is known and is within 12 months. The Group entered into multiple foreign-exchange contracts during 2018 to mitigate any such risk, and held USD\$2.9m (2017: USD\$3.2m) of forward-exchange contracts at 31 December 2018 with a fair value of \$124k (2017: \$12k). These contracts are held to offset exchange rate risk on expected purchases in USD.

The Foundation holds \$29.0m of investments at fair value through surplus or deficit (2017: \$30.5m), which are invested in a range of foreign denominations and are exposed to foreign exchange risk. A 10% movement in the New Zealand dollar against all currencies would give rise to a \$1.2m gain or loss that would equally impact equity (2017: \$1.0m).

Price risk arises as the fair value of shares in listed companies and units in managed funds will fluctuate as a result of changes in market prices. Market prices for a particular share may fluctuate due to factors specific to the individual share or its issuer, or factors affecting all shares traded in the market. This price risk is managed by diversification of the portfolio. A 10% movement in the market price of investments at fair value through surplus or deficit would give rise to a \$2.9m gain or loss that would equally impact equity (2017: \$3.0m).

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

Cash flow interest rate risk exposure arises due to the exposure on bank borrowings and investments issued at variable interest rates. Generally, the Group raises long-term borrowings at floating rates and enters interest swaps to manage the cash flow interest rate risk. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed term contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts, and applies hedge accounting to ensure fair-value fluctuations on the interest rate portfolio are taken to other comprehensive revenue or expense. The fair value of interest rate swaps totals \$(1.65m) (2017: (\$0.67m)). The fixed interest rates of interest rate swaps vary from 2.5% to 3.4% (2017: 2.6% to 3.4%).

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

	CONSOLIDATED 2018	
	-150BPS \$'000	+150BPS \$'000
Potential effect of movement in interest rates	(1,002)	1,002

(b) Credit risk

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

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

The Group limits the amount of credit exposure to any one financial institution for term deposits to no more than the greater of \$40.0m or 33% of total investment held. The Group invests funds only with registered banks with high credit ratings and for a period not exceeding 365 days.

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

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

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

(c) Liquidity risk

Other than bank borrowings, all accounts payable are expected to be repaid within six months. Borrowings of \$2.0m will mature within 12 months and will need to be refinanced or repaid (2017: \$75.0m).

8 Cash and cash equivalents

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Cash at bank	6,386	3,241	817	143
Bank on-call deposits	53,990	29,710	29,633	17,378
Short-term deposits	18,634	12,628	7,450	4,450
Closing balance	79,010	45,579	37,900	21,971

Including:

Funds held by controlled trusts	37,758	21,432	-	-
---------------------------------	--------	--------	---	---

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits for a period not exceeding 90 days, which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

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

9 Investments and other financial assets

Quantitative disclosure of fair-value measurement hierarchy for investments as at 31 December 2018:

	CONSOLIDATED			CONSOLIDATED		
	2018 \$'000 LEVEL 1	2018 \$'000 LEVEL 2	2018 \$'000 LEVEL 3	2017 \$'000 LEVEL 1	2017 \$'000 LEVEL 2	2017 \$'000 LEVEL 3
Investments	1,300	35,978	6,255	1,584	45,381	5,236
Derivatives—Forward foreign exchange	-	(324)	-	-	163	-
Derivatives—Interest rate swaps	-	(1,645)	-	-	(670)	-
Closing balance	1,300	34,009	6,255	1,584	44,874	5,236

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

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

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

Level 3: Fair value of investments is determined using revenue-based multiples, being the best available market data at the time of valuation.

