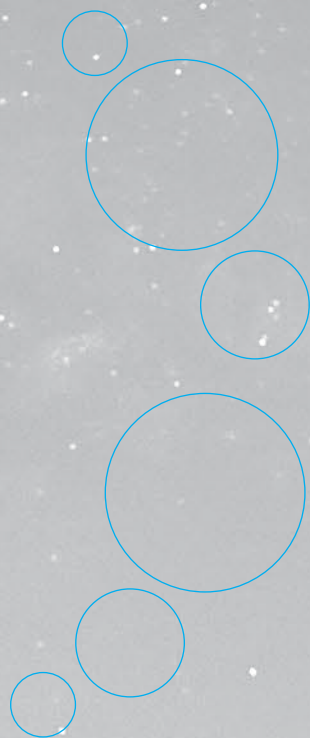


THE ENGINE OF THE NEW NEW ZEALAND



ANNUAL REPORT 2012



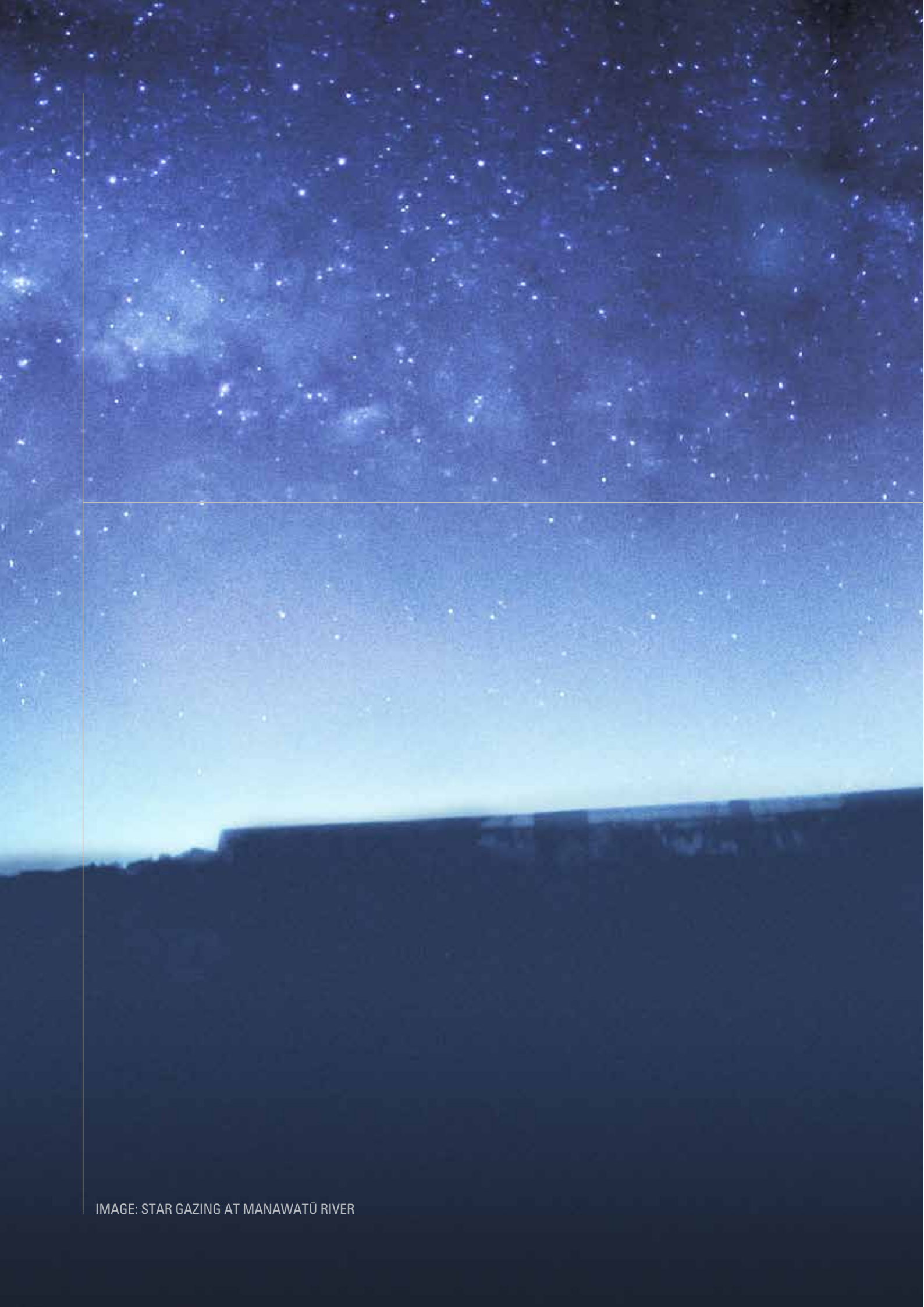


IMAGE: STAR GAZING AT MANAWATŪ RIVER



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RESEARCH AND SCHOLARSHIP

We will promote the highest standards of research and scholarship and be a world leader in our areas of specialisation.

TE RANGAHAU ME TE HAEPAPA MATATAUTANGA

Ka eke rawa te kounga o ngā āhuatanga rangahau ki te kōmata taketake kia pūrangiaho te māramatanga.

TEACHING AND LEARNING

We will ensure an exceptional and distinctive learning experience at Massey for all students.

TE WHAKAAKO TE WHAKANGUNGU

Ka kounga rawatia kia hira ngā mahi akoranga. Mā te ako ka punenga, ka hihiri ngā ākonga katoa.

CONNECTIONS

We will strengthen our connections with local, national and international partners and stakeholders, creating mutual benefit.

NGĀ TŪHONOTANGA

Ka whakamarohi, ka whakapakaritia ngā tūhonotanga ki ngā rōpū, ki ngā tāngata, o konei, o te ao whānui, kia tipu tahi ai ngā painga huhua.

MISSION STATEMENT

TO BE NEW ZEALAND'S
DEFINING UNIVERSITY
AND A WORLD LEADER IN
HIGHER EDUCATION AND
SCHOLARSHIP.

INTERNATIONALISATION

We will take Massey University to the world so that our students, whether studying onshore or offshore, experience a unique education with a distinctive Massey flavour, and our academic community is engaged in knowledge-sharing with scholars and researchers from all parts of the globe.

HONONGA KI TE AO WHĀNUI

Ka whitiria a Te Kunenga ki Pūrehuroa ki ngā hononga o te ao whānui, kia tau pai ai ngā akonga kei te ako ki tēnei motu, ki rawāhi rānei, e pai ai ngā akoranga hōmiromiro o te hira mātauranga kia ito. E tūhono ai te hapori nei kia puta ngā mātāpono mātauranga me te hunga tūāuri mātauranga tae atu ki ngā kairangahau o te ao whānui.

THE SEVEN BIG GOALS FOR MASSEY UNIVERSITY

NGĀ TINO WHĀINGA O TE KUNENGA
KI PŪREHUROA

RESPONSIBILITY

We will enhance our reputation as New Zealand's defining university by contributing to an understanding of, and innovative responses to, social, economic, cultural and environmental issues.

TE ARONGA MANAAKITANGA

Ka kaha ake te manaaki i te tāngata, i te ao turoa. Ka hāpaitia ngā kaupapa, ngā āhuatanga pāpori, ohaoha, tikanga a-tāngata me te ao turoa e tipu kaha ai ki konei ki Te Kunenga ki Pūrehuroa.

ENABLING EXCELLENCE

We will provide the best working and learning environment for our staff and students.

TE WHAKAHIRANGA I NGĀ TĀNGATA

Ka noho a Te Kunenga ki Pūrehuroa hei whare whakahiranga i te tāngata me ana mahi hāngai ki ngā kaupapa whakaako.

GENERATING INCOME

We will significantly increase our income and improve our financial position to allow for more investment to enable the University to achieve its goals.

TE WHAKATIPU I NGĀ RAWA

Ka āta poipoi, ka āta whakatipuhia ngā rawa e matomato ai, e tutuki ai ngā whāinga o Te Kunenga ki Pūrehuroa.

FROM THE CHANCELLOR

At the beginning of 2012, the year ahead looked to be particularly challenging. The flow-on effects of the high New Zealand dollar and the Canterbury earthquake on our revenue streams and cost structures, combined with Government caps on our enrolments and fees, provided a difficult operating environment.

Massey prides itself on being entrepreneurial, creative and innovative and all of these characteristics were shown in abundance during the year. They, together with strong leadership from the Vice-Chancellor and his senior leadership team, produced a year that ticked all the boxes – bar one that I will return to later.

Massey produced 6439 graduates in 2012, nearly 3500 of whom crossed the stages at our capping ceremonies in April, May and November last year. Doctoral degrees were conferred on 158 graduates. We also upgraded our facilities with the opening of the stunning College of Creative Arts building on the Wellington campus and the much needed Student Amenities Centre on our Albany campus. Despite all the pressures we also met our budget targets. These outcomes are what we expect to achieve irrespective of the challenges. Every now and then we have stories that add a real glow to our BAU results. This last year it was the distance education programme that produced that special feeling.

Established 52 years ago, the programme set out to put a university education within reach of bright, highly motivated people who, because of personal circumstances, would otherwise be denied one. It was and is a tangible expression of that very New Zealand commitment to fairness, to having the means to better yourself.

In earlier times the programme entailed thousands of parcels wending their way through the postal system; today, it involves a sophisticated multi-modal delivery system, embracing face-to-face, digital, and on- and off-campus teaching and learning.

It is a programme that is just as demanding and rigorous as its on-campus equivalent. With its multi-modal delivery system it is a programme that reflects the future of tertiary education delivery.

The relevance and quality of Massey's distance education programme is attested to by the number of students it attracts. By headcount, half of the students Massey enrolls each year are studying by distance.

If anyone asks what I was doing on August 11, 2012, I can tell them. I was watching canoeer Lisa Carrington blitz the field in the K1 200m final, winning Gold for New Zealand and, in a way, I like to think, for her university.

She was not alone. Medal winners Hamish Bond, Eric Murray and Simon van Velthooven are all part of the Massey community.

In fact, at the 2012 London Olympics 53 of the 185 New Zealand representatives were Massey students or recently-graduated alumni.

If Massey were a country it would have placed 27th on the international medals table. This is where the special glow comes from.

Our distance students are typically people who live outside of the six New Zealand cities that have universities – or at least outside the three that have Massey campuses. They are people who have work or family commitments that preclude them from studying full-time.

They are people who must spend substantial parts of their lives overseas, such as New Zealand military and police in international peacekeeping roles.

They are people whose lifestyles or career commitments would otherwise make achieving a university education difficult or impossible. They are also people who often get an immediate return on their education investment by applying their new knowledge and skills in their workplace without having to wait until they have completed their degree – a rapid return also shared by the nation.

One consequence of undertaking part-time study is that degrees take longer to complete and pressures of other priorities at times get in the way of individual course completions. Lower course completion by part-time and distance students compared to their full time counterpart is a well-recognised phenomenon. When compared to other internationally recognised providers of distance education, Massey's performance in this area is amongst the best.

This brings me to the one box that was not ticked. The Government's tertiary education funding agency, the TEC, annually publishes comparative data on course and qualification completions, based on total student enrolment, and also administers an incentives and sanctions scheme around these numbers. As the



Dr Russell Ballard, University Chancellor

University with by far the highest proportion of part-time and distance students we, of course, come bottom in such rating tables. There is no comparison of like with like. If the data is examined closely and like compared with like, our full-time students perform as well as those in any other New Zealand University.

For Massey, the consequences of this unfair and poorly designed system are:

- We have to counter the negative publicity from the publication of these figures, which can affect both our domestic and international enrolments;
- We lose funding. In 2012 the TEC “clawed back” \$1.6 million of Government funding allocated to Massey; and
- We receive a perverse message that we should de-emphasise our distance education programme.

This is the very programme that is showing the way on future delivery of tertiary education. Not only does it serve the needs of a significant number of New Zealanders who are unable to or do not wish to undertake full-time study, but it also provides a major channel for access to tertiary education for Māori and Pacific Islanders. Invariably distance education also provides a more rapid return on education investment than traditional pathways.

Let me emphasise that Massey does not have a problem with the concept of performance measures and associated incentives and sanctions in the Tertiary Education sector. It just has a problem with poorly designed and implemented ones that undermine the very system they are intended to improve. This one should be reviewed or terminated.

One of 2012’s distinguished alumni, Sir Graham Henry paid tribute to Massey’s distance education programme at his conferral. He studied towards a Bachelor of Education, graduating in 1982. During his studies, Sir Graham had a young family and was a full-time teacher, rugby coach and hostel manager at Auckland Grammar School. He aspired to become a principal, but stopping work to resume study was not an option.

The degree was a career stepping stone on the way to Sir Graham becoming a much-respected headmaster at Kelston Boys’ High for nine years before his professional coaching career took off. The rest is history.

Stories like Sir Graham’s – of achievement in difficult circumstances, of late nights studying after putting children to bed, of waking up early to finish an assignment before going to work – are told every year at Massey graduation ceremonies.

At our Maori and Pasifika ceremonies in particular we frequently hear from distance education graduates from isolated areas. Often they will be the first members of their families to complete a degree or a postgraduate qualification – and, as happened to Sir Graham, often a new job or the promotion that seemed beyond reach will follow.

Other distinguished alumni recognised in 2012 were Moscow-based investment banker Stephen Jennings, Canterbury company director Sue Suckling, Hawke’s Bay community stalwart Dennis Oliver and New York-based musician, composer and conductor Luke Di Somma. We also recognised contributions from distinguished citizens through the conferring of honorary doctorates on Dr Alan Bollard, Dr Merv Hancock, Dr Rom Harre and Professor Emeritus Ivan Snook.

I congratulate the Massey staff, past and present, and alumni who were recognised in the New Year’s Honours list and Queen’s Birthday Honours, among them Professor Glyn Harper who received a QSM for services to historical research, and Associate Professor Annette Huntingdon who was made a Member of the New Zealand Order of Merit for services to nursing research.

My thanks go to all those who served on the University Council during the year, in particular to Dr Alison Paterson who, as Pro Chancellor, was a ready source of sound advice and who presided over a number of graduation ceremonies that I was unable to attend.

Dr Russell Ballard
Chancellor

FROM THE VICE-CHANCELLOR

As an institution that exists to serve the best interests of New Zealand and New Zealanders, Massey must be in the perpetual business of self-examination, reinvention and refinement. Purpose and performance was the theme we adopted internally in 2012.

We live in a world swept by gusts of disruptive change, a place of opportunity and peril. The digital revolution continues apace. Asia's growing middle class is displacing New Zealand's traditional markets. Addressing global climate change and its impacts has become an issue that can no longer be ignored or deferred.

Tackling the big issues, finding solutions to the problems the world faces is one of Massey University's primary purposes and reasons for being. In 2012 the University positioned itself for the future in several significant ways. It addressed two of the crucial issues faced by New Zealand and the world – education and health – with internal structural changes that will have far-reaching consequences.

The decision to create a new College of Health arose from a process of evaluation and consultation about the ways in which Massey can offer sustainable solutions and a defining contribution to a looming health crisis.

Increasingly the health of New Zealanders has to do with the way in which we live, rather than with communicable disease. Non-communicable diseases, many of them associated with factors such as smoking, inactivity and diet, are exacting a greater and greater toll. They include heart disease, diabetes and cancer. Increasingly, they determine how long we live, how well we live, and the size of the bill we, as a nation, pay for healthcare.

The college's creation acknowledges that, over time and piece by piece, Massey has assembled a critical mass of public health expertise across a range of disciplines: Māori health, epidemiology, sleep, alcohol and drug use, nursing and nutrition to name a few. The new college, under the leadership of Pro Vice-Chancellor Professor Paul McDonald, will be a powerhouse.

By creating a specialised Institute of Education, concentrating on the sorts of research-led graduate and postgraduate teacher education programmes that are increasingly favoured internationally, Massey has also strategically positioned itself to respond to an identified need in our schools and other education institutions.

Then there are such initiatives as the recently launched Infectious Disease Research Centre, which will draw on research groups from across the university; the Fab Lab on Massey's Wellington campus, which houses laser cutters and 3D printers and will be the venue for public workshops; and the Innovative River Solutions Centre, working on the sustainable management of fresh water.

Massey has continued to invest in the infrastructure that sustains the work of the university, with 2012 being a landmark year. In Albany, a much-needed student amenities centre opened in March; in Wellington, the award-winning, earthquake-resistant, timber-framed building Te Ara Hihiko opened to house studio and workshop space for students; and in Manawatū, the well-loved Sir Geoffrey Peren building was vacated for renovation and earthquake strengthening.

It was a good year for sport, with 53 Massey students or alumni in the 185-strong Olympic team. Between them they brought home three gold and three bronze medals. The Massey Blues awards were attended by a number of Olympians and, for the first time, Massey hosted the National Blues Awards.

A competition run to discover the aspirations young New Zealanders hold for their country was won by Wellington teenager Stephen Lines. His vision was of a New Zealand that would be a food basket for the world, with 100 per cent renewable energy and a strong focus on education.

The new New Zealand forum was held in Auckland, with guest speaker internationally-renowned thought leader Daniel Franklin, executive editor of *The Economist*. It brought together some of New Zealand's top thinkers and leaders to address the question of where New Zealand is heading; what it will look like and what we want it to be in the coming decades.

Also in Auckland, in February, Massey and the Auckland Chamber of Commerce hosted the annual Finance event for the third time, with guest speaker Finance Minister Bill English. This event goes from strength to strength and reinforces Massey's links with the business centre of New Zealand.

A new interactive tool for potential students called the Career Engine went live on Massey's website and our social media activity increased. Our facebook page now has more than 10,000 followers, and continues to grow rapidly.



In November Camilla, Duchess of Cornwall, visited the Manawatū campus and toured the Veterinary Teaching Hospital, where she met with staff and students and discussed the hospital's planned upgrade. She also visited the equestrian centre and met Team Massey riders.

It was a busy year for me. Massey's interests have taken me to India, Indonesia and Sri Lanka. I have met with politicians, business people, community leaders, government agencies, agricultural innovators, designers, and scholars and scientists of every ilk. We have signed agreements with the National University of Samoa, Sri Lanka's Graduate Institute of Science and Management, the Hawke's Bay Regional Council, Venture Taranaki, Mount Royal University in Calgary, Canada, Missouri University, the Auckland Council, the Auckland War Memorial Museum and Ngāti Whātua o Kaipara. These agreements cover a wide range of specialisations, including agri-food, business development, community engagement and education.

Among key staff changes during the year, College of Sciences Pro Vice-Chancellor Professor Robert Anderson was named the new Deputy Vice-Chancellor, replacing Professor Emeritus Sir Mason Durie, who retired. Sir Mason's role as Assistant Vice-Chancellor (Māori and Pasifika) was taken on by Dr Selwyn Katene. The College of Business spent its first year under the leadership of its new Pro Vice-Chancellor, Professor Theodore (Ted) Zorn and Professor Claire Massey was appointed as the University's inaugural director of agri-food business.

Our performance, as a large institution taking what is best about New Zealand to the world, is based on our financial viability and the energy and commitment of our staff, students and alumni. We have a sound balance sheet, more than \$1 billion in assets, virtually no debt and a healthy surplus. We have chosen to reinvest most of our revenue in our strategic goals, our infrastructure and our people. Measures of our performance are contained in the college highlights that follow. They demonstrate a vibrant community prepared to take on challenges and succeed at the highest levels.

BUSINESS

The Centre for Personal Finance Education rebranded itself the Fin-Ed Centre and launched three major initiatives: a survey that will generate new knowledge on the real costs

of retirement, new personal finance certificate courses, and a study initiative with Westpac bank that will reveal financial literacy needs at different life stages.

Professor Usha Haley received the United States Academy of Management's annual Practice Impact Award.

The first group of business students from the University of Economics and Business of the Vietnam National University was welcomed to Massey.

The Small and Medium Enterprise Research Centre hosted the International Council for Small Business world conference in Wellington, with Massey academics winning three best paper awards.

The School of Aviation celebrated 25 years of providing professional pilot training alongside university qualifications.

Plans were completed to establish in 2013 New Zealand's first Master of Journalism degree.

Massey ranked in the top 100 universities worldwide for communication and media studies in the Quacquarelli Symonds (QS) world university rankings.

CREATIVE ARTS

Massey's industrial design school was ranked 12th in the Asia Pacific by the international Red Dot Design Awards.

The digital fabrication laboratory, FabLab, opened. An affiliation with Massachusetts Institute of Technology, the FabLab at Massey was the first to open in Australasia.

Professor Heather Galbraith was named deputy commissioner for New Zealand's presentation for the 2013 Venice Biennale.

The inaugural Pasifika Arts Research Fellowships were awarded to artists Janet Lilo, John Pule and Siliga Setoga, who spent a fortnight each teaching and mentoring Massey's art and design students, as well as pursuing their own creative research.

Staff of the New Zealand School of Music, a joint venture with Victoria University of Wellington, had a busy and successful year, with numerous achievements and accolades.

Massey students and graduates again dominated in the most prestigious national design awards and collected several international awards as well. Nick Ross won the James Dyson award for his tree-harvesting device, Ben de la Roche won silver in the international Electrolux Design Lab

2012 competition for his open wall refrigerator design, and there were winners in the Red Dot, BEST, Westpac Young Designer, World of Wearable Arts and Electrolux awards.

EDUCATION

From 2013 the college will become the Institute of Education within the College of Humanities and Social Sciences. Pro Vice-Chancellor Professor James Chapman who championed the proposal for change and oversaw the consultation and decision-making process deserves enormous thanks for identifying international best-practice in teacher education and positioning Massey at the forefront of what New Zealand must deliver for the profession. The institute will be led by a world-class researcher in Professor Patricia Hardré, who will join Massey in 2013.

In February, a new four-year Māori immersion teaching degree, Te Aho Tātaurangi, the only course of its kind in New Zealand, commenced.

In October, Massey hosted the Teacher Education Forum of Aotearoa New Zealand. More than 100 leading education researchers, policy makers and professional representatives attended to discuss current challenges and the future of teacher education.

HUMANITIES AND SOCIAL SCIENCES

Researchers were awarded \$3.8 million in the Government's science investment round for projects that included population movements, marine ecosystems, communities' resilience to disaster and a survey of baby boomers' social media use. People, Environment and Planning, and SHORE researchers were also awarded Royal Society Marsden funding.

Associate Professor Annette Huntington was made a member of the New Zealand Order of Merit in the New Year's Honours.

Associate Professor Cindy Kiro received the Public Health Association's annual Public Health Champion Award, and she and master's graduate Frank Pega were awarded Fulbright scholarships.

Sleep/Wake Research Centre director Professor Philippa Gander received the FSF-Airbus Human Factors in Aviation Safety Award.

Te Putahi-a-Toi (School of Māori Studies) lecturer and acclaimed painter Shane Cotton was named an Officer of the New Zealand Order of Merit in the Queen's Birthday honours for services to visual arts.

Aotearoa Fisheries Ltd and Massey formed a partnership to collaborate in research and identify opportunities to enhance Māori fishing interests and develop academic programmes to increase Māori capabilities in the seafood sector and future fisheries strategies.

College Pro-Vice Chancellor Professor Susan Mumm and her history research was part of a BBC documentary *Servants: The True Story of Life Below Stairs*, a three-part series that had more than a million viewers.

Professor Paul Spoonley was regularly featured in print and broadcast news media stories, which drew on his expertise in and research into New Zealand's population composition and the changes occurring due to immigration and emigration.

Johnson Witehira, a Māori Fine Arts PhD candidate and Elspeth Hoskin, a graphic design graduate, had their artwork displayed on billboards in New York's Times Square after they won a national competition.

SCIENCES

The \$500,000 Prime Minister's Science Prize was won by Distinguished Professor Paul Moughan and Professor Harjinder Singh, the co-directors of the Riddet Institute.

A \$75 million upgrade to Massey's veterinary school was announced. It will increase its teaching capacity by 180 students.

The Marsden Fund, administered by the Royal Society of New Zealand awarded funding to five College of Sciences researchers worth \$3.5 million for projects covering mathematics, ecology and fundamental sciences.

Dr Zoe Jordens from the Institute of Molecular Biosciences and Liz Norman from the Institute of Veterinary, Animal and Biomedical Sciences received national Tertiary Teaching Excellence Awards.

Professor Robert McKibbin received the 2012 Australian and New Zealand Industrial and Applied Mathematics group medal for his lifelong work in applied and industrial mathematics.

The head of the School of Engineering and Advanced Technology, Professor Don Cleland, was awarded the Institution of Professional Engineers' Furkert Award for excellence in sustainability and clean technology.

Paul Rainey and Peter Schwerdtfeger were named distinguished professors – the highest form of academic recognition the University can bestow – for their outstanding work and international eminence in the fields of evolutionary genetics and theoretical physics respectively. Distinguished Professor Schwerdtfeger was also elected as a member of the International Academy of Quantum Molecular Science.

Distinguished Professor Gaven Martin was named an Inaugural Fellow of the American Mathematical Society, one of only three New Zealand-based mathematicians to have been awarded this honour.

The final release of affected wildlife from the Rena oil spill took place in February, concluding heavy involvement of our Wildbase staff since the ship grounded off Tauranga in October 2011.

New Zealand robotics teams mentored by Massey University engineers won the VEX Robotics World Championships in the United States for the fourth time running.



