TR18-9639

MINISTRY OF EDUCATION
TE TĀHUHU O TE MĀTAURANGA

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Office of Hon Hipkins

Education Report: New Zealand Vice-Chancellors' Committee – Financial Statements and Statement of Performance for the Year ended 30 June 2018

To:	Hon Chris Hipkins, Minister of Education		
Date:	19 October 2018	**Priority:**	High
Security Level:	In Confidence	**METIS No:**	1160591
Drafter:	Colleen Slagter	**DDI:**	s 9(2)(a)
Key Contact:	Ewan Delany	**DDI:**	
Messaging seen by Communications team:	No	**Round Robin:**	No

Purpose of Report

The purpose of this paper is to:

Seek your agreement to send the attached letter to the New Zealand Vice-Chancellors' Committee, which currently uses the name 'Universities New Zealand':

- acknowledging receipt of their audited financial accounts
- stating that you will present a copy of the report to the House of Representatives in accordance with section 150 of the Crown Entities Act 2004.

Agree / **Disagree**

Agree that this Briefing will be proactively released.

Agree / **Disagree**

John Brooker
Acting Group manager
Graduate Achievement, Vocations and Careers

17/10/2018

Chris Hipkins
Minister of Education

21/10/18

Proactively Released

Background

1. The New Zealand Vice-Chancellors' Committee and group, which currently operates as 'Universities New Zealand' (UNZ) has sent you their financial statements and statement of performance, including the independent auditor's report, for the year ended 30 June 2018. The report also includes the Academic Quality Agency's Statement of Service Performance.

2. You are required to present a copy of these financial statements to the House of Representatives in accordance with section 150 of the Crown Entities Act 2004."

The financial statements and statement of performance have been audited and fairly present the position at year end

3. The Auditor General appointed Henry McClintock, using the staff and resources of BDO Wellington, to carry out the audit of the financial statements and statement of performance of UNZ.

4. The auditor considers that the financial statements of UNZ:
   a. present fairly, in all material respects, the financial position as at 30 June 2018 and the financial performance and cash flows for the year then ended
   b. comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR").

2. The auditor also considers that the statement of performance of UNZ on pages 15 to 26 presents fairly, in all material respects, UNZ's performance achievements measured against the proposed outcomes described in the investment plan for the year ended 30 June 2018.

3. UNZ appears to be in a good financial position and has more assets compared to the projected budget for 2018 and the 2016/2017 financial year.

The report outlines UNZ's work during 2018

5. UNZ has been involved in and contributed to the Government's work programmes and the work of the Ministry of Education, New Zealand Qualifications Authority, and Tertiary Education Commission, as well as work with other Government agencies. It has been proactively involved in the Education Conversation | Kōrero Mātauranga and the future of tertiary education work.

Key Risks

6. There are no risks with tabling this report.

Next Steps

7. We recommend you sign and send the attached letter to UNZ (see Annex 1). If you require changes to the attached letter, we will make them as soon as possible.

8. You are also required to present a copy of these financial statements to the House of Representatives within five working days of receipt. UNZ must publish its annual report as soon as practicable after it has been presented to the House of Representatives, but in any case not later than 10 working days after the annual report is received by the Minister.

Proactively Released

Proactive Release

9. We recommend that this briefing is proactively released as per your expectation that information be released as soon as possible. Any information which may need to be withheld will be done so in line with the provisions of the Official Information Act 1982.

Annexes

Annex 1: Letter to New Zealand Vice Chancellors' Committee (UNZ)

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Hon Chris Hipkins

MP for Rimutaka

Minister of Education
Minister of State Services

Leader of the House
Minister Responsible for Ministerial Services

23 OCT 2018

Chris Whelan
Executive Director
Universities New Zealand Te Pōkai Tara

chris.whelan@universitiesnz.ac.nz

Dear Chris

Thank you for your letter of 12 October 2018 about the financial performance of Universities New Zealand Te Pōkai Tara (UNZ).

I appreciated receiving the New Zealand Vice-Chancellors' Committee financial statements and statement of performance for the year ended 30 June 2018. These documents provide valuable insight into UNZ's work and success in meeting its statutory purposes, and I welcome the opportunity to table them in the House.

I note the breadth of activities UNZ is involved in and contributing to, including the Government's work programmes. UNZ's proactive role in regard to the Education Conversation | Kōrero Mātauranga and the future of tertiary education is especially appreciated.

Thank you for writing and highlighting UNZ's significant outputs over the 2017/18 financial year. I wish the Vice-Chancellors and those who support their work at UNZ, all the very best as they continue to progress this work during 2018/19.

Yours sincerely

Chris Hipkins
Minister of Education

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TE PŌKAI TARA
UNIVERSITIES
NEW ZEALAND

12 October 2018

Hon Chris Hipkins
Minister for Education
Parliament Buildings
Private Bag 18041
Wellington 6160

Received
15 OCT 2018
Office of Hon Chris Hipkins

c.hipkins@ministers.govt.nz

Dear Minister

New Zealand Vice-Chancellors' Committee – Financial Statements and Statement of Performance for the Year ended 30 June 2018

The New Zealand Vice-Chancellors' Committee is pleased to provide you with our Financial Statements and Statement of Performance for the year ending 30 June 2018, under the provisions of the Education Act 1989 (s.240(6)).

In reviewing it you will see that Universities New Zealand continues to;

- Ensure that the sector offers high quality and relevant university qualifications and programmes,
- Efficiently administer a range of scholarships,
- Facilitate significant cross-sector collaboration and coordination to deliver a more joined-up and efficient system,
- Represent the universities' interests, nationally and internationally and to support their international growth programmes.

It would be appreciated if you could confirm receipt of the Financial Statements to Jackie Bailey (jackie.bailey@universitiesnz.ac.nz) to enable these to be published no later than 10 working days after the report has been received by you, as required by Section 150 of the Crown Entities Act.

Thirty copies of the Financial Statements will be forwarded to the Bills Office for distribution when we receive confirmation of receipt from your office.

Yours sincerely

Chris Whelan
Executive Director
Chris.whelan@universitiesnz.ac.nz | DDI 04 381 8511 | M 027 242 5886

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NEW ZEALAND VICE-CHANCELLORS' COMMITTEE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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Proactively Released

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

BACKGROUND

Establishment of the Committee

The Committee is a statutory body established under section 240 of the Education Act 1989 (the same body established under the Universities Act 1961). The Vice-Chancellors of the eight universities make up the membership of the Committee. They are assisted in the administration of the Committee's affairs by a range of committees and working groups and a secretariat based in Wellington. The New Zealand Vice-Chancellors' Committee (NZVCC) adopted the name Universities New Zealand – Te Pōkai Tara in August 2010.

Sources of Funds

Grants of $2,584,000 from the universities were the main source of funding received by the Committee. $2,184,000 was for the Committee and $400,000 for the Academic Quality Agency for New Zealand Universities (AQA).

Interest revenue and scholarship administration fees supplement this revenue.

Further Information about Universities New Zealand – Te Pōkai Tara (Universities NZ)

The Universities NZ website, www.universitiesnz.ac.nz provides a wide range of information and publications.

The Universities NZ offices are located at Level 9, 142 Lambton Quay, Wellington.

Further information about the Academic Quality Agency for New Zealand Universities

The Academic Quality Agency for New Zealand Universities was established by the New Zealand Vice-Chancellors' Committee. It is funded by the universities and its Board is appointed by the NZVCC. However its operations, including academic audits, are independent of the NZVCC and of the individual universities. The accounts of the AQA have been included in the consolidated accounts of the NZVCC. This in no way compromises the operational independence of the AQA in carrying out its activities.

The office of the AQA is located at Level 9, 142 Lambton Quay, Wellington.

Further information about the AQA can be found at www.aqa.ac.nz.

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NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

STATEMENT OF RESPONSIBILITY

We acknowledge that:

(a) The preparation of financial statements of the New Zealand Vice-Chancellors' Committee and judgements used herein are our responsibility.

(b) The establishment and maintenance of an internal control system designed to give reasonable assurance as to the integrity and reliability of the financial and non-financial reports for the year ended 30 June 2018 are our responsibility; and

In our opinion the financial statements for the year under review fairly reflect the financial position and operations of the New Zealand Vice-Chancellors' Committee.

Professor Stuart McCutcheon
Chair
New Zealand Vice-Chancellors' Committee

Mr Derek McCormack
Deputy Chair
New Zealand Vice-Chancellors' Committee

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The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

BDO WELLINGTON

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF NEW ZEALAND VICE CHANCELLORS' COMMITTEE AND GROUP'S FINANCIAL STATEMENTS AND STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

The Auditor-General is the auditor New Zealand Vice Chancellors' Committee (the "Committee") and group. The Auditor-General has appointed me, Henry McClintock, using the staff and resources of BDO Wellington, to carry out the audit of the financial statements and statement of performance of the Committee and group on his behalf.

Opinion

We have audited:

- the financial statements of the Committee and group on pages 27 to 49, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of performance of the Committee and group on pages 15 to 26.

In our opinion:

- the financial statements of the Committee and group on pages 27 to 49:
    - present fairly, in all material respects:
        - the financial position as at 30 June 2018; and
        - the financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR"); and
- the statement of performance of the Committee and group on pages 15 to 26 presents fairly, in all material respects, the Committee and group's performance achievements measured against the proposed outcomes described in the investment plan for the year ended 30 June 2018.

Our audit was completed on 11 October 2018. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

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Responsibilities of the Council for the financial statements and the statement of performance

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

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

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

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

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

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

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

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

For the budget information reported in the financial statements and the statement of performance, our procedures were limited to checking that the information agreed to the Committee and group's statement of objectives.

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

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

- We identify and assess the risks of material misstatement of the financial statements and the statement of performance, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Committee and group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

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conditions that may cast significant doubt on the Committee and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of performance or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Committee and group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the statement of performance, including the disclosures, and whether the financial statements and the statement of performance represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of performance of the entities or business activities within the group to express an opinion on the consolidated financial statements and the consolidated statement of performance. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Council is responsible for the other information. The other information comprises the information included on pages 5 and 13, but does not include the financial statements and the statement of performance, and our auditor's report thereon.

