





Our Vision

The University of Waikato will:

- Deliver a world-class education and research portfolio
- Provide a full and dynamic university experience which is distinctive in character
- Pursue strong international linkages to advance knowledge

The over-arching themes of our Vision are:

- Excellence
- Distinctiveness
- International Connectedness



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Auditor
Auditor-General

Council Membership 2006

Name	Appointed/nominated to serve on Council by:
Mr John Jackman (Chancellor)	Minister of Education
Dr Brian Linehan (Pro Chancellor)	Minister of Education
Dr Rob Pringle	Minister of Education
Mr Graeme Weld	Minister of Education
Professor Roy Crawford	Vice-Chancellor
Professor Alexandra Barratt	University of Waikato Academic Staff
Ms Sally Sleigh*	University of Waikato General Staff
Mr John Gallagher	Business New Zealand
Mr Robb Parton	NZ Council of Trade Unions
Ms Sehai Orgad	President, Waikato Students' Union 2006
Professor Terry Healy	University of Waikato Academic Board
Mr Michael Redman**	Mayor, Hamilton City Council
Dr Alan Hampton	The Tertiary Education Alliance
Ms Materoa Dodd	Te Ropu Manukura
Ms Eleanor Barton	Te Arikinui Nominee
Mr Shane Soloman	Co-opted member
Mr Tony Whittaker	Co-opted member
Dr Apirana Mahuika	Co-opted member

* Term ended 31 December 2006

** Resigned from council effective 31 December 2006

Vice-Chancellor's Committee Membership 2006:

Professor Roy Crawford	Vice-Chancellor
Professor Noeline Alcorn	Dean, School of Education
Professor Mark Apperley	Dean, School of Computing and Mathematical Sciences
Professor John Farrar	Dean, School of Law
Mr Raymond McNickle	Head of Corporate Services
Professor Richard Price	Dean, School of Science and Engineering
Professor Tamati Reedy	Pro Vice-Chancellor (Maori)
Professor Frank Scrimgeour	Acting Dean, Waikato Management School
Professor Doug Sutton	Deputy Vice-Chancellor
Professor Aroha Yates-Smith	Dean, School of Maori and Pacific Development
Professor Dan Zirker	Dean, Faculty of Arts and Social Sciences

Chancellor's Overview

Before reflecting on the challenges and achievements of 2006, I would like to pay a tribute to Dame Te Atairangikaahu who will be forever in our hearts as an inspiring friend of this University.

Following my election as Chancellor in March 2006, I was given a mandate to further strengthen the Council's governance role through closer "engagement" with the University and stakeholders. This overview sets out to explain what being an "engaged" Council means in practice.

However, first, let me comment on the current situation and the future prospects of the University of Waikato. The University is making excellent progress under the leadership of its Vice-Chancellor, Professor Roy Crawford. In his first year in the role, Professor Crawford consulted widely and gained a clear consensus around his Vision for the University. In his second year, he has maintained a strong strategic focus, producing a high-level Strategic Plan. In this endeavour, the Vice-Chancellor was supported by a very capable senior management team fully focused on developing Strategy to implement the Vision.

The results for 2006 are encouraging. The University exceeded its financial targets and achieved major change initiatives. By having a focus on the distinctiveness of our degree offerings, we aim to create *points of difference* that are relevant to the region and are attractive to students.

The surplus gives us confidence to proceed with major projects designed to add vibrancy to the campus. We are delighted that Hamilton City is gaining national recognition as a dynamic place to live and do business. We believe the University contributes significantly socially as well as economically to making the Waikato attractive and an excellent centre for study and research.

In 2006, Council set itself three Governance Goals - to produce a Governance Charter; to become more engaged with stakeholders; and to review our Constitution (membership).

The Governance Charter is reproduced in full in the next section of this Annual Report. As is the practice in leading companies, the Council makes a public commitment to the standards and processes described in the Charter. Council sees this as a living document to be continuously refined.

This Council will front-up to stakeholders - a key component of being "engaged". This year we engaged in a new way with students to discuss the proposed fees increase. Council has also engaged directly with the Bay of Plenty community and has endorsed the commitment of the Vice-Chancellor to providing a "full university experience in Tauranga".

During the coming year, I look forward to increased discussion with key stakeholders as we search for ways to advance important collaborative initiatives. Of particular importance to the University is the ongoing development of our relationship with Tainui, and close dialogue about opportunities to collaborate in support of shared objectives.

Another aspect of Council engagement is evaluating the Government's tertiary education reforms and the University's response to those reforms. The reforms are significant and Council has recognised that the "investing in a plan" approach will have implications for the University of Waikato's future growth strategies.

Council's third goal was to review its constitution - the new constitution is detailed in the Governance Charter (Principle 2) which follows this report. Although a Council of 18 members is large by commercial standards, Council chose to retain its size but substitute two co-opted positions for positions which had been reserved for the Mayor of Hamilton and a representative of the Tertiary Education Alliance. This does not signal any change in the importance to the University of those relationships; rather that the University will continue to work closely with those parties on areas of mutual interest. The two extra co-opted positions will allow Council to strengthen its networks and capabilities in a more flexible way.

Coinciding with the constitutional changes, several Council members have come to the end of their term. Shane Solomon's term as a co-opted member has expired. Michael Redman (Mayor of Hamilton) and Dr Alan Hampton (CEO of Bay of Plenty Polytechnic) will continue to make their valued contribution directly rather than through Council. We are farewelling Professor Terry Healy, Sally Sleight, Robb Parton, Matoroa Dodd and welcoming Professor Barry Barton, Tony Dicks and Dr Apirana Mahuika.

I acknowledge the outstanding contributions of those who are moving on. They have all left their mark in different ways and their colleagues and I appreciate their selfless efforts to discern the right way forward.



Chancellor's Overview

My special thanks are reserved for my predecessor as Chancellor, John Gallagher. John is the elder statesman of the Council and the University is fortunate that he has assumed the role of Chair of the University of Waikato Foundation Board of Trustees.

In conclusion, I would like to note that the University is in good heart. It has an able management team which is working assiduously to ensure the University serves students and all of its communities of interest well. I have every confidence that in 2007 the University of Waikato will continue to advance towards its vision for the future.

John Jackman
Chancellor

Vice-Chancellor's Overview

In my Overview in last year's Annual Report, I commented that 2005 had been a very successful year, with some notable achievements. In 2006 we built on those successes, continuing to build a solid foundation for the future of the University in a very competitive tertiary environment, generating a wide spectrum of important intellectual, cultural and social contributions to our region and to New Zealand.

A major theme this last year has been the delivery of international excellence for the benefit of New Zealand and our local region. Our key objective is to provide excellence in teaching and research, and to benchmark ourselves against the best.

We are well on the way to achieving that objective. In January, we received an external academic audit report which commended us for our good practices and our programmes of continuous improvement in the three areas of teaching quality, programme delivery and achievement of learning outcomes. That same month, the Waikato Management School joined an elite group of Business Schools worldwide with accreditation to AACSB International, the Association to Advance Collegiate Schools of Business. This is the oldest quality assurance body in management education, and its accreditation confirmed that our offerings are relevant and substantial, and compare favourably against the best qualifications in the world.

Later in the year, a new framework of qualification structures that will significantly enhance academic study options for students was approved. This is a first in New Zealand and represents a university-wide approach to individual students' academic programmes and genuine interdisciplinary study. It enables students to much more easily tailor their subject choices to their employment aspirations or interests.

The Strategic Plan was an important step forward for the University in 2006 and now guides planning at all levels in the University. Since it was signed off by Council in June, we have embarked on an intensive programme of work on its implementation, and special effort is being made to ensure that staff throughout the University are involved in delivering success. One of the outcomes has been the identification of the need to review all our support services. The possibilities for alternative models are very exciting and, most importantly, we look forward to the prospect of not only improving the quality of our operations, but being able to free up a significant proportion of our resources so that we can invest them instead on our core business of education and research.

Our next step will be to move forward with the development of an Academic Plan for the University. This will consider the future mix of subjects that we offer, where investments should be made and where new subject areas should be introduced. As part of the budget process, a strategic fund has been established in order to facilitate new investment.

This is particularly important this year because of the "Investing in a Plan" approach which the government is emphasising as part of the new funding method to be introduced for tertiary institutions. The government's forward commitment to funding will give us greater financial stability. Through our strategic planning processes, we are articulating more clearly what we see as the role of this University in the New Zealand tertiary sector.

As part of the implementation of the Strategic Plan, we have also expanded our engagement with external stakeholders. Over the course of 2006, we had regular meetings with key business people in the region to discuss the challenges facing the University. This has helped to give them an understanding of our operating environment, and to better equip them to help by applying their business acumen to the issues that we must deal with.

During the year, seven new projects by University of Waikato researchers received support from the Marsden Fund, New Zealand's premier funding for ideas-driven research. In 2006, our staff submitted the highest ever number of research grant applications, and the University achieved its highest ever research grant income. It is notable that benchmarking techniques used in the USA have shown that our commercialisation activity, which converts our research into profitable businesses through WaikatoLink, is at the top of the league table with the very best American universities.

In November, the Council gave the go-ahead for an ambitious \$55 million capital works programme. This will enable us to embark on two major building projects which represent the largest ever investment in our campus. These will be of enormous benefit to future generations of students and staff. It is intended that the new buildings will be iconic and will change the nature of the University. They will contribute to our distinctiveness and establish important "points of difference" for the University as we move forward in an extremely competitive tertiary sector.

The Council has also committed to a new era of sustainable presence in the western Bay of Plenty region. The University has plans to expand high demand undergraduate and degree courses, invest in new courses and cater for future growth, and establish a research presence in the Bay. Following our analysis of skills and capability needs in the Bay of Plenty, and discussions with a wide range of regional leaders, the University concluded that a new generation university presence was needed. This will involve not only the provision of taught courses, but many other components that are unique to the ways in which a university contributes to wealth creation in a region. We have embarked on discussions with a broadened range of community leaders, commercial sectors and local representatives in the Bay, as well as decision-makers nationally, on the nature and location of the proposed new facility.