Steve Maharey
Vice-Chancellor

GOVERNANCE AND MANAGEMENT



THE UNIVERSITY COUNCIL, FROM LEFT: Associate Professor Grant Duncan, Fiona Coote, Bruce Ullrich, Tiri Porter, Professor Tony Signal, Lesley Whyte, Dr Alison Paterson, Chris Kelly, Ralph Springett, Alastair Scott, Dr Russ Ballard, Steve Maharey, Professor Cynthia White, Ben Vanderkolk

UNIVERSITY COUNCIL MEMBERS

CHANCELLOR

Dr Russell Ballard, CNZM, MAgrSc, PhD Florida, FNZIM

PRO-CHANCELLOR

Chris Kelly, MVSc, MACVSc

VICE-CHANCELLOR

Hon Steve Maharey, CNZM, BA, MA (Hons)

MEMBERS APPOINTED BY THE MINISTER OF EDUCATION

Dr Russell Ballard, CNZM, MAgrSc, PhD Florida, FNZIM

Michael Ahie, BBS (Hons)

Alastair Scott, BBS

Ben Vanderkolk, LLB Canterbury

ELECTED MEMBER OF ACADEMIC STAFF

Associate Professor Grant Duncan, MA, PhD Auckland

ELECTED ACADEMIC STAFF OF THE ACADEMIC BOARD

Professor Tony Signal, BSc, PhD Adelaide

Professor Cynthia White, BA (Hons), PhD,
DipTESL Wellington

ELECTED MEMBER OF GENERAL STAFF

Fiona Coote, GradDipBusStuds (BusLaw) DipArts (Hist)

MASSEY UNIVERSITY EXTRAMURAL STUDENTS' SOCIETY (EXMSS) AND MASSEY UNIVERSITY STUDENTS' ASSOCIATION APPOINTEE

Tiri Porter, BBS

MASSEY UNIVERSITY STUDENTS' ASSOCIATION REPRESENTATIVE

Ben Thorpe

PRESIDENT EXTRAMURAL STUDENTS' SOCIETY

Ralph Springett, BA (Hons)

ELECTED MEMBERS FROM THE COURT OF CONVOCATION

Lesley Whyte, JP, MBA, MInstD

Bruce Ullrich, OBE, BCom Canterbury,
MBA, ACA, FInstD

COUNCIL APPOINTEES ON THE NOMINATION OF THE VICE-CHANCELLOR

Kura Denness, MBA, CA

Chris Kelly, MVSc, MACVSc

Dr Alison Paterson, CNZM, QSO, DCom F(Auckland)
FCA, ADistFInstD



MEMBERS OF THE UNIVERSITY'S SENIOR LEADERSHIP TEAM, FROM LEFT:
 Vice-Chancellor Steve Maharey, Rose Anne MacLeod, Professor Robert Anderson, Dr Selwyn Katene,
 Professor Claire Robinson, Professor Ted Zorn, Professor Ingrid Day, Stuart Morriss, Cas Carter, Professor Brigid Heywood, Professor Susan Mumm and Alan Davis.

OFFICERS OF THE UNIVERSITY

CHANCELLOR

Dr Russell Ballard, CNZM, MAgrSc, PhD Florida, FNZIM

PRO-CHANCELLOR

Dr Alison Paterson, CNZM, QSO, HonDCom, FAC, FloD ADistFloD

VICE-CHANCELLOR

Hon Steve Maharey, CNZM, BA, MA (Hons)

UNIVERSITY REGISTRAR

Stuart Morriss, MPP Wellington, BAgSc, DipBusStuds

SENIOR LEADERSHIP TEAM MEMBERS

VICE-CHANCELLOR

Hon Steve Maharey, CNZM, BA, MA (Hons)

DEPUTY VICE-CHANCELLOR

Professor Robert Anderson – Sciences, ONZM, MAgrSc, PhD
 Cornell, DDA, FNZIAS

PRO VICE-CHANCELLORS (COLLEGES)

Business – Professor Theodore (Ted) Zorn, BA Charleston, MA
 Kentucky, PhD Kentucky

Creative Arts – Professor Claire Robinson, BA (Hons) Wellington,
 BDes Wellington Polytechnic/Wellington, PhD

Health – Professor James Chapman, MA Wellington, PhD Alberta,
 DipTchg, FIARLD

Humanities and Social Sciences – Professor Susan Mumm, MA
 Saskatchewan, DPhil Sussex, FRHS

Sciences – Professor Robert Anderson, ONZM, MAgrSc, PhD
 Cornell, DDA, FNZIAS

ASSISTANT VICE-CHANCELLORS

Professor Ingrid Day – Academic and International, BA (Hons),
 PhD University of South Australia

Cas Carter – External Relations, BSocSc Waikato, MA Wellington
 Rose Anne MacLeod – Finance, Strategy and IT, BCom Auckland,
 MBA, CA, FCPA

Dr Selwyn Katene – Māori and Pasifika, BA (Hons), MA, MPM
 Wellington, PhD

Stuart Morriss – Operations and University Registrar, BAgSc,
 DipBusStuds, MPP Wellington Alan Davis – People and

Organisational Development, LLB Canterbury, MBA Wellington
 Professor Brigid Heywood – Research and Enterprise, BSc (Hons)
 Manchester, PhD Liverpool

DIRECTORY

BANKER

Bank of New Zealand

AUDITOR

Audit New Zealand
on behalf of the Auditor-General

VALUER

Quotable Value New Zealand

LEGAL ADVISERS

Buddle Findlay, Wellington
Cooper Rapley, Palmerston North
Russell McVeagh, Wellington
Andrea Craven, Palmerston North
Kensington Swan, Wellington
Davenport Harbour Lawyers, Auckland
AJ Park, Wellington

INSURERS

Vero Insurance New Zealand Limited
Zurich Australian Insurance Limited
Allianz New Zealand Limited
Catlin Australia Pty Limited

INTERNAL AUDITOR

PricewaterhouseCoopers

Introduction

In 2012, Massey University achieved a consolidated surplus of \$9.6 million, an increase of \$2 million over the previous year's surplus of \$7.6 million. This is an excellent result, demonstrating the University's commitment to achieving the goals and sub-strategies outlined in the Road to 2020 which include diversification of income, cost control and maximisation of the performance of the University's assets.

Highlights

The 2012 year saw the University place less reliance on Government revenue as a source of funding to cover increased costs. Emphasis was placed on growing international and domestic student revenue as well as growing income from other sources. As a result, international student revenue increased by 12.8% (\$4.8 million) over the previous year's consolidated result. Domestic revenues also grew during the year, increasing by 7.5% (\$6.9 million) as a result of changes in student numbers; changes in student's choice as to course of study; and fee increases (the maximum increase being capped at a 4%).

During the year, the University implemented a comprehensive procurement programme with a view to saving \$9 million on an on-going basis. This programme assisted in constraining cost increases to 2.2% from 2011 (\$9.3 million). Staff related costs accounted for most of this increase (\$7.1 million). The university also undertook a significant review of its cash management practices which led to savings in financing costs compared to the previous year.

Overall a good result was achieved against a background of static government funding and a challenging economic environment both internationally and domestically.

Financial Health

The University has a very strong balance sheet. It owns over a \$1 billion in assets, with \$0.15 billion of liabilities. The table below sets out a number of the key TEC measures that are used to monitor the financial health of tertiary institutions. With the exception of the surplus measure, Massey University meets or exceeds the measures required by the Tertiary Education Commission (TEC). Massey University continues to target the achievement of a 3% surplus as part of its strategy as detailed in the Road to 2020.

| Measure | TEC Targets (%) | 2012 | |
|---|-----------------|----------------|-----------|
| | | University (%) | Group (%) |
| Operating Surplus ¹ | 3 – 5 | 2.07 | 2.15 |
| Net cash flow from operations ² | 111 – 113 | 114.71 | 114.33 |
| Liquid funds ratio (liquidity) ³ | 8 – 12 | 15.5 | 16.3 |
| Ability to Service Debt ⁴ | 3 - 6:1 times | 7.89 : 1 | 8.25 : 1 |
| Debt to debt plus equity ⁵ | 0 – 7.5 | 1.59 | 1.58 |

¹ Surplus as a percentage of total revenue

² Cash inflow from operations to cash outflows from operations

³ Liquid resources to cash outflow from operations

⁴ Earnings before interest to interest paid

⁵ Total debt to total debt plus equity.

Massey University continues to deliver a sound performance through pursuing its strategy to diversify revenue growth, control cost and strategically manage its balance sheet. These elements are part of a long term financial strategy that will ensure not only its financial sustainability, but enable investment to further establish Massey University's distinctive place as the engine of the new New Zealand.



Rose Anne MacLeod

Assistant Vice-Chancellor (Finance, Strategy and Information Technology)

STATEMENT OF RESPONSIBILITY

In the financial year ended 31 December 2012, the Council and management of Massey University were responsible for:

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

In the opinion of the Council and management of Massey University the financial statements and statement of service performance for the financial year fairly reflect the financial position and operations of Massey University.



Dr Russell Ballard
Chancellor



Hon Steve Maharey
Vice-Chancellor



Rose Anne MacLeod
Assistant Vice-Chancellor (Finance, Strategy and Information Technology)

15 April 2013

Independent Auditor's Report

TO THE READERS OF
MASSEY UNIVERSITY AND GROUP'S
FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2012

The Auditor General is the auditor of Massey University (the University) and group. The Auditor General has appointed me, Mark Maloney, 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 her behalf.

We have audited:

- the financial statements of the University and group on pages 19 to 62, that comprise the balance sheet as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the non financial performance information of the University and group in the statement of service performance on pages 64 to 92.

Opinion

In our opinion:

- the financial statements of the University and group on pages 19 to 62:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the University and group's:
 - financial position as at 31 December 2012; and
 - financial performance and cash flows for the year ended on that date;
- the non financial performance information of the University and group on pages 64 to 79 fairly reflects the University and group's service performance achievements measured against the performance targets adopted in the investment plan for the year ended 31 December 2012.

Our audit was completed on 15 April 2013. This is the date at which our opinion is expressed.

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

Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

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

An audit also involves evaluating:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non financial performance information.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the University and group's financial position, financial performance and cash flows.

The Council is also responsible for preparing non financial performance information that fairly reflects the University and group's service performance achievements measured against the performance targets adopted in the investment plan.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and non financial performance information that are free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the financial statements and non financial performance information, whether in printed or electronic form.

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

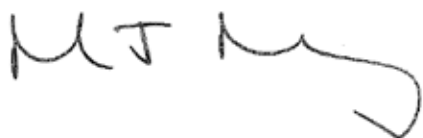
Responsibilities of the Auditor

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

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board.

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



Mark Maloney

Audit New Zealand

On behalf of the Auditor-General

Palmerston North, New Zealand

Matters relating to the electronic presentation of the audited financial statements and statement of service performance

This audit report relates to the financial statements and statement of service performance of Massey University (the University) and group for the year ended 31 December 2012 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 and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. 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 statement of service performance as well as the related audit report dated 15 April 2013 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | University | | | Consolidated | |
|--|-------|-----------------|----------------|----------------|-----------------|----------------|
| | | Actual | Budget | Actual | Actual | Actual |
| | | 2012 | 2012 | 2011 | 2012 | 2011 |
| | | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |
| Operating Revenue | | | | | | |
| Government Grants | 2, 3 | 179,003 | 181,859 | 179,226 | 181,904 | 182,089 |
| Student Fees | 3 | 139,810 | 143,120 | 128,062 | 141,018 | 129,297 |
| Interest | 3 | 4,129 | 4,000 | 4,404 | 4,229 | 4,498 |
| Charges for Services | 3 | 113,047 | 100,392 | 113,332 | 112,761 | 114,719 |
| Trust Funds | 3, 28 | 5,504 | 2,454 | 2,943 | 4,097 | 2,943 |
| Other Gains/(Losses) | 3, 4 | (751) | - | 546 | 2,038 | 1,203 |
| Total Operating Revenue | | 440,742 | 431,825 | 428,513 | 446,047 | 434,749 |
| Operating Expenses | | | | | | |
| Staff Related Costs | 2, 5 | 253,270 | 245,952 | 245,350 | 256,686 | 249,612 |
| Depreciation and Amortisation | 2, 6 | 43,377 | 46,252 | 42,592 | 43,461 | 42,723 |
| Other Direct Costs | 2, 8 | 131,517 | 127,196 | 129,601 | 132,847 | 131,504 |
| Finance Costs | 7 | 1,323 | 1,554 | 1,500 | 1,323 | 1,530 |
| Trust Funds | 28 | 2,136 | 1,870 | 1,792 | 2,136 | 1,792 |
| Total Cost of Operations | | 431,623 | 422,824 | 420,835 | 436,453 | 427,161 |
| Surplus for the year | | 9,119 | 9,001 | 7,678 | 9,594 | 7,588 |
| Other Comprehensive Income | | | | | | |
| Increases in Property Revaluation | 26,27 | - | - | 16,809 | - | 16,890 |
| Other movements in Revaluation Reserves | 26,27 | (11,320) | - | (14,267) | (11,320) | (14,267) |
| Net gain on available for sale assets | 4 | 8 | - | 31 | 8 | 31 |
| Total Other Comprehensive Income for the year | | (11,312) | - | 2,573 | (11,312) | 2,654 |
| Total Comprehensive Income for the year | | (2,193) | 9,001 | 10,251 | (1,718) | 10,242 |

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | University | | | Consolidated | |
|--|-------|----------------|----------------|----------------|----------------|----------------|
| | | Actual | Budget | Actual | Actual | Actual |
| | | 2012 | 2012 | 2011 | 2012 | 2011 |
| | | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |
| Public Equity as at 1 January | 27 | 941,034 | 929,961 | 930,783 | 943,407 | 933,165 |
| Comprehensive Income | | | | | | |
| Surplus | | 9,119 | 9,001 | 7,678 | 9,594 | 7,588 |
| Other Comprehensive Income | | (11,312) | - | 2,573 | (11,312) | 2,654 |
| Total Comprehensive Income for the year | | (2,193) | 9,001 | 10,251 | (1,718) | 10,242 |
| Non-comprehensive Income for the year | | | | | | |
| Total Non-comprehensive Income for the year | | - | - | - | - | - |
| Public Equity as at 31 December | 27 | 938,841 | 938,962 | 941,034 | 941,689 | 943,407 |

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2012

| | Notes | University | | | Consolidated | |
|--|-------|------------------|------------------|------------------|------------------|------------------|
| | | Actual | Budget | Actual | Actual | Actual |
| | | 2012 | 2012 | 2011 | 2012 | 2011 |
| | | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and Cash Equivalents | 13 | 32,385 | 37,024 | 40,105 | 36,136 | 43,432 |
| Trade and Other Receivables | 14 | 31,703 | 32,141 | 32,089 | 31,581 | 32,888 |
| Inventories | 15 | 1,474 | 1,400 | 1,505 | 1,474 | 1,505 |
| Biological Assets - Livestock | 16 | 3,540 | 3,400 | 3,544 | 3,540 | 3,544 |
| Other Financial Assets | 18 | 27,355 | 30,000 | 43,178 | 27,355 | 43,543 |
| Non-Current Assets Held for Sale | 19 | 205 | - | 2,372 | 205 | 2,372 |
| Total Current Assets | | 96,662 | 103,965 | 122,793 | 100,291 | 127,284 |
| Non-Current Assets | | | | | | |
| Trade and Other Receivables | 14 | 125 | 125 | 125 | 125 | 125 |
| Other Assets | 17 | 18,955 | 19,724 | 15,460 | - | - |
| Other Financial Assets | 18 | 22,843 | 2,500 | 7,697 | 40,372 | 22,192 |
| Biological Assets - Forestry | 16 | 636 | 600 | 668 | 636 | 668 |
| Property Plant and Equipment | 20 | 941,022 | 947,087 | 942,225 | 941,837 | 943,582 |
| Intangible Assets | 21 | 7,945 | 4,000 | 4,307 | 7,945 | 4,307 |
| Total Non-Current Assets | | 991,526 | 974,036 | 970,482 | 990,915 | 970,874 |
| Total Assets | | 1,088,188 | 1,078,001 | 1,093,275 | 1,091,206 | 1,098,158 |
| LIABILITIES AND EQUITY | | | | | | |
| Current Liabilities | | | | | | |
| Trade and Other Payables | 22 | 27,669 | 24,322 | 29,358 | 27,469 | 30,303 |
| Borrowings | 23 | 620 | 950 | 895 | 620 | 895 |
| Employee Entitlements | 24 | 18,402 | 13,500 | 15,987 | 18,445 | 16,122 |
| Receipts in Advance | 25 | 52,566 | 45,493 | 50,533 | 52,811 | 51,378 |
| Total Current Liabilities | | 99,257 | 84,265 | 96,773 | 99,345 | 98,698 |
| Non-Current Liabilities | | | | | | |
| Borrowings | 23 | 14,507 | 20,535 | 21,581 | 14,507 | 22,081 |
| Employee Entitlements | 24 | 34,077 | 32,579 | 32,302 | 34,159 | 32,387 |
| Receipts in Advance | 25 | 1,506 | 1,660 | 1,585 | 1,506 | 1,585 |
| Total Non-Current Liabilities | | 50,090 | 54,774 | 55,468 | 50,172 | 56,053 |
| Total Liabilities | | 149,347 | 139,039 | 152,241 | 149,517 | 154,751 |
| Public Equity | 27 | 938,841 | 938,962 | 941,034 | 941,689 | 943,407 |
| Total Liabilities and Public Equity | | 1,088,188 | 1,078,001 | 1,093,275 | 1,091,206 | 1,098,158 |

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

| | University | | | Consolidated | |
|--|----------------|-----------------|-----------------|-----------------|-----------------|
| | Actual | Budget | Actual | Actual | Actual |
| | 2012 | 2012 | 2011 | 2012 | 2011 |
| Notes | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| <i>Cash was provided from:</i> | | | | | |
| Government Grants | 179,334 | 181,860 | 180,063 | 182,270 | 182,966 |
| Student Income | 134,092 | 143,131 | 124,706 | 135,418 | 126,167 |
| Other Income | 120,764 | 104,654 | 125,349 | 120,944 | 125,822 |
| Interest on Operating Income | 3,742 | 3,987 | 2,933 | 3,825 | 3,032 |
| Trust Funds | 4,165 | 2,160 | 1,952 | 2,758 | 1,952 |
| | 442,097 | 435,792 | 435,003 | 445,215 | 439,939 |
| <i>Cash was applied to:</i> | | | | | |
| Payments to Employees and Suppliers | 384,182 | 378,987 | 368,915 | 388,134 | 374,260 |
| Net GST Movement | (102) | - | (19) | (53) | 31 |
| Interest Paid | 1,331 | 1,539 | 1,498 | 1,331 | 1,528 |
| | 385,411 | 380,526 | 370,394 | 389,412 | 375,819 |
| Net Cash Flow from Operating Activities | 9 | 56,686 | 55,266 | 55,803 | 64,120 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| <i>Cash was provided from:</i> | | | | | |
| Withdrawal of Investments | 130,980 | 30,000 | 33,413 | 131,421 | 34,086 |
| Sale of Fixed Assets | 353 | 2,228 | 170 | 353 | 170 |
| | 131,333 | 32,228 | 33,583 | 131,774 | 34,256 |
| <i>Cash was applied to:</i> | | | | | |
| Purchase of Investments | 133,414 | 30,000 | 51,479 | 131,477 | 51,147 |
| Divestment of subsidiary, net cash reduction | - | - | - | 493 | - |
| Purchase of Fixed Assets | 54,834 | 65,585 | 55,486 | 55,412 | 55,744 |
| | 188,248 | 95,585 | 106,965 | 187,382 | 106,891 |
| Net Cash Flow from Investing Activities | | (56,915) | (63,357) | (55,608) | (72,635) |

The accompanying notes form part of these financial statements.

| | University | | | Consolidated | |
|-------|------------|---------|---------|--------------|---------|
| | Actual | Budget | Actual | Actual | Actual |
| | 2012 | 2012 | 2011 | 2012 | 2011 |
| Notes | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |

CASH FLOWS FROM FINANCING ACTIVITIES

Cash was applied to:

| | | | | | | | |
|--|----|----------------|----------------|----------------|--|----------------|----------------|
| Loan Repaid | | 7,349 | 923 | 924 | | 7,349 | 929 |
| | | 7,349 | 923 | 924 | | 7,349 | 929 |
| Net Cash Flow from Financing Activities | | (7,349) | (923) | (924) | | (7,349) | (929) |
| Net Increase/(Decrease) in Cash Held | | (7,578) | (9,014) | (9,697) | | (7,154) | (9,444) |
| Net Foreign Exchange Gains/(Losses) | | (142) | - | 383 | | (142) | 383 |
| Cash Brought Forward | | 40,105 | 46,038 | 49,419 | | 43,432 | 52,493 |
| Ending Cash Carried Forward | 13 | 32,385 | 37,024 | 40,105 | | 36,136 | 43,432 |

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

Note 1. Statement of Accounting Policies

THE REPORTING ENTITY

Massey University was established as a university under the Massey University Act 1963 (founding legislation).

These financial statements have been prepared in accordance with the Crown Entities Act 2004 and Section 220 of the Education Act 1989. The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

Massey University comprises the following areas of significant activity for teaching, research and community service:

Colleges of

- Business;
- Creative Arts;
- Education;
- Humanities & Social Sciences;
- Sciences.

The group consists of Massey University and its subsidiaries, Massey University Foundation (100% owned), Massey Ventures Limited (100% owned), and E Centre Limited (100% owned by Massey Ventures Limited). Massey Ventures Limited also owns 53% of Synthodics Limited. The reporting entity includes the afore mentioned group, New Zealand School of Music (a joint venture 50% owned by Massey University), Agri One Limited (a joint venture 50% owned by Massey University) and associates owned by Massey Ventures Limited - Magritek Holdings Limited (13.5%), Polybatics Limited (17.3%) and New Zealand Vet Pathology (25.26%).

Massey University (and its subsidiaries) were established as a tertiary education provider and researcher. Accordingly, Massey University (and its subsidiaries) have designated themselves as public benefit entities. All applicable public benefit entity exemptions have been adopted.

The financial statements of Massey University and group are for the year ended 31 December 2012. The financial statements were authorised for issue by Council on 16th April 2013.

MEASUREMENT BASE

The financial statements have been prepared on a historical cost basis except the following assets carried at fair value: financial instruments designated at fair value through profit and loss, financial assets available for sale, biological assets, investment property and the revaluation of certain property, plant and equipment.

ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of financial performance and financial position have been applied:

A) Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of the University and all subsidiaries as of and for the period ended 31 December 2012.

Massey University consolidates as subsidiaries in the consolidated financial statements, using the purchase method, all entities where Massey University has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full. Corresponding assets, liabilities, revenues, expenses and cash flows are added together on a line-by-line basis.

Any joint venture the University has an interest in is accounted for using the proportionate method of consolidation.

Massey University accounts for an investment in an associate in the group financial statement using the equity method.

B) Budget Figures

The budget figures are those approved by the Council at the beginning of the financial year.

The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements. The budget figures have not been audited.

C) Allocation of Overheads

Administrative and indirect teaching and research costs are allocated to significant activities on the basis of total equivalent full-time students (EFTS) in each college. Exceptions to this rule are allocated on the following basis:

- i. Facilities Management – by floor space;
- ii. Recreation Centre – by internal full-time students;
- iii. Student Services – by internal equivalent full-time students;
- iv. Annual leave – by general staff numbers for general staff and from academic department leave records for academic staff.

D) Revenues

Government grants are recognised as income upon completion of services for which the grant was made. Where obligations are attached to a Government grant, a liability is recognised. Once the obligation is discharged, the Government grant is recognised as revenue.

Student fees are recognised as revenue throughout the period of course completion.

Trust funds include interest and donations of a capital nature, are recognised as income when money is received, or entitlement to receive money is established.

Income for research that is externally funded is recognised in the Revenue Disclosure (see Note 3) as "Charges for Services" on a percentage of completion basis. Research funds relating to incomplete portions of externally funded research activities at year end are included in the balance sheet as "Receipts in Advance".

E) Foreign Currencies

Both the functional and presentation currency of Massey University and its subsidiaries is New Zealand dollars, rounded to the nearest thousand dollars. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

F) Cash and Cash Equivalents

Cash and cash equivalents represent funds held to meet short-term commitments and include cash in hand, deposits held at call with the bank, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

G) Trade and Other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the University will not be able to collect all amounts according to the original term of the receivables.

H) Inventories

Inventories are valued at the lower of cost (using the first-in first-out basis) or net realisable value. All consumables are charged direct to expenditure.

I) Biological Assets

Biological assets are valued at fair value less estimated costs to sell, and agricultural produce is valued at fair value less estimated costs to sell at point of harvest. All consumables are charged direct to expenditure. Fair value is the market value at balance date.

J) Property Plant and Equipment

(i) Valuation

| Asset Category | Valuation By | Last Valuation |
|----------------------------------|----------------------------|------------------|
| Land and buildings | Quotable Value New Zealand | 31 December 2011 |
| Leasehold improvements | Valued at historical cost | |
| Equipment and furniture | Valued at historical cost | |
| Computers and research equipment | Valued at historical cost | |
| Motor vehicles | Valued at historical cost | |
| Aircraft | Valued at historical cost | |
| Library collection | Valued at historical cost | |

Land is valued at fair market value on the basis of highest and best use.

Buildings (which include land improvements and reticulated services) are valued at fair market value or depreciated replacement cost.

Where the fair value of an asset can be determined by reference to the price in an active market for the same asset or a similar asset, the fair value of the asset is determined using this information. Where

fair value of the asset is not able to be reliably determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of the fair value.

The Optimised Depreciated Replacement Cost (ODRC) begins with assessing the replacement cost of the assets at the date of valuation less an allowance for any physical and economic obsolescence to date and for any over-design. The balance of the RC less all forms of obsolescence and over-design represents the fair value of the asset.

Highest and Best Use is defined as the most probable use of the asset that is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value.

Additions between valuations are recorded at cost.

Capital work in progress is valued on the basis of expenditure incurred and certified gross progress claim certificates up to balance date. The level at which individual assets are capitalised as property plant and equipment is \$2,000.

(ii) Depreciation

The depreciation rates used in the preparation of these statements are as follows:

| Asset Class | Depreciation Rate | Method |
|----------------------------------|--------------------------------|---------------|
| Buildings | 1% - 7% | Straight line |
| Leasehold improvements | Lesser of 10% or life of lease | Straight line |
| Equipment and furniture | 5% - 33% | Straight line |
| Computers and research equipment | 25% | Straight line |
| Motor vehicles | 20%–25% | Straight line |
| Aircraft | 6% | Straight line |
| Library collection (current use) | 10% | Straight line |

Land, permanently retained library collections, art collections and archives are not depreciated.

Leasehold improvements are depreciated based upon their estimated useful life and the term of lease.

Work in progress is not depreciated. The total cost of a project is transferred to the relevant asset class upon completion and then depreciated.

(iii) Crown-Owned Assets

Crown owned land and buildings used by Massey University are included as part of Massey University's fixed assets. These were first recognised on 31 December 1989. Although legal title has not been transferred, Massey University has assumed all the normal risks and rewards of ownership, but may have to negotiate with the Crown for any sale.

In order to fairly and accurately record the value of all Land and Buildings occupied by Massey University, it is necessary to incorporate the Crown owned land and buildings on the Massey University Asset Register.

(iv) Impairment

The carrying values of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Massey University has three cash-generating units, being the three main campuses. Impairment of property plant and equipment is recognised when:

- replacement cost is identified as less than net book value
- the carrying amount exceeds its recoverable amount
- items of property plant and equipment become obsolete
- damage occurs to property plant and equipment.
- an asset becomes surplus to requirements and is no longer used.