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

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

Independence

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

Other than the audit, we have no relationship with or interests in the Committee or any of its subsidiaries.

BDO Wellington

Henry McClintock
BDO Wellington
On behalf of the Auditor-General
Wellington, New Zealand

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The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

TE PŌKAI TARA
UNIVERSITIES
NEW ZEALAND

NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
STATEMENT OF OBJECTIVES
FOR THE YEAR ENDED 30 JUNE 2018

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Roles

Universities NZ has three roles:

1. A statutory role in quality assuring all NZ university academic programmes, overseeing high school university entrance standards and managing a range of scholarship schemes.
2. A coordination role in bringing together different parts of the university system to share best practice and to collaborate on matters of common interest.
3. A role working with key Government agencies and ministers to ensure that there is good understanding regarding the university sector and to contribute to the development of Government policy.

Outcomes

Universities New Zealand – Te Pōkai Tara seeks to achieve the following outcomes:

1. Enhanced quality assurance in the New Zealand university system
2. Enhanced efficiency and effectiveness across the New Zealand university system
3. Policies and an operating environment that ensure New Zealand universities are optimally able to contribute to economic growth and social well-being.

Functions

1. To exercise approval and moderation procedures for new academic programmes in universities and to develop and support processes for auditing quality assurance.
2. To administer current scholarship schemes and to develop that function further.
3. To provide policy advice and co-ordinating services to the universities, government and any other bodies on inter-university policy issues including representing the New Zealand university system nationally and internationally.

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TE PŌKAI TARA
UNIVERSITIES
NEW ZEALAND

NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018

Output 1 – Academic Quality Assurance

Outcomes
This output contributes to the achievement of Outcomes 1 and 3 - enhanced quality assurance in the New Zealand university system and policies and activities that strengthen the universities' contribution to economic growth and social well-being.

The Academic Quality Agency for New Zealand Universities also contributes to Outcome 1 and their Statement of Performance is provided separately.

Service Provided
To exercise approval and moderation procedures for new academic programmes in universities, develop and support processes for monitoring quality assurance and provide advice on matters of academic policy.

Quality and Timeliness
The quality and timeliness of the work of the Committee on University Academic Programmes (CUAP) are ensured by CUAP's carrying out its functions and procedures in accordance with the criteria and timetable set out in its handbook and by periodic independent audits of its procedures.

(a) ***Objective***
To complete the two annual rounds of approvals for new university academic programmes.

Achievements
CUAP approved 62 new qualifications in 2017 to be offered in 2018.

(b) ***Objective***
To develop and improve quality assurance arrangements in New Zealand universities.

Achievements
- *CUAP developed and published an updated edition of its Handbook outlining the Committee's policies and procedures for quality assurance in the university sector. The updated version of the Handbook was made publicly available on the Universities NZ website.*
- *Following the review of the academic audit of CUAP, changes were implemented to refine and enhance CUAP processes, particularly around approvals and appeals.*
- *CUAP further developed its online Proposal Management System to include the ability for universities to electronically sign-off on proposals.*
- *CUAP continued to monitor the development of 180-credit master's qualifications.*
- *Universities NZ facilitated a workshop for universities academic office staff to discuss institutional policies and processes, and to share good practice. The focus of the 2017 workshop was institutional peer-review of CUAP proposals.*

(c) ***Objective***
To work effectively with the New Zealand Qualifications Authority (NZQA) to fulfil statutory responsibilities and promote quality assurance.

Achievements
The Joint Consultative Group, a body made up of Universities NZ, NZQA and AQA met four times.
Universities NZ participated in the following NZQA Advisory and Working Groups:
- *New Zealand Advisory Group (International)*
- *New Zealand Qualifications Framework Advisory Group*

Universities NZ continued to liaise closely with NZQA regarding the operation of the New Zealand Qualifications Framework.

(d) ***Objective***
To consider matters relating to university entrance and to contribute to the process of curriculum development and examination in the senior secondary school.

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Achievements
CUAP's Subcommittee on University Entrance met. The Subcommittee discussed the Ministry of Education's National Certificate of Educational Achievement (NCEA) review and NZQA's review of literacy standards and NCEA school courses for University Entrance purposes.
Universities NZ was represented on the following Advisory and Working Groups:

- *NCEA Review Reference Group (Ministry of Education).*
- *Secondary Qualifications Advisory Group (NZQA).*
- *Māori-medium Secondary Qualifications Advisory Group.*
- *University Entrance Advisory Group (Approved Subjects Process).*
- *University Entrance Literacy Review Advisory Group.*
- *University Entrance External Advisory Group.*
- *Pathways Advisory Group (Ministry of Education).*

(e) ***Objective***
To work effectively with the Academic Quality Agency for New Zealand Universities to fulfil Universities NZ's responsibilities for quality assurance in the universities.

Achievements

- *The Joint Consultative Group, a body made up of Universities NZ, NZQA and AQA met four times.*
- *Universities NZ participated with AQA in discussions and presentations on university quality assurance policies and processes to the Education Council and Education New Zealand.*
- *Universities NZ attended AQA's Quality Managers' workshop and Support for Quality Conference 2017 and hosted a workshop in connection with the conference.*

Total budget for academic services:	$205,586
Total cost for academic services:	$214,254

Output 2 - <u>Scholarships</u>

Outcomes
This output contributes to the achievement of Outcome 3 - policies and activities that strengthen the universities' contribution to economic growth and social well-being.

Service Provided
To administer current scholarship schemes and to further develop the provision of scholarships.

Quality and Timeliness
The quality and timeliness of scholarship administration is ensured by the supervision of the Scholarships Committee and adherence to the timetable and rules for the award of each scholarship scheme.

Achievements
During the reporting period management and administration services were provided for 39 scholarship programmes. For the programmes Universities NZ:

- *made 98 scholarship or fellowship awards on behalf of sponsors and donors.*
- *made 31 nominations of NZ applicants to overseas decision-making bodies.*
- *made the selection of 9 scholars where the awards were then managed by the donor.*

Total budget for scholarship services:	$276,888
Total cost for scholarship services:	$285,624

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Output 3 - Policy Advice and Coordinating Services

Outcomes
This output contributes to the achievement of Outcomes 2 and 3 – enhanced efficiency in the New Zealand university system and policies and activities that strengthen the universities' contribution to economic growth and social well-being.

Service Provided
To provide policy advice and coordinating services to Government and the universities, particularly through the government agencies of the Tertiary Education Commission (TEC), Ministry of Business, Innovation and Employment (MBIE), New Zealand Qualifications Authority and Ministry of Education, including participating in working parties.

Quality and Timeliness
The quality and timeliness of advice is ensured by approval of policy advice and submissions by Universities NZ and its committees and meeting deadlines specified by external bodies.

(a) Governance

Objective
To assist Chancellors in holding meetings and joint meetings with Vice-Chancellors.

Achievements
Chancellors met as a group by themselves and then with the Vice-Chancellors once in 2017/18 – in February 2018.

(b) Ministers and Government Agencies

Objective
To initiate and respond to policy initiatives on behalf of the universities.

Achievements
Submissions were made to the Government during 2017/18 on the following subjects;
- *Submission on the Education Amendment Bill 2018 (April 2018).*
- *Submission to the Government's Mental Health Review (June 2018).*
- *Submission on the Government's International Education Strategy (June 2018).*
- *Submission on the Government's Post-Study Work-Rights proposal (June 2018).*

Universities New Zealand continued an active programme of engagement with officials and ministers and contributed to the following;
- *Implementation of the new Government's first year Fees Free policy.*
- *Thinking on ways of achieving parity in participation and achievement of Māori and Pasifika at university.*
- *The Government's development of a thirty-year strategy for education.*
- *The scope of the review of the Performance Based Research Fund.*
- *Funding for the sector following the May 2018 Budget.*

Responding appropriately to other smaller scale Government initiatives including;
- *NZQA work around micro-credentialing, credit transfer, and recognition of prior learning.*
- *The review of REANNZ funding.*
- *Processes for responding to claims of academic wrongdoing in New Zealand universities.*
- *Publication of results in the TEC's MyQ project.*

(c) The Public and Non-Government Stakeholders

Objective
To ensure there is understanding and support for the university sector across New Zealand society.

Achievements
- *The Universities New Zealand website was upgraded to provide a significant amount of additional information on the role and contribution of universities in New Zealand.*
- *A Deloitte Access Economics report was published assessing the value of New Zealand universities collaborating on research and student exchanges with overseas universities.*
- *During the year, the Executive Director of Universities NZ presented at 13 conferences or workshops and held 20 meetings with stakeholder groups such as Business NZ, New Zealand Union Students' Association and Science New Zealand. He also made a large number of media statements, both proactive and reactive.*

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(d) Research

Objectives
To promote the funding of university research in New Zealand.

To facilitate the development of relationships with the Ministry of Business, Innovation and Employment, other research funding bodies such as the Health Research Council and the Royal Society of New Zealand, and the Tertiary Education Commission.

To co-ordinate consideration of research issues amongst the universities.

To foster the universities' relationship with the Crown Research Institutes (CRIs) and Science New Zealand.

To support the care of animals in research.

Achievements
- *Funds of $40,000 were provided to the Royal Society of New Zealand to support the Australian and New Zealand Council for the Care of Animals in Research Training (ANZCCART).*
- *Co-sponsored the Speaker's Science Forum series at Parliament; worked with the Royal Society on selecting suitable topics and speakers.*
- *Worked with Standards New Zealand in identifying experts suitable to assist with the development of standards for automatic fire sprinkler systems, energy efficiency and steel corrosion protection.*
- *Supported university divers in the development of an Australian-NZ standard that adequately reflects the interests of the NZ universities.*
- *Worked with the Royal Society on the development of a code of professional standards.*

(e) Te Kāhui Amokura

Objectives
To provide advice to the Vice-Chancellors, the universities and government on strategies, policies and structures relating to Māori and the universities, in areas of priority to Māori and Māori scholarship.

To instigate initiatives in areas of priority to Māori and Māori scholarship.

