
ANNUAL REPORT 2015

Te Ara Whakamua
New Zealand's Defining University



THE ENGINE
OF THE NEW
NEW ZEALAND





New student accommodation on the Auckland campus at Albany provides close to 300 beds.

VISION TE PAE TAWHITI

To be New Zealand's defining university and a world leader in higher education and scholarship.

Kia hapai ake i te rau tāngata ki te toi o angitu.

MISSION TE PAE TATA

To define the future of our nation and to take the best of New Zealand to the rest of the world.

Kia arataki i te motu kia kawe i ona painga ki te ao whanui

VALUES NGA UARA

Create, Innovate, Connect.

Kia auaha, kia hihiri, kia hono.

CONTENTS

The seven big goals for Massey University	2
From the Chancellor	4
From the Vice-Chancellor	6
Governance and management	12
Directory	14
Financial review	15
Statement of responsibility	17
Independent Auditor's report	18
Statement of comprehensive income	21
Statement of changes in equity	22
Balance sheet	23
Statement of cash flows	24
Notes to and forming part of the financial statements	26
Compulsory student services fees	65
Statement of service performance	66
Appendix	82

THE SEVEN BIG GOALS FOR MASSEY UNIVERSITY

Nga tino whaingā o te kōwhiri ki pūrehuro



RESEARCH AND SCHOLARSHIP

TE RANGAHAU ME TE UMANGA

To promote the highest standards of research and scholarship, be a world leader in our areas of specialisation and support active engagement with, and participation in, knowledge exchange to ensure that the intellectual capital we generate is used to best advantage.

Kia kounga rawa atu te mahi rangahau me te pūwānanga, kia tū hei kaiarataki matua mō tā mātou e matatau ai me te tautoko i te whakawhiti mātauranga e hua mai ai ko ōna painga.

TEACHING AND LEARNING

TE WHAKAAAKO ME TE AKO

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

Kia kounga, kia motuhake hoki te wheako o ngā ākonga katoa ki Te Kunenga ki Pūrehuroa.

CONNECTIONS

TE KOTUITUI

To strengthen our connections with tangata whenua and local, national and international partners and stakeholders, creating mutual benefits.

Kia kaha ake te tūhono ki ngā iwi, ki ngā hoa mahi, ā-rohe, ā-motu, o te ao whānui hoki, kia tipu tahi ai ngā painga.

INTERNATIONALISATION

TE AO WHANUI

To extend our reach so that we operate worldwide as New Zealand's defining international university.

Kia whātoro atu ngā ringaringa a Te Kunenga ki Pūrehuroa ki te ao whānui hei kanohi mō Aotearoa.

RESPONSIBILITY

TE ARONGA MANAAKITANGA

To enhance our reputation as New Zealand's defining university by contributing to an understanding of – and innovative responses to – social, economic, cultural and environmental issues, including those that affect tangata whenua.

Kia hāpaitia te mana o Te Kunenga ki Pūrehuroa hei kanohi mō Aotearoa mā te hihiri o te whakaaro ki ngā take pāpori, ohaoha, ahurea, taiao, tae atu hoki ki ērā ka pā atu ki ngā tangata whenua o te motu.

GENERATING INCOME

TE WHAKATIPU RAWA

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

Kia kaha te whakatipu rawa me te whakapai ake i te tahua e whakangao ai te whare wānanga kia whakatutuki wawata.

ENABLING EXCELLENCE

KIA TUAWHITI

To provide the best working and academic environment for our staff and students.

Kia noho te whare hei whare whakahira mō ā mātou kaimahi me ngā ākonga.

FROM THE CHANCELLOR

2015 was a successful year for Massey University in every respect. Enrolments were up and our financial result exceeded expectations.

More than 6300 new graduates were welcomed into our alumni family, which now numbers in excess of 130,000 around the world. Most were capped at ceremonies in Auckland, Palmerston North and Wellington in April, May and November.

With a strong balance sheet, the University continues to make capital expenditure decisions that will enable the management and staff to achieve the strategic vision of Massey being New Zealand's defining university and a world leader in higher education and scholarship.

During the course of the year the Council was pleased to see the ongoing investment in infrastructure that has led to seismic strengthening of all buildings that required it in Wellington and Manawatū, the opening of student accommodation for the first time at Auckland and the stunning upgrade of the historic Sir Geoffrey Peren Building at Manawatū. And they were only the

highlights. Many buildings have been refitted and repurposed and much more work is planned, particularly at Albany.