On a sad note, in August, together with the rest of the nation, we mourned the passing of Dame Te Atairangikaahu, the respected leader of the Waikato-Tainui iwi and Māoridom for 40 years. Dame Te Ata had been an inspirational supporter of the University, which of course sits on Tainui land.

In December, we formally welcomed the new Māori King Tuheitia to the University at a powhiri at Te Kohinga Mārama Marae. It was the King's first visit to the University since he ascended to the Kingitanga throne in August.

A variety of very successful Alumni events were held during 2006. The nature of Alumni and Foundation activities is changing in line with the need to adapt to the new external environment and the changing strategic priorities of the University as it matures. For example, the Foundation will become more outward looking and more effectively linked into the University's external communities. Alumni activities will be more focused on the fostering of lifelong relationships with Alumni, delivering excellent services and supporting fund-raising activity.

We made a number of important Honorary Doctorate awards, of which three were particularly high-profile. We recognised Sir Howard Morrison's outstanding service to the community, particularly in the areas of Māori education and business development, and his enormous contribution to important community endeavours over a long period of time. New Zealand's most famous son, Sir Edmund Hillary, was honoured by the University with the award of an Honorary Doctorate for his outstanding contribution to environmental conservation, education and humanitarianism. Also awarded an Honorary Doctorate was former University of Waikato Vice-Chancellor Bryan Gould in acknowledgement of his contribution during the ten years he served as the University's third Vice-Chancellor.

I feel extremely positive about the year ahead. The enthusiasm and energy of my colleagues is very affirming. 2007 will be a year of re-defining and strengthening the University.

Roy Crawford
Vice-Chancellor

Overview

The University of Waikato exists for the dual purpose of creating and disseminating knowledge for the benefit of all its stakeholders. The University is committed to the highest standards of Governance as expressed in these Charter Principles¹.

These Principles are our touchstone for making decisions in Council.

Principle 1: Ethical Standards

Council observes and fosters high ethical standards.

The Education Act requires universities to maintain the highest ethical standards. Our values express what is important to the institution, and Council's decisions will be consistent with those values. The University's statutory role as "critic and conscience of society" demands that we uphold the highest standards of integrity. Failure to do so would undermine our credibility as critic and conscience of society.

Council expects our people to "do the right thing" for the University. Although Councillors represent the groups that nominated them, they are not delegates of such groups. Councillors apply their individual best judgment to decide contentious matters in the best interests of the University as a whole.

If there is a conflict of interest, or even a perception of conflicting interests, Councillors are expected to withdraw from the discussions on that matter without hesitation.

When Council acts as the appeal body it is guided by the principles of natural justice.

Principle 2: Council Membership

Councillors must be able to assess strategic initiatives and to monitor performance against the agreed strategy from an independent, objective perspective.

Council's authority is collective, exercised by majority vote. No individual can commit the organisation unless specifically authorised by the Council as a whole. The Vice-Chancellor's delegated powers are formalised by statute. The Vice-Chancellor is, by virtue of the Education Act, the employer of all University staff. Council doesn't influence staffing matters - this is an important aspect of *academic freedom*.

The constitution (membership) of Council is externally regulated by the Education Act 1989.

The current constitution complies with the Act and takes account of the following factors.

- The University is a complex organisation at the cutting-edge of knowledge in many fields. It operates best in a collegial style because the knowledge base of a university is very broad.
- In tertiary education, success primarily depends on attracting excellent staff and students. High calibre people are attracted by our reputation for excellence and by the productive learning/working environment that we offer.
- Council plays a role in building relationships with external stakeholders. Management maintains ongoing relationships with partners - such as with local government and other tertiary providers. Council members make their contact networks available to the University.

With these considerations in mind, Council is constituted as follows:

- a. Four members appointed by the Minister for Tertiary Education
- b. The Vice-Chancellor of the University of Waikato
- c. One permanent member of the academic staff of the University of Waikato elected by the permanent members of that staff
- d. One academic staff member elected by and from the members of the Academic Board of the University of Waikato

5. One permanent member of the general staff of the University of Waikato elected by the permanent members of that staff
6. One student member appointed:
 - i. if membership of the Waikato Students' Union Inc. is compulsory, in the capacity as President of the Waikato Students' Union
 - ii. in any other case, following an election conducted in accordance with the University of Waikato Election of Members of the Council Statute
7. One member appointed to the Council after consultation with Business New Zealand
8. One member appointed by the Council after consultation with the New Zealand Council of Trade Unions
9. One member appointed by the Council after consultation with Te Roopu Manukura
10. One member appointed by the Council on the nomination of Te Arikinui
11. Up to five members who may be co-opted by Council

Subject to Section 173 of the Education Act 1989, the maximum number of occasions on which a person may be appointed or elected to Council is five four-year terms.

Council has a majority of independent members and is pro-active in the recruitment of new members with the aim of achieving a balance of skills and gender. New members receive thorough induction around this charter and operational features unique to tertiary education.

Principle 3: Performance monitoring

Council identifies what matters for the University and measures progress in those areas.

The University values its *performance culture*. Within the framework of the Strategic Plan, Schools, Divisions and Departments are empowered to take value-adding initiatives.

As a learning institution, the University recognises individual and group achievement and rewards success. The University also absorbs the lessons learned in every experience.

Performance is monitored against the initiatives embodied in the Profile (Strategic Plan) and against agreed benchmarks for teaching / research quality and long-term financial viability.

The Council itself establishes Governance Goals each year. These focus the Council on adding value to the University. Council assesses its performance annually against these goals.

Principle 4: Council Committees

Committees enhance governance effectiveness in key areas requiring expertise, while acknowledging overall Council responsibility.

Under the Education Act, the Academic Board is tasked with advising Council on any matter impacting on teaching or research. To give of their best, the community of academics need to feel that they have a role in the determination of policy. At governance level, this is achieved in and through the Academic Board and by strong links between the Board and the Council. Academic Board is represented on Council by an elected member.

Council has established expert committees for Finance and Risk Management, which work with Management to develop strategy and manage the risks inherent in operating in a changing environment and with major projects. These committees include independent experts, enabling Council to take a strategic overview of these aspects of governance. The Chairs of the Finance and Risk Management Committees report directly to Council after every committee meeting.

Te Ropu Manukura is unique to the University of Waikato. Sixteen Iwi are represented on Te Ropu Manukura and are charged with guiding the University into an effective partnership with Māori as envisioned in the Treaty of Waitangi. This relationship is part of our heritage.

An Executive Committee advises the Chancellor and Vice-Chancellor on governance matters and an Honours Committee considers nominations for honorary awards.

Principle 5: Reporting and Disclosure

Council demands integrity, balance and timeliness in the reporting of University affairs.

Meetings of Council and its Committees are open to the public under the provisions of the Local Government Official Information and Meetings Act 1987. The only exceptions to full disclosure are for specific agenda items that are judged to affect the privacy of natural persons or are commercially sensitive. Council endeavours to be as open as possible in all of its deliberations.

There are well-established processes for reporting to Council. The Chancellor reports on progress against Governance Goals and the Vice-Chancellor reports against Goals derived from the Strategic Plan. Committees work to their annual work plan and report to Council in a fully integrated manner.

Principle 6: Governance-Management interface

A clear boundary is maintained between management issues and governance.

Council promotes a climate of mutual respect, trust and candour in its relations with Management; and nurtures a governance culture of constructive scepticism.

The principal functions of the Council are to monitor and evaluate the performance of the Vice-Chancellor, to adopt a charter and profile for the University and to ensure that it is managed in accordance with its charter and profile.

Current operational decisions are delegated to Management. The Vice-Chancellor is responsible to Council for agreed operational outcomes - not for how they are achieved. Councillors don't seek to influence operational matters. To do so would undermine the Vice-Chancellor's authority. In operational areas requiring Council approval, such as setting fees or the budget, Council considers the recommendation of the Vice-Chancellor. Council will usually have a high-level early input to major decisions through a principles paper considered at a previous meeting.

Council expects to be consulted on significant strategies and changes with a strategic impact viz. matters which affect future (not current) offerings to students and staff. Where the consideration of strategic initiatives does not align with scheduled meetings, the Vice-Chancellor is expected to raise these matters with the Executive Committee or with the Chancellor/Pro-Chancellor. Council prefers to consider the many strategic options which the University is considering at its October meeting in the context of the Profile, Budget and Domestic Fees decisions. Relations between the Council and the Vice-Chancellor are best described as that of a *critical friend*.

Principle 7: Remuneration

Remuneration of the Councillors and Vice-Chancellor will be transparent, fair and reasonable.

Council membership is regarded as a public service that is modestly rewarded. Notwithstanding this, Council seeks to offer fair rewards in the interests of attracting the best available talent. Compensation rates are based on meeting attendance and are set by Government. Individual earnings are disclosed in the annual report. Council operates to an annual budget like every other part of the University, and the same policies apply as to all staff.

The University is a Crown Entity and hence the remuneration of the Vice-Chancellor is overseen by the State Services Commission. The SSC determines an appropriate salary band and requires that the total remuneration consists of a base salary and an at risk component. At the beginning of the year, the Vice-Chancellor negotiates personal goals that reflect performance expectations for the University and define the Vice-Chancellor's personal contribution to those goals. The Vice-Chancellor's achievement of those goals determines the share of the at risk component paid to him. The external members of the Executive Committee make this recommendation to Council.

Principle 8: Recognise and manage Risk

The University aims to be risk aware rather than risk averse.

The Risk Management Committee verifies that the University has appropriate processes in place to identify and manage risks. This Committee has both Council and Management appointees. The annual audit programme is determined by the Committee and carried out by independent auditors.