Achievements
Universities New Zealand – Te Pōkai Tara and Te Kāhui Amokura continue to be represented on the following advisory and working groups;
- *Enhancement Theme Steering Group (Cycle 6 – AQA).*
- *Secondary Qualifications Advisory Group (NZQA).*
- *Māori-Medium Secondary Qualifications Advisory Group (NZQA).*
- *TEC Māori and Pasifika Assessment Framework Working Group.*
- *Ministry of Education - Pathways Advisory Group.*

Te Kāhui Amokura have established formal relationships with the following government agencies who regularly attend committee meetings;
- *Tertiary Education Commission*
- *Ministry of Education*
- *NZQA*

Other achievements include;
- *An analysis of financial 'investment' in Tauira Māori initiatives across the universities from the joint NZVCC work plan.*
- *Completion of four 'Good Practice' case studies – Transition, Academic and Learning support, Māori in STEM, University Wide Initiative and Targeted Admission Scheme.*
- *Developed a new process with Universities NZ to co-create the 'Parity Discussion Paper'.*
- *Invitation and attendance at the 'National Education Forums' in Christchurch/Auckland.*
- *Meeting with the Associate Minister Māori Education – Kelvin Davis.*
- *Held the second joint committee workshop with the Human Resource Committee to look at the topic of Māori Staff Development and several of the collective issues within the space. Memorandum developed for NZVCC.*

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(f) Human Resources

Objectives
To monitor university human resources issues at the national level with particular regard to the international competitiveness of remuneration, staff recruitment and retention.

To advise the Vice-Chancellors on human resources matters.

Achievements
- *Human Resources (HR Directors) Directors held three face to face meetings in 2017/18.*
- *HR Directors are monitoring impacts related to changes in employment legislation, and developments in health, safety and wellbeing including mental health.*
- *Joint Te Kāhui Amokura and HR Directors' workshop agreed to explore approaches to Māori workforce development.*

(g) Copyright Licensing

Objectives
To negotiate on behalf of universities for licenses with copyright licensing agencies and to keep new developments in copyright including legislative change under review.

Achievements
- *The Copyright Expert Working Group communicated via email in 2017/18.*
- *Specific subjects of discussion included: preparations of the annual reporting to Copyright Licensing NZ, preparatory work for a submission on the Marrakesh Treaty, preparatory work for Screenrights negotiations, input into the initial stages of the Copyright Act Review.*

(h) Communications

Objectives
To promote increased public support for the New Zealand university system by raising awareness of universities' multifaceted contribution to individual advancement and New Zealand's economic, social, cultural and environmental goals.

To raise awareness of university education, research and internationalisation activities and how these add value to New Zealand's economic and social development.

Achievements
- *Released new website (Aug 2017) and continued finetuning and development.*
- *Updated Key Facts & Stats publication for the university sector.*
- *Developed 22 media releases and news stories, coordinated comments and quotes, facilitated interviews with the Executive Director and Chair.*
- *Developed opinion pieces on key sector issues.*
- *Coordinated Marketing and Communications Directors portfolio.*
- *Supported planning for and organisation of University Communications Managers Annual event.*
- *Developing half-yearly event for University Communication Managers.*
- *Other support work for Vice-Chancellors and Universities New Zealand.*

(i) International

Objectives
To facilitate internationalisation in the NZ universities.

To co-ordinate the consideration of international policy and strategy amongst the universities.

To develop and maintain relationships with foreign higher education providers, governments and peak bodies.

To foster the universities' relationship with Education NZ, the Ministry of Education, Immigration and other relevant government agencies.

To provide advice to the Vice-Chancellors and government on matters relevant to internationalisation in the New Zealand universities.

Proactively Released

Achievements

- *The International Policy Committee held 4 meetings during the year*
- *International Collaboration in higher education was promoted through:*
  - *New Zealand Taiwan Higher Education Symposium.*
  - *China/NZ Student Mobility Forum.*
  - *New Zealand Forum in Brazil to foster academic collaboration and research.*
- *Strengthened relationships with government agencies and advocated for favourable policy settings:*
  - *Held the first roundtable of all relevant Government agencies with the International Policy Committee.*
  - *Submission on post-study work rights for the university sector.*
  - *Submission on the international education strategy on behalf of the university sector.*
  - *Secured funding support for strategy implementation and bespoke projects from ENZ.*
- *Completed pan-university initiatives:*
  - *Implementation of the first phase of the India market development strategy.*
  - *Development of the Latin America Strategy; and associated Agent Strategy.*

(j) Information and Communications Technology

Objective

To provide leadership in the use of information and communications technology in the universities and advance the efficient and effective use of this technology in the support of teaching, learning, research and administration by the staff and students of NZ universities.

Achievements

- *The Information Communication Technology Committee held 4 video conferences and one face to face meeting in 2017/18.*
- *Participation in both the Universities, and the REANNZ and CRIs reviews.*
- *Participation in REANNZ service reviews for REANNZ and Tuakiri.*
- *Cyber security and facilities whole day workshop for universities, including external participants from Government Communications Security Bureau/National Cyber Security Centre, Community Emergency Response Team, Vodafone, REANNZ and Cyber Toa.*
- *Undertook sector licensing negotiations with Microsoft.*

(k) Libraries

Objective

To improve access for students and staff of NZ universities to the information resources required to advance teaching, learning and research.

Achievements

- *The Council of NZ University Librarians (CONZUL) met twice in 2017/18.*
- *Proactive engagement with the National Library and the senior management team; engagement with MBIE about the national Research Information System .*
- *Development and endorsement by Vice Chancellors of the Strategic Priorities document for 2018-2020.*
- *Endorsement to maintain an active watching brief of international developments, with a view to determining the benefits of extending consortia involvement further afield in future.*

(l) Facilities Management

Objective

To provide leadership in the management of resources for the maintenance, compliance and sustainability of the New Zealand universities' property and related infrastructure assets.

Achievements

- *Facilities managers' met twice in 2017/18.*
- *Agreement to lead development in relationships cross-industry and sector.*
- *Relationships established with MBIE, Worksafe, TEC.*
- *One day cyber security and facilities workshop including external participants (see earlier information included in Information Communications Technology).*
- *Review and analysis of Asbestos Regulations as they pertain to NZ and universities.*
- *Review and analysis of international trends in the development of Building Information Management (BIM) systems.*

(m) Planning

Objective

To provide advice on issues concerning the universities' planning, funding and reporting functions especially those related to the proposals and requirements of the Tertiary Education Commission and the Ministry of Education.

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Achievements

- *Worked with the Tertiary Education Commission and other university groups on the implementation of the government's fees-free policy.*
- *Worked with the Tertiary Education Commission on the development of a template for Educational Performance Indicator template.*

(n) Student Administration and Academic Services

Objectives

To provide advice and make recommendations to the Vice-Chancellors on matters relating to the provision of student administration and academic services and to be the principal contact on behalf of the universities with appropriate government agencies.

Achievements

- *All eight New Zealand universities have committed to the implementation of My eQuals (previously the Digital Student Data Project). The University of Auckland; Auckland University of Technology; the University of Canterbury; and the University of Otago are now live, with the remaining four universities aiming to go live in July and August 2018.*
- *Universities NZ hosted a My eQuals presentation for professional and regulatory bodies and key stakeholders in December 2017.*
- *CSAAS continued to liaise closely with StudyLink and NZQA.*

(o) Administrative Support

Objective

To provide administrative support to inter-university initiatives.

Achievements

Administrative support was provided to all formal Universities NZ committees during the year and to the Women in Leadership Programme, the NZ Women in Leadership POD Fund, the Council of Deans of Education and to the Tertiary ICT Conference.

Total budget for policy advice and co-ordinating services:	$1,961,326
Total cost of policy advice and co-ordinating services:	$2,185,617
Total budget for all outputs:	**$2,443,800**
Total cost for all outputs:	**$2,685,495**

Professor Stuart McCutcheon
Chair
NZ Vice-Chancellors' Committee

Mr Derek McCormack
Deputy Chair
NZ Vice-Chancellors' Committee

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AQA Academic QualityAgency For New Zealand Universities

ACADEMIC QUALITY AGENCY FOR NEW ZEALAND UNIVERSITIES
Te Pokapū Kounga Mātauranga mō ngā Whare Wānanga o Aotearoa

STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018

Objective 1: *Quality Assurance*

To ensure academic audits are timely and produce audit reports which are of assistance to universities, are authoritative, fair and perceptive.[1]

Description: AQA undertakes regular academic audits of all New Zealand universities using a framework developed by AQA in consultation with the sector and other stakeholders. Academic audits are conducted to a schedule approved by the Board and with the agreement of the universities. From time to time, AQA may be contracted to undertake other forms of audit or review including academic audits of international universities. The quality and timeliness of the work of AQA are overseen by a Board, comprised of a Vice-Chancellor and academic, student and lay members who are appointed by the NZVCC but operate independently of them and of the universities.

In 2017/18 AQA and the New Zealand universities are transitioning from Cycle 5 academic audit to Cycle 6. Cycle 6 introduces an enhancement theme component and a mid-cycle report as part of academic audit activities. It will also include students, or recent graduates, as members of audit panels and publish follow-up reports.

Measure	***2017/18 Delivered***	***2017/18 Quantity Estimated***	***2016/17 Delivered***	***2016/17 Quantity Estimated***
1.1 Cycle 5 Academic audit follow-up reports received as per indicative timeline	*2* *(Otago Nov. 2017, Lincoln Feb. 2018)*	*2* *(Otago, Lincoln)*	*2* *(Waikato, AUT)*	*2* *(Waikato, AUT)*
1.2 Receive mid-cycle reports as per indicative timeline	*1* *(Draft received 9 June 2018; Final report received 13 July 2018)*	*1* *(Massey)*	*New measure 2017/18*	*New measure 2017/18*
1.3 Development of Cycle 6 Academic Audit	*(a) A draft guide to the Cycle 6 Enhancement Theme was distributed to the Enhancement Theme Steering Group in March 2018. It will be published as part of the Guide to Cycle 6 rather than as a standalone guide. A substantial component of the materials that will constitute this section of the Guide was published on the AQA website in December 2017 and March 2018.*	*(a) Guide to Cycle 6 Enhancement Theme published by Q1 2018* *(b) Refresh of Cycle 5 Framework for use in Cycle 6 endorsed by AQA Board in March 2018* *(c) Other development in line with Cycle 6 Operationalisation*	*Cycle 6 was endorsed by the Vice-Chancellors on 6/7 April 2017.*	*Cycle 6 method approved by Vice-Chancellors*

[1] Objectives as per AQA Constitution.