(v) Disposal/Derecognition of Assets

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

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

K) Intangible Assets

An intangible asset is recognised when it is probable that it will generate future economic benefit to Massey University and the costs of the intangible asset can be measured reliably.

Internally generated software is classified into a research phase and a development phase.

An intangible asset arising from development (or the development phase of an internal project) is recognised only when the University can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the availability of resources to complete the development;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development;
- how the asset will generate future economic benefits.

Costs that can be included in the capitalisation of internally developed software include:

- Costs of staff seconded to such projects;
- Costs to design, build, configure, test and document such systems;
- Support fees payable before such systems are ready for use;
- Software that is acquired separately or in a business combination are recorded at costs determined at the date of acquisition.

Amortisation of software is calculated using a straight line basis over four years and is reviewed annually for any impairment.

L) Employee Entitlements

Annual leave for academic and general staff has been accrued. In addition, an accrual has been made for retirement gratuities and long service leave for both academic and general staff. Both retirement gratuities and long-service leave have been accrued on the following basis.

- Leave and gratuities that have vested in the employee (an entitlement has been established) have been measured at nominal value using remuneration rates current at reporting date. This is included as a current liability;
- Leave and gratuities that have not yet vested in the employee (no entitlement has been established) have been measured using the present value measurement basis, which discounts expected future cash outflows. This is treated as a non-current liability.

Duty leave overseas for academic staff has not been accrued as this leave is a commitment subject to eligibility and is not an entitlement.

Sick leave has not been accrued as the University has a "Wellness Policy", hence no sick leave is available to carry forward.

Obligations for contributions to superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Comprehensive Income.

M) Goods and Services Tax (GST)

The financial statements are prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable.

N) Taxation

Tertiary education institutions are exempt from the payment of income tax as they are treated by the Inland Revenue Department as charitable organisations. Accordingly, no charge for income tax has been provided for. Massey University's subsidiaries are also exempt from paying income tax.

O) Leases

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

Operating lease payments, where the lessor retains substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating surplus in equal installments over the lease term.

P) Financial Instruments

Massey University classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available for sale. Management determines the classification of its investments at initial recognition. Financial assets are initially measured at fair value.

The fair value of financial instruments traded in an active market is based on quoted market prices as at balance date. The quoted market price used is the current bid price.

Financial Assets designated at fair value through profit and loss

Financial assets designated at fair value through profit and loss are classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if they are expected to be realised within 12 months of balance date.

Financial assets in this category include Massey University Foundation's managed fund.

Loan and Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Loans to third parties and receivables are classified as trade and other receivables in the balance sheet. Bank deposits with a maturity of more than 3 months are classified as loans and receivables.

Fair Value through Other Comprehensive Income

Financial assets available for sale are those financial assets that are not classified in either of the above categories. This category encompasses shares held for strategic purposes. After initial recognition these investments are measured at their fair value.

Massey University's investment in its subsidiary and associate companies is held at cost.

At the end of each financial year Massey University assesses whether there is any impairment of its financial assets; any impairment is written off to expenses in the Statement of Comprehensive Income.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Impairment of Financial Assets

Financial assets other than those at fair value through profit and loss are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that have occurred after the initial recognition of the financial asset; the estimated future cash flows of the investment have been adversely impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counter party; or
- Default or delinquency in interest or principal payments; or
- It becomes probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment of a portfolio of receivables includes past experience of collecting amounts due, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observed changes in economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account.

Changes in the carrying amount of the allowance account are recognised in the income statement.

Q) Trade and Other Payables

Trade and other payables are carried at amortised cost. Due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to Massey University prior to the end of the financial year that are unpaid, and arise when Massey University becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

R) Borrowing Costs

Massey University and group has elected to defer the adoption of the revised NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with the transitional provisions of NZ IAS 23 that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

S) Investment Property

Any property held that is not held to meet service delivery objectives is classified as investment property. Investment property is measured initially at its cost, including transaction costs.

After recognition, Massey University measures all investment property at fair value as determined annually. Gains or losses arising from a change in fair value of an investment property are recognised in the Statement of Comprehensive Income.

T) Joint Ventures

A joint venture is a contractual arrangement whereby two parties undertake an economic activity that is subject to joint control. For a jointly controlled entity Massey University recognises in its financial statements assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture using the proportionate consolidation method.

U) Summary of Significant Accounting Policies

There have been no changes in accounting policies, and the policies have been applied on a basis consistent with prior years.

The Group has not elected to early adopt any new standards or interpretations that are issued but not yet effective.

Accounting Standards and interpretations issued but not yet effective

NZ IFRS Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 31 December 2012, are outlined in the following table:

| Reference | Title | Summary | Application date of standard | Impact on Group financial report | Application date for group |
|---------------------------------------|---|--|------------------------------|---|----------------------------|
| NZ IFRS 7 | Amendments to NZ IFRS 7 Financial Instruments: Disclosures — Transition Disclosures | <p>These amendments to NZ IFRS 7 remove the requirement for the restatement of comparative period financial statements upon initial application of the classification and measurement requirements of NZ IFRS 9.</p> <p>Instead, the amendments introduce additional disclosures on transition from the classification and measurement requirements of NZ IAS 39 Financial Instruments: Recognition and Measurement to those of NZ IFRS 9.</p> <p>For entities adopting NZ IFRS 9 from 2013 onwards, these disclosures are required even if they choose to restate the comparative figures for the effect of applying NZ IFRS 9.</p> | 1 January 2013 | The amendments are not expected to have a material impact on the Group's financial statements in the period of initial application. | 1 January 2013 |
| NZ IFRS 10, NZ IFRS 11 and NZ IFRS 13 | Amendments to NZ IFRS 10 Consolidated Financial Statements, NZ IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities — Transition Guidance | <p>These amendments clarify:</p> <ul style="list-style-type: none"> • The meaning of 'the date of initial application' in IFRS 10 as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time' • That the assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period • If the control assessment is different between NZ IFRS 10 and NZ IAS 27 Consolidated and Separate Financial Statements / NZ SIC-12 Consolidation — Special Purpose Entities, retrospective adjustments should be determined • If the control assessment is the same, no retrospective application is required • That an investor should adjust comparative periods retrospectively if the consolidation conclusion reached at the date of initial application is different • If more than one comparative period is presented, additional relief is given to require only one period to be restated • That comparatives for the disclosures relating to unconsolidated structured entities under NZ IFRS 12 are not required | 1 January 2013 | | 1 January 2013 |

| Reference | Title | Summary | Application date of standard | Impact on Group financial report | Application date for group |
|------------------|-----------------------|--|------------------------------|---|----------------------------|
| NZ IFRS 9 (2009) | Financial Instruments | <p>NZ IFRS 9 (2009) includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace NZ IAS 39 Financial Instruments: Recognition and Measurement.</p> <p>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of NZ IAS 39. The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes:</p> <ul style="list-style-type: none"> • Two categories for financial assets being amortised cost or fair value • Removal of the requirement to separate embedded derivatives in financial assets • Strict requirements to determine which financial assets can be classified as amortised cost or fair value. Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows • An option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition • Reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes • Changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income | 1 January 2015 | The amendments are not expected to have a material impact on the Group's financial statements in the period of initial application. | 1 January 2015 |

| Reference | Title | Summary | Application date of standard | Impact on Group financial report | Application date for group |
|------------------|-----------------------|--|------------------------------|---|----------------------------|
| NZ IFRS 9 (2010) | Financial Instruments | <p>NZ IFRS 9 (2010) supersedes NZ IFRS 9 (2009). The requirements for classifying and measuring financial liabilities were added to NZ IFRS 9 as issued in 2009.</p> <p>The existing NZ IAS 39 requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities, the change in fair value is accounted for as follows:</p> <ul style="list-style-type: none"> The change attributable to changes in credit risk are presented in other comprehensive income (OCI) The remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> | 1 January 2015 | The amendments are not expected to have a material impact on the Group's financial statements in the period of initial application. | 1 January 2015 |

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the University is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the University expects to transition to the new standards in preparing its 31 December 2015 financial statements. As the PAS are still under development, the University is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Note 2

(i) Government Grants

The Crown through the Tertiary Education Commission provides income to the University by way of a grant, which is recognised as income upon entitlement.

(ii) Cost of Operations

- Staff related costs - includes direct staff related costs allocated to colleges, support services and regions.
- Employee entitlements relating to actuarial calculation are shown separately.
- Depreciation - includes all depreciation on all assets held by the University.
- Other direct costs - includes all direct costs of operating and maintaining the University. It also includes the cost of research, including salaries and wages.

Note 3. Revenue Disclosure

| | Notes | University | | Consolidated | |
|------------------------|-------|-----------------|-----------------|-----------------|-----------------|
| | | 2012 (\$000) | 2011 (\$000) | 2012 (\$000) | 2011 (\$000) |
| Government Grants | | | | | |
| Students | | 144,424 | 143,093 | 146,567 | 145,220 |
| Other | | 34,579 | 36,133 | 35,337 | 36,869 |
| | | 179,003 | 179,226 | 181,904 | 182,089 |
| Student Fees | | | | | |
| Domestic Students | | 97,762 | 90,842 | 98,798 | 91,878 |
| International Students | | 42,048 | 37,220 | 42,220 | 37,419 |
| | | 139,810 | 128,062 | 141,018 | 129,297 |
| Charges for Services | | | | | |
| Research | | 64,591 | 72,368 | 72,445 | 72,391 |
| Other | | 48,456 | 40,964 | 40,316 | 42,328 |
| | | 113,047 | 113,332 | 112,761 | 114,719 |
| Interest | | 4,129 | 4,404 | 4,229 | 4,498 |
| Trust funds | 28 | 5,504 | 2,943 | 4,097 | 2,943 |
| Other Gains/(Losses) | 4 | (751) | 546 | 2,038 | 1,203 |
| Total Revenue | | 440,742 | 428,513 | 446,047 | 434,749 |

Note 4. Other Gains and (Losses)

| | Notes | University | | Consolidated | |
|---|-------|-----------------|-----------------|-----------------|-----------------|
| | | 2012 (\$000) | 2011 (\$000) | 2012 (\$000) | 2011 (\$000) |
| Comprehensive Income | | | | | |
| Livestock Fair Value Gains/(Losses) | 16 | (7) | (49) | (7) | (49) |
| Forestry Fair Value Gains/(Losses) | 16 | (32) | 70 | (32) | 70 |
| Disposal of PP&E Gains/(Losses) | | (310) | (31) | (310) | (31) |
| Changes in Fair Value of Assets Held for Sale Gains/(Losses) | 19 | (260) | 173 | (260) | 173 |
| Fair Value Gain on Associate converted to Investment | | - | - | 1,341 | - |
| Fair Value Managed Funds through Profit and Loss Gains/(Losses) | | - | - | 1,448 | 657 |
| Foreign Exchange Gains/(Losses) | | (142) | 383 | (142) | 383 |
| Comprehensive Income Total Gains/(Losses) | | (751) | 546 | 2,038 | 1,203 |
| Other Comprehensive Income | | | | | |
| Net gain on Available For Sale Assets | | 8 | 31 | 8 | 31 |
| Other Comprehensive Income Total Gains/(Losses) | | 8 | 31 | 8 | 31 |
| Total Gains/(Losses) | | (743) | 577 | 2,046 | 1,234 |

Note 5. Staff-Related Costs

| | Notes | University | | Consolidated | |
|---|-------|-----------------|-----------------|-----------------|-----------------|
| | | 2012 (\$000) | 2011 (\$000) | 2012 (\$000) | 2011 (\$000) |
| Salaries and Wages | | 237,746 | 229,140 | 241,048 | 233,331 |
| Superannuation | | 9,182 | 8,984 | 9,249 | 9,039 |
| Long Service Leave and Retirement Allowance | | 1,831 | 3,100 | 1,831 | 3,100 |
| Other | | 4,511 | 4,126 | 4,558 | 4,142 |
| Total Staff-Related Costs | | 253,270 | 245,350 | 256,686 | 249,612 |

Note 6. Depreciation and Amortisation Costs

| | Notes | University | | Consolidated | |
|--|-------|-----------------|-----------------|-----------------|-----------------|
| | | 2012 (\$000) | 2011 (\$000) | 2012 (\$000) | 2011 (\$000) |
| Depreciation | 20 | 42,220 | 42,162 | 42,304 | 42,293 |
| Amortisation | 21 | 1,157 | 430 | 1,157 | 430 |
| Total Depreciation and Amortisation Costs | | 43,377 | 42,592 | 43,461 | 42,723 |

Note 7. Finance Costs

| | University | | Consolidated | |
|----------------------------|--------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Interest Expenses | 1,323 | 1,500 | 1,323 | 1,530 |
| Total Finance Costs | 1,323 | 1,500 | 1,323 | 1,530 |

Note 8. Other Direct Costs

| | University | | Consolidated | |
|--|----------------|----------------|----------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| The Surplus is after charging: | | | | |
| Audit fees for annual report | 175 | 175 | 223 | 251 |
| Other services provided by principal auditor: PBRF Audit | 12 | 12 | 12 | 12 |
| Internal audit fees | 189 | 233 | 189 | 233 |
| Bad debts written off | 310 | 694 | 310 | 722 |
| Increase/(reduction) in provision for bad debts | 419 | (375) | 424 | (394) |
| Rental expense on operating leases | 4,121 | 4,610 | 4,818 | 5,258 |
| Scholarships | 13,809 | 14,264 | 13,914 | 14,434 |
| Energy | 6,683 | 6,121 | 6,683 | 6,121 |
| Repairs and maintenance | 11,430 | 11,696 | 11,454 | 11,730 |
| Travel and accommodation | 11,176 | 11,144 | 11,218 | 11,191 |
| Computing & telecommunications | 7,251 | 7,399 | 7,317 | 7,470 |
| Contracted services | 29,375 | 24,792 | 29,456 | 24,882 |
| Other operating expenses | 46,567 | 48,836 | 46,829 | 49,594 |
| Total Other Direct Costs | 131,517 | 129,601 | 132,847 | 131,504 |

Note 9. Reconciliation of the Net Surplus on Operations with the Net Cash Flows from Operating Activities

| | Notes | University | | Consolidated | |
|---|-------|-----------------|-----------------|-----------------|-----------------|
| | | 2012 (\$000) | 2011 (\$000) | 2012 (\$000) | 2011 (\$000) |
| Surplus /(Deficit) on Operations | | 9,119 | 7,678 | 9,594 | 7,588 |
| Add Non-Cash Items: | | | | | |
| Depreciation and amortisation | 6 | 43,377 | 42,592 | 43,461 | 42,723 |
| Other (gains)/losses - forestry fair value | 4 | 32 | (70) | 32 | (71) |
| Other (gains)/losses - livestock fair value | 4 | 7 | 49 | 7 | 49 |
| Other (gains)/losses -Associate converted to Investment | 4 | - | - | (1,341) | - |
| Impairment/(gain) on investments - other | | 260 | (173) | 380 | (207) |
| Impairment on Property, Plant & Equipment (to Profit & Loss) | 20 | - | 2,853 | - | 2,853 |
| Bad debts | 8 | 310 | 694 | 310 | 694 |
| Provision for doubtful debts | 14 | 419 | (375) | 419 | (347) |
| Foreign exchange (gains)/losses | 4 | 142 | (383) | 142 | (383) |
| (Decrease)/increase in non-current employee entitlements | 24 | 1,775 | 2,723 | 1,814 | 2,723 |
| | | 46,322 | 47,910 | 45,224 | 48,034 |
| Items Classified as investing or financing activities: | | | | | |
| (Gains)/losses on disposal of property plant and equipment | 4 | 310 | 31 | 310 | 31 |
| | | 310 | 31 | 310 | 31 |
| Movements In Working Capital: | | | | | |
| Decrease/(increase) in prepayments | 14 | 1,233 | (2,080) | 1,294 | (2,080) |
| Decrease/(increase) in trade and other receivables | | (1,952) | 1,722 | (1,984) | 968 |
| Decrease/(increase) in stocks and biological assets | 15,16 | 28 | (403) | 28 | (403) |
| Increase/(decrease) in accounts payable | | (328) | 5,050 | (639) | 4,847 |
| Increase/(decrease) in receipts in advance | | 1,954 | 4,701 | 1,976 | 5,135 |
| Total Movement in Working Capital | | 935 | 8,990 | 675 | 8,467 |
| Net Cash Flow from Operating Activities | | 56,686 | 64,609 | 55,803 | 64,120 |

Note 10. Summary of Financial Assets & Liabilities

| UNIVERSITY 2012 | | | | | |
|---|-----------------------|---|---|-------------------------------------|----------------|
| Classification of Financial Assets & Liabilities | Loans and Receivables | Assets at fair value through surplus or deficit | Fair value through other comprehensive income | Other Liabilities at Amortised Cost | Total |
| | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |
| FINANCIAL ASSETS | | | | | |
| Cash and Cash Equivalents | 32,385 | - | - | - | 32,385 |
| Trade and Other Receivables | 23,554 | - | - | - | 23,554 |
| Prepayments | 8,149 | - | - | - | 8,149 |
| Loans and Loans to Related Parties | 125 | - | - | - | 125 |
| Short-Term Deposits with Maturities of 4-12 Months | 27,355 | - | - | - | 27,355 |
| Term Deposits Maturing Between 1 and 5 Years | 20,450 | - | - | - | 20,450 |
| Unlisted Shares | - | - | 607 | - | 607 |
| Shares | - | - | 1,786 | - | 1,786 |
| Total Financial Assets | 112,018 | - | 2,393 | - | 114,411 |
| FINANCIAL LIABILITIES | | | | | |
| Trade and Other Payables | - | - | - | 12,181 | 12,181 |
| Borrowings: Term Loans | - | - | - | 15,127 | 15,127 |
| Total Financial Liabilities | - | - | - | 27,308 | 27,308 |
| | | | | | |
| UNIVERSITY 2011 | | | | | |
| Classification of Financial Assets & Liabilities | Loans and Receivables | Assets at fair value through surplus or deficit | Fair value through other comprehensive income | Other Liabilities at Amortised Cost | Total |
| | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |
| FINANCIAL ASSETS | | | | | |
| Cash and Cash Equivalents | 40,105 | - | - | - | 40,105 |
| Trade and Other Receivables | 22,707 | - | - | - | 22,707 |
| Prepayments | 9,382 | - | - | - | 9,382 |
| Loans and Loans to Related Parties | 125 | - | - | - | 125 |
| Short-Term Deposits with Maturities of 4-12 Months | 43,178 | - | - | - | 43,178 |
| Term Deposits Maturing Between 1 and 5 Years | 5,450 | - | - | - | 5,450 |
| Unlisted Shares | - | - | 607 | - | 607 |
| Shares | - | - | 1,640 | - | 1,640 |
| Total Financial Assets | 120,947 | - | 2,247 | - | 123,194 |
| FINANCIAL LIABILITIES | | | | | |
| Trade and Other Payables | - | - | - | 10,218 | 10,218 |
| Borrowings: Term Loans | - | - | - | 22,476 | 22,476 |
| Total Financial Liabilities | - | - | - | 32,694 | 32,694 |

| CONSOLIDATED 2012 Classification of Financial Assets & Liabilities | Loans and Receivables | Assets at fair value through surplus or deficit | Fair value through other comprehensive income | Other Liabilities at Amortised Cost | Total |
|---|--------------------------|---|---|---|----------------|
| | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |
| FINANCIAL ASSETS | | | | | |
| Cash and Cash Equivalents | 36,136 | - | - | - | 36,136 |
| Trade and Other Receivables | 23,376 | - | - | - | 23,376 |
| Prepayments | 8,205 | - | - | - | 8,205 |
| Loans | 125 | - | - | - | 125 |
| Short-Term Deposits with Maturities of 4-12 Months | 27,355 | - | - | - | 27,355 |
| Term Deposits Maturing Between 1 and 5 Years | 20,450 | - | - | - | 20,450 |
| Unlisted Shares | - | - | 2,357 | - | 2,357 |
| Shares | - | - | 1,786 | - | 1,786 |
| Managed Funds | - | 15,639 | - | - | 15,639 |
| Total Financial Assets | 115,647 | 15,639 | 4,143 | - | 135,429 |
| FINANCIAL LIABILITIES | | | | | |
| Trade and Other Payables | - | - | - | 11,968 | 11,968 |
| Borrowings: Term Loans | - | - | - | 15,127 | 15,127 |
| Total Financial Liabilities | - | - | - | 27,095 | 27,095 |

| CONSOLIDATED 2011 Classification of Financial Assets & Liabilities | Loans and Receivables | Assets at fair value through surplus or deficit | Fair value through other comprehensive income | Other Liabilities at Amortised Cost | Total |
|---|--------------------------|---|---|---|----------------|
| | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |
| FINANCIAL ASSETS | | | | | |
| Cash and Cash Equivalents | 43,432 | - | - | - | 43,432 |
| Trade and Other Receivables | 23,388 | - | - | - | 23,388 |
| Prepayments | 9,500 | - | - | - | 9,500 |
| Loans | 125 | - | - | - | 125 |
| Short-Term Deposits with Maturities of 4-12 Months | 43,543 | - | - | - | 43,543 |
| Term Deposits Maturing Between 1 and 5 Years | 5,450 | - | - | - | 5,450 |
| Unlisted Shares | - | - | 1,100 | - | 1,100 |
| Shares | - | - | 1,640 | - | 1,640 |
| Managed Funds | - | 13,862 | - | - | 13,862 |
| Total Financial Assets | 125,438 | 13,862 | 2,740 | - | 142,040 |
| FINANCIAL LIABILITIES | | | | | |
| Trade and Other Payables | - | - | - | 11,045 | 11,045 |
| Borrowings: Term Loans | - | - | - | 22,976 | 22,976 |
| Total Financial Liabilities | - | - | - | 34,021 | 34,021 |

Note 11. Fair Value Hierarchy Disclosures

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

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

The following table analyses the basis of the valuation classes of financial instruments measured at fair value on the balance sheet

| UNIVERSITY 2012 Classification of Financial Assets & Liabilities | Quoted market price (\$000) | Observable inputs (\$000) | Significant non- observable inputs (\$000) | Total (\$000) |
|--|-----------------------------------|---------------------------------|--|------------------|
| FINANCIAL ASSETS | | | | |
| Shares | - | 1,786 | - | 1,786 |
| UNIVERSITY 2011 Classification of Financial Assets & Liabilities | Quoted market price (\$000) | Observable inputs (\$000) | Significant non- observable inputs (\$000) | Total (\$000) |
| FINANCIAL ASSETS | | | | |
| Shares | - | 1,640 | - | 1,640 |
| CONSOLIDATED 2012 Classification of Financial Assets & Liabilities | Quoted market price (\$000) | Observable inputs (\$000) | Significant non- observable inputs (\$000) | Total (\$000) |
| FINANCIAL ASSETS | | | | |
| Shares | - | 1,786 | - | 1,786 |
| Managed Funds | - | 15,639 | - | 15,639 |
| CONSOLIDATED 2011 Classification of Financial Assets & Liabilities | Quoted market price (\$000) | Observable inputs (\$000) | Significant non- observable inputs (\$000) | Total (\$000) |
| FINANCIAL ASSETS | | | | |
| Shares | - | 1,640 | - | 1,640 |
| Managed Funds | - | 13,862 | - | 13,862 |

Note 12. Significant Budget Variances

| | Variance to Budget | | |
|---|-----------------------|------------|--|
| | (\$000) | | |
| Total Operating Revenue | 8,917 | Favourable | Over all the surplus for the year is inline with budget, however charges for services was \$12,655 higher than budget, mainly due to reasearch income being higher than expected. |
| Total Cost of Operations | (8,799) | Adverse | |
| Surplus for the year | 118 | Favourable | Research has a high level of expenditure causing operating expenses to increase, off-setting the gains from the higher level of revenue. This also flowed into net operating cash flow which is also in line with budget but both revenue and expenses higher than budget |
| Other Comprehensive Income | | | |
| Other movements in Revaluation Reserves | (11,320) | Adverse | Includes \$10,882 for buildings that were seismically impaired in 2012. |
| Balance Sheet | | | |
| Other Financial Assets | 20,343 | Favourable | Higher level of long term investments with the bank, due capital expenditure being lower than budget and Receipts in Advance higher than budget. |

Note 13. Cash and Cash Equivalents

| | University | | Consolidated | |
|---|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Cash at bank and in hand | 7,050 | 4,105 | 9,296 | 5,431 |
| Short-term deposits with maturities of 3 months or less | 25,335 | 36,000 | 26,840 | 38,001 |
| Total Cash and Cash Equivalents | 32,385 | 40,105 | 36,136 | 43,432 |

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

Refer to Note 18 for weighted average effective rates for cash and cash equivalents.

Included in Cash at Bank and In Hand were the Following Currencies:

| | 2012 | 2011 |
|--------------------------|---------|---------|
| | (\$000) | (\$000) |
| United States of America | 1,218 | 1,339 |
| Australia | 2 | 2 |

All currencies shown as valued in NZD as at 31 December.

Note 14. Trade and Other Receivables

| | University | | Consolidated | |
|--|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Trade Debtors | 16,414 | 16,940 | 16,817 | 17,759 |
| Other Amounts Receivable | 7,656 | 5,937 | 7,661 | 6,307 |
| Related Parties Receivables | 560 | 487 | - | - |
| Prepayments | 8,149 | 9,382 | 8,205 | 9,500 |
| Loans | 125 | 125 | 125 | 125 |
| | 32,904 | 32,871 | 32,808 | 33,691 |
| Less Provision for Doubtful Debts | (1,076) | (657) | (1,102) | (678) |
| Total Trade and Other Receivables | 31,828 | 32,214 | 31,706 | 33,013 |
| Less Non-Current Portion: | | | | |
| Loans | 125 | 125 | 125 | 125 |
| Total Non-Current Portion | 125 | 125 | 125 | 125 |
| Current Portion | 31,703 | 32,089 | 31,581 | 32,888 |

The carrying value of trade and other trade receivables (excluding loans to related parties) approximates their fair value and is the same as contractual value and are generally receivable within 30 days. There are no external or internal ratings used to identify the credit quality of financial assets not past due or impaired.

Trade debtors overdue (excluding students), whose payment has not been negotiated and not impaired are as follows:

| | University | | Consolidated | |
|------------------------|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Current | 7,046 | 6,445 | 7,273 | 7,421 |
| One Month | 5,883 | 2,849 | 5,884 | 2,849 |
| Two Months | 626 | 1,248 | 626 | 1,252 |
| > Three Months | 1,592 | 1,049 | 1,594 | 1,063 |
| Carrying Amount | 15,147 | 11,591 | 15,377 | 12,585 |

As at 31 December 2012 and 2011, all overdue receivables have been assessed for impairment and appropriate provisions applied. Massey University does not hold any collateral as security or other credit enhancements over receivables that are past due or impaired.