Council and the Vice-Chancellor's Committee expect that reviews will be full and frank (but not destructive), in their assessments.

Annual Statements of Corporate Intent are written into the constitutions of subsidiary companies. These provide prior notice of significant policy shifts to those with a University-wide perspective.

TAMU which is part of the Tertiary Education Commission assesses the ownership risk to the Crown in each Tertiary Education Organisation. There is an open dialogue and full disclosure between Council, Management and TAMU on any matter that is relevant to the ongoing viability of the University.

Principle 9: Auditors

The Risk Management Committee assures Council of the integrity and independence of the external financial audit process.

The Auditor-General has determined that Audit New Zealand will audit the University. A formal engagement letter sets out the respective obligations of the external auditor and of the University. Council representatives sign a Letter of Representation detailing the assurances given.

Council, through the Risk Management Committee, seeks an assurance from the auditors that they have received the full cooperation of Management in fulfilling their role. Absolutely no pressure is applied to present anything other than full disclosure of the financial position.

Principle 10: Stakeholder relations

The University exists to create value for its stakeholders by ensuring that their interests are understood and that they are informed about matters of concern to them.

Council must discern the community interest. Genuine community consultation focuses on ascertaining how the University's services can be more valuable to stakeholders. It is about listening and asking questions and seeking advice on matters of importance to stakeholders.

The University solicits staff views in the formative stages of the Strategic Planning process. The University makes itself accessible to regional stakeholders through visiting them on their home turf and by fostering informed debate on emerging issues.

The Annual Report is a comprehensive and realistic statement of our situation that is endorsed by Council. When Council is required to make decisions that may be unpopular in some quarters, it will do so openly and after full discussion and debate with interested parties.

The Council may on occasion advocate for stakeholder strategic interests. Council may advocate strongly but Management must still assess and prioritise requests for additional resources.

Footnotes

1. These Principles are adapted from the Corporate Governance Principles & Guidelines of the NZ Securities Commission.

The University of Waikato has an ongoing commitment to equal opportunities in education and employment. This is reflected in the diversity of our students and our staff.

We provide a wide range of University-wide and School/ Faculty-specific services to facilitate equality of access for students and success. Support is available to all students, with additional support tailored to groups to meet their specific needs.

Staff Profile

In 2006, more than half the total staff of 1459 (full-time equivalent) at the University of Waikato were women (58%). Women comprised 45% of the academic staff and 68% of the general staff. The highest percentages of female staff were in the Financial Services Division (81%); Student and Academic Services (84%); Library (79%), Human Resources Management (77%) and School of Education (77%). The lowest percentages of female staff continued to be in the School of Computing and Mathematical Sciences (31%); Facilities Management Division (31%); and Information Technology Services (39%).

Almost three quarters of the total staff at the University of Waikato were European/Pakeha (73%) and 10% Māori. A total of 19% of Māori staff and 36% of women held senior positions within the University. Senior positions are identified as academic appointments at senior lecturer and above, and general staff appointments at level 6 and above.

5% of University staff had declared disabilities. These included: vision difficulties, mobility problems, diabetes, breathing problems, hearing difficulties, epilepsy, medical and other disabilities.

Student Profile

The total student population at the University of Waikato in 2006 was 12,561, 42% (5,287) of whom were male and 58% (7,274) female.

The ethnic composition of the student population comprised: European/Pakeha 47% (5,962), Asian 22% (2,734), Māori 18% (2,225), Pacific Islands 3% (433), Indian 2% (290), and "other" ethnic groups 7% (890). This compares with 2005 where 46% (5,964) were European/Pakeha, 24% (3,145) were Asian, 17% (2,259) were Māori, 3% (396) were of Pacific Island ethnicity, 2% (299) were Indian, 8% (1,005) were of 'other' ethnic origin.

Students under 20 years of age comprised 18% of the total student population.

Students aged between 20 and 24 years - for whom parents are still responsible for living costs - comprised 43%, whilst students aged 25 years or over (those who may be entitled to a government-funded living allowance) comprised 38%

The University had 411 students with disabilities. Of these students, 180 accessed support services - largely for physical/mobility, medical or specific learning difficulties.

The University of Waikato prides itself on the diversity of its existing Equal Opportunity programmes and, in 2006, continued to support several programmes and initiatives for staff and students. These included:

- Strategies such as family-friendly environments, flexible hours and work-from-home options, considered on a case-by-case basis by managers
- Support for staff to undertake further studies to enhance their career paths and contribution to the University
- Availability of an EEO liaison representative in each School/Faculty and Division to assist senior management in the planning and reporting of EEO initiatives
- Coordination of a University-wide pōwhiri and orientation at the beginning of the academic year to welcome and induct new Māori students of the University
- Te Puna Tautoko - a forum of student support specialists in collaboration with School/ Faculty-based Māori student mentors
- Establishment of a new position of Pacific Student Liaison Coordinator to promote and improve the success of Pacific Islands' students at the tertiary level
- Training of Halls of Residence staff to work effectively and appropriately with students with disabilities.



Equal Opportunities For Students and Staff

The University of Waikato also provided the following support for students living in the Halls of Residences in 2006:

- The University awarded 14 Bryant Hardship Scholarships to students who would not otherwise be able to attend University due to their or their families' financial circumstances. The scholarships covered the total cost of accommodation in the Halls of Residence.
- The Halls accommodated a significant number of students with a wide range of disabilities. A successful model was introduced for providing support and pastoral care by facilitating an across-services team of staff who worked with, supported and interacted, with affected students.
- The Halls of Residences also:
 - operated kaupapa floors to provide personal, social and academic assistance for students wanting to encompass traditional Māori values and support systems, as well as fostering fluency in Te Reo Māori
 - operated a Fale Pasifika floor in College Hall and aimed to provide personal, social and academic assistance for students from the Pacific Islands
 - offered women and men-only floors, flats and cottages for Muslim and other students, who preferred to live in a single sex area.

University operations recorded a consolidated surplus of \$9.5 million in the year to December, 2006, compared with \$8.5 million the previous year.

Given the challenging operating environment, this represented an excellent result for the second consecutive year which can be attributed to the commitment of all staff to meeting their financial goals together with some positive unbudgeted movements in both revenue and expenditure.

For the University only, the 2006 surplus was \$7.5 million, an improvement both on budget and the previous year. This represented 4.2 percent of total revenue and is in line with the 3.5 percent target set in the University Strategic Plan. The surplus target is designed to fund development growth and to ensure sustainability of the University.

Total consolidated revenue of \$183.5 million increased by 2.1 percent compared with 2005, slightly exceeding budget. International tuition fees were lower than budgeted by \$5.4 million due to a 12.9 percent decrease in international student enrolments.

However, domestic student enrolments were only 1.8 percent below budget due mainly to a 6 percent increase in new students. The increase in new domestic students, combined with an increase in the average tuition fees charged per student, resulted in an increase in domestic-student-related revenue of \$2.1 million.

Improved returns from commercial activities resulted in an 8.1 percent increase in other revenue. Early in 2006, revenue was forecast to be \$7.9 million under budget due to a decrease in equivalent full time student (EFTS) numbers. Initiatives were put in place to achieve targeted savings in operating expenditure, resulting in operating expenditure is 3.3 percent lower than budget.

Overall labour costs were \$1.0 million lower than budgeted as the University delayed filling vacant positions or did not fill them at all. Other operating costs were closely managed to achieve \$5.3 million savings on budget. This was mainly achieved through one-off expenditure savings and not utilising restructuring provisions.

The University is now financially well-positioned to face the challenges of 2007. Total international student enrolments are projected to continue to fall throughout New Zealand universities, and the Government is expected to announce this year the details of its new funding policy for the tertiary sector. It is unclear the extent to which the new funding regime will affect the University of Waikato.

In 2007, the University will launch a new capital works programme, beginning with construction of a new student "hub" at the centre of the campus. Plans are also underway for a new building to house the Law and Management Schools. These major developments will greatly add to the resources available to both students and staff.

Raymond McNickle
Head of Corporate Services

TO THE READERS OF
THE UNIVERSITY OF WAIKATO AND GROUP'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2006

The Auditor-General is the auditor of the University of Waikato (the University) and group. The Auditor-General has appointed me, M G Taris, using the staff and resources of Audit New Zealand to carry out the audit of the financial statements and statement of service performance of the University and group, on his behalf, for the year ended 31 December 2006.

Unqualified Opinion

In our opinion:

- the financial statements of the University and group on pages 19 to 40:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the University and group's financial position as at 31 December 2006; and
 - the results of operations and cash flows for the year ended on that date.
 - the performance information of the University and group on pages 41 to 46 fairly reflects its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 26 March 2007, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

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

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

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

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

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the University and group as at 31 December 2006. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The Council is also responsible for preparing performance information that fairly reflects the service performance achievements for the year ended 31 December 2006. The Council's responsibilities arise from the Education Act 1989 and the Crown Entities Act 2004.

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

Independence

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

In addition to the annual audit of the University and its subsidiaries, we perform an annual audit of the Vice-Chancellor's declaration on the performance-based research fund external income, and have performed an audit of the University's preliminary opening balance sheet under New Zealand International Financial Reporting Standards. These assignments are compatible with those independence requirements. Other than the annual audit and these assignments, we have no relationship with or interests in the University or its subsidiaries.



M G Taris
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the University of Waikato for the year ended 31 December 2006 included on the University's website. The University's Council is responsible for the maintenance and integrity of the University's website. We have not been engaged to report on the integrity of the University's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 26 March 2007 to confirm the information included in the audited financial statements presented on this web site.

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

Statement of Responsibility

In the financial year ended 31 December 2006, the Council and management of The University of Waikato were responsible for:

1. The preparation of the annual financial statements and the judgements used in them;
2. Establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting; and
3. In the opinion of Council and management of The University of Waikato, the annual financial statements of the financial year ended 31 December 2006 fairly reflect the financial position and operations of The University of Waikato and group.