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

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Measure	2017/18 Delivered	2017/18 Quantity Estimated	2016/17 Delivered	2016/17 Quantity Estimated
	(b) The refresh of the Cycle 5 framework for use in Cycle 6 was approved in principle by the AQA Board at its March meeting. *(c) Other development work has occurred in line with the Cycle 6 Operationalisation Plan., Items that are dependent on the Vice-Chancellors' endorsement of the audit framework have been progressed but their completion is delayed pending that endorsement.*	*Plan*		

Objective 2: *Quality Enhancement - Universities*

To contribute to the development, dissemination and implementation of new policies and good practices in quality assurance and quality enhancement in education, both nationally and internationally.

Description: AQA's mission includes assisting universities to facilitate excellent student experience and learning outcomes. AQA undertakes this quality enhancement role in a variety of ways, including by identifying and commending national and international good practice in regard to academic quality assurance and quality enhancement, and by facilitating dialogue between university staff on quality matters.

In 2017/18 New Zealand universities commenced an 'enhancement theme' as part of Cycle 6 academic audit. The enhancement theme is led by and undertaken by the universities and supported by AQA.

Measure	2017/18 Delivered	2017/18 Quantity Estimated	2016/17 Delivered	2016/17 Quantity Estimated
2.1 Publication of AQA newsletter	*4 published* *(September, December, March, June)*	*4*	*4* *(September, December, March, June published)*	*4*

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Measure	2017/18 Delivered	2017/18 Quantity Estimated	2016/17 Delivered	2016/17 Quantity Estimated
2.2 Workshops and/or meetings held with New Zealand universities on matters pertaining to university quality	4 (Workshops with Quality Managers on 21 Aug, 6 Dec, 15 Feb; Student Voice and Quality in Universities Summit 27 September) 6 Enhancement theme visits to universities	2	2 (Student voice and Quality in Universities Summit, 12 October 2016; Workshop with DVCs(A), 11 Jan. 2017)	2
2.3 'Support for Quality' Conference	1 (28 Sept. 2017)	1	1 (13 Oct. 2016)	1
2.4 Biennial QE/communications survey of stakeholders	Nov. 17 Board meeting confirmed no activity expected for this measure.	Biennial – no activity expected for this measure	1 (survey distributed with June newsletter)	1
2.5 Thematic analyses and/or best practice guides published	3 (Academic integrity, Process Review, Analysis of findings)	4	New measure 2017/18	New measure 2017/18
2.6 Meetings of enhancement steering group held	3 meetings held (14 Sept., 16 Nov., 14 Mar.)	4	New measure 2017/18	New measure 2017/18
2.7 Enhancement theme evaluation	0 Defer to 2018-19	1	New measure 2017/18	New measure 2017/18

Objective 3: *Quality Enhancement - AQA*

To improve the quality of AQA activities, including audit practice, by interaction with other education and academic quality assurance agencies, both nationally and internationally.

Description: AQA's work is benchmarked internationally: the agency is independently audited every five years (last audited in June 2015) and has been assessed as meeting the Guidelines of Good Practice in Quality Assurance of the International Network for Quality Assurance Agencies in Higher Education (confirmed 2013, valid until 2017). Interaction and engagement with national and international peer agencies is an important component of AQA's continued commitment to its own development and to the professional development of its staff and activities.

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Measure	2017/18 Delivered	2017/18 Quantity Estimated	2016/17 Delivered	2016/17 Quantity Estimated
3.1 Membership of related national boards, committees and working groups	3 (JCG; NZQA assessment practice conference; NZQA Qualifications Framework review)	2	3 (JCG; NZQA evaluation indicator working group, NZQA assessment practice conference)	2
3.2 Membership of related international boards and working groups	1 (Higher Education Pacific Quality Benchmarking Project 2017)	1	1 (Pacific benchmarking initiative reference group)	1
3.3 Enhancement of AQA operations Arising from the 2015 External Review of AQA: develop 2 plans to: (1) ensure that AQA remains fully apprised of international trends and developments in quality assurance and that this international perspective is reflected in auditor training (R2, 9) and; (2) develop a plan for auditor recruitment and training (R10, 11)	0 Not achieved. This work will be completed in 2018/19	2	See 1 year follow up report available on the AQA website AQA Board considered the Constitution at their meeting of 12 July, 2016 and determined that no changes were recommended at this time, but may be reconsidered depending on the design of Cycle 6 and the findings of the Productivity Commission. Review of international best practice included in Cycle 6 Discussion paper considered by the AQA Board at its 7 November 2016 meeting.	Implementation in line with AQA report to Vice-Chancellors (attached) Review of Constitution completed and approved by Vice-Chancellors 1 Paper on international best practice in academic audit presented to the AQA Board

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Objective 4: ***Quality Support***

To ensure effective processes and adequate resourcing to achieve the above objectives at a high level of satisfaction for universities and other stakeholders.

Description: AQA's annual operating grant is funded by the universities collectively. The Board of AQA prepares and recommends a budget to the committee of New Zealand Vice-Chancellors prior to the commencement of each financial year. In doing do, the Board seeks to ensure that the annual grant provides for an adequate level of resources to enable the organisation to achieve its stated objectives for that year, and that the organisation's net asset levels and cash flow are sufficient to sustain its continued operation.

Measure	***2017/18 Delivered***	***2017/18 Quantity Estimated***	***2016/17 Delivered***	***2016/17 Quantity Estimated***
4.1 Review of annual service lease agreement with Universities New Zealand	*Review completed and lease re-signed (29 May 2018)*	*Review completed and lease re-signed*	*Review completed and lease re-signed (17-18 May, 2017)*	*Review completed and lease re-signed*
4.2 Review of budget and staffing requirements alongside ongoing monitoring of AQA Strategic Plan	*Review undertaken and reported in Executive Director reports to the AQA Board.*	*Review undertaken*	*Review undertaken*	*Review undertaken*
4.3 Approval of requested annual grant by Vice-Chancellors	*Annual grant approved as sought*	*Annual grant approved as sought*	*Annual grant approved as sought*	*Annual grant approved as sought*

For and on behalf of the board

Emeritus Professor Pat Walsh
Chair of the Board
Academic Quality Agency for New Zealand Universities

Date: 20 September 2018

Emeritus Professor Sheelagh Matear
Executive Director
Academic Quality Agency for New Zealand Universities

Date: 20 September 2018

Total budget for Academic Quality Agency for NZ Universities	**$408,524**
Total cost for Academic Quality Agency for NZ Universities	**$377,050**

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STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group Actual 2018	Group Budget 2018	Group Actual 2017	NZVCC Actual 2018	NZVCC Budget 2018	NZVCC Actual 2017
Revenue							
University Annual Grants		2,584,000	2,584,000	2,457,000	2,184,000	2,184,000	2,057,000
University Cost-splitting Income		90,773	0	41,137	90,773	0	41,137
University GLSNZ Contributions		135,000	135,000	190,000	135,000	135,000	190,000
Audit Fees		1,540	1,600	63,787	0	0	0
Administration Fees		59,330	51,500	70,400	59,330	51,500	70,400
Interest Revenue - Bank Term Deposits		27,805	25,000	23,032	22,761	23,000	20,639
Rent & other services revenue		0	0	0	51,752	46,900	47,957
Sundry Revenue		161,681	6,600	185,090	153,210	0	180,051
Total Revenue		**3,060,129**	**2,803,700**	**3,030,446**	**2,696,826**	**2,440,400**	**2,607,184**
Less Expenditure	6	3,006,747	2,805,424	2,966,094	2,685,495	2,443,800	2,580,469
Surplus/(Deficit) for the year		**$53,382**	**($1,724)**	**$64,352**	**$11,331**	**($3,400)**	**$26,715**
Other Comprehensive Revenue and Expense		0	0	0	0	0	0
Total comprehensive revenue and expense for the year		**$53,382**	**($1,724)**	**$64,352**	**$11,331**	**($3,400)**	**$26,715**

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Group Actual 2018 $	Group Budget 2018 $	Group Actual 2017 $	NZVCC Actual 2018 $	NZVCC Budget 2018 $	NZVCC Actual 2017 $
Equity at start of the year	**786,244**	**786,244**	**721,892**	**557,533**	**557,533**	**530,818**
Total Comprehensive Revenue and Expense for the year	53,382	(1,724)	64,352	11,331	(3,400)	26,715
Equity at end of the year	**$839,626**	**$784,520**	**$786,244**	**$568,864**	**$554,133**	**$557,533**

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

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NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Group Actual 2018 $	Group Budget 2018 $	Group Actual 2017 $	NZVCC Actual 2018 $	NZVCC Budget 2018 $	NZVCC Actual 2017 $
Assets							
Current Assets							
Cash and cash equivalents	7	800,580	555,648	505,369	679,623	458,088	429,193
GST (Payment)/Refund		36,379	(40,560)	(21,330)	33,176	(36,910)	(21,265)
Bank Investments	8	3,023,255	3,013,367	3,013,797	2,860,751	2,856,190	2,856,190
Receivables (from exchange transactions)	9	62,236	158,500	225,921	54,698	150,000	221,585
Recoverables (from non-exchange transactions)	10	0	2,500	3,000	0	2,500	3,000
		3,922,450	3,689,455	3,726,757	3,628,248	3,429,868	3,488,703
Non-Current Assets							
Property, Plant & Equipment	11	39,848	66,252	45,252	39,848	66,252	45,252
Intangible Assets	12	60,543	24,641	51,941	54,743	18,841	40,341
JM Wealth Investment Portfolio	8	1,615,910	1,530,567	1,530,567	1,615,910	1,530,567	1,530,567
		1,716,301	1,621,460	1,627,760	1,710,501	1,615,660	1,616,160
Total Assets		**5,638,751**	**5,310,915**	**5,354,517**	**5,338,749**	**5,045,528**	**5,104,863**
Liabilities							
Current Liabilities							
Payables (from exchange transactions)	13	216,950	180,000	166,891	190,751	150,000	147,872
Non-exchange liabilities							
Scholarship Commitments	14	0	5,000	2,730	0	5,000	2,730
Employee benefit liability	15	157,872	164,892	156,816	154,831	164,892	154,892
Income in Advance	17	130,706	0	73,333	130,706	0	73,333
CONZUL	18	48,223	35,159	35,159	48,223	35,159	35,159
NZ Council of Deans of Education	18	182,109	203,000	203,000	182,109	203,000	203,000
NZ Women in Leadership	18	171,817	183,566	183,566	171,817	183,566	183,566
NZWiL - POD Fund	18	716	975	975	716	975	975
Tertiary ICT Fund	18	118,767	118,767	118,767	118,767	118,767	118,767
		1,027,160	891,359	941,237	997,920	861,359	920,294
Non-Current Liabilities							
Employee benefit liability	15	15,578	20,867	12,867	15,578	15,867	12,867
Non-exchange liabilities							
Scholarship Commitments	16	3,756,387	3,614,169	3,614,169	3,756,387	3,614,169	3,614,169
		3,771,965	3,635,036	3,627,036	3,771,965	3,630,036	3,627,036
Total Liabilities		**4,799,125**	**4,526,395**	**4,568,273**	**4,769,885**	**4,491,395**	**4,547,330**