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

| | University | | Consolidated | |
|---|--------------|------------|--------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| At 1 January | 657 | 1,032 | 678 | 1,072 |
| Additions Made During the Year | 419 | - | 419 | - |
| Receivables Written Off During the Year | - | (375) | 5 | (394) |
| At 31 December | 1,076 | 657 | 1,102 | 678 |

Note 15. Inventories

| | University | | Consolidated | |
|---------------------|--------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Material and stores | 1,474 | 1,505 | 1,474 | 1,505 |
| Total | 1,474 | 1,505 | 1,474 | 1,505 |

The carrying amount of inventories identified as held for distribution as at 31 December 2012 amounted to \$1,122,467 (2011: \$1,053,505). The carrying amount of inventories pledged as securities for liabilities is nil (2011: nil).

Note 16. Biological Assets

| | University | | Consolidated | |
|---|--------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Livestock | | | | |
| Opening balance | 3,544 | 3,372 | 3,544 | 3,372 |
| Increase due to purchases | 543 | 571 | 543 | 571 |
| Gains/(losses) arising from changes in fair value | (7) | (49) | (7) | (49) |
| Decreases due to sales | (540) | (350) | (540) | (350) |
| Closing Balance | 3,540 | 3,544 | 3,540 | 3,544 |
| Forestry | | | | |
| Opening balance | 668 | 598 | 668 | 598 |
| Gains/(losses) arising from changes in fair value | (32) | 70 | (32) | 70 |
| Closing Balance | 636 | 668 | 636 | 668 |
| Current | 3,540 | 3,544 | 3,540 | 3,544 |
| Non-Current | 636 | 668 | 636 | 668 |
| Total | 4,176 | 4,212 | 4,176 | 4,212 |

Massey University owns 106 hectares of *pinus radiata* forest which are at varying stages of maturity. No forests have been harvested in this period (2011: nil).

Forestry is valued as at 31 December at fair value, using a model supplied by an independent valuer.

Fair Value is the market value less estimated point of sale costs based on log prices free on board (FOB) as at 31 December, current harvesting and transport costs.

Massey University is not materially exposed to financial risks from changing timber prices.

Livestock has been valued at market value.

Note 17. Other Assets

| | University | | Consolidated | |
|--|---------------|---------------|--------------|----------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Non-Current Portion | | | | |
| Funds invested in Massey University Foundation | 17,043 | 13,548 | - | - |
| Shares in subsidiaries | 1,912 | 1,912 | - | - |
| Total Non-Current Portion | 18,955 | 15,460 | - | - |

Note 18. Other Financial Assets

| | University | | Consolidated | |
|--|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Current Portion | | | | |
| Other Financial Assets | | | | |
| Loans and receivables: | | | | |
| Short-term deposits with maturities of 4-12 months | 27,355 | 43,178 | 27,355 | 43,543 |
| Total Current Portion | 27,355 | 43,178 | 27,355 | 43,543 |
| Non-Current Portion | | | | |
| Other Financial Assets | | | | |
| Loans and receivables | 20,450 | 5,450 | 20,590 | 5,590 |
| Fair value through other comprehensive income - shares | 1,786 | 1,640 | 1,786 | 1,640 |
| Fair value through income statement - managed fund | - | - | 15,639 | 13,862 |
| Unlisted shares | 607 | 607 | 2,357 | 1,100 |
| Total Non-Current Portion | 22,843 | 7,697 | 40,372 | 22,192 |

There were no impairment provisions for other financial assets.

Unlisted shares: No market exists for the unlisted shares and these are shown at cost because either the fair value of the investment cannot be determined using a standardised valuation technique or due to cost not being materially different to fair value.

Fair value through other income statement - shares: market values as at 31 December are used to ascertain the fair value this category of investment.

Fair value through comprehensive income - managed fund: after initial recognition financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

| | University | | Consolidated | |
|---|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Maturity analysis and effective interest rate: | | | | |
| Short-term deposits with maturities of 3 months or less | 25,335 | 36,000 | 26,840 | 38,001 |
| Weighted average interest rate | 3.70% | 3.65% | 3.73% | 3.62% |
| Short-term deposits with maturities of 4-12 months | 27,355 | 43,178 | 27,355 | 43,543 |
| Weighted average interest rate | 4.25% | 4.17% | 4.25% | 4.16% |
| Term deposits maturing between 1 and 2 Years | 20,450 | 5,450 | 20,450 | 5,450 |
| Weighted average interest rate | 4.53% | 5.36% | 4.53% | 5.36% |
| | 73,140 | 84,628 | 74,645 | 86,994 |

The fair values of Term Deposits are as follows:

| | University | | Consolidated | |
|--|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| Fair value on Term Deposits (>3 Months): | (S000) | (S000) | (S000) | (S000) |
| Fair value as at 31 December | 48,278 | 49,498 | 48,278 | 49,499 |

The fair value of Term Deposits is determined by applying the actual rates that existed as at 31 December to the investments held by Massey University, with the gain or loss being added to the fair value of the investment.

Note 19. Non-Current Assets Held for Sale

| | University | | Consolidated | |
|---|------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| Non-Current Assets Held for Sale are: | (S000) | (S000) | (S000) | (S000) |
| Aircraft | 205 | 540 | 205 | 540 |
| Land | - | 927 | - | 927 |
| Buildings | - | 905 | - | 905 |
| Total Non-Current Assets Held for Sale | 205 | 2,372 | 205 | 2,372 |

The Council approved the sale of Ruawharo Campus on 7th July 2006. The site was still used as a campus until early 2007. In May 2012 the Campus was taken off the market and returned to the asset register.

On 5th September 2008 the Council approved the replacement of the University's fleet of aircraft. At balance date six aircraft have been sold, with the balance of the fleet being actively marketed.

Note 20. Property Plant and Equipment

| University 2012 | Cost/ Valuation 01 Jan 2012 | Accumulated Depreciation & Impairment 01 Jan 2012 | Carrying Amount 01 Jan 2012 | Additions | Disposals at Cost | Depreciation on Disposals | Impairments | Revaluations | Depreciation Recovered on Revaluation & Impairment | Depreciation | Cost/ Valuation 31 Dec 2012 | Accumulated Depreciation & Impairment 31 Dec 2012 | Carrying Amount 31 Dec 2012 |
|-----------------------|-----------------------------------|--|-----------------------------------|-----------|----------------------|------------------------------|-------------|--------------|---|--------------|-----------------------------------|--|-----------------------------------|
| | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |
| Land | 165,080 | - | 165,080 | 1,950 | 91 | - | - | - | - | - | 166,939 | - | 166,939 |
| Buildings | 650,851 | 618 | 650,233 | 38,864 | 47 | 30 | (11,695) | - | 375 | 22,184 | 677,973 | 22,397 | 655,576 |
| Leasehold Improvement | 3,007 | 564 | 2,443 | 13 | - | - | - | - | - | 423 | 3,020 | 987 | 2,033 |
| Aircraft | 4,320 | - | 4,320 | - | - | - | - | - | - | 295 | 4,320 | 295 | 4,025 |
| Furniture | 2,309 | 1,955 | 354 | 695 | 10 | 10 | - | - | - | 107 | 2,994 | 2,052 | 942 |
| Equipment | 128,760 | 87,231 | 41,529 | 18,450 | 6,936 | 6,456 | - | - | - | 13,050 | 140,274 | 93,825 | 46,449 |
| Implements | 220 | 187 | 33 | 89 | 3 | 3 | - | - | - | 12 | 306 | 196 | 110 |
| Vehicles | 3,466 | 2,584 | 882 | 644 | 920 | 920 | - | - | - | 245 | 3,190 | 1,909 | 1,281 |
| Art | 1,721 | - | 1,721 | 19 | - | - | - | - | - | - | 1,740 | - | 1,740 |
| Library | 91,849 | 60,582 | 31,267 | 6,117 | - | - | - | - | - | 5,904 | 97,966 | 66,486 | 31,480 |
| Work in Progress | 44,363 | - | 44,363 | (13,916) | - | - | - | - | - | - | 30,447 | - | 30,447 |
| | 1,095,946 | 153,721 | 942,225 | 52,925 | 8,007 | 7,419 | (11,695) | - | 375 | 42,220 | 1,129,169 | 188,147 | 941,022 |

| University 2011 | Cost/ Valuation 01 Jan 2011 | Accumulated Depreciation & Impairment 01 Jan 2011 | Carrying Amount 01 Jan 2011 | Additions | Disposals at Cost | Depreciation on Disposals | Impairments | Revaluations | Depreciation Recovered on Revaluation & Impairment | Depreciation | Cost/ Valuation 31 Dec 2011 | Accumulated Depreciation & Impairment 31 Dec 2011 | Carrying Amount 31 Dec 2011 |
|-----------------------|-----------------------------------|--|-----------------------------------|-----------|----------------------|------------------------------|-------------|--------------|---|--------------|-----------------------------------|--|-----------------------------------|
| | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |
| Land | 175,572 | - | 175,572 | 69 | - | - | (224) | (10,337) | - | - | 165,080 | - | 165,080 |
| Buildings | 694,388 | 43,743 | 650,645 | 10,597 | - | - | (17,556) | (36,578) | 66,602 | 23,477 | 650,851 | 618 | 650,233 |
| Leasehold Improvement | 4,758 | 2,517 | 2,241 | 30 | - | - | - | (1,781) | 2,417 | 464 | 3,007 | 564 | 2,443 |
| Aircraft | 8,186 | 462 | 7,724 | - | - | - | (3,866) | - | 1,013 | 551 | 4,320 | - | 4,320 |
| Furniture | 2,248 | 1,893 | 355 | 67 | 6 | 6 | - | - | - | 68 | 2,309 | 1,955 | 354 |
| Equipment | 154,065 | 111,859 | 42,206 | 10,667 | 35,972 | 35,802 | - | - | - | 11,174 | 128,760 | 87,231 | 41,529 |
| Implements | 220 | 181 | 39 | - | - | - | - | - | - | 6 | 220 | 187 | 33 |
| Vehicles | 3,525 | 2,613 | 912 | 174 | 233 | 202 | - | - | - | 173 | 3,466 | 2,584 | 882 |
| Art | 1,713 | - | 1,713 | 8 | - | - | - | - | - | - | 1,721 | - | 1,721 |
| Library | 85,383 | 54,333 | 31,050 | 6,466 | - | - | - | - | - | 6,249 | 91,849 | 60,582 | 31,267 |
| Work in Progress | 17,473 | - | 17,473 | 26,890 | - | - | - | - | - | - | 44,363 | - | 44,363 |
| | 1,147,531 | 217,601 | 929,930 | 54,968 | 36,211 | 36,010 | (21,646) | (48,696) | 70,032 | 42,162 | 1,095,946 | 153,721 | 942,225 |

Transfers from Work in Progress to the Asset Register were \$66,841 (2011: \$28,080).

**Consolidated
2012**

| | Cost/ Valuation 01 Jan 2012 (\$000) | Accumulated Depreciation & Impairment 01 Jan 2012 (\$000) | Carrying Amount 01 Jan 2012 (\$000) | Additions (\$000) | Disposals at Cost (\$000) | Depreciation on Disposals (\$000) | Impairments (\$000) | Revaluations (\$000) | Depreciation Recovered on Revaluation & Impairment (\$000) | Depreciation (\$000) | Cost/ Valuation 31 Dec 2012 (\$000) | Accumulated Depreciation & Impairment 31 Dec 2012 (\$000) | Carrying Amount 31 Dec 2012 (\$000) |
|-----------------------|--|---|--|----------------------|---------------------------------|---|------------------------|-------------------------|--|-------------------------|--|---|--|
| Land | 165,609 | - | 165,609 | 1,950 | 620 | - | - | - | - | - | 166,939 | - | 166,939 |
| Buildings | 651,128 | 618 | 650,510 | 38,864 | 324 | 30 | (11,695) | - | 375 | 22,184 | 677,973 | 22,397 | 655,576 |
| Leasehold Improvement | 3,072 | 580 | 2,492 | 13 | 50 | 3 | - | - | - | 424 | 3,035 | 1,001 | 2,034 |
| Aircraft | 4,320 | - | 4,320 | - | - | - | - | - | - | 295 | 4,320 | 295 | 4,025 |
| Furniture | 2,361 | 1,988 | 373 | 696 | 37 | 30 | - | - | - | 110 | 3,020 | 2,068 | 952 |
| Equipment | 129,609 | 87,641 | 41,968 | 19,027 | 7,255 | 6,643 | - | - | - | 13,130 | 141,381 | 94,128 | 47,253 |
| Implements | 220 | 187 | 33 | 89 | 3 | 3 | - | - | - | 12 | 306 | 196 | 110 |
| Vehicles | 3,555 | 2,629 | 926 | 644 | 1,009 | 965 | - | - | - | 245 | 3,190 | 1,909 | 1,281 |
| Art | 1,721 | - | 1,721 | 19 | - | - | - | - | - | - | 1,740 | - | 1,740 |
| Library | 91,849 | 60,582 | 31,267 | 6,117 | - | - | - | - | - | 5,904 | 97,966 | 66,486 | 31,480 |
| Work in Progress | 44,363 | - | 44,363 | (13,916) | - | - | - | - | - | - | 30,447 | - | 30,447 |
| | 1,097,807 | 154,225 | 943,582 | 53,503 | 9,298 | 7,674 | (11,695) | - | 375 | 42,304 | 1,130,317 | 188,480 | 941,837 |

**Consolidated
2011**

| | Cost/ Valuation 01 Jan 2011 (\$000) | Accumulated Depreciation & Impairment 01 Jan 2011 (\$000) | Carrying Amount 01 Jan 2011 (\$000) | Additions (\$000) | Disposals at Cost (\$000) | Depreciation on Disposals (\$000) | Impairments (\$000) | Revaluations (\$000) | Depreciation Recovered on Revaluation & Impairment (\$000) | Depreciation (\$000) | Cost/ Valuation 31 Dec 2011 (\$000) | Accumulated Depreciation & Impairment 31 Dec 2011 (\$000) | Carrying Amount 31 Dec 2011 (\$000) |
|-----------------------|--|---|--|----------------------|---------------------------------|---|------------------------|-------------------------|--|-------------------------|--|---|--|
| Land | 176,054 | - | 176,054 | 69 | - | - | (224) | (10,290) | - | - | 165,609 | - | 165,609 |
| Buildings | 694,638 | 43,745 | 650,893 | 10,597 | - | - | (17,556) | (36,551) | 66,609 | 23,482 | 651,128 | 618 | 650,510 |
| Leasehold Improvement | 4,823 | 2,530 | 2,293 | 30 | - | - | - | (1,781) | 2,417 | 467 | 3,072 | 580 | 2,492 |
| Aircraft | 8,186 | 462 | 7,724 | - | - | - | (3,866) | - | 1,013 | 551 | 4,320 | - | 4,320 |
| Furniture | 2,297 | 1,921 | 376 | 70 | 6 | 6 | - | - | - | 73 | 2,361 | 1,988 | 373 |
| Equipment | 154,792 | 112,166 | 42,627 | 10,789 | 35,972 | 35,802 | - | - | - | 11,278 | 129,609 | 87,641 | 41,968 |
| Implements | 220 | 181 | 39 | - | - | - | - | - | - | 6 | 220 | 187 | 33 |
| Vehicles | 3,614 | 2,644 | 970 | 174 | 233 | 202 | - | - | - | 187 | 3,555 | 2,629 | 926 |
| Art | 1,713 | - | 1,713 | 8 | - | - | - | - | - | - | 1,721 | - | 1,721 |
| Library | 85,383 | 54,333 | 31,050 | 6,466 | - | - | - | - | - | 6,249 | 91,849 | 60,582 | 31,267 |
| Work in Progress | 17,473 | - | 17,473 | 26,890 | - | - | - | - | - | - | 44,363 | - | 44,363 |
| | 1,149,193 | 217,982 | 931,212 | 55,083 | 36,211 | 36,010 | (21,646) | (48,622) | 70,039 | 42,293 | 1,097,807 | 154,225 | 943,582 |

Impairment Losses of \$11,320,000 (2011: \$14,267,000) have been recognised, of which \$10,882,000 is for impairment of operational buildings that reflect the impact and cost of buildings that were identified as earthquake risks and thus impaired.

No Impairment Losses (2011: \$2,853,000) have been recognised for impairment of aircraft.

Massey University does not have any financing leases.

Asset values included in the balance sheet as at 31 December 2012 include all land and buildings as occupied and utilised by Massey University. The exception to this is the land on Riverside Farm (leased from Sydney Campbell Foundation).

Legal ownership of land and buildings is detailed as follows (at balance sheet values):

| | Land | | Buildings | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2012 (\$000) | 2011 (\$000) | 2012 (\$000) | 2011 (\$000) |
| i) Massey University Owned | 85,109 | 83,268 | 412,282 | 394,228 |
| ii) Crown Owned (includes buildings on Crown owned land) | 81,830 | 81,812 | 243,294 | 256,005 |
| | 166,939 | 165,080 | 655,576 | 650,233 |

Land and Buildings were valued by Kerry Stewart FPINZ, FPINZ of Quotable Value New Zealand Limited.

Aircraft were valued at the end of 2011 by Harry Maidment MIPMV (Registered Valuer) of Premi-Air Aviation Ltd to assess any impairment.

The BNZ holds a registered mortgage over the Albany Campus, please refer to Note 23.

Seismic Risk Analysis

Work continues on assessing the seismic risk to University buildings, whilst Government policies are evolving as a consequence of the findings from the Canterbury Earthquakes Royal Commission. We have experienced inconsistencies between City Councils and their varying policies for assessment and remediation timeframes, and for the minimum NBS requirements for remediation. We will advocate for a nationally consistent approach through the Ministry of Business, Innovation and Employment consultation process.

Facility Management groups have an active programme of seismic assessments covering building structure, bridges and at risk elements including stairs, ceilings and facades. Programmes of assessment and work are prioritised according to occupancy, construction age and structure. Initial Evaluation Procedures (IEP's) are undertaken and followed up with Detailed Seismic Assessments (DSA's) for earthquake prone buildings (<33% NBS) or potentially earthquake risk buildings with high occupancy. If the DSA indicates the building is earthquake prone, then a full costing of the repairs is compiled, at that point building is deemed to be impaired and revalued accordingly. Revaluation reserves are used to cover the impairments

This is an extremely large project that may take several years to complete the initial assessments due to the shortage of suitably qualified engineers. The University has a significant portfolio of over six hundred buildings. There are no buildings at Albany that fall within the Building Act definitions of earthquake prone. In the Manawatu, of those buildings requiring assessment, 65 assessments are complete covering the majority of the campus. There is a proactive programme of assessments scheduled over the next 2 years to mitigate risk to stakeholders, enable holistic planning and ensure compliance with the legislation. All Wellington buildings have been assessed with remediation planning in progress.

The University has progressed planning and design to remediate the Sir Geoffrey Peren, Refectory and Block 4 buildings, which were impaired in 2012 at a cost of \$10.88 million. Work will be completed over the next 3 years. At the end of 2012 there were another five buildings that were assessed as earthquake prone. These buildings are vacated and detailed costing reports are being prepared.

Note 21. Intangible Assets

| University 2012 | Cost/ Valuation 01 Jan 2012 (\$000) | Accumulated Amortisation & Impairment 01 Jan 2012 (\$000) | Carrying Amount 01 Jan 2012 (\$000) | Additions (\$000) | Disposals at Cost (\$000) | Amortisation on Disposals (\$000) | Impairments (\$000) | Revaluations (\$000) | Amortisation Recovered on Revaluation (\$000) | Amortisation (\$000) | Cost/ Valuation 31 Dec 2012 (\$000) | Accumulated Amortisation & Impairment 31 Dec 2012 (\$000) | Carrying Amount 31 Dec 2012 (\$000) |
|----------------------------|--|---|--|----------------------|---------------------------------|---|------------------------|-------------------------|--|-------------------------|--|---|--|
| Software | 2,342 | 513 | 1,829 | 2,612 | - | - | - | - | - | 1,157 | 4,954 | 1,670 | 3,284 |
| Work in Progress | 2,478 | - | 2,478 | 2,183 | - | - | - | - | - | - | 4,661 | - | 4,661 |
| | 4,820 | 513 | 4,307 | 4,795 | - | - | - | - | - | 1,157 | 9,615 | 1,670 | 7,945 |

| University 2011 | Cost/ Valuation 01 Jan 2011 (\$000) | Accumulated Amortisation & Impairment 01 Jan 2011 (\$000) | Carrying Amount 01 Jan 2011 (\$000) | Additions (\$000) | Disposals at Cost (\$000) | Amortisation on Disposals (\$000) | Impairments (\$000) | Revaluations (\$000) | Amortisation Recovered on Revaluation (\$000) | Amortisation (\$000) | Cost/ Valuation 31 Dec 2011 (\$000) | Accumulated Amortisation & Impairment 31 Dec 2011 (\$000) | Carrying Amount 31 Dec 2011 (\$000) |
|----------------------------|--|---|--|----------------------|---------------------------------|---|------------------------|-------------------------|--|-------------------------|--|---|--|
| Software | 920 | 83 | 837 | 1,422 | - | - | - | - | - | 430 | 2,342 | 513 | 1,829 |
| Work in Progress | 1,888 | - | 1,888 | 590 | - | - | - | - | - | - | 2,478 | - | 2,478 |
| | 2,808 | 83 | 2,725 | 2,012 | - | - | - | - | - | 430 | 4,820 | 513 | 4,307 |

Transfers from Work in Progress to the Asset Register were \$2,612 (2011: \$1,422).

| Consolidated 2012 | Cost/ Valuation 01 Jan 2012 (\$000) | Accumulated Amortisation & Impairment 01 Jan 2012 (\$000) | Carrying Amount 01 Jan 2012 (\$000) | Additions (\$000) | Disposals at Cost (\$000) | Amortisation on Disposals (\$000) | Impairments (\$000) | Revaluations (\$000) | Amortisation Recovered on Revaluation (\$000) | Amortisation (\$000) | Cost/ Valuation 31 Dec 2012 (\$000) | Accumulated Amortisation & Impairment 31 Dec 2012 (\$000) | Carrying Amount 31 Dec 2012 (\$000) |
|------------------------------|--|---|--|----------------------|---------------------------------|---|------------------------|-------------------------|--|-------------------------|--|---|--|
| Software | 2,342 | 513 | 1,829 | 2,612 | - | - | - | - | - | 1,157 | 4,954 | 1,670 | 3,284 |
| Work in Progress | 2,478 | - | 2,478 | 2,183 | - | - | - | - | - | - | 4,661 | - | 4,661 |
| | 4,820 | 513 | 4,307 | 4,795 | - | - | - | - | - | 1,157 | 9,615 | 1,670 | 7,945 |

| Consolidated 2011 | Cost/ Valuation 01 Jan 2011 (\$000) | Accumulated Amortisation & Impairment 01 Jan 2011 (\$000) | Carrying Amount 01 Jan 2011 (\$000) | Additions (\$000) | Disposals at Cost (\$000) | Amortisation on Disposals (\$000) | Impairments (\$000) | Revaluations (\$000) | Amortisation Recovered on Revaluation (\$000) | Amortisation (\$000) | Cost/ Valuation 31 Dec 2011 (\$000) | Accumulated Amortisation & Impairment 31 Dec 2011 (\$000) | Carrying Amount 31 Dec 2011 (\$000) |
|------------------------------|--|---|--|----------------------|---------------------------------|---|------------------------|-------------------------|--|-------------------------|--|---|--|
| Software | 920 | 83 | 837 | 1,422 | - | - | - | - | - | 430 | 2,342 | 513 | 1,829 |
| Work in Progress | 1,888 | - | 1,888 | 590 | - | - | - | - | - | - | 2,478 | - | 2,478 |
| | 2,808 | 83 | 2,725 | 2,012 | - | - | - | - | - | 430 | 4,820 | 513 | 4,307 |

Note 22. Trade and Other Payables

| | University | | Consolidated | |
|--------------------------------|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Trade Payables | 132 | 145 | 381 | 649 |
| Other Payables | 11,584 | 9,877 | 11,587 | 9,888 |
| Accrued Expenses | 14,791 | 18,393 | 14,804 | 18,511 |
| Amounts Due to Related Parties | 465 | 196 | - | 508 |
| Building Retentions | 697 | 747 | 697 | 747 |
| Total Trade payables | 27,669 | 29,358 | 27,469 | 30,303 |

Trade and other payables are non-interest bearing and are normally settled on 30 day terms; therefore the carrying value of trade and other payables approximates their fair value and is the same as the contractual values.

Note 23. Borrowings

| | University | | Consolidated | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Current | | | | |
| Term Loans | 620 | 895 | 620 | 895 |
| Total Current Borrowings | 620 | 895 | 620 | 895 |
| Non-Current | | | | |
| Term Loans | 14,507 | 21,581 | 14,507 | 22,081 |
| Total Non-Current Borrowings | 14,507 | 21,581 | 14,507 | 22,081 |

Massey University has a fixed interest loan of \$15,127,011 (2011: \$22,476,215) with the BNZ. As security for the loan, the BNZ holds a registered mortgage over the Albany Campus, which is included in Note 20.

| Maturity analysis and effective interest rate: | University | | Consolidated | |
|--|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Less than One Year | 620 | 895 | 620 | 895 |
| Weighted Average Interest Rate | 6.98% | 6.84% | 6.84% | 6.84% |
| Later than One Year but Less than 20 Years | 14,507 | 21,581 | 14,507 | 22,081 |
| Weighted Average Interest Rate | 6.98% | 6.84% | 6.98% | 6.81% |
| Total Borrowings | 15,127 | 22,476 | 15,127 | 22,976 |

Fair value on borrowings:

The fair values of non-current borrowings are as follows:

| | University | | Consolidated | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Fair value as at 31 December | 16,274 | 24,049 | 16,274 | 24,582 |

Contractual Maturity Analysis:

| | University | | Consolidated | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Less than One Year | 1,653 | 2,421 | 1,653 | 2,421 |
| Between One and Two Years | 1,653 | 2,421 | 1,653 | 2,466 |
| Between Two and Three Years | 1,653 | 2,421 | 1,653 | 2,466 |
| After Three Years | 16,540 | 25,880 | 16,540 | 26,290 |
| Total contractual cash flows | 21,499 | 33,143 | 21,499 | 33,643 |

The contractual maturity analysis is based on the fixed term mortgages that existed as at 31 December.