Derivative financial instruments and hedge accounting

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

10 Accounts receivable and accruals

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Receivables & accruals	16,600	39,593	20,622	39,038
Less: Provision for doubtful debts	(365)	(219)	(194)	(188)
Other	247	89	56	44
Closing balance	16,482	39,463	20,484	38,894

Ageing of receivables and accruals

Not past due	12,737	35,374	19,330	37,494
Past due 1–30 days	895	1,989	235	912
Past due 31–60 days	657	723	391	94
Past due 61–90 days	315	292	254	78
Past due over 91 days not impaired	1,631	996	218	272
Past due over 91 days impaired	365	219	194	188
Closing balance	16,600	39,593	20,622	39,038

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

11 Property, plant, and equipment

CONSOLIDATED	LAND \$'000	BUILDINGS & INFRASTRUCTURE \$'000	COMPUTERS & NETWORKS \$'000	PLANT & EQUIPMENT \$'000	ART COLLECTION, HERITAGE, & LIBRARY \$'000	CAPITAL WORK IN PROGRESS \$'000	TOTAL \$'000
Cost and valuation							
Balance as at 1 January 2017	114,812	485,940	34,136	88,482	103,000	136,340	962,710
Additions	-	53,375	4,250	10,439	7,826	76,423	152,313
Disposals & reclassifications	(21,431)	(1,730)	(3,657)	(8,058)	(3,269)	(82,040)	(120,185)
Impairment	-	(744)	-	-	-	-	(744)
Valuation movement	22,879	24,122	-	-	-	-	47,001
Balance as at 31 December 2017	116,260	560,963	34,729	90,863	107,557	130,723	1,041,095
Additions	10,250	126,315	4,743	11,574	7,526	41,154	201,562
Disposals & reclassifications	(615)	(485)	(6,787)	(10,072)	(3,041)	(146,033)	(167,033)
Impairment	-	-	-	(100)	-	-	(100)
Valuation movement	-	(395)	-	-	-	-	(395)
Balance as at 31 December 2018	125,895	686,398	32,685	92,265	112,042	25,844	1,075,129
Depreciation							
Balance as at 1 January 2017	-	25,928	21,595	51,282	50,637	-	149,442
Depreciation charge	-	17,842	5,375	9,145	22,952	-	55,314
Disposals	-	(137)	(3,656)	(8,057)	(3,269)	-	(15,119)
Valuation movement	-	(33,518)	-	-	-	-	(33,518)
Balance as at 31 December 2017	-	10,115	23,314	52,370	70,320	-	156,119
Depreciation charge	-	21,722	5,305	9,875	7,496	-	44,398
Disposals & reclassifications	-	(18)	(6,672)	(8,928)	(3,041)	-	(18,659)
Balance as at 31 December 2018	-	31,819	21,947	53,317	74,775	-	181,858
Net book value							
As at 1 January 2017	114,812	460,012	12,541	37,200	52,363	136,340	813,268
As at 31 December 2017	116,260	550,848	11,415	38,493	37,237	130,723	884,976
As at 31 December 2018	125,895	654,579	10,738	38,948	37,267	25,844	893,271