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

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STATEMENT OF FINANCIAL POSITION cont.
AS AT 30 JUNE 2018

	Note	Group Actual 2018 $	Group Budget 2018 $	Group Actual 2017 $	NZVCC Actual 2018 $	NZVCC Budget 2018 $	NZVCC Actual 2017 $
Net Assets/Equity							
Accumulated revenue and expense		839,626	784,520	786,244	568,864	554,133	557,533
Net assets/equity attributable to the owners of the controlling entity		839,626	784,520	786,244	568,864	554,133	557,533
Total Net Assets/Equity		**$839,626**	**$784,520**	**$786,244**	**$568,864**	**$554,133**	**$557,533**
Total net Assets/Equity and Liabilities		**$839,626**	**$784,520**	**$786,244**	**$568,864**	**$554,133**	**$557,533**

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The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

NEW ZEALAND VICE-CHANCELLORS' COMMITTEE
FINANCIAL STATEMENTS
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Group Actual 2018 $	Group Budget 2018 $	Group Actual 2017 $	NZVCC Actual 2018 $	NZVCC Budget 2018 $	NZVCC Actual 2017 $
Cash Flows From Operating Activities							
Interest Received		27,761	24,930	23,011	22,761	23,000	20,639
Annual Grants from Universities		2,584,000	2,584,000	2,457,000	2,184,000	2,184,000	2,057,000
Administration Fees		53,386	54,745	73,525	53,386	54,745	73,525
Audit Fees		2,604	2,662	135,043	0	0	0
Accumulation of Scholarship Funds		141,853	2,135	(199,591)	141,853	2,135	(199,591)
Goods and Services Tax		(28,722)	27,907	32,185	(26,262)	24,329	29,531
Other Receipts		556,799	91,260	378,627	599,459	134,960	424,658
Payments to Suppliers		(1,163,568)	(955,158)	(1,357,487)	(1,070,486)	(843,774)	(1,184,482)
Payments to Employees		(1,727,343)	(1,737,202)	(1,640,366)	(1,507,576)	(1,505,500)	(1,361,682)
Net Cash Flows from Operating Activities		446,770	95,279	(98,053)	397,135	73,895	(140,402)
Cash Flows From Investing Activities							
Decrease/(Increase) in Term Deposits & Portfolio		(94,758)	0	25,572	(89,904)	0	127,190
Purchase of intangible assets		(38,207)	0	(44,706)	(38,207)	0	(30,786)
Purchase of Property, Plant & Equipment		(18,594)	(45,000)	(4,711)	(18,594)	(45,000)	(4,711)
Net Cash Flows From Investing Activities		(151,559)	(45,000)	(23,845)	(146,705)	(45,000)	91,693
Net Increase (Decrease) In cash and cash equivalents		295,211	50,279	(121,898)	250,430	28,895	(48,709)
Opening Cash at Beginning of Year		505,369	505,369	627,267	429,193	429,193	477,902
Closing Cash at 30 June 2016		**$800,580**	**$555,648**	**$505,369**	**$679,623**	**$458,088**	**$429,193**
Represented by:							
Petty Cash		613		604	412		505
Bank of New Zealand Current accounts		799,967		504,765	679,211		428,688
	7	**$800,580**		**$505,369**	**$679,623**		**$429,193**

The accompanying accounting policies and notes form part of and should be read in conjunction with this statement.

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NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

The reporting entity is NZVCC (the "Parent") a public benefit entity and was established under the Education Act 1989. NZVCC is required to prepare financial statements in accordance with Section 153-156 of the Crown Entities Act 2004.

The consolidated financial statement for the year ended 30 June 2018 comprise of NZVCC and AQA together referred to as the 'Group'.

2 Basis of Preparation

(a) Statement of Compliance

The financial statements of NZVCC and the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards as appropriate for Tier 2 Public Sector Public Benefit Entity (PBE) Standards, for which all reduced disclosure regime exemptions have been adopted.

The NZVCC and the Group has elected to report in accordance with Tier 2 Public Sector PBE Standards as for the two most recent reporting periods it has had between $2m and $30m operating expenditure.

These financial statements were authorised for issue by Professor Stuart McCutcheon, Chair of NZVCC on 11 October 2018.

(b) Measurement basis

The consolidated financial statements have been prepared on the historical cost basis except as indicated below:

- Financial instruments
- Long-term employee benefits

(c) Functional and presentation currency

These financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

There has been no change in the functional currency of the Group or any significant foreign operations of the Group during the year.

3 Use of Judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the NZVCC and Group financial statements include the following:

- Revenue recognition non-exchange revenue
- Intangible assets having indefinite useful lives

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2018 include the following:

- Key assumptions underlying determining the recoverable amounts for impairment testing
- Useful life, recoverable amount, depreciation method and rate
- Likelihood and magnitude of outflows in determining recognition and measurement of provisions.

(c) Changes in accounting estimates

There have been no changes in accounting estimates during the period.

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4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group, except as explained in note 5 which addresses changes in accounting policies.

(a) Basis of consolidation

The Group financial statements consolidate the financial statements of the NZVCC and all entities over which the NZVCC has the power to govern the financial and operating policies so as to obtain benefits from their activities (defined as "subsidiaries"). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All subsidiaries have a 30 June reporting date and consistent accounting policies are applied.

The purchase method is used to prepare the consolidated financial statements, which involves adding together like terms of assets, liabilities, revenue and expenses on a line-by-line basis. All transactions and balances between the Group are eliminated on consolidation, including unrealised gains and losses on transactions between NZVCC and AQA. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Groups perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

In the NZVCC financial statements investments in subsidiaries are stated at cost less any impairment losses.

Loss of control of a controlled entity
A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(b) Foreign currency

Transactions in foreign currencies are recorded at the New Zealand rate of exchange ruling at the date of transaction. At balance date foreign monetary assets and liabilities are translated at appropriate closing exchange rates, and gains or losses due to currency fluctuations on these items are included in the Financial Statements.

(c) Revenue

Revenue from exchange transactions
Revenue from exchange transactions are those were the Group receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity.

Revenue from exchange transactions are recognised when the amount of revenue is earned and is reported in the financial period to which it relates.

Grant Revenue
Grant revenue is received from the eight universities on a six monthly basis, and applied on a straight-line basis over the financial year in which it relates.

Rendering of services
Revenue from services rendered is recognised in surplus or deficit in proportion to the stage-of-completion of the transaction at the reporting date.

Revenue from non-exchange transactions
Non-exchange transactions are those where the Group receives an inflow of resources but provides no (or nominal) direct consideration in return.

Scholarships Revenue
Scholarship emolument commitments are recognised as available when the Committee has received funding for the obligation. Scholarship emolument commitments are recognised when invoices are paid from the universities or scholarship entitlement is confirmed by the Scholarships Manager. Universities receive payments from NZVCC to reimburse them for scholarship emoluments paid to scholars, who receive a scholarship, which the university has paid to the scholar.

NZVCC Scholarship Funds Management Guidelines were introduced in October 2011 to manage scholarship cash flow requirements during the selection process. Both the funding received and the scholarships paid are excluded from the Statement of Comprehensive Revenue and Expenditure.

(d) Employee Benefits

Short-term employee benefits
Short-term employee benefit liabilities, wages and salaries, including non-monetary benefits and annual leave are recognised when the Group has a legal or constructive obligation to remunerate employees for services provided within 12 months of reporting date, and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis.

Retirement Leave

Proactively Released

NZVCC's obligation in respect of Retirement Leave is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated on an actuarial basis based on the probability of each entitled staff member remaining in service until retirement, length of service and current age and salary.

Long Service Leave
NZVCC's obligation in respect of long service leave is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated on an actuarial basis based on the probability of each staff member attaining a specific number of years of service. Current entitlements to long service leave are recognised at the amounts expected to be paid when liabilities are settled on an undiscounted basis.

Long-term employee benefits
Long-term employee benefit obligations are recognised when the Group have a legal or constructive obligation to reimburse employees for services provided beyond 12 months of reporting date.

Defined Contribution Plans
Obligations for contributions to defined contribution pension plans (including KiwiSaver) are recognised as an expense in surplus or deficit when they are due.

Termination Benefits
Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(e) Finance income
Interest revenue is recognised using the effective interest method as it accrues.

(f) Financial instruments
All assets and liabilities of NZVCC and the Group, with the exception of GST, Income in advance, Prepayments, Property, Plant & Equipment and intangible assets are financial instruments and are recognised in the Statement of Financial Position. No other financial instruments exist other than those recognised in the Statement of Financial Position. Revenues and expenses in relation to these financial instruments are recognised in the Statement of Comprehensive Revenue and Expenditure.

Financial instruments are measured in accordance with the accounting policies disclosed in relation to each type of asset and liability. Unless stated, the carrying amounts reflected in the financial statements equate to the estimated fair value of the Committee's assets and liabilities at 30 June 2018 for each financial instrument.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.