Note 24. Employee Entitlements

| | University | | Consolidated | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Current Portion: | | | | |
| Accrued Pay | 6,454 | 5,010 | 6,454 | 5,012 |
| Annual Leave | 10,181 | 9,508 | 10,224 | 9,641 |
| Long Service Leave | 433 | 377 | 433 | 377 |
| Restructuring Costs | 1,334 | 1,092 | 1,334 | 1,092 |
| Total Current Portion | 18,402 | 15,987 | 18,445 | 16,122 |
| Non-Current Portion: | | | | |
| Long Service Leave | 286 | 322 | 286 | 407 |
| Retirement Gratuities | 33,791 | 31,980 | 33,873 | 31,980 |
| Total Non-Current Portion | 34,077 | 32,302 | 34,159 | 32,387 |
| Total Employees Entitlements | 52,479 | 48,289 | 52,604 | 48,509 |

The long service leave and retirement gratuities were independently assessed as at 31 December 2012.

An actuarial valuation involves the projection, on a year by year basis of the long service and retirement gratuities liabilities, based on accrued services, in respect of current employees.

These liabilities are estimated in respect of their incidents according to assumed rates of death, disablement, resignation and retirement allowing for assumed rates of salary progression. Of these assumptions, the discount, salary progression and resignation rates are most important. The projected cash flow is then discounted back to the valuation date at the valuation discounted rates.

Discount rates range from 2.44% to 6.00% for 16 years and beyond (2011: 2.76% to 6.00%).

Salary progression allows for a 3.00% increase per year (2011: 3.00%).

The demographic assumptions were based on the experience of the Government Superannuation Fund.

Note 25. Receipts in Advance

| | University | | Consolidated | |
|----------------------------------|---------------|---------------|---------------|---------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Current Portion | | | | |
| Student Fees | 17,305 | 17,024 | 17,350 | 17,047 |
| Receipts Other | 35,261 | 33,509 | 35,461 | 34,331 |
| Total Current Portion | 52,566 | 50,533 | 52,811 | 51,378 |
| Non-Current Portion | | | | |
| Receipts Other | 1,506 | 1,585 | 1,506 | 1,585 |
| Total Non-Current Portion | 1,506 | 1,585 | 1,506 | 1,585 |
| Total Receipts in Advance | 54,072 | 52,118 | 54,317 | 52,963 |

The current portion of receipts in advance is expected to be recognised as income during 2013.

The carrying value of current receipts in advance approximates their fair value.

The non-current portion of receipts in advance was discounted to net present value and approximates their fair value.

Note 26. Asset Revaluation Reserves

| | University | | Consolidated | |
|-----------------------------|----------------|----------------|----------------|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| | (\$000) | (\$000) | (\$000) | (\$000) |
| Land & Buildings | | | | |
| Balance 1 January | 390,293 | 387,751 | 390,374 | 387,751 |
| Revaluation | - | 16,809 | - | 16,890 |
| Disposals | - | - | (81) | - |
| Impairment | (11,320) | (14,267) | (11,320) | (14,267) |
| Balance 31 December | 378,973 | 390,293 | 378,973 | 390,374 |

Note 27. Public Equity

| | Notes | University 2012 | | | | University 2011 | | | |
|----------------------------|-------|--------------------------|----------------------------|------------------------------|--------------------------|--------------------------|----------------------------|------------------------------|--------------------------|
| | | Opening Balance 01.01.12 | Other Comprehensive Income | Operating Surplus/ (Deficit) | Closing Balance 31.12.12 | Opening Balance 01.01.11 | Other Comprehensive Income | Operating Surplus/ (Deficit) | Closing Balance 31.12.11 |
| | | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) | (\$000) |
| Trust Funds | 28 | 20,787 | - | 3,368 | 24,155 | 19,636 | - | 1,151 | 20,787 |
| Asset Revaluation Reserves | 26 | 390,293 | (11,320) | - | 378,973 | 387,751 | 2,542 | - | 390,293 |
| Special Reserves | | 26,964 | - | - | 26,964 | 26,964 | - | - | 26,964 |
| General Reserves | | 502,990 | 8 | 5,751 | 508,749 | 496,432 | 31 | 6,527 | 502,990 |
| Total | | 941,034 | (11,312) | 9,119 | 938,841 | 930,783 | 2,573 | 7,678 | 941,034 |

| | Notes | Consolidated 2012 | | | | Consolidated 2011 | | | |
|----------------------------|-------|----------------------------------|------------------------------------|--------------------------------------|----------------------------------|----------------------------------|------------------------------------|--------------------------------------|----------------------------------|
| | | Opening Balance 01.01.12 (\$000) | Other Comprehensive Income (\$000) | Operating Surplus/ (Deficit) (\$000) | Closing Balance 31.12.12 (\$000) | Opening Balance 01.01.11 (\$000) | Other Comprehensive Income (\$000) | Operating Surplus/ (Deficit) (\$000) | Closing Balance 31.12.11 (\$000) |
| Trust Funds | 28 | 20,787 | - | 3,368 | 24,155 | 19,636 | - | 1,151 | 20,787 |
| Asset Revaluation Reserves | 26 | 390,374 | (11,401) | - | 378,973 | 387,751 | 2,623 | - | 390,374 |
| Special Reserves | | 27,054 | - | - | 27,054 | 27,054 | - | - | 27,054 |
| General Reserves | | 505,192 | 89 | 6,226 | 511,507 | 498,724 | 31 | 6,437 | 505,192 |
| Total | | 943,407 | (11,312) | 9,594 | 941,689 | 933,165 | 2,654 | 7,588 | 943,407 |

Note 28. Trust Funds (University and Consolidated)

| | University 2012 | | | | University 2011 | | | |
|-------------------------------|----------------------------------|----------------|------------------|----------------------------------|----------------------------------|----------------|------------------|----------------------------------|
| | Opening Balance 01.01.12 (\$000) | Income (\$000) | Expenses (\$000) | Closing Balance 31.12.12 (\$000) | Opening Balance 01.01.11 (\$000) | Income (\$000) | Expenses (\$000) | Closing Balance 31.12.11 (\$000) |
| Helen Akers Bequest | 827 | 131 | 26 | 932 | 834 | 36 | 43 | 827 |
| MU Common Fund | 13,631 | 5,024 | 1,896 | 16,759 | 12,423 | 2,586 | 1,378 | 13,631 |
| Sasakawa Foundation | 5,506 | 297 | 198 | 5,605 | 5,585 | 282 | 361 | 5,506 |
| Delahunty Trust | 626 | 24 | 8 | 642 | 607 | 23 | 4 | 626 |
| Norwood Trust | 86 | 4 | - | 90 | 82 | 4 | - | 86 |
| A G East Memorial Trust | 32 | 17 | 8 | 41 | 29 | 9 | 6 | 32 |
| Tony Drakeford Memorial Trust | 79 | 7 | - | 86 | 76 | 3 | - | 79 |
| Total Trust Funds | 20,787 | 5,504 | 2,136 | 24,155 | 19,636 | 2,943 | 1,792 | 20,787 |

Although these items are trusts, Massey University has control over them and obtains benefits associated with ownership of them. They have therefore been treated as equity in the Parent and Consolidated Balance Sheet. Details of trust funds are as follows:

- Helen Akers Bequest - funds bequeathed from the Estate of Helen Akers to provide scholarships for students;
- Massey University Common Fund - pool of funds used for holding and paying out scholarships and prize monies to students;
- Sasakawa Foundation - scholarships provided from the Sasakawa Foundation, Japan, for students;
- Delahunty Trust - trust fund established to provide research grants to foster primary industry accounting research to students living in New Zealand;
- Norwood Trust - prizes for students for achievement in trade courses;
- A G East Memorial Trust - educational scholarships for technical and trade courses;
- Tony Drakeford Memorial Trust - educational scholarships for commerce courses.

Note 29. Joint Venture

Massey University's interest in the New Zealand School of Music (NZSM) joint venture is accounted for as a jointly controlled entity. Massey University owns 50% of NZSM.

Massey University's interest in Agri One Limited, a joint venture, is accounted for as a jointly controlled entity. Massey University owns 50% of Agri One Limited.

Summary of Massey University's interest in joint ventures is as follows:

| | 2012 (\$000) | 2011 (\$000) |
|------------------------------|-----------------|-----------------|
| University | | |
| Investment in Joint Ventures | 250 | 250 |
| Group | | |
| Current Assets | 2,083 | 2,482 |
| Non-Current Assets | 798 | 301 |
| Current Liabilities | 665 | 727 |
| Non-Current Liabilities | 82 | 85 |
| Income | 4,482 | 4,355 |
| Expense | 4,319 | 4,161 |

Joint Venture Commitment and Contingencies: There were no commitments or contingent liabilities arising from Massey University's involvement in the joint venture.

Note 30. Council Members' Fees Paid During 2012 Year

| | 2012 | 2011 |
|--------------|---------------|---------------|
| R Ballard | 25,350 | 25,350 |
| S Kos | - | 3,283 |
| K Denness | 8,960 | 5,920 |
| K Garry | - | 3,200 |
| C Kelly | 8,960 | 8,960 |
| N Love | 960 | 2,080 |
| A Paterson | 11,200 | 10,387 |
| T Porter | 5,440 | 6,560 |
| A Scott | 3,520 | 2,240 |
| R Springett | 5,280 | 6,560 |
| B Thorpe | 5,280 | - |
| B Ullrich | 5,140 | 5,760 |
| B Vanderkolk | 4,800 | - |
| L Whyte | 3,040 | 7,040 |
| Total | 87,930 | 87,340 |

Note 31. Related Party Information

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year (information regarding outstanding balances is as at 31 December 2012 and 2011):

Material Related Party Transactions

Key Management Personnel:

| | | Sales to related parties | Purchases from related parties | Amounts owed by related parties | Amounts owed to related parties |
|--|------|-----------------------------|-----------------------------------|------------------------------------|------------------------------------|
| Professor J Chapman, a Pro Vice-Chancellor of Massey University has an interest in Sterling Human Resources Ltd | 2012 | Nil | \$242,753 | Nil | \$9,233 |
| | 2011 | Nil | \$182,598 | Nil | \$3,440 |

The above transactions include GST

Organisations Massey University is related to:

| | | Sales to related parties | Purchases from related parties | Amounts owed by related parties | Amounts owed to related parties |
|---|------|-----------------------------|-----------------------------------|------------------------------------|------------------------------------|
| Massey University owns 50% of the New Zealand School of Music Limited - Joint Venture | 2012 | \$2,342,000 | Nil | \$366,000 | Nil |
| | 2011 | \$2,325,454 | \$12,000 | \$562,240 | \$12,000 |
| Massey University Foundation - Subsidiary | 2012 | Nil | Nil | Nil | \$376,223 |
| | 2011 | Nil | Nil | Nil | Nil |
| Massey Ventures Limited - Subsidiary | 2012 | Nil | Nil | \$137,460 | Nil |
| | 2011 | Nil | Nil | Nil | \$162,084 |
| Estendart Limited - Subsidiary | 2012 | Nil | Nil | Nil | Nil |
| | 2011 | \$340,610 | \$113,494 | \$118,328 | \$985 |
| E-Centre Limited - Subsidiary | 2012 | \$220,981 | 4664 | \$46,711 | \$1,449 |
| | 2011 | \$258,006 | Nil | \$4,335 | Nil |
| Bio Caveo - Investment | 2012 | Nil | Nil | Nil | Nil |
| | 2011 | Nil | Nil | Nil | Nil |
| Bio Lumic - Investment | 2012 | Nil | Nil | Nil | Nil |
| | 2011 | Nil | Nil | Nil | Nil |
| Polybatics Limited - Investment | 2012 | \$618,663 | Nil | \$679,298 | Nil |
| | 2011 | \$752,989 | Nil | \$405,836 | Nil |
| Bio Commerce Limited - Investment | 2012 | Nil | Nil | Nil | Nil |
| | 2011 | Nil | Nil | Nil | Nil |
| Magritek Holdings Limited - Associate | 2012 | Nil | Nil | Nil | Nil |
| | 2011 | Nil | Nil | Nil | Nil |
| New Zealand Vet Pathology Limited - Associate | 2012 | \$245,019 | \$207,154 | \$178,789 | \$0 |
| | 2011 | \$220,847 | \$353,812 | \$19,588 | \$124,893 |
| Massey University owns 50% of the Agri One Limited - Joint Venture | 2012 | \$329,689 | Nil | \$385,172 | Nil |
| | 2011 | Nil | Nil | \$176,388 | \$54,020 |
| Synthodics Limited - Investment | 2012 | Nil | Nil | Nil | Nil |
| | 2011 | Nil | Nil | Nil | Nil |

The above transactions include GST

Massey University received from Massey University Foundation \$1,407,139 (2011: \$1,110,474) by way of a return on funds vested with the Foundation. Massey University vested a further \$3,495,469 (2011: \$1,949,541) with Massey University Foundation.

The Crown

All related party transactions have been entered into on an arms' length basis.

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

Significant transactions with government-related entities

| Operating Revenue | University | | Consolidated | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2012 (\$000) | 2011 (\$000) | 2012 (\$000) | 2011 (\$000) |
| TEC Grants | 179,003 | 179,226 | 181,904 | 179,226 |
| Research Grants funded by the Crown | 47,854 | 52,115 | 47,854 | 52,115 |
| Total Grants funded by the Crown | 226,857 | 231,341 | 229,758 | 231,341 |

Collectively, but not significantly, significant transactions with government-related entities

In conducting its activities, the University is required to pay various taxes and levies (such as GST, FBT and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The University is exempt from paying income tax.

The University also purchased goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related parties is as per the following table:

| Operating Expenses | University | | Consolidated | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2012 (\$000) | 2011 (\$000) | 2012 (\$000) | 2011 (\$000) |
| Operating Expenses paid to the Crown | 18,803 | 17,467 | 18,860 | 17,524 |
| Operating Expenses paid to the Crown | 18,803 | 17,467 | 18,860 | 17,524 |

These expenses include the purchase of electricity from Meridian, air travel from Air New Zealand and postal services from New Zealand Post.

All goods were supplied under normal commercial terms.

There were no other transactions between Massey University and related parties.

Key Management Personnel

| Key Management Personnel | University | | Consolidated | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | 2012 | 2011 | 2012 | 2011 |
| Remuneration | | | | |
| Short-Term Employment Benefits | 3,333,445 | 3,023,603 | 3,333,445 | 3,067,603 |
| Post-Employment Benefits | 191,070 | 191,125 | 191,070 | 191,125 |
| Council Fees | 87,930 | 87,340 | 87,965 | 151,640 |
| | 3,612,445 | 3,302,068 | 3,612,480 | 3,410,368 |

Key Management Personnel includes Council, the Vice-Chancellor, the Deputy Vice-Chancellor, five Pro Vice-Chancellors and six Assistant Vice-Chancellors.

Note 32. Statement of Commitments

Detailed below are those capital projects for which commitments have been made.

| | Projected Total Cost of Project (\$000) | Expenditure to 31 December (\$000) | Unspent Commitment (\$000) |
|--------------------------------|---|--|----------------------------------|
| Total Project Commitments 2012 | 31,383 | 19,609 | 11,774 |
| Total Project Commitments 2011 | 48,728 | 33,470 | 15,258 |

In addition, the University had operating commitments in respect of service contracts, leases of land, buildings and equipment, and photocopier rental as follows:

| Operating Leases | University | | Consolidated | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2012 (\$000) | 2011 (\$000) | 2012 (\$000) | 2011 (\$000) |
| Due Not Later than One Year | 2,684 | 3,325 | 2,684 | 3,589 |
| Due Later than One Year and Not Later than Five Years | 3,764 | 5,808 | 3,764 | 6,738 |
| Due Later than Five Years | 1,635 | 1,701 | 1,635 | 1,701 |
| Total | 8,083 | 10,834 | 8,083 | 12,028 |

| Other Commitments | University | | Consolidated | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2012 (\$000) | 2011 (\$000) | 2012 (\$000) | 2011 (\$000) |
| Due Not Later than One Year | 2,311 | 2,977 | 2,311 | 2,977 |
| Due Later than One Year and Not Later than Five Years | 146 | 1,236 | 146 | 1,236 |
| Due Later than Five Years | - | - | - | - |
| Total | 2,457 | 4,213 | 2,457 | 4,213 |

Note 33. Statement of Contingent Assets and Liabilities

As at 31 December 2012, Massey University had the following contingent liabilities (University and Consolidated):

The University is currently in discussions with Wellington City Council in regard to a developers levy.

The Contingent Liability was assessed at \$259,000 (2011:Nil).

There were no employee personal grievances against the University as at 31 December 2012.

As at 31 December 2012, Massey University was not aware of any contingent assets (University and Consolidated).

Note 34. Post Balance Date Events

There were no other significant post balance date events (2011: In Early January 2012, Massey Ventures sold all of its shares in Estendart Limited).

Note 35. Financial Instruments Risk

Massey University has a series of policies to manage risks associated with financial instruments. Massey University is risk adverse and seeks to minimise exposure from treasury activities. Massey University has established Council approved liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

MARKET RISK

Credit Risk

Credit Risk is the risk that a third party will default on its obligations to Massey University, causing it to incur a loss. Massey University has no significant concentrations of credit risk as it has a large number of credit customers, mainly students.

Massey University invests funds only in deposits with registered banks, and its investment policy limits the amount of credit exposure to any one bank. Investment funds are spread over a number of banks and vary between short and long term. Investments with each bank is in line with the University's Treasury Framework.

Maximum exposure to credit risk at balance date are:

| | University | | Consolidated | |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2012 (\$000) | 2011 (\$000) | 2012 (\$000) | 2011 (\$000) |
| Bank Deposits | 80,190 | 88,733 | 83,941 | 92,425 |
| Receivables and Prepayments | 31,828 | 32,214 | 31,706 | 33,013 |
| Managed Funds | - | - | 15,639 | 13,862 |
| Guarantee Bond | 30 | 30 | 30 | 30 |
| Credit Facility on Credit Card | 4,000 | 4,000 | 4,000 | 4,000 |

The above maximum exposures are net of any recognised provision for losses on these financial instruments. No collateral is held on the above amounts.

Bank Deposits are represented by the following:

| Credit Rating | University | | Consolidated | | |
|-----------------------------|-------------------|-----------------|-----------------|-----------------|---------------|
| | 2012 (\$000) | 2011 (\$000) | 2012 (\$000) | 2011 (\$000) | |
| ASB Bank Limited | AA- (Very Strong) | 27,135 | 20,000 | 27,135 | 20,000 |
| Bank of New Zealand | AA- (Very Strong) | 7,050 | 4,105 | 9,183 | 7,797 |
| Kiwibank Limited | A+ (Strong) | 10,480 | 20,230 | 10,480 | 20,230 |
| ANZ Bank Limited | AA- (Very Strong) | 5,000 | 6,250 | 6,618 | 6,250 |
| Westpac New Zealand Limited | AA- (Very Strong) | 30,525 | 38,148 | 30,525 | 38,148 |
| | | 80,190 | 88,733 | 83,941 | 92,425 |

Standard and Poor's Credit Ratings sourced from the Reserve Bank of New Zealand: <http://www.rbnz.govt.nz/nzbanks>

Liquidity Risk

Liquidity Risk is the risk that Massey University will encounter difficulty raising funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and ensuring the availability of funding through an adequate amount of committed credit facilities. Massey University aims to maintain flexibility in funding by keeping committed credit lines available.

Massey University aims at having minimum cash holding of \$20 million.

Massey University manages its borrowings in accordance with its Treasury Policy.

The maturity profiles of Massey University's interest-bearing investments are disclosed in Note 18.

Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

Massey University minimises the risk over expenditure by holding funds in the major foreign currencies that it does business in. The amount on deposit is determined by the amount that is expected to be incurred against that currency over the next 12 months. Holdings of foreign currencies are disclosed in Note 13.

Where one-off major capital expenses involving foreign currency is identified, then a review of current trends and amount held in that currency is undertaken. If appropriate, then forward cover may be undertaken.

The only significant exposure to currency risk is funds held in our United States bank account as disclosed in Note 13. If the United States dollar moved up or down 1% the effect on surplus and equity is \$12,182, based on a closing balance of \$US 998,430. All other variables are held constant.

Interest Rate Risk

The interest rates on Massey University's investments are disclosed in Note 18, and borrowings in Note 23.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market rates. Massey University is limited by statute in its ability to manage this risk. If interest rates on investments had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease the surplus by \$591,107. Interest rates on borrowings are fixed and not subject to fluctuation for the duration of the fixed maturity chosen. Borrowings are carried at amortised cost and therefore are not impacted by fair value interest rate risk. All other variables are held constant.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that cash flows from financial instruments will fluctuate because of changes in market rates. Borrowings and investments made at variable interest rates expose Massey University to cash flow interest rate risk. Apart from some deposits at call for liquidity purposes, Massey University does not have any variable interest rates.

Other Price Risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of market changes in market price. Massey University does not hold any other financial instruments of significance subject to this risk.

Note 36. Critical Accounting Estimates and Assumptions

In preparing the financial statements Massey University has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates are judgements that are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. With the exception of those items listed below, there were no estimates of assumptions that will have significant impact on the carrying amounts of assets and liabilities within the next financial year.

Long-Service Leave and Retirement Gratuities

In order to assess Massey University's liability in respect of long-service leave and retirement gratuities, an actuarial report was prepared by Eriksen Actuarial in accordance with NZ IAS 19. (Refer Note 24 for assumptions.)

Note 37. Critical Judgements in Applying Massey University Accounting Policies

Management has exercised the following critical judgements in applying Massey University policies for the year ended 31 December 2012.

Impairment of Trade Receivables

Trade Debtors have been reviewed fully and impairments provided as necessary.

Impairment of Property Plant and Equipment

When considering whether any impairment of property plant and equipment existed, the cash generating unit for Massey University is taken to be at campus level. During the year a seismic review of two buildings was completed at Turitea Campus and one in Wellington Campus, as a result these buildings were impaired by \$10,882,000. In 2011 a review of the future use of Hokowhitu campus resulted in an impairment of \$14,266,779, and in 2011 aircraft were impaired by \$2,853,808.

Carrying Value of Land and Buildings

To ensure that the carrying value of the University's land and buildings are correctly recorded it has been determined that such assets are valued by an independent registered valuer on a regular basis or as deemed necessary.

Crown Owned Land

Property in the legal name of the Crown that is occupied by the University is recognised as an asset in the balance sheet. The University and the group consider it has assumed all of the risks and rewards of ownership of this property despite legal ownership not being transferred and accordingly it would be misleading to exclude these assets from the financial statements.

Distinction between Revenue and Capital Contributions

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

Note 38. World Bank Funding

| | Opening Balance (\$000) | Income (\$000) | Expenses (\$000) | Closing Balance (\$000) |
|-----------------------------------|----------------------------|-------------------|---------------------|----------------------------|
| One Health Hub - Phase One | | | | |
| 2012 | (86) | 1,412 | 1,326 | - |
| 2011 | 1,551 | - | 1,637 | (86) |
| 2010 | - | 3,546 | 1,995 | 1,551 |
| One Health Hub - Phase Two | | | | |
| 2012 | - | 1,520 | 1,299 | 221 |
| Global Food Safety | | | | |
| Cash in transit at Balance date | | 400 | | |

The above table is a summary of projects funded by the World Bank.

COMPULSORY STUDENT SERVICES FEES FOR THE YEAR ENDED 31 DECEMBER 2012

| | Actual 2012 (\$000) | Budget 2012 (\$000) |
|--|---------------------------|---------------------------|
| Compulsory Student Services Fees Collected | 8,082 | 7,748 |
| Services Funded by the Compulsory Student Services Levy | | |
| Advocacy, Legal and Financial Support | 707 | 518 |
| Careers and Employment Advice | 434 | 413 |
| Health and Counselling | 2,579 | 2,563 |
| Pastoral Care | 2,573 | 2,719 |
| Clubs, Societies, Sports, Recreation | 1,093 | 1,255 |
| Media and Communications | 312 | 280 |
| Total | 7,698 | 7,748 |
| Surplus carried forward to 2013 | 384 | 0 |

Categories of Compulsory Student Services Fee

- Advocacy and legal services:** Advocating on behalf of individual students and groups of students, and providing independent support to resolve problems. This includes advocacy and legal advice relating to accommodation.
- Careers and employment advice:** Supporting students' transition into post-study employment.
- Counselling and health services:** Providing non-academic counselling and health care and related welfare services.
- Pastoral care:** Providing pastoral care, such as chaplains.
- Media communications:** Supporting the production and dissemination of information by students to students, including newspapers, radio, television and internet-based media.
- Clubs, societies, sports and recreation:** Supporting student clubs and societies, including the provision of administrative support and facilities for clubs and societies, and providing sports and recreation activities for students.