Chancellor

Mr John Jackman
14 March 2007



Vice-Chancellor

Professor Roy Crawford
14 March 2007

1. The Reporting Entity

The University of Waikato (the University) is constituted as a university under the University of Waikato Act 1963 for the advancement of knowledge and the dissemination and maintenance thereof by teaching and research.

These accompanying financial statements are presented in accordance with Section 203 of the Education Act 1989 which refers to the provisions of Crown Entities Act 2004, and Generally Accepted Accounting Practice as adopted by the Institute of Chartered Accountants of New Zealand.

The financial statements cover all the activities of the University including those of:

- WaikatoLink Limited and Group, a wholly owned subsidiary company, and the results for the year ended 31 December 2006 have been fully consolidated into the University group results.
- The University of Waikato Foundation, incorporated as a Charitable Trust in 1992, and the results for the year ended 31 December 2006 have been fully consolidated into the University group results.
- The University of Waikato Alumni Association, incorporated in 1990, and the results for the year ended 31 December 2006 have been fully consolidated into the University group results.
- The Student Campus Building Fund Trust, incorporated as a Charitable Trust in 1971, and the results for the year ended 31 December 2006 have been fully consolidated into the University group results.
- Campus Services Limited is 50% owned by the University. The remaining 50% is owned by the Waikato Students' Union (Incorporated). Campus Services Limited commenced operations from 1 August 1996, replacing the Student Union Services Management Board. Equity Accounting methods have been used to report the results of Campus Services Limited which has a balance date of 31 December.
- LCo New Zealand Limited is 24% owned by the University. The remaining 76% is owned by three other New Zealand universities. LCo New Zealand Limited was incorporated December 2003. Equity Accounting methods have been used to report the results of LCo New Zealand Limited which has a balance date of 31 December.

2. Measurement System

The general accounting principles recognised as appropriate for the measurement and reporting of financial performance and position on an historical cost basis, adjusted by the revaluation of certain property, plant and equipment, are followed by the University.

3. Accounting Policies

a. Basis of Consolidation

The consolidated financial statements include the University and its subsidiaries and associates.

In the consolidated financial statements, subsidiaries have been included by aggregating like items of assets, liabilities, revenues, expenses and cashflows on a line by line basis. All inter-entity transactions are eliminated on consolidation.

Associates are those entities over which the University has the capacity to affect substantially, but not unilaterally determine, the financial and/or operating policies. The University's share of surplus is included in the consolidated Statement of Financial Performance and the share of post acquisition increase in net assets is included in the consolidated investments in the Statement of Financial Position.

b. Budget Figures are from the budget approved by the Finance Committee on 23 November 2005.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

Statement of Accounting Policies

For the Year Ended 31 December 2006

- c. **Goods and Services Tax (GST)** is excluded from these financial statements, with the exception of accounts receivable and accounts payable.
- d. **Income Tax** has not been provided for in these accounts as the University has been recognised as a charitable organisation by the IRD and is therefore exempt from income tax.
- e. **Research Grants and Subsidies, Donations and Bequests** to the University are recognised as income when money is received, or entitlement to receive money is established; except where fulfillment of any restrictions attached to these monies is not probable.
- f. **Government Grants** to the University are recognised as income on entitlement.
- g. **Student tuition fees** are recognised as revenue on a course percentage of completion basis.
- h. **Foreign currency** transactions throughout the year have been converted into New Zealand currency at the ruling rate of exchange at the dates of the transactions. Foreign currency balances, as at 31 December 2006, are valued at the exchange rates prevailing on that date. Foreign Exchange gains/losses are recognised in the Statement of Financial Performance.
- i. **Equity** is the community's interest in the University and Group and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that Council and Group make of its accumulated surpluses. The components of equity are:

- General Equity
- Asset Revaluation Reserve
- University Created Reserves
- Restricted Reserves

- j. **Accounts Receivable** are shown at estimated realisable value after providing for bad and doubtful debts.
- k. **Investments** are valued at cost except for Local Authority Stock, Government Stock, and Transferable Certificates of Deposit, which are valued at face value, which is not materially different from cost.
- l. **Inventories** are valued at the lower of cost (determined on a weighted average basis) and net realisable value. This valuation includes allowances for slow moving and obsolete inventories. No account is taken of other minor stocks in academic schools and administrative departments, which are expensed as issued.
- m. **Employee Entitlements**
Provision is made in respect of the University's liability for staff annual and long service leave where the employee is entitled to that leave as at 31 December 2006.

Additionally provision has been made, where applicable, using an actuarial valuation for retirement gratuities and long service leave. This valuation, as at 31 December 2006, was undertaken by Mercer Human Resource Consulting Limited (Actuaries). The actuarial valuation determines the extent of anticipated entitlements payable under employment contracts and brings to account a liability using the present value measurement basis, which discounts expected future cash outflows.

To the extent that it is anticipated that the liability will arise during the following year the entitlements are recorded as Current Liabilities. The remainder of the anticipated entitlements are recorded as Non-Current Liabilities.

n. **Property, Plant and Equipment:**

1. **Valuation**

i. **Land and Buildings**

Land

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

Buildings

The majority of Buildings recognised in the financial statements, including the previous Hamilton Teachers' College buildings, are still subject to the legal transfer of ownership from the Ministry of Education. The University is of the opinion that as at 31 December 2006 it is in substance the owner of these Buildings and assumes all the normal risks and rewards of ownership.

Land and Buildings are reviewed annually for current values and, if significant movements have occurred, revalued. Land and Buildings were revalued as at 31 December 2006 by Attewell Gerbich Havill Limited in conjunction with DTZ New Zealand (Registered Valuers), on a fair value basis. The value of land and non specialised buildings was determined using market based evidence. All other buildings were valued at Optimised Depreciated Replacement Cost.

- ii. **University Owned Infrastructural Assets** are reviewed annually for current values and, if significant movements have occurred, revalued. Infrastructural Assets were revalued as at 31 December 2006 by Opus International Consultants Limited on a fair value basis using the Optimised Depreciated Replacement Cost method.
- iii. **The Library Collection** is valued on the basis of historical cost less accumulated depreciation.
- iv. **Additions** between valuations are recorded at cost less accumulated depreciation.
- v. **Assets Under Construction/Work in Progress** is valued on the basis of expenditure incurred and Certified Gross Progress Claim Certificates up to 31 December. Work in Progress is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then it is depreciated.
- vi. **All Other Property, Plant and Equipment** are valued at historical cost less accumulated depreciation.

2. **Depreciation**

Land is not depreciated.

Buildings are depreciated on a straight line basis that will write off the cost or valuation of Buildings over their estimated total useful life.

Statement of Accounting Policies

For the Year Ended 31 December 2006

The useful lives and associated depreciation rates for Buildings are estimated as follows:

	Useful Lives:	Residual Values as a percentage of Replacement Cost:
Structure	35-100 Years	0-15%
Services	25-35 Years	5%
Fitout	20-25 Years	0%

Infrastructural Assets are depreciated on a straight line basis that will write off the cost or valuation of the Infrastructural Assets over their estimated total useful life.

	Useful Lives:	Residual Values:
Infrastructure	25-80 Years	0%

The Library Collection is depreciated on a straight line basis that will write off the cost over its useful life. The useful lives are estimated at 35 years for books and 15 years for periodicals.

Teaching and research equipment is depreciated at 15% per annum on a diminishing value basis.

Computer equipment excluding servers is depreciated on a straight line basis that will write off the cost within four years.

Computer servers are depreciated on a straight line basis that will write off the cost within five years.

Computer software is depreciated on a straight line basis that will write off the cost within four years.

Computer software for the student enrolment and library systems are depreciated on a straight line basis that will write off the cost within ten years.

Other Property, Plant and Equipment are depreciated on a diminishing value basis dependent on their assessed useful life and at rates which vary from 5 to 20%.

o. Leases

Finance leases, which effectively transfer to the University substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments. The leased assets and corresponding liabilities are disclosed and the leased assets are depreciated over the period the University is expected to benefit from their use.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

p. Statement of Cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the University invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the University and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the University.



Statement of Accounting Policies For the Year Ended 31 December 2006

- q. **Financial Instruments** form part of the University's everyday operations. These financial instruments include Bank Accounts, Short Term Deposits, Trade and Accounts Receivable, Trade and Accounts Payable and Term Borrowings, all of which are recognised in the Statement of Financial Position.

Revenue and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.

4. **Changes in Accounting Policies**

All policies are unchanged and have been applied in a manner consistent with the previous year.