Available-for-sale financial assets comprise of the JMIS Investment Portfolio.

Available-for-sale financial assets are subsequently measured at fair value with gains or losses recognised in other comprehensive revenue and expense. These gains and losses, along with revenue, are then allocated to the 4 related scholarships in proportion with their investment in the fund.

Creditors and other payables
Creditors and other payables are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method

Trade and Other Receivables
Trade and Other Receivables are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, trade and other receivables are measured at amortised cost using the effective interest method less any impairment losses.

Cash and cash equivalents
Cash includes cash on hand and funds on deposit with banks and is measured at its face value.

Deposits with a bank that have maturities of 90 days or more at acquisition are deemed to be investments.

Investments
Investments in shares classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment loses are recognised directly in other comprehensive revenue. When an investment is derecognised, the cumulative gain or loss previously recognised in other comprehensive revenue is transferred to surplus or deficit.

Proactively Released

Investments held and administered on behalf of Scholarship Funds are measured and carried at market value and changes therein together with revenue from interest and dividends are recognized directly in the Scholarship Commitments liability.

Premium (discount) on Investment
Premium or discount on investment is amortised on a straight line basis over the remaining periods before the maturity date. This policy is not significantly different to applying the yield to maturity basis of revenue recognition.

(g) Impairment of non-derivative financial assets
NZVCC assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar characteristics. All impairment losses are recognised in surplus or deficit and reflected in an allowance account against receivables. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in surplus or deficit.

(h) Property, plant and equipment

Recognition and measurement
Property, plant and equipment are initially recognised at cost. Property, plant and equipment are recorded at cost less accumulated depreciation. Subsequent costs are added to the carrying amount of an item of property, plant and equipment when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognised in surplus or deficit as an expense when incurred.

Depreciation
Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Computers and Printers	33.3%SL
Office equipment, furniture and fittings	20%SL

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Intangible assets

Recognition and measurement
IT Software Development has a finite useful life. It is recorded at cost less accumulated amortisation and accumulated impairment losses. Software is capitalised and amortised at 50% per annum on the diminishing value. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the entity, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development employees and an appropriate portion or relevant overheads.

(j) Impairment of non-financial assets
Property, plant, equipment and Intangible Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment deficit is recognised in the surplus and deficit. The reversal of an impairment deficit is also recognised in the Statement of Comprehensive Revenue and Expense.

(k) Leases
Leases where the NZVCC and the Group assume substantially all the risks and rewards incidental to ownership of the leased assets, are classified as finance leases. All other leases are classified as operating leases.

Upon initial recognition finance leased assets are measured at an amount equal to the lower of its fair value and the present value of minimum leased payments and a matching liability is recognized for minimum lease payment obligations excluding the effective interest expense. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

Proactively Released

(l) Cost Accounting

The Committee reviewed and adopted the following Cost Allocation policy on 1 July 2014. The income and expenditure has been allocated across the cost centres utilising the following three rules:

(i) All directly attributable income or expenditure is to be allocated to the cost centre responsible.

(ii) All income or expenditure that is able to be easily tracked is to be allocated to the cost centre responsible.

(iii) Shared services or un-tracked income and expenditure are to be allocated using the standard allocation percentages calculated as follows:

a) The costs of support staff that work across all cost centres are split based on the % of all Full time equivalent staff (FTES) working in each cost centre as at 1 July each financial year.

b) The standard cost allocation percentage will be the above distribution of FTES working in each cost centre for support staff plus the FTES working in each cost centre as at 1 July each financial year.

(m) Budget

The budget figures for NZVCC and AQA are those approved by the NZVCC Committee at their June 2017 meeting.

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

(n) Goods and Services Tax

The financial statements are exclusive of GST except for Trade Payables and Trade Receivables which are GST inclusive.

(o) Taxation

The NZVCC and the Group is a statutory body and is registered with the Charities Commission under the Charities Act 2005 and consequently is exempt from income tax.

(p) Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach method.

Cash includes cash on hand and deposits held at call with banks.

Operating activities includes cash received from all revenue sources of the NZVCC and the Group including annual grants, interest, accumulation of scholarship funds and administration fees.

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

Financing activities comprise the change in equity and debt structure of the NZVCC and the Group.

5 Changes in accounting policy

The accounting policies applied in these financial statements are the same as those applied to NZVCC and the Group's financial statements as at the year ended 30 June 2017.

Proactively Released

6 Expenses

	Note	Group Actual 2018 $	Group Budget 2018 $	Group Actual 2017 $	NZVCC Actual 2018 $	NZVCC Budget 2018 $	NZVCC Actual 2017 $
ACC Levy		2,534	4,650	3,513	2,469	4,000	2,632
ANZCCART-Contribution		40,000	40,000	40,000	40,000	40,000	40,000
Audit Fee	22	25,345	25,130	24,765	15,840	15,840	15,475
Accountancy		12,075	9,300	8,100	3,800	4,500	2,100
Advertising		5,217	11,000	4,856	5,217	8,000	4,856
Amortisation Intangible Assets		29,604	27,300	17,929	23,804	21,500	15,609
AQA Chairman & Board Honoraria		23,409	21,489	29,041	0	0	0
Bank Fees		1,648	1,850	1,777	1,429	1,500	1,364
Computer Maintenance and Training		84,847	83,455	76,602	83,000	80,000	75,996
Conference and Committee Expenses		49,603	46,560	41,658	48,248	38,660	35,570
Consultancy Fees		345,166	103,050	423,819	341,343	100,000	379,751
Depreciation Computer Equipment		23,095	23,000	24,775	23,095	23,000	24,775
Depreciation Office Equipment, Furniture & Fittings		903	1,000	2,034	903	1,000	2,034
GLSNZ		135,000	135,000	190,000	135,000	135,000	190,000
Insurance		9,142	11,000	8,574	2,958	5,000	2,951
Interest		0	0	66	0	0	0
IRD Penalties		0	0	256	0	0	0
Legal Advisory Costs		0	48,000	23,222	0	48,000	23,222
Legal Costs		1,323	3,000	3,550	0	2,000	3,550
Loss on sale of Asset		0	0	0	0	0	0
Occupancy Costs		19,427	18,000	18,184	19,427	18,000	18,184
Office Expenses and Administration		90,365	84,100	74,329	76,814	63,000	62,085
Occupancy Rent		168,822	168,900	167,847	168,822	168,900	167,847
Photocopier Lease		11,400	11,400	11,400	11,400	11,400	11,400
Publications and Reports		27,335	14,000	21,088	27,335	14,000	21,088
Salaries		1,653,636	1,677,750	1,570,596	1,444,344	1,452,000	1,340,267
Superannuation Contributions (including KiwiSaver)		71,584	71,530	61,958	63,413	62,500	53,658
Staff Training		9,744	15,000	4,111	9,744	14,000	4,111
Telephone, Tolls and Faxes		8,946	10,500	10,770	8,555	10,000	10,363
Travel and Accommodation		156,577	139,460	101,249	128,535	102,000	71,581
Uncollectable Debt		0	0	25	0	0	0
		$3,006,747	**$2,805,424**	**$2,966,094**	**$2,685,495**	**$2,443,800**	**$2,580,469**

Proactively Released

7 Cash & Cash Equivalents

	Group 2018 $	Group 2017 $	NZVCC 2018 $	NZVCC 2017 $
Bank of New Zealand				
Current Account (0.10%)	77,734	69,588	56,495	55,710
Autocall Account (0.10%)	722,233	435,177	622,716	372,978
	799,967	504,765	679,211	428,688
Petty Cash	613	604	412	505
	$800,580	**$505,369**	**$679,623**	**$429,193**

8 Investments

	Group 2018 $	Group 2017 $	NZVCC 2018 $	NZVCC 2017 $
Current Investments				
Deposits with trading banks				
ASB Bank (Average Interest Rate 3.54%)	900,000	900,000	900,000	900,000
BNZ Bank (Average Interest Rate the Group 3.53%, NZVCC 3.57%)	2,062,030	2,057,177	1,900,000	1,900,000
Interest Accrued	61,225	56,620	60,751	56,190
	$3,023,255	**$3,013,797**	**$2,860,751**	**$2,856,190**
Term Investments				
JMIS Portfolio				
Financial assets held for sale:				
Investments in listed companies	924,417	843,896	924,417	843,896
Investments in capital notes	145,185	141,759	145,185	141,759
Investments in bonds	471,308	469,912	471,308	469,912
Investments in New Zealand fixed interest	75,000	75,000	75,000	75,000
	$1,615,910	**$1,530,567**	**$1,615,910**	**$1,530,567**
Total Investments	**$4,639,165**	**$4,544,364**	**$4,476,661**	**$4,386,757**

The JMIS investment portfolio and deposits placed in banks have been classified as investment held and administered on behalf of Scholarship Funds. Changes in market value and revenue from interest and dividends are recognised directly in Scholarship Commitments liability as disclosed in Note 16.