UNIVERSITY	LAND \$'000	BUILDINGS & INFRASTRUCTURE \$'000	COMPUTERS & NETWORKS \$'000	PLANT & EQUIPMENT \$'000	ART COLLECTION, HERITAGE, & LIBRARY \$'000	CAPITAL WORK IN PROGRESS \$'000	TOTAL \$'000
Cost and valuation							
Balance as at 1 January 2017	114,812	485,940	33,899	85,626	102,990	136,340	959,607
Additions	-	53,375	4,250	10,208	7,826	76,423	152,082
Disposals & reclassifications	(21,431)	(1,730)	(3,439)	(7,762)	(3,268)	(82,040)	(119,670)
Impairment	-	(744)	-	-	-	-	(744)
Valuation movement	22,879	24,122	-	-	-	-	47,001
Balance as at 31 December 2017	116,260	560,963	34,710	88,072	107,548	130,723	1,038,276
Additions	-	118,826	4,730	11,016	7,525	41,154	183,251
Disposals & reclassifications	(615)	(485)	(6,782)	(7,647)	(3,041)	(146,033)	(164,603)
Impairment	-	-	-	(100)	-	-	(100)
Valuation movement	-	(395)	-	-	-	-	(395)
Balance as at 31 December 2018	115,645	678,909	32,658	91,341	112,032	25,844	1,056,429
Depreciation							
Balance as at 1 January 2017	-	25,928	21,359	48,860	50,637	-	146,784
Depreciation charge	-	17,842	5,375	8,698	22,952	-	54,867
Disposals & reclassifications	-	(137)	(3,440)	(7,762)	(3,269)	-	(14,608)
Valuation movement	-	(33,518)	-	-	-	-	(33,518)
Balance as at 31 December 2017	-	10,115	23,294	49,796	70,320	-	153,525
Depreciation charge	-	21,722	5,297	9,474	7,496	-	43,989
Disposals & reclassifications	-	(18)	(6,667)	(6,503)	(3,041)	-	(16,229)
Balance as at 31 December 2018	-	31,819	21,924	52,767	74,775	-	181,285
Net book value							
As at 1 January 2017	114,812	460,012	12,540	36,766	52,353	136,340	812,823
As at 31 December 2017	116,260	550,848	11,416	38,276	37,228	130,723	884,751
As at 31 December 2018	115,645	647,090	10,734	38,574	37,257	25,844	875,144

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

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

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

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

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

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

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

Asset revaluation reserve

	CONSOLIDATED	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Land	106,112	106,112
Buildings & infrastructure	274,312	274,707
Closing balance	380,424	380,819

Land, buildings, and infrastructure are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. Independent registered valuers undertake such revaluations every three years, unless there is reason to suggest that the values have changed materially in the intervening years, in which case a revaluation may be undertaken outside the three-year cycle. Property, plant, and equipment revaluation movements are accounted for on a class-of-asset basis. Land, buildings, and infrastructure assets were independently valued as at 1 December 2017 by Mr P. Todd, registered valuer with Darroch Limited and member of the New Zealand Institute of Valuers.

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

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

Non-residential buildings are, for the purposes of the valuation, deemed to be 'specialised assets'. Specialised assets are valued using the optimised depreciated replacement cost methodology that is based on the current gross replacement cost of the building less allowances for physical deterioration and optimisation for obsolescence and relative surplus capacity. Residential buildings and properties located in the Wellington CBD are valued based on the market value that is the estimated price for properties should an exchange occur between a willing buyer and willing seller in an arm's length transaction. As part of the revaluation process, the independent valuer provided the Group with an estimation of useful lives.

Under the Education Act 1989, the University is required to obtain prior consent of the Ministry of Education to dispose of, or sell, assets where the value of those assets exceeds an amount determined by the Minister of Education.

The rate for capitalisation of borrowing costs was 4.1%.

12 Intangibles

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Cost and valuation				
Opening balance	28,840	25,577	28,753	25,501
Additions	3,936	6,392	3,936	6,381
Disposals & reclassifications	(2,138)	(3,129)	(2,051)	(3,129)
Impairments	(270)	-	(270)	-
Closing balance	30,368	28,840	30,368	28,753
Accumulated amortisation				
Opening balance	14,321	12,644	14,295	12,618
Amortisation charge	5,050	4,479	5,050	4,479
Disposals & reclassifications	(1,926)	(2,802)	(1,900)	(2,802)
Closing balance	17,445	14,321	17,445	14,295
Net book value	12,923	14,519	12,923	14,458

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

13 Investments in related parties

NAME	PERCENTAGE CONTROLLED/ OWNED	PRINCIPAL ACTIVITY
Controlled entities		
<i>Controlled trusts</i>		
Victoria University of Wellington Foundation	100%	Manages funds raised for the University
Research Trust of Victoria University of Wellington	100%	Conducts academic research
Victoria University of Wellington Art Collection Funding Trust	100%	Supports the University's art collection
Victoria University of Wellington School of Government Trust	100%	Manages funds raised for the University
Presbyterian Methodist Halls of Residence Trust (December 2018)	100%	Provides student accommodation
<i>Subsidiary companies</i>		
Te Puni Village Limited	100%	Provides student accommodation
Victoria Link Limited	100%	Commercialises research
iPredict Limited	100%	Non-trading
Predictions Clearing Limited	100%	Non-trading
Wetox Limited	100%	Develops waste-water-treatment technology
Boutiq Science Limited	84%	Provides nanoparticle solutions
New Zealand School of Music Limited	100%	Non-trading
General Cable Superconductors Limited	100%	Manufactures high temperature superconducting cable

All controlled entities have a 31 December balance date.