Statement of Financial Performance

For the Year Ended 31 December 2006

	Notes	CONSOLIDATED		UNIVERSITY		
		This Year \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Revenue						
Government Funding and Grants	1	73,322	67,887	73,322	69,794	67,887
Fees Income	2	61,522	65,659	61,522	66,537	65,659
Research Income		20,317	20,137	20,317	20,000	20,137
Interest Received		3,005	2,449	2,728	1,844	2,274
Other Revenue		24,737	22,882	20,268	19,943	19,526
Donations		633	795	602	111	1,037
Total Revenue		183,536	179,809	178,759	178,229	176,520
Costs						
Academic Salaries		63,899	63,392	63,899	62,416	63,392
General Salaries		38,901	39,457	38,907	41,393	39,456
Other Costs		56,391	54,597	53,649	58,233	53,754
Depreciation	6	14,875	13,867	14,848	15,000	13,850
Total Costs		174,066	171,313	171,303	177,042	170,452
Net Surplus		9,470	8,496	7,456	1,187	6,068

The accompanying accounting policies and notes form an integral part of this statement

Statement of Movements in Equity

For the Year Ended 31 December 2006

	Notes	Consolidated		University		
		This Year \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Net Surplus		9,470	8,496	7,456	1,187	6,068
Increase in Asset Revaluation Reserve	8	56,039	27,969	56,039	-	27,969
Total Recognised Revenues and Expenses		65,509	36,465	63,495	1,187	34,037
Movements in Equity		65,509	36,465	63,495	1,187	34,037
Opening Equity		234,984	198,519	229,179	194,301	195,142
Closing Equity		300,493	234,984	292,674	195,488	229,179

The accompanying accounting policies and notes form an integral part of this statement

Statement of Financial Position

For the Year Ended 31 December 2006

	Notes	Consolidated		University		
		This Year \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Assets						
Current Assets						
Cash and Bank		5,004	403	2,288	500	188
Accounts Receivable		9,229	4,003	8,539	4,006	3,956
Prepayments		2,870	2,973	2,870	2,973	2,973
Short Term Investments	4	18,567	26,690	16,521	10,248	23,182
Inventories		1,072	1,045	1,035	1,045	1,012
Total Current Assets		36,742	35,114	31,253	18,772	31,311
Non Current Assets						
Investments	4	3,415	2,431	875	1,501	887
Property, Plant and Equipment	6	302,097	242,687	302,010	217,271	242,625
Total Non Current Assets		305,512	245,118	302,885	218,772	243,512
Total Assets		342,254	280,232	334,138	237,544	274,823
Liabilities						
Current Liabilities						
Income in Advance		9,820	7,551	9,820	7,551	7,551
Accounts Payable		10,687	11,334	10,451	9,484	11,736
Current Portion of Employee Entitlements	3	11,905	11,411	11,844	11,411	11,405
Current Portion of Term Liabilities	5	161	80	161	80	80
Total Current Liabilities		32,573	30,376	32,276	28,526	30,772
Non Current Liabilities						
Term Portion of Employee Entitlements	3	7,568	7,055	7,568	6,253	7,055
Term Liabilities	5	1,620	7,817	1,620	7,277	7,817
Total Non Current Liabilities		9,188	14,872	9,188	13,530	14,872
Equity						
General Equity	7	171,532	161,678	163,713	122,182	155,873
Asset Revaluation Reserve	8	119,973	63,934	119,973	63,934	63,934
University Created Reserves	7	6,256	6,574	6,256	6,574	6,574
Restricted Reserves	7	2,732	2,798	2,732	2,798	2,798
Total Equity		300,493	234,984	292,674	195,488	229,179
Total Liabilities and Equity		342,254	280,232	334,138	237,544	274,823

The accompanying accounting policies and notes form an integral part of this statement

Statement of Cash Flows

For the Year Ended 31 December 2006

Notes	Consolidated		University		
	This Year \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Cash Flows from Operating Activities					
Cash was provided from:					
Government Funding and Grants	73,090	68,486	73,090	69,794	68,486
Revenues from Fees	63,929	68,165	63,929	67,146	68,165
Other Revenue	45,047	36,343	43,561	39,505	35,689
Receipts for Capital Investment	100	396	100	41	396
Interest Received	3,024	2,432	2,747	1,844	2,235
	185,190	175,822	183,427	178,330	174,971
Cash was applied to:					
Interest Paid	(55)	(49)	(55)	(47)	(49)
Suppliers	(53,924)	(48,915)	(52,739)	(50,766)	(47,621)
Employees	(109,284)	(106,075)	(109,284)	(111,917)	(106,047)
	(163,263)	(155,039)	(162,078)	(162,730)	(153,717)
Net Cash Flows from Operating Activities*	21,927	20,783	21,349	15,600	21,254
Cash Flows from Investing Activities					
Cash was provided from:					
Share Sales	27	2,710	-	-	-
Asset Sales	70	709	70	90	709
Term Investments	-	14	-	-	14
	97	3,433	70	90	723
Cash was applied to:					
Term Investments	(144)	(799)	(20)	-	-
Asset Purchases	(18,245)	(17,489)	(18,195)	(19,520)	(17,456)
	(18,389)	(18,288)	(18,215)	(19,520)	(17,456)
Net Cash Flows from Investing Activities	(18,292)	(14,855)	(18,145)	(19,430)	(16,733)
Cash Flows from Financing Activities					
Cash was provided from:					
Loans Raised	569	7,950	-	7,300	7,700
	569	7,950	-	7,300	7,700
Cash was applied to:					
Loans Repaid	(7,540)	(7,400)	(7,540)	(7,460)	(7,400)
	(7,540)	(7,400)	(7,540)	(7,460)	(7,400)
Net Cash Flows from Financing Activities	(6,971)	550	(7,540)	(160)	300
Net Cash Flows From All Activities	(3,336)	6,478	(4,336)	(3,990)	4,821
Plus Opening Balance	27,077	20,607	23,238	23,238	18,425
Less Non Cash Currency Loss	(214)	(8)	(214)	-	(8)
Closing Cash Balance	23,527	27,077	18,688	19,248	23,238
Cash and Bank	5,004	403	2,288	500	188
Short Term Investments	4	18,523	16,400	18,748	23,050
	23,527	27,077	18,688	19,248	23,238

* Refer to the Reconciliation of the Net Surplus with the Net Cash Flows from Operating Activities
The accompanying accounting policies and notes form an integral part of this statement

Reconciliation of the Net Surplus with the Net Cash Flows from Operating Activities For the Year Ended 31 December 2006

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Net Surplus	9,470	8,496	7,456	6,068
Add/(Less) Non Cash Items:				
Depreciation	14,875	13,867	14,848	13,850
Increase in Term Portion of Employee Entitlements	513	802	513	802
Net Loss on Foreign Currency	214	8	214	8
Share of Associates' Post Acquisition Profits	(258)	(317)	-	-
Other	471	(140)	471	(61)
	15,815	14,220	16,046	14,599
Add/(Less) Movements in Other Working Capital Items:				
(Increase)/Decrease in Accounts Receivable	(5,226)	2,309	(4,583)	2,210
Increase/(Decrease) in Accounts Payable	(647)	405	(1,285)	399
(Increase)/Decrease in Inventories	(27)	310	(23)	310
Increase/(Decrease) in Income in Advance	2,269	(2,488)	2,269	(2,488)
Increase/(Decrease) in Employee Entitlements	494	2,022	439	2,019
(Increase)/Decrease in Prepayments	103	(661)	103	(661)
	(3,034)	1,897	(3,080)	1,789
Add/(Less) Items Classified as Investing and Financing Activities:				
Increase/(Decrease) in Capital Prepayments	112	(169)	112	(169)
(Increase)/Decrease in Capital Accounts Payable	698	(974)	698	(974)
Share Sales	-	(2,869)	-	-
Net (Gain)/Loss on Disposal of Assets	75	(69)	75	(69)
	885	(4,081)	885	(1,212)
Other Adjustments:				
Agency Adjustments	(1,209)	251	42	10
	(1,209)	251	42	10
Net Cash Flow from Operating Activities	21,927	20,783	21,349	21,254

Statement of Commitments

As at 31 December 2006

Capital Commitments

The University has the following estimated capital expenditure contracted:

	University	
	This Year \$000	Last Year \$000
Facilities Management Capital Projects	96	2,445
Total Capital Commitments	96	2,445

Operating Lease Commitments

The University has leased various properties and items of equipment.

The total future commitments under operating leases are:

	Current Portion \$000	1-2 years \$000	2-5 years \$000	5+ years \$000
31 December 2006	3,169	3,130	8,794	78,591
31 December 2005	1,901	1,686	3,302	30,702

These commitments include the lease with Waikato-Tainui for the Campus land.

The initial term of the lease is 50 years with 40 years remaining with future rights of perpetual renewal provided the University continues to use the Campus wholly or primarily for the purpose of tertiary education or research.

The lease cost on the land was recalculated in September 2006. The university is currently in discussion with Waikato-Tainui to finalise the lease costs for the next five year period of the lease term.

Consolidated Commitments

Campus Services Limited has a commitment for the installation of the recreation centre endless pool \$320,000 (2005-\$320,000).

Campus Services Limited also has operating lease commitments of \$4,754 (2005-\$3,968).

For the subsidiaries and associates included in the consolidated financial statements there are no other commitments.

Statement of Contingent Liabilities

As at 31 December 2006

University Contingent Liabilities

A guarantee has been given to the Bank of New Zealand for a overdraft facility of \$48,000 (2005-\$48,000) on a continuing basis to the Campus Creche Trust.

The University has no active personal grievance claims taken against it by staff members. The liability the University may incur is estimated at Nil (2005-\$20,000).

There are contingencies of \$50,000 for building fitout subject to lease negotiations expected to be finalised in 2007.(2005-\$100,000).

There are no other known contingent liabilities.

Consolidated Contingent Liabilities

Campus Services Limited would be liable to repay Sky City \$1,000 if a contracted event does not take place and to repay Coca Cola Amatil \$15,000 if their contract is cancelled.