It was also very pleasing to see the growth in Massey's international business. Following the visit to the Wellington campus of China's First Lady, Madame Peng Liyuan, in November 2014, the Vice-Chancellor and I, along with several senior Massey staff and a Weta Workshop team led by creative director Sir Richard Taylor, were invited to Beijing in June and hosted by Madame Peng at the People's Liberation Army Arts Academy. This enabled Massey and Weta to showcase our innovation across the arts spectrum. It in turn led to a visit to our Wellington campus by academics from the academy, of whom some spent more than a month here with us. The increase we have had in international student enrolments from China is being referred to by some staff as "the Madame Peng effect".

The appointment in November of Rob Stevens as general manager of Massey University Worldwide was another step towards delivering Massey educational programmes,



projects and consultancy internationally. With more than half a century's experience in delivering distance learning and, more recently, blended learning programmes nationally and internationally, Massey's global growth strategy is very well placed.

We have developed increasingly close relationships with partners around the globe. The FoodHQ partnership based on the Manawatū campus is a particularly good example of working with a range of organisations with common interests. Among those partners are the Crown research institutes Plant & Food Research and AgResearch, with which we have increasingly strong ties.

One of the key issues in terms of governance in the past year was the requirement to reduce the size of the University Council. We did not seek the change but once it was legislated for we consulted widely on all campuses. The clear preference of students, staff and other stakeholders was for the most representative Council possible, a membership of 12.

I offer my sincere thanks to those who have served on the Council in the past year, and congratulations to those recently elected to the Council for 2016. My thanks also to the Vice-Chancellor, the Senior Leadership Team and all staff members for their positive input to an extremely successful year.

Chris Kelly
Chancellor

FROM THE VICE-CHANCELLOR

After celebrating our heritage year in 2014, marking half a century as a university, the focus of 2015 was on consolidating our past successes and looking ahead to the next half century.

A major emphasis was placed on creating connections and improving relationships. We bolstered our already strong links with China through reciprocal visits. We hosted delegations from around the world on all campuses and held events not only in the cities where our campuses are located but also in regions in which we have forged strong links over many decades.

Our enrolments increased again, as provided for by the Tertiary Education Commission. However, this was achieved in a challenging environment as the number of school leavers continues to decline in every part of New Zealand, except Auckland.

International student recruitment remains a priority and our efforts are being rewarded. Equally important is our commitment to the overseas delivery of our expertise, research and teaching through the Massey University Worldwide platform.

KEY EVENTS IN THE YEAR

The Auckland campus hosted two successful Grow North summits in February and November, attended by approximately

300 of Auckland's business, academic and local government leaders.

In February, Finance 2015, held in partnership with the Auckland Chamber of Commerce, again hosted Minister of Finance Bill English for his first major economic address of the year. Originally held in 2009, this annual event continues to grow in stature and popularity with business leaders and generate media attention.

In March, College of Health Pro Vice-Chancellor Professor Paul McDonald hosted a regional road show, visiting Gisborne, Whanganui and Hawke's Bay to meet with healthcare providers, iwi, business and community leaders, news media and politicians to explore new opportunities and potential partnerships with Massey.

In May the Riddet Institute was once again selected as a Centre of Research Excellence and will receive continued funding to the value of \$30 million during the next five years. A group of institute scientists was awarded almost \$1 million in research funding from the High-Value Nutrition National Science Challenge to create foods for the elderly.

In May and July New Zealand's changing demographics and the impacts on the regions was the theme of the successful New New Zealand forums in Hawke's Bay and Taranaki, with research presented by



College of Humanities and Social Sciences Pro Vice-Chancellor Distinguished Professor Paul Spoonley and Professor Richard Shaw. A further two forums were held in November, in partnership with Westpac, in Auckland and Wellington, focusing on the food revolution, with Distinguished Professor Paul Moughan as the keynote speaker.

In August Professor McDonald gave a series of speeches in Wellington, Christchurch, Auckland, Palmerston North and New Plymouth at alumni events open to the public, entitled *Improving Health, Saving Healthcare: 21st Century Solutions*. Later in the year he hosted a speaking tour to Whangarei, Hamilton, Napier and Nelson to raise the profile of Massey's nursing programme in conjunction with Distinguished Alumni Award-winning nurse Andrew Cameron and the Red Cross,

In August, as part of the World War I Centenary project, war historian Professor Glyn Harper led a special event in Palmerston North to mark 100 years since the Battle of Chunuk Bair – one of the most significant events in the Gallipoli campaign. He also launched his new book, *Johnny Enzed: the New Zealand soldier in the First World War 1914-1981*, based on soldiers' wartime letters and diaries.

In November a Pacific Health Seminar was organised by the Centre for Public Health Research and hosted by the Dutch Embassy.

The high-level diplomatic/government event showcased the centre's initiatives to improve the health of those living in Pacific nations.

Coinciding with World AIDS Day on December 1, Massey University Press published its first book, *Local Tools for Global Change*, co-edited by Associate Professor Mark Henrickson and Meaghan Fisher from the School of Social Work.