NAME	PERCENTAGE CONTROLLED/ OWNED	PRINCIPAL ACTIVITY
Associates		
Crablink Limited	20%	Conducts software development
Point Zero Limited	20%	Digital application for mobile, web, and virtual reality
Avalia Immunotherapies Limited	23%	Develops cancer immunotherapies
Joint venture		
NZ Innovation GP Limited	50%	Commercialises research

14 Accounts payable and accruals

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Accounts payable	7,486	7,414	5,500	6,002
Contract retentions	1,090	1,804	1,090	1,804
Deposits held on behalf of students	12,408	11,824	12,408	11,824
Other accruals	40,114	31,879	36,945	29,913
Closing balance	61,098	52,921	55,943	49,543

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

A provision is recognised for future expenditure when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

15 Revenue in advance

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Pre-paid tuition fees	14,767	12,024	14,192	11,622
Deferred revenue on research contracts	22,594	20,866	-	-
Other revenue in advance	14,902	9,514	14,837	9,509
Closing balance	52,263	42,404	29,029	21,131

16 Employee entitlements

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Current liabilities				
Annual leave	16,666	15,246	16,296	15,008
Retirement & long-service leave	2,127	1,943	2,127	1,943
Closing balance	18,793	17,189	18,423	16,951
Non-current liabilities				
Retirement & long-service leave	19,809	18,852	19,809	18,852
Closing balance	19,809	18,852	19,809	18,852

The retirement and long-service leave liabilities were independently assessed as at 31 December 2018 by Richard Beauchamp, an actuary with Deloitte.

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

The discount rate applied was a single rate of 2.38% (2017: 2.72%). The salary projections assume a 1.25% increase every year. Resignation rates vary with age and the length of service and are reflective of the experience of company superannuation schemes of New Zealand. No explicit allowance has been made for redundancy.

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

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

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

17 Deferred revenue—contractual obligation

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Opening balance	3,202	3,872	3,202	3,872
Research funding received	1,547	–	1,547	–
Research revenue recognised	(1,156)	(670)	(1,156)	(670)
Closing balance	3,593	3,202	3,593	3,202
Made up of:				
Current portion	3,593	3,202	3,593	3,202

The University has an obligation, as a result of two research teams transferring into the University from Callaghan Innovation Limited, a Crown research institute. The University has committed to funding these two teams, which became the Robinson and Ferrier Institutes, during their establishment phase. This contractual obligation provision was assigned a fair value and a liability has been recognised.

18 Bank borrowings

The University has the following loan facility agreements.

NAME OF BANK	FACILITY LIMIT	TERM	TRANCHE A	TRANCHE B
Bank of New Zealand	\$75.0m	Split equally between 3 & 5 years	Limit \$37.5m Maturity January 2023	Limit \$37.5m Maturity October 2020
ASB Bank Limited	\$75.0m	Split equally between 3 & 5 years	Limit \$37.5m Maturity January 2022	Limit \$37.5m Maturity October 2020

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

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

As at 31 December 2018, \$95.0m (2017: \$120.0m) of the above facilities have been drawn down. They are made up of \$20.0m Tranche A and \$75.0m Tranche B. Interest rates on borrowings are reset for a period not exceeding 180 days.

The Presbyterian Methodist Halls of Residence Trust has a loan facility with the Bank of New Zealand. As at 31 December 2018, total borrowings were \$2.0m with a maturity date of 14 December 2019. The Loan Agreement is secured against land and buildings owned by the Trust.