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2012

The Massey University Act 1963 describes the purpose of the University as existing “for the advancement of knowledge and the dissemination and maintenance thereof by teaching and research”. Massey University understands its purpose and recognises that its role within the New Zealand context is further defined in the Education Act 1989 and guided by the Tertiary Education Strategy 2010–2015. Through its vision and mission, Massey continues to deliver on the expectations of universities held by the Government to:

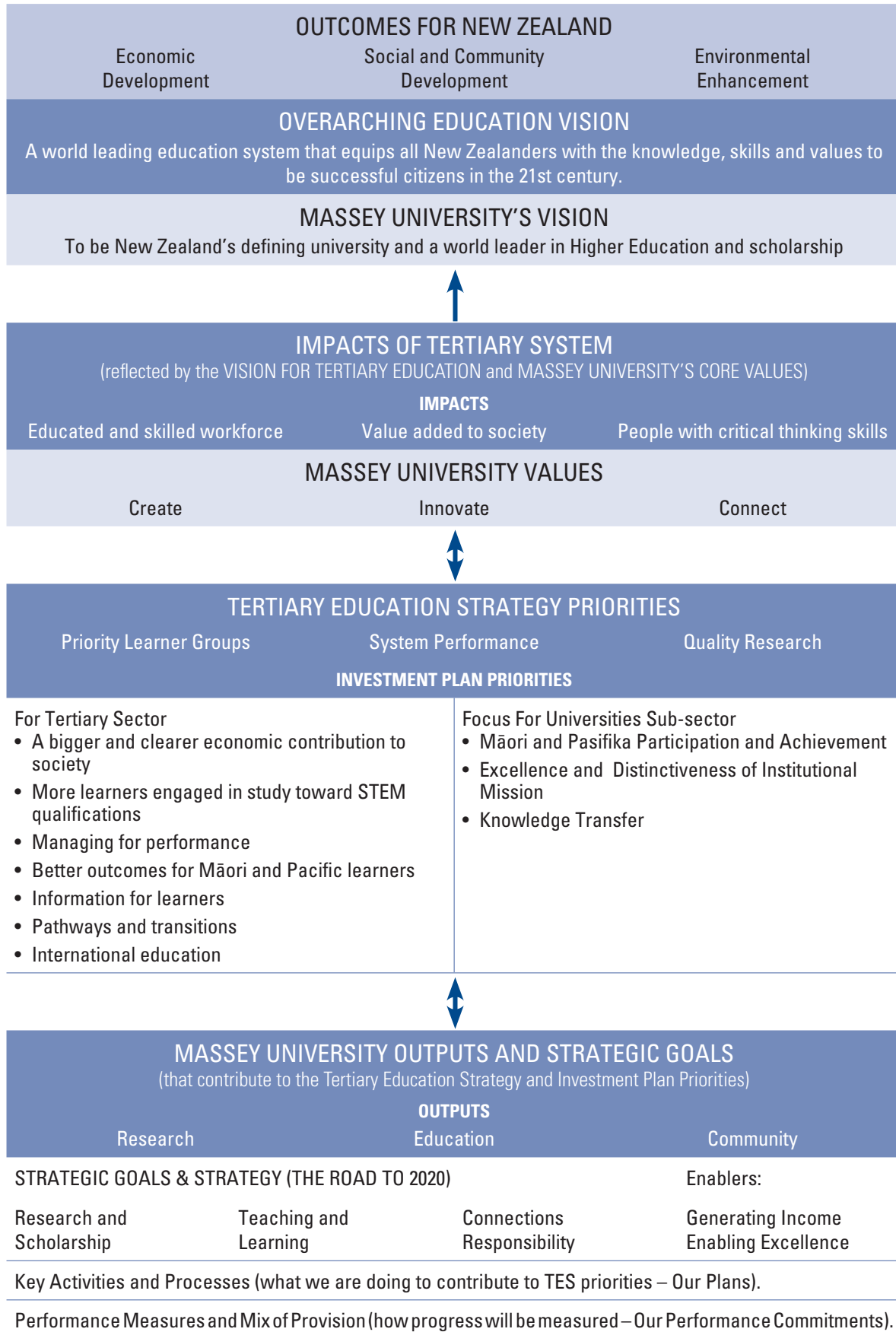
- enable a wide range of students to successfully complete degree and postgraduate qualifications;
- undertake internationally recognised original research and scholarship; and
- create and share knowledge that contributes to the economic and social development and environmental management of the nation.

Massey’s contribution to outcomes for New Zealand, the national vision for the education system, the Tertiary Education priorities, and the priorities for the Investment Plan period is illustrated in the following diagram (Massey University Outcomes Framework). The Framework illustrates the links between Massey University’s outputs, strategic goals and vision, the priorities for tertiary education, the overarching vision for education in New Zealand and at the highest level, outcomes for New Zealand. The Framework is consistent with the framework and guidelines for reporting on outcomes developed by a joint Tertiary Education Commission (TEC) and Universities New Zealand working group and endorsed in June 2010. The framework for the university sector provides a shared view of the universities’ national contribution and informs the preparation of the University’s Investment Plan.

The University frames the strategic goals of the institution and the strategy for delivery in The Road to 2020, the University’s strategic plan, through the key activities in the plans and the processes which underpin them. The progress against these strategic goals are actively measured through a series of performance measures under each goal. Massey University’s key outputs (Research, Education and Service to the Community) contribute to the impacts sought from the tertiary system (an educated and skilled workforce; adding value to society; and developing people with critical thinking skills) to meet the Government’s vision of a world-leading tertiary education system that equips New Zealanders with the knowledge, skills and values to be successful citizens in the 21st century.

The key activities in Massey’s plans derive from its commitment to supporting learning through research, education (teaching) and community engagement (public and private sector contribution), and are strongly aligned with the priorities for the sector (from the Tertiary Education Strategy). By delivering on The Road to 2020 strategic goals (which are founded on the values of creativity, innovation and connectedness), Massey contributes to outcomes for New Zealand and the overarching vision for education which links this nation to a wider global community.

Massey University Outcomes Framework



Massey University's current operating climate is challenging and the key factors in the operating environment provide context for the University's performance in 2012. Key factors in the operating environment include:

- A constrained global economic environment within which the New Zealand Government has signalled lower levels of government spending than those of the past decade and that where additional resources are available they will be targeted at areas where there is high alignment with Government strategy, and where private sector investment is also constrained
- Education policy that is moving tertiary funding away from "low-quality" qualifications (such as those with low completion rates or poor educational or labour market outcomes) to funding growth in "high quality" qualifications that benefit New Zealand and contribute to economic growth
- The introduction of performance-linked funding for the student component of tertiary sector funding to complement performance-based research funding, meaning that a significant portion of the University's funding is now performance-based. This represents a significant challenge to the University given its distinctive student demographic profile where more than half of the students study part-time and at a distance and often part-time while currently in the workforce – part-time students complete qualifications at a slower (and lower) rate than full-time students because of competing demands e.g. family, work
- The changing demographic profile of New Zealand's population – the population is becoming older and the ethnic mix is changing with increasing proportions of New Zealanders identifying as Asian, Māori or Pasifika people; this poses a significant challenge to the University in terms of future student recruitment, but also opportunity given the University's strength in blended and distance education provision and lifelong learning
- In terms of the labour market, continued demand for graduates with a degree-level qualifications and above, but also the challenge to ensure that the University's portfolio of qualifications remains relevant and aligned with regional and national needs
- A strategic context for international education which comes from the Government's Leadership Strategy for Institutional Education and recognises that international education is an important enabler in strengthening New Zealand's economic, cultural and social links with the world.

OUTPUTS

Universities generally provide three key core services or outputs – research, education and services to the community.

Research

Massey will promote the highest standards of research and scholarship and will be a world leader in its areas of specialisation.

Massey's research outputs will drive innovation, knowledge transfer and economic development both regionally and nationally. Such research will also enhance educational outcomes for the students.

Activities

Activities contributing to this output include:

- Project-based contractual research for the private and public sector
- Teaching-related research
- Commercialisation of research outputs
- Supervision of research-based Masters and Doctoral students
- Participation in and hosting Centres of Research Excellence

Research and Scholarship Big Goal¹

"We will promote the highest standards of research and scholarship and be a world leader in our areas of specialisation."

Associated Goals

- Implement the Massey University Research Strategy, which focuses on excellence, academic leadership and engagement.
- Strengthen our research framework to build on the results of the 2011 Institutional Review of Research and preparations for our submission to the New Zealand Tertiary Education Commission's Performance-Based Research Fund² (PBRF) 2012 assessment exercise.
- Build creative collaborations with other universities, research institutions and businesses to cement our place as a globally competitive research partner.
- Nurture and build sustainable centres of excellence in our defining areas of research specialisation.
- Grow research postgraduate numbers and secure completions to align with international standards for excellence by 2020.
- Develop our knowledge-sharing capabilities and build our entrepreneurship to ensure that Massey research is relevant and connected, and that the outcomes are used for best purpose.
- Evolve a new paradigm for the research-teaching nexus at Massey University.
- Promote a wider engagement with academic scholarship that is relevant to the 21st century.

¹ The Research and Scholarship Big Goal and associated goals were specified in the 2012 update of The Road to 2020.

² The PBRF is a New Zealand tertiary education funding process. It assesses the research performance of tertiary education organisations and funds them on the basis of their performance.

Key Initiatives³

Massey University advanced its Research and Scholarship goals by targeting implementation of the following key initiatives during 2012:

- Update and implementation of the University's Research Strategy progressed.

Performance 2012

Implementation of the Massey University Research Strategy 2012–2014 rolled out at the beginning of 2012 following approval from the Research Committee. To support the implementation of the Strategy, an audit of strategic research partnerships using the 2011 Institutional Review of Research (IRoR) data took place. The Research Management team undertook first level analysis of the data and methodology to create a map of research engagement across institutions and maximise potential partnership outcomes. The alignment of approved international partnerships with the Research Strategy will require on-going attention into 2013 following improvements in methodology and use of data warehouse provision. In line with the Research Strategy, the Research Communications Framework was also implemented which included further utilisation of the IRoR data in highlighting key champions and themes, developing a dedicated on line presence to promote the research and researchers, and more actively linking Massey research outcomes to the communities and agencies who can make best use of them.

A major milestone for the University was achieved as Massey University's preparations for the 2012 Institutional Performance Based Research Fund (PBRF) were completed by the TEC deadline. Following the review of 1,081 individual research portfolios, all participating staff received feedback as part of the 2011 IRoR with final PBRF submission completed by the July 2012 deadline.

As Massey University faces increasing national and international competition, it is important to cement its status as the national university of New Zealand and a major international provider of tertiary education. Massey University improved its positioning in the Quacquarelli Symonds (QS) world university rankings from 329 in 2011 to 308 in 2012. The University also ranked in the top 200 in eight subject areas with its highest position in Education, 50th equal in the world. Similar recognition was received in 2012 when the Global design awards scheme Red Dot ranked Massey University 11th in the Asia Pacific region for design concept. Massey was the only New Zealand or Australian design school to be so recognised. Such international benchmarking exercises are crucial in ensuring the positive recognition of Massey University both nationally and internationally.

The nurturing and building of centres of excellence within the University, in line with The Road to 2020 objectives, also assists with profiling the University nationally and internationally. Following a new partnership with Westpac, Massey University's new Centre for Financial Literacy began operation in 2012. The Centre was set up to improve knowledge of, attitudes to, and behaviour with money. The launch of the Infectious Disease Research Centre, the establishment of a new psychophysiological lab on the Albany campus and the development of a proposal to establish the Pacific Centre for Social Development and Economic Transformation, all contributed to the University's goals in nurturing and building sustainable centres of research excellence in the defining areas of research specialisation.

During 2012, an Agri-Food Innovation Board was established which comprised of Massey University, AgResearch, Plant and Food Research, Fonterra, the Riddet Institute, the Bio Commerce Centre, Palmerston North City Council and the Manawatū District Council. The Board aims to ensure that the Manawatū is seen as the Agri-Food innovation research centre for New Zealand and a 'hub of excellence' linking us to the world.

3 The Key Initiatives for each Big Goal were specified in the University's Investment Plan 2011-2013.

Research collaborations and links with national and international partners are important strands of the University's strategy. Significant progress was made with international parties throughout 2012 including: a Memorandum of Understanding signed with Missouri University to establish a partnership between two leading agri-food universities; key research partnerships with European (Max Planck Institutes) and North American Universities; recruitment of new professorial staff in the New Zealand Institute of Advanced Study; and the renewal of the University's tri-partite agreement with China's foremost universities, Peking and Shihezi University, for joint research on pasture irrigation, soil testing and sheep breeding.

Meeting the University's goals to grow research postgraduate numbers continues to be a challenge. The decline in new PhD students in 2012 highlighted the need for future recruitment planning within the University. A review of recruitment of Māori students to postgraduate research study took place with findings showing a similar decline in Māori Higher Research Degree numbers, further demonstrating the need to re-evaluate models for researcher development. Additional doctoral support resources have been approved for development in 2013. Specialist resources for Māori doctoral students were added to the Post-Graduate Resource Portal, and additional work was undertaken in developing online Māori doctoral student profiles. These are just some of the initiatives implemented in 2012 that aim to counteract the documented decline and improve research degree completions.

A new Massey Enterprise architecture was agreed at the beginning of the year demonstrating the University's commitment to translating innovative academic research into commercial opportunities. A strategic knowledge transfer framework, which will support income generation to the University, was developed and presented to the University Council and SLT. During 2012 a new strategic alliance with Bomac has seen the value of key patents developed in the Institute of Veterinary, Animal and Biomedical Sciences be realised in both practical and commercial terms. The University's School of Design set up Australasia's first digital fabrication facility affiliated to the Massachusetts Institute of Technology. The Fab Labs provide widespread access to modern means for invention such as laser cutters, milling machines and 3D printers. Licensing income has shown steady growth with the benefit of a structured partnership with The Bio Commerce Centre for example, adding value and momentum to the commercialisation activity. In 2012 the University also supported a record number of new Master's level student placements with business seeking to innovate through applied research and development activity.

The University was active in securing external research income from a variety of sources throughout 2012, further demonstrating the value of the University's research capability. For example, in the Ministry of Science and Innovation round, the College of Humanities and Social Sciences researchers secured half of all the funding available for social sciences in New Zealand. Massey University research teams gained considerable funding for a diverse array of research projects including population movements, marine ecosystems, communities' resilience to disasters, independent living among the elderly and the development of more economical and sustainable batteries. In addition, two Massey University food scientists were jointly awarded the Prime Minister's Science Prize – New Zealand's most valuable award for scientific achievement. At the request of the scientists, the prize money will go towards commercialising discoveries made at the University's Riddet Institute⁴.

4 The Riddet Institute is a national Centre of Research Excellence focusing on food structures and digestive physiology.

In terms of the performance indicators for the Research and Scholarship Big Goal, the following are highlighted:

| Performance Indicator | Notes | 5-year rolling average (2007-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|---------------------------------------|-------|------------------------------------|-------------|-------------|-------------|
| EXTERNAL RESEARCH INCOME (\$M) | | | | | |
| Total | | 69 | 74 | 63 | 73 |
| Vote RS & T | 1 | 21 | 21 | 18 | 21 |
| Other Government | | 38 | 33 | 25 | 29 |
| Non – Government | | 18 | 20 | 20 | 23 |

The University's performance in terms of external research income reflects the challenges in the current economic climate. Total external research income did not meet target for the year and was below 2011 actual and the five-year rolling average, mainly due to decreased funding from public funding sources.

| Performance Indicator | Notes | 5-year rolling average (2007-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|--|-------|------------------------------------|-------------|-------------|-------------|
| PBRF EXTERNAL RESEARCH INCOME (\$M) | | | | | |
| | 2 | 50 | 65 | 52 | 54 |

PBRF income exceeded the five-year rolling average, however the decrease in total PBRF income compared to 2011 reflects the decrease in overall external research income received.

| Performance Indicator | Notes | 5-year rolling average (2007-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|--|-------|------------------------------------|-------------|-------------|-------------|
| RESEARCH DEGREE COMPLETIONS (NUMBER OF) | | | | | |
| | 3, 4 | | | | |
| All students | | 359 | 440 | 342 | 334 |
| International students | | 38 | 63 | 44 | 44 |
| Māori students | | 35 | 37 | 23 | 40 |
| Pasifika students | | 4 | 8 | 11 | 2 |

The outcomes of this indicator highlight the importance of the University's strategies for recruitment planning and support services relating to research students. Research degree completions overall have increased on the previous year but are down on the five-year rolling average. They were also below target, but refer to note 4 below as targets were originally set based on a different methodology. Completions for international students did not change from 2011 but are above the five-year rolling average. Completions for Māori students sharply declined and were well below the five-year rolling average. Research degree completion rates significantly increased for Pasifika students who were ahead of target and the five-year rolling average.

Indicative results for 2012 research degree completions (refer note 3) are available from the University's Student Management System. Results have mostly increased on 2011 completion data – all students (368), International students (51), Māori students (24), and Pasifika students (5) – but will not be finalised until all results are processed and the University's Single Data Return is submitted in April.

| Performance Indicator | Notes | 5-year rolling average (2007-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|---|-------|------------------------------------|-------------|-------------|-------------|
| COMMERCIALISATION | | | | | |
| New Disclosures (number of) | 1 | 25 | 40 | 29 | 30 |
| Licences / Commercialisation Deals Executed (number of) | | 2 | 4 | 7 | 3 |
| Licensing Revenue (\$000's) | | 406 | 500 | 436 | 415 |

All commercialisation indicators for 2012 showed an improvement on the five-year rolling average. Overall the contract numbers have held up well in difficult economic times. New disclosures remain in line with the previous year. The number of Licences/ Commercialisation contracts concluded in 2012 grew and exceeded target. Although under target, licensing revenue increased on last year.

Notes:

1. This is a three-year rolling average only for this category.
2. This is an interim figure only, pending confirmation of final data from Tertiary Education Commission (TEC).
3. 2012 actual relates to 2011 completions. 2011 actual relates to 2010 completions. Five-year rolling average relates to 2006-2010.
4. Targets were based on old methodology for calculating PBRF completions. For example, previously a master's thesis divided in to a Part 1 and Part 2 paper counted as two completions; from 2010 only the Part 2 counts as a completion under new TEC rules. The five-year rolling averages have been recalculated using the new methodology.

Education

Massey will ensure an exceptional and distinctive learning experience for all students.

An educated and skilled workforce is necessary to contribute to the economic development of New Zealand. Massey contributes to this by ensuring that its students are taught by dedicated and skilled academics in a stimulating environment that is conducive to active learning. Massey's Teaching and Learning Framework identifies the key characteristics of Massey's teaching and learning environment as Research-led, Applied, International, Distance and Lifelong, and Digital. Each of these dimensions is supported by a strategy to fully realise the potential of each area.

Activities

Activities contributing to this output include:

- Higher Level Tertiary Education (teaching, learning and assessment)⁵
- Foundation Level Tertiary Education⁶
- Comprehensive portfolio of education offerings including:
 - Professional degrees (for professional groups e.g. Veterinary, Nursing, Accounting, Engineering etc).
 - Degrees developed in partnership with business and industry (e.g. Defence and Security, Food, Agriculture, Design and Fine Arts etc.) and to meet the needs of community groups (regional and ethnic communities including Maori, Pasifika, New Migrant communities).
 - Professional and Continuing Education short course programmes.
 - Distance and blended education (New Zealand's leading university).
 - International education (both on-shore and off-shore).
- Student support services including residential and social.

⁵ Higher level tertiary education: primarily degree level (undergraduate and postgraduate) education at qualification levels 7 and above

⁶ Foundation level tertiary education: sub-degree level education at qualification levels 3 and 4

Teaching and Learning Big Goal⁷

“We will ensure an exceptional and distinctive learning experience at Massey for all students.”

Associated Goals

- Build on our reputation for providing applied, real-world learning opportunities.
- Exploit the opportunities that new digital media offer for learners and extend our capabilities and expertise in blended and distance education in New Zealand and offshore.
- Strengthen the core disciplines and curricula that connect with our research.
- Provide our staff with professional development opportunities through the National Centre for Teaching and Learning and affiliated campus-based centres, working in close partnership with Massey’s People and Organisational Development team.
- Support innovative curriculum design that has a whole-of-programme focus on curriculum, teaching and assessment, and student engagement.
- Build high levels of student success, retention and progression to postgraduate study.
- Offer students continued opportunities to contribute to academic decision-making.
- Strengthen our learning support and pastoral care services to students.
- Ensure user-friendly administrative services that helped current and prospective students to make informed academic decisions.
- Strengthen our careers advice and employment preparation services for all students on all campuses, including our distance campus, and improve our knowledge of graduate employment outcomes.
- Ensure that we are well positioned to meet the educational needs of New Zealanders, build our international student community and grow our school leaver, Māori and Pasifika student base.

Key Initiatives⁸

To progress the strategic priorities under this Big Goal, the University targeted the following key initiatives in 2012:

- Implementation of the University’s Teaching and Learning Framework (via the Academic Reform Project) progressed
- Investment in new technology made, as planned (including implementation of new Learning Management System)
- Implementation of the University’s International Plan progressed
- Implementation of the University’s Enrolment Management Plan progressed
- Māori@Massey strategy implemented
- Pasifika@Massey strategy implemented
- Student Retention and Success strategy developed and implemented

Performance 2012

Active implementation of the plans relating to the University’s Teaching and Learning Framework continued in 2012. As part of the Academic Reform Project, the University gained approval to create a new College of Health and an establishment team became operational. Professor Paul McDonald will lead the new college as the first Pro Vice-Chancellor of the College of Health. Another significant development arising from the Academic Reform

7 The Teaching and Learning Big Goal and associated goals were specified in the 2012 update of The Road to 2020.

8 The Key Initiatives for each Big Goal were specified in the University’s Investment Plan 2011-2013.

project, to disestablish the College of Education and establish the Massey University Institute of Education as part of the College of Humanities and Social Sciences, also gained approval in 2012. Operation of both the College of Health and the Institute of Education will commence in 2013. These two landmark reforms, designed to ensure the on-going relevance of the University's academic portfolio, were complemented by nine new qualifications which gained "Committee on University Academic Programmes" approval for 2013 commencement.

Other achievements in 2012 relating to the Teaching and Learning Framework included: the launch of the Distance Education and Learning Futures Alliance which aims to foster innovation and to create a network of leaders at the forefront of new developments in teaching and learning in tertiary education; development of a Digital Teaching and Learning Strategy and draft Applied Learning Strategy; completion of a draft Careers Services Strategic Planning/Alignment strategy; and a series of Digital Teaching and Learning Roadshows promoting initiatives associated with the National Centre for Teaching and Learning.

Investment in new technology is central to Massey's development of, and investment in, infrastructure for distance education and blended learning. New video linked teaching rooms on the Albany and Manawātū campuses launched in June and have the ability to connect to the Wellington campus and other locations worldwide. As part of the commitment to exploiting the potential of new digital media for teaching and learning, an official launch of the enhanced version of Stream took place in August.

The Internationalisation Strategy 2011-2015 has been actively implemented since the beginning of 2012. Action plans are underway and on-going monitoring will be undertaken to ensure capacity to deliver on the agreed targets in the Strategy. International Distance Education Programme Development Grants have been developed by the National Centre for Teaching and Learning and the International Office. The Centre for Professional and Continuing Education (PaCE) progressed its goals to build international short course provision which has resulted in delivery across areas as diverse as English language, business, veterinary medicine and public health. PaCE is also supporting the international delivery of distance short courses in veterinary medicine and scoping the possibility of international delivery of distance short courses that are currently delivered domestically.

An interim tool for Strategic Enrolment Management was developed in 2012. Work commenced as part of the Student Management Programme of Works to define managed enrolment and develop a framework for tools and processes associated with Strategic Enrolment Management. Following the completion of a Student Administration Alignment Project, student advisors and administrators are undergoing development to ensure quality and consistent service for students.

The Māori@Massey Strategy undertook official review and the new strategy, KIA MĀRAMA - Key Initiatives to Accelerate Massey's Academic and Research Agenda for Māori Advancement was launched in November 2012. The updated Pasifika@Massey Strategy also gained approval for 2013 implementation.

As part of the University's commitment to prioritise student success and retention, the Student Success Strategy was developed and endorsed by the University's Teaching and Learning Committee in 2012. The Strategy was built upon a 'Student Success Framework' developed as part of the TEC sponsored project "Bridging the Distance" alongside a comprehensive stocktake of the student engagement and success initiatives underway at the University. The recruitment of a coordinator position for the Student Success Strategy will assist in advancing the implementation of all aspects of the Strategy.

In terms of the performance indicators for the Teaching and Learning Big Goal, the following are highlighted:

| Performance Indicator | Notes | 3-year rolling average (2009-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|-------------------------------|-------|------------------------------------|-------------|-------------|-------------|
| STUDENT RETENTION (%) | 1, 2, | | | | |
| All Students | | 68 | n/a | 68 | 68 |
| Domestic students | | 67 | 73 | 67 | 67 |
| Domestic students under 25 | | 76 | 81 | 76 | 76 |
| Domestic students 25 and over | | 63 | 66 | 62 | 62 |
| Māori students | | 60 | 65 | 60 | 61 |
| Pasifika students | | 56 | 57 | 55 | 56 |

Overall, student retention rates did not vary significantly on 2011 levels or the three-year rolling average, however all dimensions were below the 2012 target. The newly developed Student Success Strategy will play a crucial role in coordinating initiatives to ensure that each dimension sees positive growth and meets future targets.

Indicative results for 2012 student retention (refer note 2) are available from the data provided in the University's Single Data Return in December. Student retention rates have improved on final 2011 completion data – Domestic students (69%), Domestic students under 25 (78%), Domestic students 25 and over (64%), Māori students (61%), and Pasifika students (57%) – but will not be finalised until the University's Single Data Return is submitted in April.

| Performance Indicator | Notes | 3-year rolling average (2009-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|---|----------|------------------------------------|-------------|-------------|-------------|
| SUCCESSFUL COURSE COMPLETION (%) | 1, 3, 4, | | | | |
| All students | | 78 | 81 | 81 | 79 |
| Domestic students | | 78 | 82 | 80 | 78 |
| Domestic students under 25 | | 80 | 84 | 82 | 80 |
| Domestic students 25 and over | | 76 | 79 | 79 | 76 |
| Māori students | | 67 | 69 | 70 | 67 |
| Pasifika students | | 52 | 55 | 56 | 54 |
| Distance students | | 69 | 72 | 73 | 70 |
| Internal students | | 83 | 84 | 85 | 83 |
| Postgraduate students | | 85 | 85 | 88 | 86 |
| International students | | 79 | 80 | 83 | 81 |

Successful course (paper) completion rates improved on 2011 levels for all dimensions and all student dimensions exceeded the three-year rolling average. Only domestic students and domestic students under 25 did not achieve target. Again, the Student Success Strategy will be crucial to strengthening the performance relating to this indicator in the future.

Indicative results for 2012 successful course completions (refer note 3) are available from the University's Student Management System. Results are in line with final 2011 completion data – all Students (80%), Domestic students (80%), Domestic students under 25 (81%), Domestic students 25 and over (78%), Māori students (70%), Pasifika students (56%), Distance students (73%), Internal students (84%), Postgraduate students (88%), and International students (84%) – but will not be finalised until all results are processed and the University's Single Data Return is submitted in April.

| Performance Indicator | Notes | 3-year rolling average (2009-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|-------------------------------------|------------|------------------------------------|-------------|-------------|-------------|
| QUALIFICATION COMPLETION (%) | 1, 3, 4, 5 | | | | |
| All Students | | 57 | n/a | 47 | 49 |
| Domestic students | | 55 | 59 | 49 | 48 |
| Domestic students under 25 | | 51 | 59 | 45 | 47 |
| Domestic students 25 and over | | 59 | 57 | 55 | 50 |
| Māori students | | 42 | 47 | 42 | 38 |
| Pasifika students | | 28 | 32 | 23 | 24 |

The qualification completion indicator shows varied trends across dimensions for 2012. Year-on-year comparisons for this indicator are problematic because the nature of this measure does not provide a 'true picture' of completion, but rather a 'stock-take' approach for the EFTS (Equivalent Full-time Student) consumed and the number of qualifications completed in any given year. In other words, qualification completion rates may increase or decrease not as a result of the actual number of qualification completions, but rather due to the number of EFTS enrolled in a certain year. The results for this indicator are reflective of the University's student demographic – highly part-time with many students studying at a distance.