Think Differently, a series of collaborative, cross-campus projects involving staff and students at the Wellington campus, launched in 2015, allowing students to establish relationships with the city's industry leaders and increase their chances of employment after graduation.

UNIVERSITY HIGHLIGHTS AND ACHIEVEMENTS

AUCKLAND CAMPUS

The Grow North initiative is an ambitious plan to increase enrolments significantly, targeting 10,000 equivalent-full-time students enrolled at the campus by 2025. As part of that Massey is leading a drive to create an Innovation Corridor north of the Auckland Harbour Bridge in conjunction with Auckland Tourism, Events and Economic Development, local businesses and other stakeholders.

The \$26.2 million, Qualmark five-star, Te Ohanga accommodation village opened

on the Auckland campus in February, providing beds for up to 292 students.

Long-term plans are under way to further enhance the campus with the addition of a science innovation and research centre, marae complex, library expansion and additional teaching space. To fund these developments the University began an expression of interest process in October for the sale or lease of part of the campus's Oteha Rohe precinct.

In December a new 5m by 2m digital sign featuring Massey news and events was erected at the entrance to the campus and opposite the busy Albany Westfield mall and shopping precinct. Several prospective students who attended the campus's Get It Sorted event in January said they only attended because they saw it advertised on the sign.

MANAWATŪ CAMPUS

The Manawatū campus is the base for Massey's FoodHQ strategic partnership with eight other research and innovation organisations.

Massey is working with Palmerston North City Council on a "Univer-City" initiative to enhance the relationship between the University, the city and the wider community through collaborative planning and projects.

A new 40m by 25m teaching gym opened next to the Recreation Centre, with two cross-court basketball courts, a full-sized basketball court, three volleyball courts, six badminton courts and a full-sized netball court.

The seismic strengthening and renovation of Massey's oldest building, the 83-year-old Sir Geoffrey Peren Building, was completed in November. The three-year, \$17 million renovation restored many of the building's original features while creating a light and modern atmosphere. Staff and students from the College of Humanities and Social Sciences are enjoying the space.

Campus registrar Dr Sandi Shillington held two informal "campus cafe" gatherings for staff to hear about interesting opportunities, developments and ideas, including the campus emergency management team's new Ping smartphone application.

The Manawatū campus orientation event received national television coverage for breaking the world record for the most people down a water slide in one hour, at the nearby Lido Aquatic Centre in Palmerston North.

WELLINGTON CAMPUS

The Wellington campus, with the slogan "think differently", is the home of the College of Creative Arts. The capital is also the home of some of our key specialisations such as public health research and disaster research.

An extensive refurbishment of the Wellington campus library was awarded top prize in the education category of the annual Wellington Architecture Awards. The spacious environment now includes the campus's Centre for Teaching and Learning.

Staff at the College of Creative Arts relocated from the Museum Building to a new open-plan workspace known as Te Whare Pūkākā, which epitomises the creativity of its occupants.

The construction of a new wharehau and wharekai, designed at the Kuratini Marae, began in October.

MĀORI AND PASIFIKA HIGHLIGHTS

Massey University celebrated its 10th year sponsoring the Tongan Stage at Polyfest in Auckland.

In July the Treaty on the Ground conference, marking 175 years since the signing of the Treaty of Waitangi, was organised by the WH Oliver Humanities Research Academy in partnership with the Auckland War Memorial Museum.

An inaugural Pasifika recruitment initiative and cultural programme, Aganu'u, attracted 40 Pasifika secondary students.

Strong media and public interest was generated by the Massey-run Ngā Kupu Ora Aotearoa Māori Book Awards, held at Te Papa in September.

In December 20 years of Māori visual art at Massey were celebrated at Te Manawa, Palmerston North. The celebrations included six exhibitions, a symposium and

an art trail that weaved its way through the city, highlighting works from alumni of the Bachelor of Māori Visual Arts programme.

COLLEGE OF CREATIVE ARTS HIGHLIGHTS

College of Creative Arts staff and students, led by Associate Professor Chris Bennewith, took a prominent role in Wellington's annual light festival, LUX. Light installations and pop-ups were exhibited along the waterfront in late August and attracted more than 65,000 visitors.

The School of Design was ranked third in the Asia-Pacific by global design organisation Red Dot, up from its 11th placing three years earlier, and the highest ranking of any Australasian design school.

The new School of Music and Creative Media Production was launched in October, with enrolments for the Bachelor of Commercial Music accepted shortly thereafter.

In November 12 Massey students who had been awarded Prime Minister Scholarships for Asia travelled to China, accompanied by staff, to collaborate with fashion and textile design institutions and explore the development of design strategies for sustainable fashion and textiles.