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

Interest rate swaps with a total face value of \$60.0m are in place to hedge the \$95.0m of borrowings drawn down by the University at balance date (2017: \$65.0m face value of interest rate swaps to hedge \$120.0m of borrowings).

19 Finance leases

	CONSOLIDATED		UNIVERSITY	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Total minimum lease payments payable				
No later than 1 year	-	831	-	831
Total	-	831	-	831
Future finance charges	-	(41)	-	(41)
Present value of minimum lease payments	-	790	-	790
Present value of minimum lease payments payable				
No later than 1 year	-	790	-	790
Closing balance	-	790	-	790

Finance leases were entered into for administrative and scientific equipment to support research. The fair value of finance leases for 2017 was determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date from 2.48% to 2.61%. As at 31 December 2018, these lease arrangements have ended and ownership rights have transferred to the University.

20 Related parties

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

a) Transactions with key management personnel

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

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

	CONSOLIDATED	
	ACTUAL 2018	ACTUAL 2017
Council members		
Remuneration	\$245,000	\$228,000
Members	12	12
Senior leadership team		
Remuneration	\$4,186,000	\$4,181,000
Members	15	14
Total key management personnel remuneration	\$4,431,000	\$4,409,000

	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Directors' fees		
Victoria Link Limited	60	39

21 Commitments

Property, plant, and equipment

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

	CONSOLIDATED	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Total contracted projects	79,601	59,144

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

The University has entered into commercial leases on certain land and buildings (remaining terms of between 1 to 66 years) and equipment (average term of 3 years) with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. Future minimum rentals payable under non-cancellable operating leases are as follows.

	CONSOLIDATED	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Due not later than 1 year	17,447	15,725
Due between 1–5 years	55,246	51,481
Due later than 5 years	79,179	94,928
Total	151,872	162,134

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

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

	CONSOLIDATED	
	ACTUAL 2018 \$'000	ACTUAL 2017 \$'000
Due not later than 1 year	667	542
Due between 1–5 years	1,694	1,645
Due later than 5 years	479	692
Total	2,840	2,879

No contingent rents have been recognised during the year.

22 Equity and capital management

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

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

The Group's capital is its equity, which is represented by net assets. The Group is subject to the financial management and accountability provisions of the Education Act 1989, which includes restrictions in relation to disposing of assets or interests in assets, ability to mortgage or otherwise charge assets or interests in assets, granting leases of land or buildings or parts of buildings and borrowing. The Group manages its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently, and in a manner that promotes the current and future interests of the community. The objective of managing the Group's equity is to ensure that it effectively and efficiently achieves the goals and objectives for which it has been established, while remaining a going concern.

23 Events after balance date

There were no events subsequent to balance date requiring disclosure in the financial statements (2017: nil).

24 Explanations of major variances against budget

Explanations for major variations against the 2018 budget are as follows.

Statement of comprehensive revenue and expense

- Government funding was \$12.5m favourable to budget as a result of government-funded first year free fees, partially offset by decreased student numbers.
- Total tuition fees were \$21.6m unfavourable to budget as a result of government-funded first year free fees paid through government funding and a decrease in domestic student numbers, partially offset by an increase in international student numbers.
- Research revenue was \$14.7m favourable to budget as a result of an increase in external research contract revenue.
- Other revenue was \$24.3m favourable to budget as a result of insurance proceeds and fair value gains.
- People costs were \$10.1m unfavourable to budget as a result of increased costs associated with external research contracts and one-off personnel-related costs.
- Operating costs were \$10.1m unfavourable to budget as a result of increased costs associated with external research contracts and increased scholarship funding.
- Occupancy costs were \$4.4m unfavourable to budget as a result of earthquake-related costs.
- Depreciation costs were \$2.2m unfavourable to budget as a result of the 2017 revaluation of certain assets.