Proactively Released

9 Receivables –exchange transactions

	Group 2018 $	Group 2017 $	NZVCC 2018 $	NZVCC 2017 $
Scholarships - exchange transactions	10,568	13,832	10,568	13,832
Sundry and miscellaneous exchange revenue	27,208	171,176	23,349	169,990
Prepayments	24,460	40,913	20,781	37,763
	$62,236	**$225,921**	**$54,698**	**$221,585**

10 Receivables – non-exchange transactions

	Group 2018 $	Group 2017 $	NZVCC 2018 $	NZVCC 2017 $
Scholarships - non-exchange transactions	0	3,000	0	3,000
	$0	**$3,000**	**$0**	**$3,000**

Proactively Released

11 Property, Plant & Equipment

	Group Computer Equipment	Group Office Equipment and Furniture	Group Total	NZVCC Computer Equipment	NZVCC Office Equipment and Furniture	NZVCC Total
	$	$	$	$	$	$
Cost or valuation						
Balance at 1 July 2016	75,279	30,907	106,186	73,147	28,836	101,983
Additions	4,711	0	4,711	4,711	0	4,711
Disposals	0	(7,641)	(7,641)	0	(7,641)	(7,641)
Balance at 30 June 2017	79,990	23,266	103,256	77,858	21,195	99,053
Balance at 1 July 2017	79,990	23,266	103,256	77,858	21,195	99,053
Additions	14,086	4,509	18,595	14,086	4,509	18,595
Disposals	(9,776)	(5,713)	(15,489)	(7,644)	(3,642)	(11,286)
Balance at 30 June 2018	84,300	22,062	106,362	84,300	22,062	106,362
Accumulated depreciation and impairment losses						
Balance 1 July 2016	20,829	18,007	38,836	18,697	15,936	34,633
Depreciation expense	24,775	2,034	26,809	24,775	2,034	26,809
Elimination on disposal	0	(7,641)	(7,641)	0	(7,641)	(7,641)
Balance at 30 June 2017	45,604	12,400	58,004	43,472	10,329	53,801
Accumulated depreciation and impairment losses						
Balance 1 July 2017	45,604	12,400	58,004	43,472	10,329	53,801
Depreciation expense	23,095	903	23,998	23,095	903	23,998
Elimination on disposal	(9,776)	(5,712)	(15,488)	(7,644)	(3,641)	(11,285)
Balance at 30 June 2018	58,923	7,591	66,514	58,923	7,591	66,514
Carrying amounts						
At 1 July 2016	54,450	12,900	67,350	54,450	12,900	67,350
At 30 June / 1 July 2017	34,386	10,866	45,252	34,386	10,866	45,252
At 30 June 2018	25,377	14,471	39,848	25,377	14,471	39,848

The additions were to Computer Equipment $14,086 (2017, $4,711) and for Office Equipment Furniture in 2018 $4,509 (2017, $0). Costs have reduced by items that had fully depreciated during the financial year on 1 July 2017.

The related depreciation expense for each category has been disclosed separately in note 6.

Proactively Released

12 Intangible Assets

	Group IT Software Development	Group Total	NZVCC IT Software Development	NZVCC Total
	$	$	$	$
Cost or valuation				
Balance at 1 July 2016	107,199	107,199	107,199	107,199
Additions-Developed	44,706	44,706	30,786	30,786
Disposals	0	0	0	0
Balance at 30 June 2017	151,905	151,905	137,985	137,985
Balance at 1 July 2017	151,905	151,905	137,985	137,985
Additions-Developed	38,207	38,207	38,207	38,207
Disposals	0	0	0	0
Balance at 30 June 2018	190,112	190,112	176,192	176,192
Accumulated Amortisation and impairment losses				
Balance 1 July 2016	82,035	82,035	82,035	82,035
Amortisation expense	17,929	17,929	15,609	15,609
Elimination on disposal	0	0	0	0
Balance at 30 June 2017	99,964	99,964	97,644	97,644
Accumulated Amortisation and impairment losses				
Balance 1 July 2017	99,964	99,964	97,644	97,644
Amortisation expense	29,605	29,605	23,805	23,805
Elimination on disposal	0	0	0	0
Balance at 30 June 2018	129,569	129,569	121,449	121,449
Carrying amounts				
At 1 July 2016	25,164	25,164	25,164	25,164
At 30 June / 1 July 2017	51,941	51,941	40,341	40,341
At 30 June 2018	60,543	60,543	54,743	54,743

The additions were to IT Software Development of the Universities NZ CUAP Management System and the development of a new Universities NZ website $38,207 (2017, $30,786) during this financial year.

The related amortisation expense has been disclosed separately in note 6.

Proactively Released

13 Payable – exchange transactions

	Group 2018 $	Group 2017 $	NZVCC 2018 $	NZVCC 2017 $
Exchange payments from scholarship funds	0	1,725	0	1,725
Sundry trade other payables	216,950	165,166	190,751	146,147
	$216,950	**$166,891**	**$190,751**	**$147,872**

14 Payable – non-exchange transactions

	Group 2018 $	Group 2017 $	NZVCC 2018 $	NZVCC 2017 $
Non-exchange payments from scholarship funds	0	2,730	0	2,730
	$0	**$2,730**	**$0**	**$2,730**

15 Employee benefit Liability

	Group 2018 $	Group 2017 $	NZVCC 2018 $	NZVCC 2017 $
Long Term Employee entitlements				
Retirement Leave	0	0	0	0
Long Service Leave	15,578	12,867	15,578	12,867
Total Long Term Employee entitlements	15,578	12,867	15,578	12,867
Short Term Employee entitlements				
Salary Accrual	61,765	61,340	54,455	52,483
Employer Superannuation Contribution on Salary Accrual	2,702	2,514	2,410	2,160
Annual Leave	51,256	53,509	55,642	60,516
Employer Superannuation Contribution on Annual Leave	2,175	1,992	2,350	2,272
Long Service Leave	7,769	9,870	7,769	9,870
Retirement Leave	32,205	27,591	32,205	27,591
Total Short Term Employee entitlements	157,872	156,816	154,831	154,892
Total Employee Entitlements	**$173,450**	**$169,683**	**$170,409**	**$167,759**

Proactively Released

16 Scholarship Commitments

For NZVCC and the Group

		2018 $	2017 $
Balance at beginning of the year		3,614,169	3,661,169
Plus:	Interest and Dividend Revenue	142,862	142,388
	Funding	1,152,183	1,160,134
		1,295,045	1,302,522
		4,909,214	4,963,691
Less:	Scholarships Allocated	1,231,192	1,382,456
		3,678,022	3,581,235
Allocation of fair value change		78,365	32,934
Balance at end of the year		**$3,756,387**	**$3,614,169**

Proactively Released

For the Group and NZVCC Represented by:	2018 $	Fair Value Change	Funds Received	Funds Allocated	2017 $
Non-Interest Bearing Scholarships					
Asia 2000	238		0	0	238
Commonwealth Scholarship	23,212		0	0	23,212
Freyberg	70,501		105,000	70,000	35,501
Kitchener	0		500	500	0
Miscellaneous Scholarship Fund	2,971		0	0	2,971
NZ University Scholarship	743		0	0	743
The Hydrological Sciences Fellowship	3,289		0	0	3,289
Unicare Fund	2,672				2,672
Interest Bearing Scholarships					
Andrew Justice Memorial	0		0	0	0
Auckland Council Economics	9		0	3,000	3,009
Auckland Medical Aid Trust Scholarship	14,380		30,374	29,985	13,991
Bank of New Zealand Scholarship	61,228		2,149	0	59,079
Bing's Scholarship	9,377		366	2,345	11,356
Bruce Cronin Scholarship	2,655		5,035	5,000	2,620
Buddle Findlay Centennial Scholarship	7,285		255	0	7,030
Children's Health Camps Scholarship	2,597		91	0	2,506
Claude McCarthy Fellowship	123,190		112,999	99,853	110,044
Dick & Mary Earle Scholarship	42,560		49,055	43,582	37,087
Douglas Myers	(13)		5,966	5,947	(32)
Edward & Isobel Kidson Scholarship	1,156,261	25,860	56,748	44,862	1,118,515
E W File Scholarship	14		4,000	4,000	14
Edna Waddell Scholarship	17,722		25,489	22,500	14,733
Electoral Commission Scholarship	99		5,493	5,489	95
Fish & Game New Zealand	0		7	2,565	2,558
Georgetti Scholarship	93,594		303,913	335,799	125,480
Gerald Agnew Scholarship	0		0	0	0
Girdlers	42		8,845	8,859	56
Gordon Watson Scholarship	790,354	25,445	37,300	8,290	735,899
Henry Kelsey Scholarship	3,001		25,135	25,000	2,866
J H Aspinall Scholarship	8		0	0	8
Judith Clark Fellowship	185		36,183	36,107	109
Kia Ora Foundation	33,041		66,764	50,973	17,250
Kiwi Music Scholarship	541		85,019	85,000	522
Kiwirail Group Ltd	14,658		20,360	20,000	14,298
L B Wood Traveling Scholarship	2,106		3,074	3,000	2,032
Mervyn Sterling Memorial Scholarship	7,345		2,237	2,000	7,108
NZAid Field Research	0		0	6,179	6,179
NZ Association of Economists	128		5	0	123
NZEET	0		0	15,586	15,586
NZ France Friendship Fund	0		403	31,840	31,437
NZFPA Alice Bush Scholarship	3,948		138	0	3,810
NZLF Doctorial	0		0	0	0
NZLF Ethel Benjamin	33,185		58,377	29,887	4,695
Sullivan Scholarship	38,673		1,413	2,699	39,959
PEANZ	791		28	0	763
Peter Windle Scholarship	22		1	0	21
Pukehou Pouto Scholarship	540,490	10,658	23,087	13,758	520,503
Resource Management Law Assn	5,313		187	0	5,126
Reynolds Scholarship	8,346		8,082	8,000	8,264
Road Safety Research Scholarship	6,871		241	0	6,630
Robertson	20		11,845	11,968	143
Seafarers Union Scholarship	3,640		5,068	5,000	3,572
Shirtcliffe Fellowship	527,654	16,402	25,027	25,609	511,834
Spark Scholarship	227		50,155	50,000	72
Te Putea Awhina Akonga Māori A Te Manatu Waka	26,987		947	0	26,040
TEU Crozier Scholarship	2,357		83	2,500	4,774
Todd Foundation Awards for Excellence	31,449		111,793	108,969	28,625
Tower Undergraduate Scholarship	18,068		635	0	17,433
Transit NZ Post Graduate Scholarships	18,193		639	0	17,554
Woolf Fisher	4,160		4,534	4,541	4,167
	$3,756,387	**$78,365**	**$1,295,045**	**$1,231,192**	**$3,614,169**

Proactively Released

Interest earned on the investments held as non-interest bearing scholarships has been credited to the NZVCC in lieu of charging administration fees.

Interest totalling $71,297 (2017, $72,654) was earned on investments represented by interest-bearing scholarship funds. This interest has been apportioned to each respective Scholarship Fund by applying an average interest rate earned for each month to the closing balance of the Scholarship Fund for that month.