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

Note 1: Government Funding and Grants

	Consolidated		University		
	This Year \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Block Grants	64,751	59,861	64,751	62,035	59,861
Advisory Services Grants	7,643	6,669	7,643	6,555	6,669
Other Grants	928	1,357	928	1,204	1,357
Total Government Funding and Grants	73,322	67,887	73,322	69,794	67,887

Note 2: Fees Income

	Consolidated		University		
	This Year \$000	Last Year \$000	This Year \$000	Budget \$000	Last Year \$000
Domestic	28,143	27,470	28,143	27,190	27,470
International	33,379	38,189	33,379	39,347	38,189
Total Fees Income	61,522	65,659	61,522	66,537	65,659

Note 3: Employee Entitlements

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Staff Annual and Long Service Leave vested	8,446	7,891	8,393	7,885
Other Employee Entitlements	2,542	2,788	2,534	2,788
Actuarial Valuation of Anticipated Retirement Gratuities and Long Service Leave	8,485	7,787	8,485	7,787
Total Employee Entitlements	19,473	18,466	19,412	18,460
Current Portion	11,905	11,411	11,844	11,405
Non Current Portion	7,568	7,055	7,568	7,055
	19,473	18,466	19,412	18,460

Note 4: Investments

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Short Term Investments				
Bank Term Deposits	18,523	26,674	16,400	23,050
The University of Waikato Foundation Loan	-	-	88	83
The University of Waikato Alumni Association Inc. Loan	-	-	-	33
Campus Services Limited Loan	13	16	13	16
NZ TEC Consortium Limited	20	-	20	-
WaikatoLink Limited Investments	11	-	-	-
Total Short Term Investments	18,567	26,690	16,521	23,182

Investments

Campus Services Limited Loan	-	12	-	12
Campus Services Limited Investment	1,447	1,221	374	374
LCo New Zealand Limited Investment	601	570	501	501
WaikatoLink Limited Investments	1,367	628	-	-
Total Term Investments	3,415	2,431	875	887

The weighted average effective interest rates on bank term deposits are disclosed in Note 11: Financial Instruments.

As the maturities for the bank term deposits are all for a period of less than six months they have not been repriced.

Investment in Associates

	Ownership	Balance Date
Campus Services Limited	50%	31 December

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

	Consolidated	
	This Year \$000	Last Year \$000
The University's share of the results of Campus Services Limited is as follows:		
Share of Retained Surplus	226	270
Investment in Associate		
Opening Balance	1,221	951
Share of Retained Surplus	226	270
Closing Balance	1,447	1,221

Represented by:

Share of increase in net assets of associate (Carrying Value)	1,447	1,221
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Investment in Associates	Ownership	Balance Date
LCo New Zealand Limited (LCoNZ)	24%	31 December

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

	Consolidated	
	This Year \$000	Last Year \$000
The University's share of the results of LCoNZ is as follows:		
Share of Retained Surplus	31	47
Investment in Associate		
Opening Balance	570	523
Equity Invested	-	-
Share of Retained Surplus	31	47
Closing Balance	601	570

Represented by:

Share of increase in net assets of associate (Carrying Value)	601	570
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Investment in Subsidiaries

	Ownership	Balance Date	Net Assets (approx fair value) as at 31 December	
			This Year \$000	Last Year \$000
Student Campus Building Fund Trust	Controlling	31 December	868	560
Principal Activity: Charitable Trust, finances facilities for the students of the University				
WaikatoLink Limited	100%	31 December	6,847	4,415
Principal Activity: Commercialisation holding company				
The University of Waikato Foundation	Controlling	31 December	(53)	(83)
Principal Activity: Charitable Trust, raises funds for the University				
The University of Waikato Alumni Association Incorporated	Controlling	31 December	-	-
Principal Activity: To foster, develop and maintain an ongoing relationship with past, present and future students of The University of Waikato				

Note 5: Term Liabilities

	Consolidated and University	
	This Year \$000	Last Year \$000
Opening Balance	7,897	7,597
less Loans Repaid	(7,461)	(7,400)
plus Loans Raised	-	7,700
plus Finance Lease Loan Raised	1,345	-
Closing Balance	1,781	7,897
Current Portion - Loans	161	80
Non Current Portion - Loans	1,620	7,817
	1,781	7,897

The weighted average interest rate of the term liabilities is 10.13% (2005-6.96%).

Finance leases

	Minimum Future Lease Payments				Present Value of minimum future lease payments			
	Consolidated		University		Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
No later than 1 year	164	-	164	-	154	-	154	-
Later than 1 year and not later than 2 years	164	-	164	-	138	-	138	-
Later than 2 years and not later than 5 years	491	-	491	-	326	-	326	-
Later than five years	6,008	-	6,008	-	727	-	727	-
Minimum Lease Payments	6,827	-	6,827	-	1,345	-	1,345	-
Less future finance charges	(5,482)		(5,482)					
Present value of minimum lease payments	1,345	-	1,345	-	1,345	-	1,345	-

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

This lease agreement was previously recorded as an operating lease, but was reviewed in 2006 during the IFRS compliance project and it was determined that it was in fact a finance lease.

In January 2007, the University has obtained approval from the Ministry of Education for the finance lease liability to be added to the balance sheet.

As the approval was not given prior to 31 December 2006 the University was in breach of the Education Act 1989 requiring ministerial approval for all borrowings.

Note 6: Property, Plant and Equipment

This Year	Consolidated				
	Cost \$000	Valuation \$000	Accumulated Depreciation \$000	Net \$000	Depreciation for Year \$000
Land	-	1,320	-	1,320	-
Infrastructural Assets	-	9,533	-	9,533	364
Buildings	-	239,036	-	239,036	6,376
Leasehold Building Improvements	3,194	-	2,417	777	104
Library Collection	44,613	-	22,640	21,974	1,812
Teaching & Research Equipment	73,955	-	56,975	16,980	4,507
Software	10,823	-	4,709	6,114	1,363
Other	3,738	-	1,807	1,931	349
Work in Progress	4,432	-	-	4,432	-
Total	140,755	249,889	88,548	302,097	14,875
Last Year					
Land	-	1,140	-	1,140	-
Infrastructural Assets	416	9,231	359	9,288	354
Buildings	4,748	179,242	6,113	177,877	6,115
Leasehold Building Improvements	3,124	-	2,313	811	233
Library Collection	41,616	-	20,827	20,789	1,755
Teaching & Research Equipment	70,262	-	53,127	17,135	4,064
Software	10,236	-	3,345	6,891	1,013
Other	3,471	-	1,631	1,840	333
Work in Progress	6,916	-	-	6,916	-
Total	140,789	189,613	87,715	242,687	13,867
Other Assets are made up as follows:			This Year	Last Year	
			\$000	\$000	
Art Collection			287	279	
Administration, Plant and Furniture			214	203	
Motor Vehicles			3,237	2,989	
Total			3,738	3,471	

The \$87,000 (2005-\$62,000) difference between the Property, Plant and Equipment represented in the Statement of Financial Position for the University as compared to the value under Consolidated is the Property, Plant and Equipment held by The University of Waikato Foundation of \$4,000 (2005-\$4,000) and WaikatoLink Limited of \$83,000 (2005-\$58,000).

Land and Buildings were revalued as at 31 December 2006 by Attewell Gerbich Havill Limited in conjunction with DTZ New Zealand (Registered Valuers), on a fair value basis. The value of land and non specialised buildings was determined using market based evidence. All other buildings were valued at Optimised Depreciated Replacement Cost.

Infrastructural Assets were revalued as at 31 December 2006 by Opus International Consultants Limited on a fair value basis using the Optimised Depreciated Replacement Cost method.

The valuation of buildings held under finance lease as at 31 December 2006 is \$2,001,631 (2005 \$Nil).

Note 7: Equity

i) General Equity

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Opening Balance	161,678	153,676	155,873	150,299
Net Surplus	9,470	8,496	7,456	6,068
less appropriations of net surplus to Restricted Trusts				
Prizes, Scholarships and Trust Funds	(491)	(495)	(491)	(495)
University Created Reserves				
External Research	(23,164)	(21,498)	(23,164)	(21,498)
plus transfers from Restricted Trusts				
Prizes, Scholarships and Trust Funds	557	183	557	183
University Created Reserves				
External Research	23,482	21,316	23,482	21,316
Closing Balance	171,532	161,678	163,713	155,873

ii) University Created Reserves

These are reserves established for an external research purpose and for which conditions have been imposed.

	Consolidated and University	
	This Year \$000	Last Year \$000
External Research		
Opening Balance	6,574	6,392
add appropriation of Net Surplus	23,164	21,498
less transfer to Accumulated Surplus	(23,482)	(21,316)
Closing Balance	6,256	6,574

iii) Restricted Reserves

The Prizes, Scholarships and Trust Funds Reserves represent funds held by the University on behalf of others and funds provided to the University by various people for specific purposes. Revenue received for these items and disbursements to authorised recipients are shown in the Statement of Financial Performance. Fund balances remaining are shown as restricted reserves.

	Consolidated and University	
	This Year \$000	Last Year \$000
Prizes, Scholarships and Trust Funds		
Opening Balance	2,798	2,486
add appropriation of Net Surplus	491	495
less application to Prizes, Scholarships and Trust Funds	(557)	(183)
Closing Balance	2,732	2,798

Note 8: Asset Revaluation Reserve

	Consolidated and University	
	This Year \$000	Last Year \$000
Opening Balance	63,934	35,965
Revaluation	56,039	27,982
Transfer on disposal of assets	-	(13)
Increase in Asset Revaluation Reserve	56,039	27,969
Closing Balance	119,973	63,934
Represented by:		
Land		
Opening Balance	655	-
Revaluation	180	655
Closing Balance	835	655
Buildings		
Opening Balance	55,733	27,925
Revaluation	56,037	27,821
Transfer on disposal of assets	-	(13)
Closing Balance	111,770	55,733
Infrastructural Assets		
Opening Balance	7,546	8,040
Revaluation	(178)	(494)
Closing Balance	7,368	7,546

Note 9: Other Disclosures

	Consolidated		University	
	This Year \$000	Last Year \$000	This Year \$000	Last Year \$000
Interest Expense	201	52	201	52
Audit Fees-External Auditor	99	82	77	70
Other Fees-External Auditor *	17	7	17	7
Audit Fees-Other Auditors	152	85	152	85
Bad Debts	31	31	31	31
(Gain)/Loss on Disposal of Assets	75	(69)	75	(69)
Foregin Exchange Gain/(Loss)	(214)	(8)	(214)	(8)
Decrease/(Increase) in Provision for Doubtful Debts	244	(61)	244	(61)
Rental Expense on Operating Leases	2,582	2,425	2,582	2,425

* These fees were for assurance or audit related engagements.