Statement of financial position

- Cash and cash equivalents were \$51.5m higher than budget as a result of funds being held in short-term deposits rather than longer-term investments, and cash received from 2019 revenue being paid earlier than budgeted.
- Investments and other financial assets were \$24.3m lower than budget as a result of funds held in cash and short-term deposits rather than investments.
- Property, plant, and equipment was \$42.0m higher than budget as a result of the 2017 revaluation of certain fixed assets.
- Accounts payable and accruals were \$18.6m higher than budget as a result of timing of payments.
- Revenue in advance was \$14.1m higher than budget as a result of 2019 revenue being paid earlier than budgeted.
- Bank borrowings were \$35.0m lower than budget as a result of higher cash received.
- Other reserves were \$75.6m higher than budget as a result of the 2017 revaluation of certain fixed assets.

Council

Membership for 2018

Officers

Chancellor

Neil Paviour-Smith

Pro-Chancellor

Dame Therese Walsh, DNZM

Vice-Chancellor

Professor Grant Guilford

Chair, Finance Committee

Alan Judge

Members

John Allen

2018–21

Robyn Bargh, CNZM

2016–19

Professor Grant Guilford

2014–

Traci Houpapa, MNZM

2016–19

Associate Professor Kate Hunter

2016–21

Dr Carwyn Jones

2016–19

Alan Judge

2018–21

Isabella Lenihan-Ikin

2018–19

Alexandria Mark

2017–18

Neil Paviour-Smith

2013–19

Dr Farib Sos, MNZM

2016–20

Dame Therese Walsh, DNZM

2016–19



Council 2018

Standing, from left: John Allen, Caroline Ward (Secretary to Council), Dr Carwyn Jones, Associate Professor Kate Hunter, Alan Judge, Isabella Lenihan-Ikin

Seated, from left: Alexandria Mark, Professor Grant Guilford (Vice-Chancellor), Dame Therese Walsh (Pro-Chancellor), Neil Paviour-Smith (Chancellor), Robyn Bargh, Dr Farib Sos

Absent: Traci Houpapa

Meetings and payments

The payments to Council members listed below include attendance at Council and committee meetings during 2018. The Vice-Chancellor, Professor Grant Guilford, is not eligible to receive fee payments.

NAME	COUNCIL MEETINGS		COMMITTEE MEETINGS		PAYMENT (\$)
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	
John Allen	10	9	6	6	20,000
Robyn Bargh	10	9	6	6	20,000
Grant Guilford	10	10	18	17	n/a
Traci Houpapa	10	8	6	1	20,000
Kate Hunter	10	10	4	4	20,000
Carwyn Jones	10	10	11	10	20,000
Alan Judge	10	10	7	7	20,000
Isabella Lenihan-Ikin	10	8	7	6	20,000
Alexandria Mark	10	8	4	3	20,000
Neil Paviour-Smith	10	10	20	20	40,000
Farib Sos	10	10	4	3	20,000
Therese Walsh	10	10	19	15	25,000

Disclosures

John Allen

- Chief Executive Officer, New Zealand Racing Board
- Chair, Be. Accessible Charitable Trust
- Chair, New Zealand Police Audit and Risk Committee
- Trustee, New Zealand Festival
- Trustee, Te Papa Foundation
- Trustee, Nikau Foundation
- Board member, New Zealand Stroke Foundation

Robyn Bargh

- Director, Huia (New Zealand) Ltd
- Director, Māori Arts and Crafts Institute
- Chair, Māori Literature Trust
- Deputy Chair, Te Runanga o Ngāti Kea, Ngāti Tuarā
- Affiliate trustee, Te Arawa Group Holdings Ltd
- Trustee, Herewahine Trust
- Trustee, Puawai Trust
- Trustee, Hepora Raharuhi Whanau Trust