Indicative results for 2012 qualification completions (refer note 3) are available from the data provided in the University's Single Data Return in December. Qualification rates have improved on final 2011 completions– Domestic students (52%), Domestic students under 25 (46%), Domestic students 25 and over (59%), Māori students (40%) and Pasifika students (39%) – but will not be finalised until the University's Single Data Return is submitted in April.

| Performance Indicator | Notes | 3-year rolling average (2009-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|--------------------------------|-------|------------------------------------|-------------|-------------|-------------|
| STUDENT PROGRESSION (%) | 6, 7 | 34 | 54 | 26 | 21 |

The student progression rate for 2012 has increased on the 2011 rate, yet remains below the three-year rolling average and well below target. It is important to note that this measure only reflects Student Achievement Component (SAC) funded students and those enrolled in levels 1-4 (which are sub-degree programmes not generally offered at Massey).

| Performance Indicator | Notes | 2-year rolling average (2010-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|--|-------|------------------------------------|-------------|-------------|-------------|
| OVERALL STUDENT SATISFACTION - EDUCATIONAL EXPERIENCE (%) | | | | | |
| Distance students | | 89 | 87 | 88 | 89 |
| Internal students | | 86 | 87 | 88 | 89 |

The Massey Online Survey Tool (MOST) measured student satisfaction with the quality of the learning experience and surveyed 17,178 individual distance course (paper) enrolments (27% response rate) and 31,619 internal course (paper) enrolments (25% response rate). While student satisfaction for distance and internal students decreased marginally when compared to 2011, both dimensions exceeded target in 2012 with both groups being equally satisfied with their educational experience.

Notes:

1. Includes all students reported to the TEC via the University's Single Data Return (SDR) i.e. domestic and international. Domestic students are those eligible for SAC funding and include Foreign Wholly Research students. This definition also applied to Māori and Pasifika i.e. they include domestic SAC funded students. International students are those who pay full international fee and exclude Foreign Wholly Research students. Postgraduate students include only SAC funded students.

2. 2012 Actual relates to student retention rate from 2010 to 2011. 2011 Actual relates to student retention rate from 2009 to 2010.
3. 2012 Actual relates to 2011 completions. 2011 Actual relates to 2010 completions.
4. All the University's courses or qualifications are at Level 4 and above.
5. Qualification Completion Indicators: Completion records are only generated if and when a student applies to graduate. Consequently, where a student has completed but not yet applied to graduate, the completion is not included in the performance data.
6. Student progression to higher levels of study in the tertiary sector (for students at levels 1-4).
7. In the 2011 Annual Report, this measure reported "student progression to higher levels of study in the tertiary sector (for students at levels 1-9)". This has now been amended resulting in the different figure for 2011 actuals.

Services to the Community

Massey will enhance its reputation as New Zealand's defining university by contributing to an understanding of, and innovative responses to, social, economic, cultural and environmental issues, and will promote and value citizenship and leadership across Massey staff and students.

Massey will strengthen connections with local, national and international partners and stakeholders to gain beneficial outcomes.

Academic staff and students contribute to the community with their advanced critical thinking on matters relevant to society, including providing expert commentary and advice locally, nationally and internationally.

Activities

Activities contributing to this output include:

- Engagement with all stakeholder communities including business and industry, government (local and central), iwi, Pacific peoples, new migrant communities, and schools
- Maintaining an on-going relationship with Massey alumni
- Provision of advanced critical thinking on matters relevant to society, including providing expert commentary and advice locally, nationally and internationally
- Sharing the academic and professional expertise of staff, particularly on issues of national and regional significance and on research which is of benefit to the community
- Holding and/or participating in regional and national events
- Hosting conferences and public lectures
- Supporting and contributing to a diverse range of community-oriented programmes and initiatives.

Connections Big Goal⁹

"We will strengthen our connections with local, national and international partners and stakeholders to gain mutually beneficial outcomes."

Associated goals

- Ensure that our communications reach and engage stakeholders and other relevant audiences, demonstrating the value that Massey's extensive connections confer, nationally and internationally.
- Continue to develop the 'one-university' brand that positions Massey as the defining university of New Zealand, while demonstrating the unique characteristics and qualities of each part of the institution.

⁹ The Connections Big Goal and associated goals were specified in the 2012 update of The Road to 2020.

- Ensure that we integrate all our external activities, enabling consistent “messages” and facilitating the development and strengthening of relationships with key partners, stakeholder groups and collaborators. This will include refocusing events and sponsorship agreements to support our signature brand messages.
- Communicate and engage with our alumni and key stakeholders in ways that embrace the full and effective use of social media and other new media tools.
- Establish Massey as the university of first choice for all potential students, especially school leavers, in each of its campus regions.

Key Initiatives¹⁰

To progress the strategic priorities under this Big Goal, the University targeted the following key initiatives in 2012:

- Further development of partnerships and relationships with key external stakeholders
- Implementation of the communication plans for Māori and Pasifika
- Implementation of initiatives to establish Massey as the university of choice for potential students, particularly students in the Governments targeted groups of learners
- Implementation of the University’s International Plan relating to international partnerships and collaborative relationships in teaching and research
- Implementation of the University’s Alumni Engagement Plan.

Performance 2012

A University profile was published by External Relations highlighting Massey’s commitment to making a difference to New Zealand and to the world. The document is intended to be used by management and other staff involved in dealing with external stakeholders, international visits and visitors.

The University progressed a series of initiatives aimed at further promoting and expanding the range and effectiveness of its links with commercial businesses and industry throughout 2012. Examples of which included, Memorandum of Understanding (MoU) between Massey University and Te Wānanga o Aotearoa which aims to provide more integrated tertiary educational opportunities for Māori; another MoU with Aotearoa Fisheries Limited to drive development of fisheries through research and innovation; a commercial agreement developed by Massey University in conjunction with the NZ Police; and an MoU between the University and Auckland City which preceded a Partnering Agreement with Auckland Council and other Auckland based tertiary education providers. As a result of this MoU the Auckland Tertiary Education Providers Network is now formally established.

Regional engagement initiatives were also advanced throughout the year. In collaboration with Massey Extramural Students’ Society, a Māori student hub was established in Taranaki in October and another in Whangarei (in collaboration with Te Pūmanawa Hauora). An MoU was signed with the Hawke’s Bay Regional Council to formalise a longstanding relationship with a focus on agri-food research and teaching. The Vice-Chancellor finalised the details of an initiative to develop the concept of a “Business Development Manager” that Massey jointly employs with Venture Taranaki, with an aim in strengthening the University’s role and presence in the region.

The Office of the AVC, Māori and Pasifika continued to contribute to national government, sector and iwi in line with the Strategic Iwi Partnerships (SIP) plan. The following are examples of some initiatives that were established in 2012: an initial SIP scoping engagement with Ngati Toa Runanga; on-going engagement with Taranaki Whanui; strategy development and iwi activities with Tuhoe (Ruatahuna); completion of the Te Arawa Lakes collaborative research report was completed; and the Māori Land Productivity initiative, Te Kokiri mo te Whaingā Hua o Ngā Whenua Māori, was launched (the private sector’s response to the Māori Economic Development Panel’s recommendation to raise the productivity of Māori land and Massey as the preferred university).

¹⁰ The Key Initiatives for each Big Goal were specified in the University’s Investment Plan 2011-2013.

The engine of the new New Zealand tagline has now been in the market for two years. Testing and research shows that it is well understood by audience and reflects Massey's role in shaping New Zealand's past and future and taking the best to the rest of the world. The 'engine' message is reflected in advertising, and is brought to life through examples of Massey's 'Defining People' who continue to demonstrate ways in which they are contributing to the future of New Zealand. The 'engine' message is not just used in advertising but integrated into every External Relations activity including social media, on the websites, through the unpaid media and in events. The dedicated website www.engine.ac.nz is a collection of the Massey stories that illustrate the engine message.

The University worked throughout the year to develop and implement a new Communications and Recruitment Strategy focusing on Māori, Pasifika and under 25 year olds. The Strategy replaces the previously implemented Māori and Pasifika communications plans. Te Rau Whakaara and the Pasifika Directorate worked alongside the new student recruitment team to support both Māori and Pasifika-specific events in the community and in schools throughout 2012. A specific marketing campaign targeting potential Māori and Pasifika students ran through October & November, along with messages and media specific to these markets.

The University implemented a significant number of initiatives to establish Massey as the university of first choice for all potential students in the areas of specialisation, with particular focus on the Tertiary Education Commission's targeted groups of learners. Including the aforementioned Communications and Recruitment Strategy many initiatives were implemented throughout the year. Staff in External Relations worked with Campus Registrars on regional engagement and work was undertaken by the new Student Recruitment team in developing a regional engagement strategy for High Schools. Focused research was carried out in the Albany market to provide insights that will inform a specific Albany campaign for 2013. A plan to engage more potential students through social media was developed early in the year with great success including 10,000 Facebook 'likes' achieved by August, one million visits recorded to the Massey University's YouTube page and thousands more visitors on the Massey website as a result of coming through a social media channel.

Efforts undertaken to increase the numbers and proportions of Māori students included: working with High School principals; customised on-campus visits; career and study advice to Northland schools; arranging a second meeting of Māori@Massey Taranaki hub in June; and investigating the possibility of school-based video conferencing to engage with distance students in North Auckland. Similar Pasifika initiatives included: establishment of three new Communities of Learning (two in Palmerston North and one at Albany); multi campus student meeting on forming a One University Pasifika Student Association; and recruitment activities focused on participation in community events.

Consistent with the Internationalisation Strategy 2011-2015, the University advanced its engagement in international partnerships and collaborative relationships for both teaching and research. Agreements and/or MoUs were signed with a number of international universities. Examples include, Virginia Military Institute (United States), Mount Royal University (Canada), the Sampoerna Foundation and Ahmad Dahlan University (Indonesia), the National University of Samoa (Samoa), the University of Colombo and General Sir John Kotelawala Defence University (both Sri Lanka) and the Chinese Academy of Science (China).

In implementing the University's Alumni Engagement Plan during 2012, Alumni Relations engaged with more than 2,000 alumni at face-to-face events and have reached 50,000 electronically (newsletter, Facebook, net community and LinkedIn). Significant events that occurred during 2012 which aided Massey in connecting with alumni and local communities included, the touring of Wildbase¹¹ through six regions in New Zealand; the Taupo Cycle Challenge which attracted 10,000 riders and 20,000 spectators; and the Central Districts and National Field Days which saw record numbers of attendees and the use of industry leaders with a connection to Massey in the Agribusiness space continued to be a theme.

11 Wildbase is New Zealand's only dedicated wildlife hospital and is attached to the Massey University's veterinary school.

In terms of the performance indicators for the Connections Big Goal, the following is highlighted:

| Performance Indicator | Notes | 5-year rolling average (2007-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|--|-------|------------------------------------|-------------|-------------|-------------|
| STUDENT COMMENCEMENTS (HEADCOUNT) | 1 | | | | |
| All Students | | 9,866 | 9,390 | 9,134 | 9,653 |
| Domestic students | 2 | 8,314 | 7,400 | 7,559 | 7,742 |
| Domestic students under 25 | 2 | 4,283 | 3,930 | 4,161 | 4,143 |
| Domestic students 25 and over | 2 | 4,031 | 3,470 | 3,398 | 3,599 |
| International students | | 1,552 | 1,990 | 1,575 | 1,911 |
| Māori students | | 985 | 1,125 | 991 | 887 |
| Pasifika students | | 326 | 650 | 376 | 372 |
| Distance students | 3 | 4,246 | 3,240 | 3,706 | 3,979 |
| Internal students | 3 | 5,620 | 6,150 | 5,428 | 5,674 |

The University's planned decrease in new-to-Massey student was achieved in line with Tertiary Education Commission's (TEC's) expectations for capping of domestic students. Accordingly, new-to-Massey (all students) decreased by 519 students (5.4 per cent). Consistent with the goals for the TEC's targeted groups of students, Māori, Pasifika and domestic students under 25, all showed an increasing trend when compared to 2011 data, showing that recruitment strategies for these targeted groups of learners have been successful. New student commencements in the distance education area decreased on 2011 levels as planned, but remained well above target reflecting the continued demand for this education by these students.

| Performance Indicator | Notes | 5-year rolling average (2007-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|--|-------|------------------------------------|-------------|-------------|-------------|
| ACTIVE INTERNATIONAL PARTNERSHIPS (number of) | 4 | 157 | 168 | 201 | 192 |

The number of formal international partnerships with overseas institutions demonstrates the success of the University's new Internationalisation Strategy. The University significantly surpassed the five-year rolling average, exceeded target for 2012, and showed an increase when compared to 2011. Moving forward, a greater emphasis will be placed on the quality of partnerships as opposed to the quantity.

Notes:

1. Includes students new to study at Massey University.
2. Domestic students only include domestic commencements i.e. excludes Foreign Wholly Research Students.
3. Mode of delivery (Distance/Internal) defined according to student mode i.e. the primary mode of study for a student.
4. Partnerships included here are only those Massey is the first party (the lead-contractor) to the programme/contract.

Responsibility Big Goal¹²

"We will enhance our reputation as New Zealand's defining university by contributing to understanding of, and innovative responses to, social, economic, cultural, and environmental issues."

Associated goals

- Develop better systems to promote the capabilities and expertise of Massey University staff and students across all campuses and to wider audiences.

12 The Responsibility Big Goal and associated goals were specified in the 2012 update of The Road to 2020.

- Foster engagement models that support campus-wide participation in projects that contribute to framing and/or resolving the “complex problems affecting our communities and society at large”.
- Promote and value citizenship and leadership in Massey staff and students through developing our campuses and the communities they support, with which they engage and from which they benefit.
- Secure and direct resources to support projects addressing defined “grand challenges” of national and/or global significance.

Key Initiatives¹³

The strategic priorities under this Big Goal were to be advanced by targeting the following key initiatives in 2012:

- Profile of the University’s academic contribution and programmes in sustainability, increased
- Update and implementation of the Massey Programme of Sustainability completed annually.

Performance 2012

To profile the University’s academic contributions to both national and international audiences, work began on the development of the Massey expertise database which has new links to Symplectic Elements¹⁴ and other data warehousing facilities. The first element of the database is now up and running, and is designed to bring together existing information from many areas of the university into one location. This is designed specifically to make both information and staff expertise profiles easier to locate, and provide contact directly with the University’s many talented staff.

The Living Lab model, which uses project teams of Massey University students and researchers to work in partnership with local government to help understand and address sustainability issues, was officially launched in 2012 and successfully promoted to new external partners. Project collaborations which have taken place during 2012 include, a partnership with Palmerston North City Council in the formation of the Zero Waste Academy, an educational, research and development and advisory initiative focussed on waste minimisation/resource efficiency, and Sustainable Pathways 2, whose long-term goal is about integrating state-of-the-art research with policy to enable better decisions in Spatial Planning.

During 2012 four Strategic Innovation Fund (SIF) applications under the Responsibility Platform received a total amount of funding of \$352,500. The fund seeks to apply Massey-led expertise to provide solutions to major issues confronting New Zealand and the world. The successful Responsibility platform grants went to the following initiatives: Defining Massey’s solution to integrated catchment and river science: ‘Innovate River Solutions’; Quality Professional Development of Public Health Training and Research Opportunities in NZ and in the Pacific – A Programme of Online Short Courses; Creating Cultural Sustainability – Learning and Teaching Indigenous Agri-food; and Understanding Māori Leadership – Developing Māori leaders and Transforming Māori business.

The University’s No.4 Dairy Unit signed a contract with the Pasture 21 research trial to deliver a project titled, ‘Delivering Environmental Solutions for Sustainable Productivity Outcomes for New Zealand’s Pastoral Industries’. The project aims to increase the productivity and profitability of a typical Manawatū dairy farm whilst reducing its environmental footprint due to nitrate leaching and phosphorus and faecal runoff and will bring significant capital and operational funding income to the farm over the next five years.

Throughout the year Massey made available the expertise of its academic staff to a number of programmes in the local community. Examples include: a partnership between Massey University’s Roof Water Research Centre, Wellington East Girls’ College and WaterGain Limited, to educate students in the importance of emergency preparedness by installing rainwater tanks in secondary schools; sponsorship of the 2012 Real Earth Environmental Film Festival in Palmerston North; and the University’s ecentre in Albany ran free Business Idea

¹³ The Key Initiatives for each Big Goal were specified in the University’s Investment Plan 2011-2013.

¹⁴ Symplectic Elements is software for collating research outputs into a research repository for use at Massey.

Workshops around Auckland to encourage budding entrepreneurs. These projects all highlight the leadership among Massey staff in supporting their communities.

Demonstrating the University's responsibility to the environment across all three campuses, continuous improvement of environmental management systems took place. Transport surveys on mode of travel to campus were completed on all campuses; campus waste management plans have been completed on the Manawatū campus; the Albany campus is a participant in a Ministry for the Environment waste minimisation programme pilot study; and the Grounds Landscape Master Plans have been developed or updated on all campuses. Individual first level sustainability audits were also completed by each College, with the information collected to be used to inform future practices within the Colleges.

ENABLING GOALS

Generating Income Big Goal¹⁵

“We will significantly increase our income and improve our financial position to allow for more investment to enable the University to achieve its goals.”

Associated Goals

- Diversify our revenue base to generate income while reducing our exposure to risk through economic change.
- Control our costs through smart strategies, to ensure that we deliver services efficiently and effectively.
- Manage our balance sheet effectively by maximising asset performance, leveraging those assets to drive value, managing our liabilities and reducing our risks.

Key Initiatives¹⁶

The strategic priorities under this Big Goal are critical to the achievement of the University’s strategy and their implementation was targeted through the following initiatives in 2012:

- Implementation of the University’s Financial Strategy progressed
- Investment in the activities of the Massey University Foundation.

A number of other key initiatives which will contribute to the achievement of this Big Goal have been included under other Big Goals.

Performance 2012

Finance and metrics data were collected throughout 2012 to support the financial assumptions for a Long-Term Financial Strategy and associated plan. Completion of the Strategy and its implementation will occur in 2013. However, many activities and initiatives have been successfully implemented in 2012 which will support the financial strategy in The Road to 2020.

Planning and budgeting processes have been integrated to improve resource allocation decisions, improve forecasting and strengthen monitoring and controls around expenditure. Many initiatives have also been implemented to improve asset utilisation in 2012 including the development of the Capital Asset Management Plan and a revised Treasury Management Framework. This will ensure that cash assets generate returns commensurate with the University’s risk appetite.

Implementation of the Procurement Strategy was carried out throughout the year, with impressive outcomes already achieved. In depth analysis of budget centres across the university identified cost saving potential in catering, facilities management, finance and asset management, information technology, legal services, staffing, transport and travel. Over 30 project work streams have been undertaken with more than 20 to cross over in 2013. Currently the project is on target to achieve its estimated \$9 million worth of cost savings.

15 The Generating Income Big Goal and associated goals were specified in the 2012 update of The Road to 2020.

16 The Key Initiatives for each Big Goal were specified in the University’s Investment Plan 2011-2013.

Many initiatives aimed at diversifying the University's revenue base and generating income were implemented throughout the year. The Massey University Foundation launched its first appeal to all alumni, outlining – Advancing New Zealand, Massey's first major fundraising campaign in 2012. Fundraising reached \$2.3 million for the year, a notable achievement and in line with target. Positive activity in off-shore academic partnerships occurred throughout 2012. Increased bidding activity and changes in the support model for bidding activity led to major successes in Ministry of Science and Innovation/Ministry of Business, Innovation and Employment (MSI/MBIE) and Marsden funding rounds in 2012. In 2012, Agri One Ltd.¹⁷ took on the management of the contract with DairyNZ for the Centre of Excellence in Farm Business Management for the next seven years. Submissions for the 2013 Primary Growth Partnership funding with the Fertiliser Industry and the Red Meat Sector were also taken. Further revenue has been generated through Agri One through new short courses, consultancy and conference facilitation. The No.4 Dairy Unit signed a contract for the Pasture 21 research trial, a project which aims to increase the productivity and profitability of a typical Manawatū dairy farm whilst reducing its environmental footprint. This trial will bring projected revenue of \$1.2 million per annum for five-years. The University continues to pursue a number of initiatives with external parties to optimally utilise the Hokowhitu campus in Palmerston North.

In terms of the performance indicators for the Generating Income Big Goal, the following is highlighted:

| Performance Indicator | Notes | 5-year rolling average (2007-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|---------------------------------------|-------|------------------------------------|-------------|-------------|-------------|
| FINANCIAL | | | | | |
| Surplus as a percentage of income (%) | | 1.68 | 3.00 | 2.15 | 1.75 |
| Working capital ratio (%) | | 129.02 | 120.00 | 100.95 | 128.96 |
| Debt to debt plus equity ratio (%) | | 2.57 | 2.20 | 1.58 | 2.38 |

While the University's return on income is under the recommended TEC threshold (3%), the University's financial performance has markedly improved when compared to 2011 and the five-year rolling average. Such improvement has occurred against a backdrop of a decline in economic conditions both nationally and internationally. The working capital ratio decreased notably from 2011 and the five-year rolling average and is being managed. The University's debt level indicator was well below the 2012 target and five-year rolling average and decreased from 2011. The University has minimal debt.

| Performance Indicator | Notes | 5-year rolling average (2007-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|-------------------------------|-------|------------------------------------|-------------|-------------|-------------|
| UNIVERSITY RISK RATING | | | | | |
| | 1 | n/a | L | M | M |

The University's Risk Rating remained in line with the previous year but did not meet the 2012 target. The TEC has indicated that as the University continues to improve the integration of its financial forecasts with its capital asset management strategy, and educational strategy, this will likely lead to a higher TEC confidence level and a lower overall risk rating.

Notes:

1. Risk Rating per TEC i.e. High (H), Moderate (M), Low (L)

¹⁷ Agri One Ltd is a joint venture company owned by Lincoln and Massey Universities. Agri One focuses on professional development for agri-businesses, joint Lincoln/Massey research, and events, and offers a common front door to the two Universities for services to business, farmers and government.

Enabling Excellence Big Goal¹⁸

“We will provide the best working and learning environment for our staff and students.”

Associated Goals

Our Staff

- Continue to focus on our people’s professional development, so they can excel.
- Engage with our people so they can and want to contribute their talent.
- Reward and recognise high levels of performance.
- Develop a service culture and service capabilities.

Our Students

- Develop and align student life services across our campuses and among distance students within our one-university strategy, and in line with new legislation on student services and student associations.
- Continue implementing enrolment system improvements as part of our Enrolment Management Plan, including systems to improve our advice to students on qualification and enrolment planning.
- Further develop systems for engaging with the student body.
- Further develop service excellence programmes to enhance services for students.
- Improve our responsiveness to student feedback through surveys and other forms of evaluation.
- Strengthen the careers and employment advice, guidance and support we provide for all students.
- Strengthen our pastoral care services for students.
- Strengthen the support we provide for student clubs and societies.
- Provide experiences for students that, combined with their formal learning programmes, help to make them better citizens and contributors in the workplace.

Our Information Technology

- Begin a four-year programme to replace our current student management system, integrating a wider set of administrative functions to improve our operational efficiency.
- Commission a Video Linked Teaching facility, through which we will trial the use of integrated spaces for off- and cross-campus teaching and learning.
- Deliver an identity and access management solution that provides staff and students with a consistent and secure campus-like experience when they access University information systems from a broad range of devices and locations.
- Deliver a unified telecommunications solution that simplifies access for staff, integrates traditional telephony and video conferencing with web-based document collaboration, and provides a new style of working that can be supported by conventional personal computing and mobile devices.
- Provide staff with a variety of online workflow and data-management tools, improving access to files via the web, providing a consistent interface to operational reporting, and enabling them to establish and share their own collaborative workspaces. Other major initiatives such as Massey Enterprise Reporting and Unified Communications will benefit from this new capability.
- Commission new infrastructure geared for business growth, continuity and disaster recovery.
- Encourage a culture of service delivery, communication, innovation, rapid response and consistent practice among IT support staff.

18 The Enabling Excellence Big Goal and associated goals were specified in the 2012 update of The Road to 2020.

Our Campuses

- Align campus services, coordinate campus operations, and prioritise our investments in buildings, facilities and infrastructure on all campuses.
- Align our campus development plans with our academic, research and enrolment strategies, and ensure the effective use of space.
- Progress capital development projects in line with our investment priorities, including those relating to health and safety.
- Ensure that the campus experience for students is a model for social cohesion, healthy lifestyles and environmental sustainability.
- Model, to the extent possible, sound social, cultural and sustainable environmental practices.

Key Initiatives¹⁹

The strategic priorities in this Big Goal were progressed by targeting a number of initiatives in 2012 as follows:

- Recommendations of Shared Services project implemented
- Student Experience Strategy and initiatives to improve student service delivery implemented
- Implementation of the University's Human Resource strategies progressed
- The University's Strategic Asset Management Plan reviewed and implemented
- Information Services Strategic Plan implemented
- Initiatives related to the University's social and cultural responsibilities implemented
- Continuous improvement initiatives associated with the University's administration processes and systems implemented.

Performance 2012

As reported in 2011 the University's Shared Services Project was completed and put in place an organisational framework to improve the services and support for academic endeavours.

Many initiatives implemented in 2012 demonstrated the University's commitment to developing a service culture and service capabilities among staff. A series of 'World Cafe'²⁰ workshops was held on all three campuses and a consequential working group met to develop a model for service excellence. A Service Excellence Framework was approved and a University-wide Service Excellence Award System has been planned for implementation in 2013 as part of professional services staff conferences on each campus.

Human Resource (HR) strategies and initiatives form an important part of the University's long-term strategic plan, The Road to 2020. More than 1,500 participants partook in around 170 development programmes which were newly introduced in 2012 including the newly established Emerging Managers Programme. The first meeting of the Gender Equity Advisory Group also took place in 2012. The Group plays an important role in advising the Senior Leadership Team on strategies to lift awareness of, and ability to achieve a level of gender equity that is truly merit-based. Significant progress was made on Massey Pay and Employment Equity Review recommendations, with the running of four workshops for managers on how to supportively address concerns around inappropriate workplace behaviours. To support individual and team development among staff, new assessment tools were made available.

The goals with regard to improving student service delivery were progressed during the year. Following the completion of a Student Administration Alignment Project, student advisors and administrators underwent

¹⁹ The Key Initiatives for each Big Goal were specified in the University's Investment Plan 2011-2013.