Note 10: Councillors' Remuneration

Fees to Council members for their contributions to the work of the Council, paid in accordance with Section 179 of the Education Act 1989, totalled \$71,420 (2005-\$43,250).

	University	
	This Year \$	Last Year \$
Mr J. Jackman (Chancellor)	17,175	5,610
Dr R. Pringle *	11,885	8,825
Mr J. Gallagher	6,405	-
Dr B. Linehan	4,845	1,785
Ms S. Orgad	4,335	-
Mr T. Whittaker	3,825	-
Ms S. Sleight	3,570	3,570
Professor A. Barrett	2,550	3,315
Ms M. Dodd	2,550	1,530
Mayor M. Redman	2,550	-
Professor T. Healy	2,295	1,785
Mayor G. Weld	2,040	2,040
Dr A. Mahuika	2,040	-
Ms E. Barton	1,785	1,785
Dr A. Hampton	1,275	1,530
Mr R. Parton	1,275	1,785
Mr S. Solomon	1,020	1,785
Mr S. Pushpamangalam	-	4,590
Mr L. Bourke	-	3,315
Total	71,420	43,250

* Includes director fee for WaikatoLink Limited.

Note 11: Financial Instruments

Fair Value

The estimated fair value of the University's financial instruments are equivalent to their carrying amounts in the financial statements.

Credit Risk

Financial instruments which potentially subject the University to credit risk principally consist of bank balances and accounts receivable. Credit risk in respect of Bank and Short Term Deposits is reduced by spreading deposits over major trading banks. Receivables are unsecured, but are subject to credit control. No collateral is held.

Currency Risk

The University holds cash in foreign currencies. Fluctuations in foreign currency exchange rates give rise to currency risk.

Interest Rate Risk

There was a finance lease recognised in 2006 with an effective interest rate of 12.07% (2005-Nil).

There were no term loans for 2006 (2005-6.02% to 8.40%). The effective interest rates on Investments range from 7.25% to 7.67% (2005-6.72% to 7.59%).

Note 12: Segmental Information

The University operates predominantly in one industry (tertiary education) and in one geographical area (Hamilton, New Zealand).

Note 13: Related Party Transactions

The following related party transactions with WaikatoLink Limited, Campus Services Limited (CSL), The University of Waikato Foundation (Foundation), The Student Campus Building Fund Trust (SCBFT), LCo New Zealand Limited (LCoNZ) and The University of Waikato Alumni Association Incorporated (Alumni) occurred during the year:

	WaikatoLink \$	CSL \$	Foundation \$	SCBFT \$	LCoNZ \$	Alumni \$
Payments in 2006 to:	1,027,437	558,509	153,256	2,637	273,688	222,819
(2005)	693,750	597,516	148,498	2,540	35,048	175,715
Receipts in 2006 from:	120,961	663,974	87,039	310,462	-	-
(2005)	338,025	341,532	810,499	562,135	76	-
Accounts Receivable at 31 December 2006 owing from:	1,688,907	8,836	88,507	-	-	37,095
(2005)	250,000	29,249	83,346	-	-	32,501
Accounts Payable at 31 December 2006 owing to:	73,547	23,311	5,668	867,544	8,807	-
(2005)	158,499	23,264	5,088	559,721	75,081	-

WaikatoLink Limited has an associate company, Ectus Limited, which was sold during 2005.

	This Year \$	Last Year \$
Total payments to Ectus Limited	-	827,160
Total receipts from Ectus Limited	-	-
Accounts Receivable at 31 December from Ectus Limited	-	28,482
Accounts Payable at 31 December to Ectus Limited	-	38,147

During 2006 a payment was made to Cardax Limited (a division of the Gallagher group-of which the Chancellor is a stakeholder) for annual software maintenance on the after hours door access system. \$3,872.61 (2005-\$3,872.61)

The University enters into transactions with government departments and Crown agencies.

These are not separately disclosed because they are conducted on an arms length basis in the normal course of business.

The government influences the roles of the University as well as being a major source of revenue.

Note 14: FRS 41

Impact of the Adoption of International Financial Reporting Standards

In December 2002 the Accounting Standards Review Board ("ASRB") announced that New Zealand reporting entities would be required to apply New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") for reporting periods commencing on or after 1 January 2007. The ASRB also allowed the option of adopting NZ IFRS earlier to the mandatory adoption date, allowing adoption from 1 January 2005.

The University of Waikato has determined that the University is a public benefit entity as defined by NZ IFRS as the focus of the University is to provide educational and research services to the community. The University has also determined that it will not adopt NZ IFRS early. As a consequence of this decision the University will report in compliance with NZ IFRS (with Public Benefit Entity exemptions) for first time for the year ended 31 December 2007.

The University worked jointly with six other Universities in New Zealand to identify specific issues arising from the transition to NZ IFRS that would impact the sector. The Audit Committee of the University is provided with progress reports from this working group and will be involved in all key decisions in regards to Accounting Policies.

The University was required to complete an opening New Zealand Equivalents to IFRS balance sheet. This balance sheet was prepared during 2006 and audited in February 2007. An explanation of how the transition from superseded policies to NZ IFRS has affected the University's financial position is set out in the following table and the notes that accompany the table.

Statement of Financial Position

As at 1 January 2006

	Notes	University		
		Existing Policies NZ\$000	Effect of Transition NZ\$000	NZ IFRS NZ\$000
Assets				
Current Assets				
Cash and Bank		188	-	188
Accounts Receivable	c	3,956	464	4,420
Prepayments		2,973	-	2,973
Short Term Investments		23,182	-	23,182
Inventories		1,012	-	1,012
Non-current assets classified as held for sale		-	-	-
Total Current Assets		31,311	464	31,775
Non Current Assets				
Investments		887	-	887
Intangibles	a	-	6,890	6,890
Property, Plant and Equipment	a,b	242,625	(5,267)	237,358
Total Non Current Assets		243,512	1,623	245,135
Total Assets		274,823	2,087	276,910
Liabilities				
Current Liabilities				
Income in Advance	c	7,551	5,128	12,679
Accounts Payable		11,736	-	11,736
Current Portion of Employee Entitlements	e	11,405	15	11,420
Current Portion of Term Liabilities	d	80	7,302	7,382
Total Current Liabilities		30,772	12,445	43,217

Non Current Liabilities

Term Portion of Employee Entitlements		7,055	-	7,055
Term Liabilities	b,d	7,817	(6,032)	1,785
Total Non Current Liabilities		14,872	(6,032)	8,840

Equity

General Equity		155,873	(50)	155,823
Asset Revaluation Reserve		63,934	389	64,323
University Created Reserves		6,574	(4,664)	1,910
Restricted Reserves		2,798	-	2,798
Total Equity		229,179	(4,325)	224,854
Total Liabilities and Equity		274,823	2,087	276,910

a Intangibles

The University has a large amount of software which has been capitalised with fixed assets under the superseded policies. NZ IAS 38

'Intangible Assets' requires that the software is recorded as an intangible asset and amortised over its useful life.

b Finance Lease Asset and Liability

During the IFRS conversion process a full review of our leases revealed that a lease the University had previously been treating as an operating lease was in fact a finance lease. The buildings will become the property of the University at the expiry of the lease.

The buildings have been recognised at market value at the inception of the lease and a corresponding liability was recognised as this was lower than the present value of the minimum future lease payments at inception. The building was revalued as at 1 January 2005 and is being depreciated over 100 years in accordance with similar buildings.

c Research Income

Under the superseded policies most research income was recognised as it was received. Research contracts which had benchmarks specified would use these benchmarks for income recognition. Under NZ IFRS 18 'Revenue' the University is required to recognise research income in relation to the stage of completion of the project. The University has chosen to calculate the stage of completion by using the proportion of costs incurred at balance date.

d Term Liabilities

A loan facility with ASB which was previously treated as a non-current liability has been reclassified as a current liability in terms of NZ IAS 1 'Presentation of Financial Statements'. In addition an EECA loan at nil interest has been restated at fair value.

e Sick Leave Accrual

Most University staff have an unlimited sick leave entitlement which requires no accrual. School Support Services and some cleaning/caretaking staff have an annual entitlement and provision to carry forward unused sick leave. This accrual has been calculated based on average excess sick leave used over the past three years.

The University expects that changes of policy that will have an ongoing material effect on the University's accounts are those relating to research revenue, intangibles and biological assets.

Future developments of the currently adopted NZ IFRS may take place prior to the University's adoption in 2007. Therefore the actual impact of adopting NZ IFRS may vary from the information presented.

Note 15: Provisions

	Consolidated and University	
	This Year \$000	Last Year \$000
Change Management Provision		
Opening Balance	650	-
Provision created / (Released)	(650)	650
Closing Balance	-	650

The provision raised in 2005 for change management has been released in the 2006 year.

Research

Objective 1

Achieve growth in research capability and outputs

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Proportion of 'research postgraduate' ¹ EFTS as a proportion of total EFTS	5%	4.5%	Not Achieved
Proportion of 'research postgraduate' and 'taught postgraduate' EFTS as a proportion of total EFTS	15.5%	14.6%	Not achieved
Number of new enrolments in doctoral theses ²	1% increase on 2005 level [85 as at 31 December]	119 (40% increase)	Achieved
Number of doctoral theses completed ³	1% increase on 2005 level [31 as at 31 December]	47 (52% increase)	Achieved
Number of quality-assured research outputs ⁴	1% increase on 2005 level [816 as at 31 December 2005]	559 (31% decrease)	Not achieved. Changes in category definition to align with TEC for the 2006 PBRF round resulted in 70 publications being excluded from the 2006 quality-assured research output count. If included the achievement would have been 629 (23% decrease).