Grant Guilford

- Director, New Zealand School of Music Ltd
- Trustee, Victoria University of Wellington Foundation Board of Trustees
- Board member, New Zealand China Council
- Board member, Wellington Regional Economic Development Agency Ltd
- Committee member, Wellington Regional Economic Development Agency Risk and Audit Committee

Traci Houpapa

- Director, Agricultural Services Ltd
- Director/Chair, Hineuru Holdings Ltd
- Director/Chair, Hineuru Property Ltd
- Director, Maximum Potential Management Consultants Ltd
- Director, Ontario Teachers' Pension Plan New Zealand Forestry Investments Ltd
- Director, Predator Free 2050 Ltd
- Director, Primary ITO
- Director, Traci Houpapa Consulting Group Ltd
- Director, Tūhono Whenua Horticulture Ltd
- Non-executive Director, New Zealand Treasury

- Co-Chairman, Australia New Zealand Leaders Forum Indigenous Business Sector Group
- Chairman, Federation of Māori authorities
- Chairman, National Advisory Council on the Employment of Women
- Chairman, Our Land and Water National Science Challenge, Kahui
- Chairman, W3 Wool Unleashed
- Deputy Crown Co-Chair, Waikato River Authority
- Committee member, Oranga Tamariki Audit and Risk Committee
- Honorary Vice-President, Mystery Creek Fieldays
- Honorary advisor, Asia New Zealand Foundation
- Team manager, Melville Premier Women's Rugby

Kate Hunter

- Advisor, Victoria University Press Advisory Board

Carwyn Jones

- Trustee, Tātau Tātau o Te Wairoa Trust

Alan Judge

- Director/Chair, Habit Holdings Ltd
- Director/Chair, Habit Group Holdings Ltd
- Chair/shareholder, Aquatx Holdings Ltd
- Shareholder, Biotelliga Holdings Ltd
- Trustee, The City Gallery Wellington Foundation
- Trustee, The Dame Malvina Major Foundation

Isabella Lenihan-Ikin

- Director, Active Citizenship Aotearoa
- Member, Committee on University Academic Programmes (CUAP)

Neil Paviour-Smith

- Managing director, Forsyth Barr Ltd
- Director, Forsyth Barr Subsidiaries and Entities:
 - Forsyth Barr Asia Ltd (Hong Kong registered)
 - Forsyth Barr Cash Management Nominees Ltd
 - Forsyth Barr Custodians Ltd
 - Forsyth Barr Group Ltd
 - Forsyth Barr (Hamilton) Ltd
 - Forsyth Barr Investment Management Ltd
 - Leveraged Equities Finance Ltd

- Director, The New Zealand Initiative Ltd
- Director, NZ Art Show Ltd
- Chairman, New Zealand Regulatory Board (Chartered Accountants Australia and New Zealand)
- Chair/trustee, Wadestown School Board of Trustees
- Trustee, Victoria University of Wellington Foundation Board of Trustees

Farib Sos

- Executive Chair, Asia Forum Wellington
- Chapter Chair, New Zealand ASEAN Business Council
- Board member and Deputy Chair, New Zealand Amateur Sport Association
- Trustee, Asia Pacific Research Institute
- Trustee, Victoria University of Wellington Foundation Board of Trustees
- Trustee, Kandy Connection
- Council member, New Zealand Indonesia Council
- Honorary advisor (Ministerial appointment), Asia New Zealand Foundation

Therese Walsh

- Director, Air New Zealand Ltd
- Director, ASB Bank
- Director, Contact Energy Ltd
- Director, On Being Bold Ltd
- Director, Therese Walsh Consulting Ltd
- Chairman, Television New Zealand Ltd
- Board member, Antarctica New Zealand
- Member, Ministry of Business, Innovation and Employment Major Events Investment Panel
- Trustee, Wellington Regional Stadium Trust
- Ambassador, Wellington Homeless Women's Trust

Nothing to disclose

Alexandria Mark



Senior Leadership Team

Senior Leadership Team (as at December 2018)