²⁰ World Caf  is a conversational process, which enables diverse groups to come together and develop deeper shared understanding of issues of common interest.

development to ensure quality and consistent service for students in 2012 and for the future. The AVC and University Registrar, assisted by the Campus Registrars, worked with student associations throughout 2012 to develop and implement service provision to students following the changes caused by Volunteer Student Membership. During this time an effective framework based on a solid working relationship with the associations has been developed and this will form the basis for service delivery in 2013. A Student Success Strategy was also developed during the year which included a framework to inform the development and alignment of life services across the campuses including the University's virtual campus for students studying at a distance.

The University continued to look to improve its physical infrastructure for staff and students. To progress Capital Asset Management objectives and update information for improved strategic decision making and forecasting, a draft Capital Asset Management plan was submitted to Council in 2012 for implementation from 2013.

Student Central officially opened at the Albany campus in February. The \$15 million building has provided a campus heart and hub for students. To reflect the University's sustainability goals, Student Central has innovative features such as mechanically operated louvre windows and occupancy movement sensors for increased energy efficiency. On the Wellington campus, the College of Creative Arts' building (Te Ara Hihiko), which represents a major investment in art and design education in New Zealand, as well as being a world-first in seismic engineering, was officially opened in June.

As part of the university's commitment to its infrastructure, a \$57 million project to upgrade buildings on the Manawatū campus and to relocate the College of Education from the Hokowhitu site to Turitea was announced and began in 2012. To accommodate the staff of the new Institute of Education, construction of the Collinson Village commenced and was completed in time for occupancy in 2013. On-campus student accommodation at Albany remains a priority for the University to support the proposed growth in student numbers on campus. A draft business case was completed and underwent revision prior to Council submission in 2013. To cement the University's status in Veterinary teaching and research, a commitment was made to spend \$75 million upgrading and expanding the veterinary institute, increasing capacity to train vets by 180 students. The project will be funded over nine years from the annual capital expenditure budget.

The importance of sound, robust and high calibre information technology (IT) infrastructure is stressed in the goals of The Road to 2020. Guided by the University's Information Systems Plan, the University continued its strategic investment in IT during the year. The development of a unified communications platform progressed as targeted against plan throughout 2012 with the implementation of a \$1.45 million upgrade of its telephone system to the Microsoft Lync Unified Communications system. A voice gateway (for telephone systems) and video gateway (desktop conferencing) was also successfully implemented at all campuses. Uninterruptable power supply protected infrastructure installation and the enterprise data network renewal both progressed well to schedule throughout 2012 with delivery anticipated for end of 2013. The work already done and that which is to be completed will help secure and protect Massey's IT systems against natural disasters and system outages.

A number of initiatives were completed during the year to ensure the campus experience provides a model for social cohesion, healthy lifestyles and sound cultural practices. Massey Mediation Service, an initiative to promote a safe and healthy workplace environment and support positive workplace relations, was set up and actively utilised throughout 2012. Staff and students created a community garden at the Albany campus. The raised vegetable bed, the first of several planned, aims to inspire students to learn how to grow their own food. A number of cultural initiatives also progressed during 2012 which included the development of both a Māori and Pasifika facilities plan. These plans incorporate a University-wide marae policy and commitment to maintain Fale Pasifika on each campus.

The University continues to progress improvement initiatives associated with our administration systems and procedures. Managed Enrolment and Offer Management for processes progressed well throughout the year, with significant foundation work for the forecasting and planning analytics undertaken. A project to upgrade Massey's printing and copying fleet to Fuji Xerox machines reached the rollout stage and was completed by the

year's end. The upgrade not only provides advantages for individual users but also the University as a whole. Significant advancement of a University-wide Enterprise Reporting Project was made in 2012. The Strategy and Roadmap document for the Project received sign-off by the Project Board and the design for the first subject areas for the data warehouse covering "Applications and Enrolments" was completed. A soft launch is scheduled for early 2013.

In terms of the performance indicators for the Enabling Excellence Big Goal, the following is highlighted:

| Performance Indicator | Notes | 5-year rolling average (2007-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|---|-------|------------------------------------|-------------|-------------|-------------|
| OVERALL STUDENT SATISFACTION WITH SERVICES AND FACILITIES (% OF STUDENTS RATING SERVICES GOOD/VERY GOOD) | | 77 | 82 | 86 | 88 |

The Student Experience Survey measures student satisfaction with services and facilities throughout the student lifecycle and was completed as an online-survey by 6,322 students (29% response rate). Overall satisfaction decreased by 2 per cent on 2011 but remained above target and significantly above the five-year rolling average.

| Performance Indicator | Notes | 5-year rolling average (2007-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|--|-------|------------------------------------|-------------|-------------|-------------|
| STUDENT PARTICIPATION BY EQUIVALENT FULL-TIME STUDENTS (EFTS) | 1 | | | | |
| Total University | | 19,561 | 19,850 | 19,704 | 19,519 |
| SAC eligible | | 16,780 | 16,775 | 16,852 | 16,784 |
| Albany | | 3,297 | 3,845 | 3,237 | 3,256 |
| Manawatū | | 4,831 | 4,720 | 4,826 | 4,911 |
| Wellington | | 2,523 | 2,700 | 2,496 | 2,465 |
| Distance | | 6,128 | 5,510 | 6,293 | 6,152 |
| International full-fee | 2 | 2,142 | 2,475 | 2,222 | 2,050 |
| Other | | 639 | 600 | 631 | 686 |
| Undergraduate | | 15,582 | 15,860 | 15,663 | 15,448 |
| Sub-degree level and below | | 579 | 400 | 478 | 449 |
| Above sub-degree level | | 15,003 | 15,460 | 15,185 | 14,999 |
| Postgraduate taught | | 2,437 | 2,350 | 2,513 | 2,433 |
| Postgraduate research | | 1,542 | 1,640 | 1,529 | 1,639 |
| Internal | | 13,267 | 14,190 | 13,256 | 13,200 |
| Distance | | 6,294 | 5,660 | 6,449 | 6,319 |
| Māori | | 1,806 | 1,963 | 1,881 | 1,791 |
| Pasifika | | 522 | 738 | 625 | 574 |
| Domestic students under 25 | 3 | 8,891 | 9,060 | 9,158 | 9,114 |
| Domestic students 25 and over | 3 | 7,889 | 7,715 | 7,693 | 7,670 |

The University was only marginally under its overall enrolment targets for 2012, increasing enrolments over last year and above the five-year rolling average. Student Achievement Component (SAC) eligible enrolments remained within the thresholds set by the TEC under the capped funding system. International full-fee, Māori, Pasifika and Domestic students aged under 25 enrolments all increased on 2011 levels which is a positive outcome as these are areas in which the University targeted growth. Postgraduate research student numbers were down on last year and target for 2012, further highlighting the importance of the University's planned recruitment strategies in this area.

| Performance Indicator | Notes | 5-year rolling average (2007-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|--|-------|------------------------------------|-------------|-------------|-------------|
| STUDENT PARTICIPATION BY NUMBER (HEADCOUNT) | 4 | | | | |
| Total University | | 34,960 | 32,800 | 33,491 | 33,904 |
| International full-fee | 2 | 3,428 | 3,800 | 3,223 | 3,360 |
| Distance | | 16,645 | 14,200 | 15,627 | 15,870 |
| Māori | | 3,370 | 3,840 | 3,336 | 3,267 |
| Pasifika | | 955 | 1,450 | 1,102 | 1,039 |
| Domestic students under 25 | 3 | 11,824 | 11,720 | 12,141 | 11,986 |
| Domestic students 25 and over | 3 | 19,696 | 17,280 | 18,134 | 18,565 |

Student participation by headcount for total University in 2012 was higher than targeted but decreased from 2011, consistent with the Investment Plan.

| Performance Indicator | Notes | 5-year rolling average (2007-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|---|-------|------------------------------------|-------------|-------------|-------------|
| STUDENT PARTICIPATION BY PROPORTION OF STUDENTS - EFTS (%) | 5 | | | | |
| Māori | | 10.4 | 11.7 | 10.8 | 10.3 |
| Pasifika | | 2.8 | 4.4 | 3.3 | 3.0 |
| Domestic students under 25 | 3 | 53.0 | 54.0 | 54.3 | 54.3 |

Student participation by proportion of EFTS is under target for the two of the TEC's targeted groups of learners, Māori and Pasifika. However, there is a growth trend showing for both groups which is positive. Domestic students under 25 (another of the TEC's targeted groups of learners) did not change from 2011 and met target for 2012.

| Performance Indicator | Notes | 5-year rolling average (2007-2011) | 2012 Target | 2012 Actual | 2011 Actual |
|---|-------|------------------------------------|-------------|-------------|-------------|
| ACADEMIC STAFF WITH A DOCTORAL QUALIFICATION RATIO (% OF FULL-TIME EQUIVALENT) | | 60.9 | 73.0 | 66.6 | 62.4 |

The number of academic staff with a doctoral qualification increased from 2011 but remained below the 2012 target. During 2012 increased emphasis was placed on the accuracy of this data so year on year comparisons may be problematic. Moving forward there will be a greater confidence level in the accuracy of this indicator.

Notes:

1. EFTS determined on a paper-offering basis. Distance/Internal defined according to the delivery mode of the paper offering. Campus defined according to the location of the paper-offering.
2. International students are those that pay full international fees and exclude Foreign Wholly Research students.
3. Domestic students are those eligible for Student Achievement Component (SAC) funding and include Foreign Wholly Research students.
4. Includes all students in the University. Headcount for mode of delivery (Distance) defined according to student mode i.e. the primary mode of study for a student.
5. Includes SAC eligible EFTS only i.e. eligible for Student Achievement Component Funding.

APPENDICES

STUDENT NUMBERS

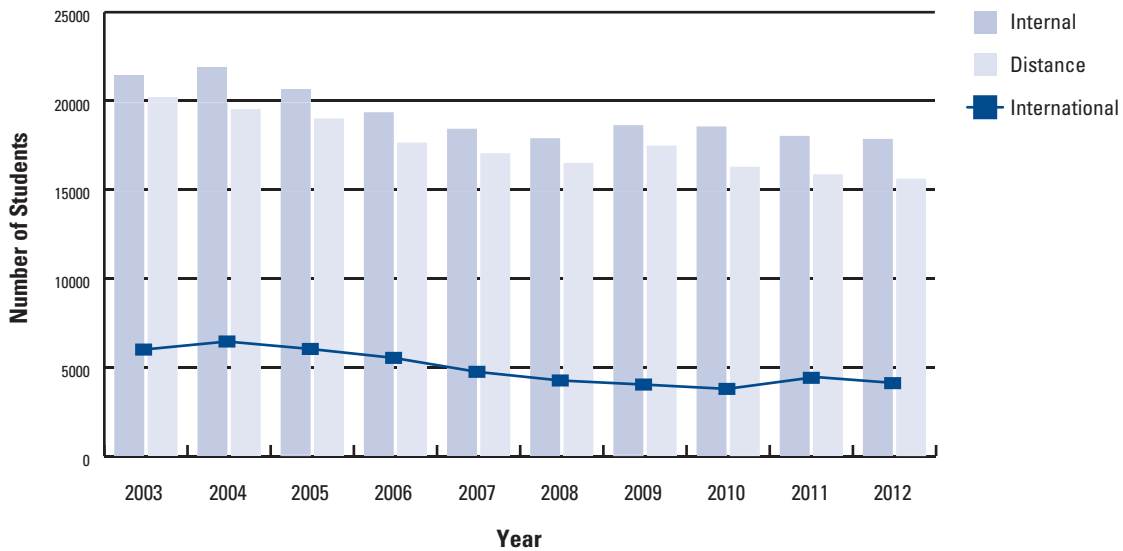
Note: Figures below are Student head count and include all students enrolled regardless of funding source

University Totals

| | Notes | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|-------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Internal | 1 | 21,461 | 21,893 | 20,640 | 19,366 | 18,436 | 17,902 | 18,637 | 18,566 | 18,034 | 17,864 |
| Distance | 1 | 20,201 | 19,543 | 19,017 | 17,656 | 17,055 | 16,511 | 17,488 | 16,299 | 15,870 | 15,627 |
| Total | | 41,662 | 41,436 | 39,657 | 37,022 | 35,491 | 34,413 | 36,125 | 34,865 | 33,904 | 33,491 |
| % change over previous year | | 4.82% | (0.54%) | (4.49%) | (6.64%) | (4.14%) | (3.03%) | 4.97% | (3.49%) | (2.76%) | (1.22%) |
| Number of international students included in totals above | 2 | 5,754 | 6,216 | 5,790 | 5,279 | 4,481 | 3,985 | 3,752 | 3,503 | 3,947 | 3,806 |

Notes:

1. By student mode
2. Include all international students regardless of New Zealand residency or funding status

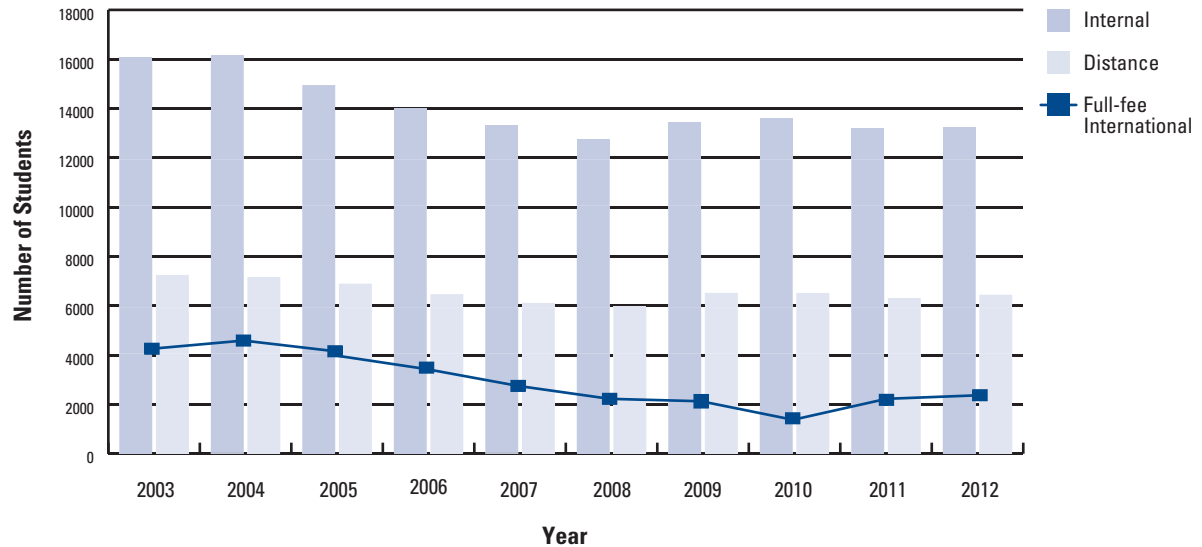


EQUIVALENT FULL-TIME STUDENTS (EFTS)

| | Notes | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|--|-------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Internal | 1 | 16,090 | 16,159 | 14,952 | 14,002 | 13,315 | 12,749 | 13,469 | 13,599 | 13,201 | 13,256 |
| Distance | 1 | 7,253 | 7,167 | 6,897 | 6,473 | 6,117 | 5,989 | 6,525 | 6,520 | 6,318 | 6,449 |
| Total all students regardless of funding sources | | 23,342 | 23,326 | 21,850 | 20,475 | 19,432 | 18,738 | 19,994 | 20,119 | 19,519 | 19,704 |
| % change over previous year | | 8.43% | (0.07%) | (6.33%) | (6.29%) | (5.09%) | (3.57%) | 6.70% | 0.63% | (2.98%) | 0.94% |
| Full-fee international students included in totals above | 2 | 4,341 | 4,809 | 4,197 | 3,412 | 2,671 | 2,084 | 2,021 | 1,886 | 2,050 | 2,222 |
| EFTS Funded by Tertiary Education Commission (TEC) | 3 | 18,349 | 17,840 | 16,931 | 16,297 | 16,085 | 15,996 | 17,360 | 17,673 | 16,784 | 16,852 |
| % change over previous year | | (1.05%) | (2.77%) | (5.10%) | (3.07%) | (1.99%) | (0.55%) | 8.52% | 1.80% | (5.03%) | 0.41% |

Notes:

1. By paper mode
2. These are full-fee international students as per TEC funding classification 02, 03 and 20
3. As per TEC Funding Classification 01.



STUDENT AGE DISTRIBUTION (HEAD COUNT)

| | | 2012 | | | | | | | | |
|-------------------|------------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Ethnicity | Gender | <17 | 17-19 | 20-24 | 25-29 | 30-34 | 35-39 | 40+ | Total | Total all (%) |
| New Zealand Māori | Female | 3 | 252 | 624 | 351 | 275 | 253 | 544 | 2,302 | 7% |
| | Male | 1 | 115 | 312 | 177 | 130 | 102 | 197 | 1,034 | 3% |
| | Total | 4 | 367 | 936 | 528 | 405 | 355 | 741 | 3,336 | 10% |
| European | Female | 2 | 1,598 | 3,658 | 1,792 | 1,268 | 1,085 | 3,219 | 12,622 | 38% |
| | Male | 3 | 895 | 2,172 | 1,030 | 741 | 568 | 1,509 | 6,918 | 21% |
| | Total | 5 | 2,493 | 5,830 | 2,822 | 2,009 | 1,653 | 4,728 | 19,540 | 58% |
| Pasifika | Female | 0 | 65 | 196 | 137 | 93 | 89 | 123 | 703 | 2% |
| | Male | 0 | 42 | 111 | 85 | 47 | 34 | 80 | 399 | 1% |
| | Total | 0 | 107 | 307 | 222 | 140 | 123 | 203 | 1,102 | 3% |
| Asian | Female | 3 | 190 | 1,042 | 581 | 333 | 145 | 195 | 2,489 | 7% |
| | Male | 1 | 133 | 915 | 530 | 291 | 124 | 141 | 2,135 | 6% |
| | Total | 4 | 323 | 1,957 | 1,111 | 624 | 269 | 336 | 4,624 | 14% |
| Other | Female | 0 | 56 | 407 | 202 | 174 | 135 | 245 | 1,219 | 4% |
| | Male | 0 | 75 | 368 | 216 | 127 | 121 | 193 | 1,100 | 3% |
| | Total | 0 | 131 | 775 | 418 | 301 | 256 | 438 | 2,319 | 7% |
| Unspecified | Female | 0 | 125 | 386 | 223 | 182 | 154 | 293 | 1,363 | 4% |
| | Male | 1 | 146 | 375 | 197 | 141 | 127 | 220 | 1,207 | 4% |
| | Total | 1 | 271 | 761 | 420 | 323 | 281 | 513 | 2,570 | 8% |
| Total | Female | 8 | 2,286 | 6,313 | 3,286 | 2,325 | 1,861 | 4,619 | 20,698 | 62% |
| | Male | 6 | 1,406 | 4,253 | 2,235 | 1,477 | 1,076 | 2,340 | 12,793 | 38% |
| | Total | 14 | 3,692 | 10,566 | 5,521 | 3,802 | 2,937 | 6,959 | 33,491 | |
| | Total (%) | 0.04% | 11% | 32% | 16% | 11% | 9% | 21% | | |

Notes:

1. Total all (%) column and row is the percent of the total year figure: 2012 = 33,491
2. Figures above include all students regardless of funding source
3. Student data as at 31st December 2012 (extracted 30th December 2012)

STUDENT ETHNICITY, MODE AND GENDER (HEAD COUNT)

| Ethnicity | Mode | 2012 | | | |
|-------------------|--------------|---------------|---------------|---------------|---------------|
| | | Female | Male | Total | Total all (%) |
| New Zealand Māori | Internal | 887 | 486 | 1,373 | 4% |
| | Distance | 1,415 | 548 | 1,963 | 6% |
| | Total | 2,302 | 1,034 | 3,336 | 10% |
| European | Internal | 5,763 | 3,384 | 9,147 | 27% |
| | Distance | 6,859 | 3,534 | 10,393 | 31% |
| | Total | 12,622 | 6,918 | 19,540 | 58% |
| Pasifika | Internal | 323 | 224 | 547 | 2% |
| | Distance | 380 | 175 | 555 | 2% |
| | Total | 703 | 399 | 1,102 | 3% |
| Asian | Internal | 1,914 | 1,759 | 3,673 | 11% |
| | Distance | 575 | 376 | 951 | 3% |
| | Total | 2,489 | 2,135 | 4,624 | 14% |
| Other | Internal | 767 | 814 | 1,581 | 5% |
| | Distance | 452 | 286 | 738 | 2% |
| | Total | 1,219 | 1,100 | 2,319 | 7% |
| Unspecified | Internal | 745 | 798 | 1,543 | 5% |
| | Distance | 618 | 409 | 1,027 | 3% |
| | Total | 1,363 | 1,207 | 2,570 | 8% |
| Total | Internal | 10,399 | 7,465 | 17,864 | 53% |
| | Distance | 10,299 | 5,328 | 15,627 | 47% |
| | Total | 20,698 | 12,793 | 33,491 | |

Notes:

1. Total all (%) column and row is the percent of the total year figure: 2012 = 33,491
2. Figures above include all students regardless of funding source
3. Student data as at 31st December 2012 (extracted 30th December 2012)

STAFFING LEVELS

FULL-TIME EQUIVALENT (FTE) STAFF

STAFF FTE

| | 2011 | 2012 |
|--|--------------|--------------|
| Colleges | | |
| Academic | 1,080 | 1,072 |
| Professional services | 430 | 426 |
| Contract and Trading | 383 | 367 |
| Total Colleges | 1,893 | 1,865 |
| Centres of Research Excellence, Support Services and Administration | | |
| Vice-Chancellor's Office | 19 | 17 |
| Assistant Vice-Chancellor (Academic and International) | 377 | 381 |
| Assistant Vice-Chancellor (External Relations) | 40 | 43 |
| Assistant Vice-Chancellor (Finance, Strategy and IT) | 192 | 204 |
| Assistant Vice-Chancellor (Māori and Pasifika) | 28 | 25 |
| Assistant Vice-Chancellor (People and Organisational Development) | 30 | 30 |
| Assistant Vice-Chancellor (Research and Enterprise) | 79 | 80 |
| Assistant Vice-Chancellor and University Registrar | 325 | 326 |
| Total Centres of Research Excellence, Support Services and Administration | 1,089 | 1,106 |
| Total Staff | 2,982 | 2,972 |

Note:

2011 figures have been reworked as some reporting lines changed in 2012. A degree of caution needs to be applied when comparing 2011 to 2012 figures

STAFF (FTE), BY COLLEGE

| College | | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| College of Business | Academic | 302 | 290 | 282 | 251 | 240 | 221 | 210 | 207 |
| | Professional services | 123 | 113 | 97 | 97 | 103 | 106 | 89 | 86 |
| | Contract and Trading | 4 | 17 | 16 | 11 | 9 | 12 | 9 | 9 |
| College of Creative Arts | Academic | 146 | 115 | 105 | 101 | 113 | 113 | 107 | 98 |
| | Professional services | 36 | 34 | 35 | 35 | 37 | 38 | 37 | 40 |
| | Contract and Trading | 0 | 2 | 2 | 6 | 6 | 3 | 3 | 4 |
| College of Education | Academic | 125 | 121 | 113 | 104 | 107 | 104 | 102 | 99 |
| | Professional services | 51 | 62 | 48 | 47 | 47 | 47 | 34 | 32 |
| | Contract and Trading | 103 | 110 | 111 | 94 | 85 | 73 | 65 | 49 |
| College of Humanities and Social Sciences | Academic | 259 | 252 | 244 | 226 | 234 | 245 | 258 | 257 |
| | Professional services | 62 | 55 | 62 | 49 | 55 | 56 | 49 | 47 |
| | Contract and Trading | 67 | 118 | 115 | 137 | 154 | 147 | 146 | 139 |
| College of Sciences | Academic | 422 | 436 | 445 | 432 | 423 | 408 | 403 | 411 |
| | Professional services | 298 | 253 | 284 | 242 | 255 | 233 | 221 | 222 |
| | Contract and Trading | 123 | 206 | 174 | 158 | 156 | 170 | 160 | 166 |
| Total Colleges | Academic | 1,254 | 1,214 | 1,189 | 1,114 | 1,117 | 1,091 | 1,080 | 1,072 |
| | Professional services | 570 | 517 | 526 | 470 | 497 | 481 | 430 | 426 |
| | Contract and Trading | 297 | 453 | 418 | 402 | 410 | 405 | 383 | 367 |
| Total FTE | | 2,121 | 2,184 | 2,133 | 1,987 | 2,023 | 1,976 | 1,893 | 1,865 |

STAFFING RATIOS

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Funded equivalent full-time students (EFTS) (excluding Professional and Continuing Education) | 20,985 | 19,490 | 18,549 | 17,869 | 18,889 | 19,048 | 18,493 | 19,316 |
| Total academic staff incl casual academic | 1,255 | 1,214 | 1,188 | 1,114 | 1,117 | 1,091 | 1,080 | 1,072 |
| Total professional services staff incl casual professional services | 1,574 | 1,507 | 1,522 | 1,456 | 1,553 | 1,552 | 1,519 | 1,533 |

| College | 2010 | | 2011 | | 2012 | |
|---|---------------------------------|------------------------------------|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
| | Ratio of EFTS to Academic Staff | Ratio of General to Academic Staff | Ratio of EFTS to Academic Staff | Ratio of General to Academic Staff | Ratio of EFTS to Academic Staff | Ratio of General to Academic Staff |
| College of Business | 26.1 : 1 | 0.48 : 1 | 25.6 : 1 | 0.43 : 1 | 24.9 : 1 | 0.48 : 1 |
| College of Creative Arts | 16.2 : 1 | 0.33 : 1 | 15.9 : 1 | 0.34 : 1 | 14.7 : 1 | 0.33 : 1 |
| College of Education | 19.0 : 1 | 0.46 : 1 | 17.5 : 1 | 0.33 : 1 | 16.5 : 1 | 0.46 : 1 |
| College of Humanities and Social Sciences | 19.2 : 1 | 0.23 : 1 | 17.8 : 1 | 0.19 : 1 | 19.2 : 1 | 0.23 : 1 |
| College of Sciences | 11.5 : 1 | 0.57 : 1 | 12.5 : 1 | 0.55 : 1 | 12.6 : 1 | 0.57 : 1 |
| University Total | 17.5 : 1 | 1.42 : 1 | 17.1 : 1 | 1.41 : 1 | 17.1 : 1 | 1.41 : 1 |