Objective 2

Enhance knowledge and technology transfer through a balanced portfolio of research contracts with end-users

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Value of research projects funded by external contract	\$82M	\$85m	Achieved
Annual income from research projects funded by external contract	\$20M	\$20.3m	Achieved
Number of new research contracts with private sector end-users	25	30	Achieved
Number of new research contracts with public sector end-users	85	45	Not achieved

Objective 3

Increase commercialisation activity

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Number of new invention disclosures	18	21	Achieved
Number of new license/assignment agreements executed	3	10	Achieved

Teaching and Learning

Objective 4

Ensure the on-going relevance of the University's teaching programmes

INDICATOR	TARGET	RESULT	ACHIEVEMENT
The University's distinctive teaching and learning portfolio is well defined	An academic and research plan is produced for each Faculty/School to an agreed standard	Academic and research plans produced by each Faculty/School to an agreed standard	Achieved

Objective 5

Demonstrate the University's commitment to academic quality

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Demonstrate constructive response to recommendations arising from Cycle 3 academic audit on teaching quality, programme development and achievement and monitoring of learning outcomes	Implementation plan is adopted to address agreed recommendations from Cycle 3 academic audit	Initiatives developed to address agreed recommendations from Cycle 3 academic audit, as reported to Council 8 March & 9 August 2006	Achieved

Objective 6

Sustain high pass rates (retention)

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Proportion of papers passed as a percentage of paper enrolments	83-85%	84%	Achieved

Access

Objective 7

Increase levels of progression to degree-level study through bridging programmes

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Proportion of students from bridging programmes who proceed to the first year of degree-level programmes	65.5%	57.6%	Not achieved

International Students

Objective 8

Continue to develop and diversify the University's international student market

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Criteria defined and adopted for the development and approval of international strategic alliances and agreements	Criteria defined and adopted	Criteria defined and evolving as part of the development of an International Strategy	Achieved
Increased proportion of international students who are enrolled in 'taught postgraduate' and 'research postgraduate' papers [<i>measured in EFTS</i>]	Increase % from 2005 level	11.6% (3.4% decrease)	Not achieved
Increased number of international 2+2 agreements	3	Existing (2) programmes reconceptualised and reconstructed	Not achieved

Community and Stakeholder Partnerships

Objective 9

Facilitate direct engagement with relevant agencies to achieve local and regional educational outcomes

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Development and implementation of external relationship strategy in relation to: Hamilton City the private sector the research sector other parts of the education sector Alumni the region	Implementation underway	Comprehensive programme of external relationship building led by the Vice-Chancellor during 2006 as reported to Council through the Chancellor	Achieved

Treaty of Waitangi

Objective 10

Sustain appropriate levels of participation, retention and achievement by Māori students.

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Number of government-funded EFTS generated by Māori	> 2005 level [1762 EFTS as at 31 December 2005]	1715 EFTS	Not achieved
Number of students who are Māori as a proportion of all domestic students	= 2005 level [23% as at 31 December 2005]	23%	Achieved
Improved retention rate of Māori students ⁵ [<i>retention rate of non-Māori domestic students provided for comparison</i>]	> 2005 levels [Māori 55.1%, non-Māori 61.6% as at 31 December 2005]	Māori 56.6% Non- Māori 62.5%	Achieved
Improved pass rate of Māori students [<i>pass rate of non-Māori domestic students provided for comparison</i>]	> 2005 levels [Māori 73.6%, non-Māori 86% as at 31 December 2005]	Māori 74.6% Non- Māori 86.2%	Achieved
Increased number of Māori students who complete qualifications as a proportion of all domestic students	> 2005 levels (18.7% as at 31 December 2005)	18.6%	Not achieved
Increased number of postgraduate enrolments by Māori students as a proportion of all domestic postgraduate students (excluding doctoral)	1% increase from 2005 [13% as at 31 December 2005]	16.2%	Achieved
Increased number of doctoral enrolments by Māori students as a proportion of all domestic doctoral students	11%	10.5%	Not achieved

Objective 11

Actively contribute to regional and national Māori development initiatives in accordance with iwi aspirations

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Implementation of tertiary action plans for iwi in the University's region	Implementation plans developed, in consultation with Te Rōpū Manukura	An integrated Iwi Tertiary Action Plan developed in consultation with Te Rōpū Manukura, with two major projects initiated	Achieved

Equal Opportunities (EO)

Objective 12

Demonstrate a strong commitment to Equal Educational Opportunities (EEEdO).

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Achievement of objectives as listed in the University's 2006 application for the Special Supplementary Grant to support Tertiary Students with Disabilities	Objectives achieved	In progress	Partially achieved
Achievement of objectives as listed in the University's 2006 applications for the Special Supplementary Grant to support Māori and Pacific Learners	Objectives achieved	In progress	Partially achieved
Improved targeting of Māori EO programmes offered by the Schools of Studies	Implementation of Māori capacity-building strategies developed by two Schools of Studies in 2005	University-wide capacity-building strategies developed. School-specific capacity-building strategies under development.	Achieved Partially achieved
Review undertaken to measure effectiveness of the devolved management and planning of the University's EEEdO programmes	Review completed	Review not undertaken	Not achieved

Governance and Management

Objective 13

Develop a robust approach to governance

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Development and adoption of a Governance Charter	Constitution of Council reviewed in light of new Governance Charter	Governance Charter developed and adopted, and new Constitution adopted.	Achieved

Objective 14

Implement integrated strategic planning model

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Improved strategic planning processes, with tighter integration across various levels of planning (academic, operational, financial, capital etc) and more systematic monitoring and reporting processes	Implementation of integrated budget allocation model	Integrated budget allocation model developed and implemented.	Partially achieved. To be completed by 31 May 2007

Asset Management

Objective 15

Achieve the fiscal targets set out below.

INDICATOR	TARGET	RESULT	ACHIEVEMENT
Return on income	1.6%	4.2%	Achieved
Return on assets	1.5% to 2.5%	2.2%	Achieved
Net operating cash flows	At least 105%	113%	Achieved
Liquid assets as a percentage of cash out	At least 9%	9.9%	Achieved
Liquidity (working capital %)	100%	96.8%	Not achieved
Debt management(borrowing as a percentage of total assets)	10%	0.5%	Achieved
Interest expense as a percentage of operating surplus	Less than 33%	2.7%	Achieved

Footnotes

1. EFTS claimed for wholly research-based programmes of study in which a student's work is supervised and results in the production of a substantial research output. To qualify for this higher level of postgraduate funding, the research component of the programme of study must be equivalent to at least 1.0 EFTS.
2. There is a very significant increase in international students enrolling in PhDs for the first time in 2006 as a result of changed government policy in respect to the funding of NZ based international students undertaking PhD study
3. A change in the process of recording qualifications completions has occurred. Some qualifications that would previously have been recorded as completing in 2005 are recorded as completing in 2006.
4. There has been a change in the mechanism for counting number of quality-assured research outputs. The University's database of research outputs is continually being updated, with information backdated according to the year of publication. The figures listed for this indicator will continue to be subject to historical adjustment.
5. For the purposes of this indicator, retention means enrolment by students in consecutive years.

Statistical Information

	1999	2000	2001	2002	2003	2004	2005	2006
Number of Students in Formal Programmes	12,483	12,750	13,260	14,044	14,405	14,023	13,068	12,561
Gender								
Female	7,412	7,560	7,702	8,115	8,258	8,040	7,462	7,274
Male	5,071	5,190	5,558	5,929	6,147	5,983	5,606	5,287
Total	12,483	12,750	13,260	14,044	14,405	14,023	13,068	12,561
Ethnicity								
Pakeha/European	7,174	7,131	6,951	6,753	6,467	6,335	5,964	5,962
New Zealand Maori	2,699	2,662	2,548	2,507	2,460	2,480	2,259	2,225
Pacific Islander	390	413	410	406	405	411	396	433
Chinese	777	1,086	1,815	2,723	3,211	2,963	2,633	2,242
Indian	182	183	186	249	314	314	299	290
Other	1,261	1,275	1,350	1,406	1,548	1,520	1,517	1,409
Total	12,483	12,750	13,260	14,044	14,405	14,023	13,068	12,561
Origin (Home address)								
Core Region	8,924	8,943	8,788	8,471	8,301	8,025	8,406	8,714
Inner Periphery	777	800	743	679	633	597	545	483
Outer Periphery	709	674	594	560	553	550	516	519
Auckland	970	759	685	719	819	885	1,059	953
Wellington	112	105	107	108	116	161	197	168
South Island	84	96	78	115	125	159	172	143
Overseas	907	1,373	2,265	3,392	3,858	3,646	2,173	1,581
Total	12,483	12,750	13,260	14,044	14,405	14,023	13,068	12,561
Levels of study (Number of enrolments by qualification)								
Foundation	579	1,167	2,107	3,135	2,643	1,473	871	788
Undergraduate	9,400	9,295	9,344	9,277	9,861	10,190	9,817	9,440
Graduate/Postgraduate (exl.MPhil & Doctoral)	2,615	2,628	2,585	2,883	3,166	3,168	2,776	2,583
MPhil and Doctoral	468	481	459	472	446	436	440	480
Total	13,062	13,571	14,495	15,767	16,116	15,267	13,904	13,291

Student Performance

	1999	2000	2001	2002	2003	2004	2005	2006
Number of qualifications completed								
Foundation	498	429	889	1,347	2,230	1,824	512	528
Undergraduate	2,047	2,178	2,011	2,100	1,792	1,717	1,696	2,030
Graduate/Postgraduate (exl.MPhil & Doctoral)	1,133	1,118	1,217	1,128	1,164	1,224	1,026	1,334
MPhil and Doctoral	37	52	56	70	70	59	38	50
Total	3,715	3,777	4,173	4,645	5,256	4,824	3,272	3,942
Number of papers undertaken								
% completed	90%	89%	89%	89%	88%	91%	91%	91%
% passed	86%	85%	83%	83%	81%	83%	84%	84%