Standing, from left: Professor Linda Trenberth, Vice-Provost (Academic); Professor Jennifer Windsor, Pro-Vice-Chancellor of Humanities and Social Sciences and Education; Vicki Faint, Executive Assistant to the Vice-Chancellor; Professor Ian Williamson, Pro-Vice-Chancellor and Dean of Commerce; Les Montgomery, Chief Financial Officer; Dr Lucy Baragwanath, Deputy Vice-Chancellor (Engagement); Professor Margaret Hyland, Vice-Provost (Research)

Seated, from left: Annemarie de Castro, Director, Human Resources; Professor Mark Hickford, Pro-Vice-Chancellor and Dean of Law; Professor Grant Guilford, Vice-Chancellor; Mark Loveard, Chief Operating Officer; Professor Wendy Larner, Provost

Absent: Professor Rawinia Higgins, Deputy Vice-Chancellor (Māori); Professor Mike Wilson, Pro-Vice-Chancellor of Science, Engineering, and Architecture and Design

Disclosures

Annemarie de Castro

- Director, Adams Properties (Blenheim) Ltd

Professor Grant Guilford

- Director, New Zealand School of Music Ltd
- Trustee, Victoria University of Wellington Foundation Board of Trustees
- Board member, New Zealand China Council
- Board member, Wellington Regional Economic Development Agency Ltd
- Chair, Wellington Regional Economic Development Agency Risk and Audit Committee

Professor Mark Hickford

- Committee member (ex officio), Michael and Suzanne Borrin Foundation Grants and Scholarships Committee

Professor Rawinia Higgins

- Member, Waitangi Tribunal
- Deputy Chair, Māori Knowledge Development, PBRF Review Panel, Tertiary Education Commission
- Board member, Ngā Pae o te Māramatanga, Centre of Research Excellence
- Chair, Te Taura Whiri I te Reo (Māori Language Commission)

Professor Margaret Hyland

(Term began 30 July 2018)

- Director, Victoria Link Ltd
- Board member, Return on Science Physical Sciences Investment Committee
- Board member, Eureka! Trust
- Board member, New Zealand Health Research Strategy Development Board
- Trustee, Research Trust of Victoria University of Wellington

Professor Wendy Larner

- President and President-Elect, Royal Society Te Apārangi
- Director and trustee, Antipode Foundation
- Trustee, Royal Geographical Society
- Trustee, Rutherford Foundation Trust
- Trustee, Royal Society of New Zealand Endowment Trust Fund
- International member, REF2021 Main Panel C: Social Sciences

Mark Loveard

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

Professor Kate McGrath

(Until 27 April 2018)

- Director, Auramer Bio Ltd
- Director, Callaghan Innovation
- Director, National Energy Research Centre
- Director, Wetox Ltd
- Chair, iPredict Ltd
- Chair, Physical Science Investment Panel, Return on Science
- Chair, Predictions Clearing Ltd
- Chair, Research Trust of Victoria University of Wellington
- Chair, Victoria Link Ltd
- Director, MedTech Centre of Research Excellence

Les Montgomery

- Director/shareholder, Bessmount Investments Ltd
- Director, Te Puni Village Ltd
- Trustee, Research Trust of Victoria University of Wellington

Professor Ian Williamson

- Director, S3 Futures Ltd
- Board member, Insper Inspirational Advisory Board

Professor Mike Wilson

- Director, Victoria Link Ltd
- Trustee, Malaghan Trust Board
- Board member, MacDiamid Institute Governance Representative Board
- Board member, Maurice Wilkins Centre
- Board member, New Zealanders for Health Research

Professor Jennifer Windsor

- Trustee, Adam Art Galley

Nothing to disclose

Professor Frazer Allan

(Until 29 January 2018)

Dr Lucy Baragwanath

(Term began 30 July 2018)

Professor Linda Trenberth



VICTORIA UNIVERSITY WELLINGTON

TE WHARE WĀNANGA
O TE ŪPOKO O TE IKA A MĀUI