Revenue, expenditure and fair value change on investments in the JMIS Portfolio are allocated to the 4 related scholarships in proportion with their investment in the fund. (Gordon Watson 32.47%, Edward & Isobel Kidson 33%, Pukehou Pouto 13.6% and Shirtcliffe Fellowship 20.93%). Interest & Dividends earned totalled $71,565 (2017, $69,734) and $78,365 (2017, $32,934) represented the fair value change.

Administration fees are charged to all interest-bearing scholarship funds by the Committee for annual services rendered.

The Committee has assumed the obligation for paying out the above scholarships. The period of payment will depend on the timing of approval of the applications.

All scholarship commitments are non-current liabilities until all restrictions or stipulations of the scholarship award are met. See note 14 for current non-exchange payments from scholarship funds.

17 Income in Advance

The Committee received funding for the Universities NZ Work Programme in the 2017/18 year that is ongoing as at 30 June 2018 and that the Committee has an obligation to continue in the 2018/19 year.

The liability held in income in advance is unspent income as at 30 June 2018 and will have matching expenditure in the 2018/19 year.

18 Specialised Funds

CONZUL
NZVCC administers the CONZUL funds on behalf of CONZUL. Funds are received from the eight universities to fund collaborative projects.

NZ Council of Deans of Education
The NZ Council of Deans of Education received funds as a result of the winding up of the ACENZ and NZVCC has agreed to administer the funds on their behalf.

NZ Women in Leadership Programme
NZVCC has undertaken to provide financial administration services on behalf of the NZ Women in Leadership programme.

NZWIL – POD Funds
NZVCC has undertaken to provide financial administration services on behalf of the NZWiL–POD programme.

Tertiary ICT Conference Fund
NZVCC has undertaken to provide financial administration services on behalf of the Tertiary ICT Conference Fund.

Proactively Released

19 Separate Funds

The Rhodes Scholarship Fund operates a separate bank/investment account, and the Fund balance is not included in the NZVCC's Statement of Financial Position.

		ACTUAL 2018 $	ACTUAL 2017 $
Rhodes Scholarship Account			
Accumulated Funds			
Balance at beginning of the year		2,703	2,666
Add:	Funds Received	16,000	14,000
	Interest Revenue	9	14
		16,009	14,014
Less:	Honoraria	914	857
	Travel to Selection & Meeting Expenses	17,168	13,075
	Bank Fees	0	45
		(18,082)	(13,977)
Balance at end of the year		**$630**	**$2,703**
Represented By:			
Bank of New Zealand Current Account		630	2,701
Accrued Interest		0	2
		$630	**$2,703**

20 Financial Instruments

The carrying amounts of financial assets and financial liabilities in each of the NZ IAS 39 categories are as follows:

	Group 2018 $	Group 2017 $	NZVCC 2018 $	NZVCC 2017 $
Loans and receivables				
Cash and cash equivalents	800,580	505,369	679,623	429,193
Bank Term Investments	3,023,255	3,013,797	2,860,751	2,856,190
Receivables - exchange transactions	62,236	225,921	54,698	221,585
Recoverables - non-exchange transactions	0	3,000	0	3,000
Financial liabilities measured at amortised cost				
Trade and Other payables	216,950	166,891	190,751	147,872
Available for Sale				
JMIS Investment Portfolio	1,615,910	1,530,567	1,615,910	1,530,567

Proactively Released

Fair Value Hierarchy Disclosures
For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.

Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

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

For NZVCC and the Group

		Valuation technique		
	Total	Quoted market Price	Observable inputs	Significant non-observable inputs
	$	$	$	$
30 June 2017				
Financial Assets				
JMIS Investment Portfolio	1,530,567	1,530,567	0	0
30 June 2018				
Financial Assets				
JMIS Investment Portfolio	1,615,910	1,615,910	0	0

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

Credit Risk
Financial instruments which potentially subject NZVCC and the Group to credit risk principally consist of Cash and Cash Equivalents and Trade and Other Receivables.

The maximum exposures to credit risk at balance date were:

	Group 2018	Group 2017	NZVCC 2018	NZVCC 2017
	$	$	$	$
Cash on Hand	613	604	412	505
Bank Balances	799,967	504,765	679,211	428,688
Receivables - exchange transactions	62,236	225,921	54,698	221,585
Recoverables - non-exchange transactions	0	3,000	0	3,000
Investments	1,615,910	1,530,567	1,615,910	1,530,567
Bank Deposits	3,023,255	3,013,797	2,860,751	2,856,190
BNZ Credit Cards	57,500	48,000	49,500	40,000

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

Counterparty risk is minimized by spreading investments over registered New Zealand banks.

Concentrations of Credit Risk
The NZVCC and the Group is not exposed to any concentration of credit risk.

Interest Rate Risk
The NZVCC and the Group is primarily a short term investor in on-call funds and term deposits not exceeding one year. The interest rate risk exposure on deposits pertains to fluctuations in market rates of interest.

The NZVCC and the Group seeks to manage movements in investment interest rates by maintaining a balanced portfolio.

Proactively Released

Foreign Exchange Risk
Transactions in foreign currencies are recorded at the New Zealand rate of exchange ruling at the date of transaction. At balance date foreign monetary assets and liabilities are translated at appropriate closing exchange rates, and gains or losses due to currency fluctuations on these items are included in the Financial Statements.

21 Operating leases

The NZVCC entered into a non-cancellable lease for Level 9, 142 Lambton Quay from Zircon Properties Ltd with effect from 1 August 2009 the lease has been renewed for a further 6 year term from 1 August 2018. The NZVCC entered into a photocopier lease with Konica Minolta in July 2016. The total lease commitments are as follows:

	Group 2018 $	Group 2017 $	NZVCC 2018 $	NZVCC 2017 $
Not later than one year	169,539	176,322	169,539	176,322
Later than one year but not later than five years	651,936	46,994	651,936	46,994
Later than five years	170,648	0	170,648	0
Total lease commitments	$992,123	$223,316	$992,123	$223,316

The total expense for the year relating to the payment of leases was $176,322 (2017, $176,322).

22 Auditors' Remuneration

The auditor of NZVCC and AQA is BDO Wellington on behalf of the Auditor-General.

	Group 2018 $	Group 2017 $	NZVCC 2018 $	NZVCC 2017 $
Audit of the Financial Statements	24,045	23,465	15,040	14,675
Office Audit General overhead charge	1,300	1,300	800	800
Total	**$25,345**	**$24,765**	**$15,840**	**$15,475**

23 Related Party

The AQA is a related party by virtue of the fact that the NZVCC has the capacity to appoint all members of the Governing body of the AQA.

During the year NZVCC applied for and received $400,000 (2017, $400,000) of University Annual Grants on behalf of the AQA. These funds were then paid to the AQA upon receipt of an invoice.

NZVCC provided serviced offices and provided other administrative services to AQA during the year and received $51,752 (2017, $47,957) revenue for these services.

The Universities are a related party by virtue of the fact that they provide the majority of the funding for the NZVCC. During the year NZVCC applied for and received from the universities the following in University Annual Grants.

	Group 2018 $	Group 2017 $	NZVCC 2018 $	NZVCC 2017 $
The University of Auckland	556,296	532,393	470,182	445,719
Auckland University of Technology	309,581	294,633	261,658	246,667
The University of Waikato	230,329	220,459	194,674	184,568
Massey University	320,572	300,944	270,948	251,950
Victoria University of Wellington	300,147	283,036	253,685	236,958
University of Canterbury	293,659	280,383	248,201	234,737
Lincoln University	147,570	142,285	124,726	119,121
University of Otago	425,846	402,867	359,926	337,280
Total	**$2,584,000**	**$2,457,000**	**$2,184,000**	**$2,057,000**

Proactively Released

The Universities provided funding for the Graduate Longitudinal Study New Zealand (GLSNZ). The University of Otago is undertaking this study. These funds are paid to the University of Otago upon receipt of an invoice.

	Group 2018 $	Group 2017 $	NZVCC 2018 $	NZVCC 2017 $
The University of Auckland	29,064	41,170	29,064	41,170
Auckland University of Technology	16,174	22,784	16,174	22,784
The University of Waikato	12,033	17,048	12,033	17,048
Massey University	16,748	23,272	16,748	23,272
Victoria University of Wellington	15,681	21,887	15,681	21,887
University of Canterbury	15,342	21,682	15,342	21,682
Lincoln University	7,710	11,003	7,710	11,003
University of Otago	22,248	31,154	22,248	31,154
Total	**$135,000**	**$190,000**	**$135,000**	**$190,000**

The Universities Cost-splitting income provided funding for specific projects. The Universities NZ Enhanced Work Programme and contracting of a part time Human Resources Director for Universities NZ. Universities NZ Cost-splitting income received in the 2016-17 year was not fully utilised for the Universities NZ Campaign in 2017 and has been refunded to the universities in line with Universities NZ policy.

	Group 2018 $	Group 2017 $	NZVCC 2018 $	NZVCC 2017 $
The University of Auckland	34,958	16,035	34,958	16,035
Auckland University of Technology	19,464	8,874	19,464	8,874
The University of Waikato	14,474	6,640	14,474	6,640
Massey University	20,178	9,064	20,178	9,064
Victoria University of Wellington	18,908	8,524	18,908	8,524
University of Canterbury	18,457	8,445	18,457	8,445
Lincoln University	9,267	4,285	9,267	4,285
University of Otago	26,787	12,133	26,787	12,133
Total	**$162,493**	**$74,000**	**$162,493**	**$74,000**

The University of Auckland provides assistance with Copyright issues and NZVCC pays for these services upon receipt of an invoice 2018, $37,000 (2017, $37,000).

Key Management employees received the following forms of compensation during the course of the year.

	Group 2018 $	FTE's 2018	Group 2017 $	FTE's 2017	NZVCC 2018 $	FTE's 2018	NZVCC 2017 $	FTE's 2017
Key Management Personnel	659,476	4	634,435	4	463,014	3	457,065	3
AQA Board Honoraria	23,409	7 People	29,041	7 People	0	0 People	0	0 People
	682,885		663,476		463,014		457,065	

24 Commitments and contingencies

Commitments
There are no capital commitments at 30 June 2018. (2017 Nil)

Contingent liabilities
There are no contingent liabilities at 30 June 2018. (2017 Nil)

25 Events after reporting date

There were no significant events after the balance date.

Proactively Released