COLLEGE OF HEALTH HIGHLIGHTS

A memorandum of understanding was signed with Shanghai's Tongji University in February during a Riddet Institute-hosted visit by the university's president, Dr Gang Pei.

Distinguished Professor Paul Moughan was appointed a member of the International Academy Partnership Global Food and Nutrition Security Think Tank, which aims to reduce the number of chronically malnourished people and address the challenges posed by the planet's rapidly growing human population.

Professor Annette Huntington became the first New Zealand member of the Council of Deans of Nursing and Midwifery (Australia and New Zealand) to be elected as Deputy Chair.

The Massey Institute of Food Science and Technology was launched in May to oversee the activities of the School of Food and Nutrition, Food Pilot and Riddet Innovation.

Collectively it is the Southern Hemisphere's leading and largest food and nutrition group.

Professor Richard Archer led a new \$16.6 million food engineering research project, which brings together engineers and scientists from universities and Crown research institutes to improve profits for New Zealand food producers.

Distinguished Professor Harjinder Singh was awarded the 2015 International Dairy Foods Association Research Award in Dairy Foods Processing, the first recipient from outside North America to receive the honour. He was also awarded Fellowship of the United States Institute of Food Technologists for outstanding contributions to food science and technology.

Professor of Public Health and director of Massey University's Centre for Public Health Research, Jeroen Douwes, was appointed to the Health Research Council of New Zealand board. The centre was awarded \$1.19 million in council funding for asthma research.

Associate Professor Kieran O'Donoghue was honoured by the Aotearoa New Zealand Association of Social Workers with a Certificate of Excellence for his research.

Professor Sally Casswell of the SHORE and Whāriki Research Centre was elected Chair of the Global Alcohol Policy Alliance Board and delivered the keynote address for the third Global Alcohol Policy Conference in Edinburgh, Scotland.

Associate Professor Mary Nulsen received the highest honour of the New Zealand Microbiological Society for her outstanding contribution to medical microbiology.

Professor John Potter from the Centre for Public Health Research was appointed chief science adviser to the Ministry of Health.

COLLEGE OF HUMANITIES AND SOCIAL SCIENCES HIGHLIGHTS

More than \$900,000 in Marsden funding was awarded to two Massey researchers and historians to pursue their research-led projects – Professor Michael Belgrave and Dr James Richardson.

Distinguished Professor Paul Spoonley was awarded a Museum Medal and made a Fellow of the Auckland War Memorial Museum in recognition of his work as a sociologist researching major trends affecting New Zealand society.

In June year-13 pupils from 10 Auckland secondary schools took part in Massey's School of People, Environment and Planning's first Global Summit and mock United Nations Security Council meeting.

External Relations produced a myth-busting video series to champion the Bachelor of Arts, which was fronted by comedian and television host Jeremy Corbett and actor Antonia Prebble, each of whom holds a Bachelor of Arts from Massey.

Professor Chris Gallavin, former Dean of Law at the University of Canterbury, was appointed Deputy Pro Vice-Chancellor for the college.

Professor Rouben Azizian was appointed director of the Centre for Defence and Security Studies.

The college recorded an 11 per cent revenue increase from last year in contracts and trading for research, consultancy and contract teaching.

School of English and Media Studies lecturer, Associate Professor Elspeth Tilley, organised a theatre action event, *Waves*, at the Wellington campus as part of a series of worldwide readings and performances aiming to shed light on climate change.

COLLEGE OF SCIENCES HIGHLIGHTS

Rutherford Foundation Postdoctoral Fellowships were awarded to Dr Luke Fullard, from the Institute of Fundamental Sciences, and Dr Libby Liggins, from the Institute of Natural and Mathematical Sciences.

Associate Professor James Dale, from the Institute of Natural and Mathematical Sciences, had a paper published in the prestigious journal *Nature*, outlining why birds have bright plumage.

Dr David Aguirre, from the Institute of Natural and Mathematical Sciences, had a paper published in *Science*, debunking

the belief that rising ocean temperatures will lead to coral expansion.

Professor Velmurugu (Ravi) Ravindran, from the Institute of Veterinary, Animal and Biomedical Sciences, was awarded the New Zealand Society of Animal Production's McMeekan Memorial Award – the country's highest honour for a production animal scientist.

Professor David Mellor, from the Institute of Veterinary, Animal and Biomedical Sciences, was awarded the Universities Federation Medal for Outstanding Contributions to Animal Welfare Science.

Massey presented more than \$500,000 worth of scholarships to 114 existing and prospective agriculture students. During the past 20 years the University has distributed more than \$10 million in agriculture and horticulture scholarships to students.

Institute of Fundamental Sciences doctoral student Lujia Liu received the Royal Society of New Zealand Hatherton Award for the best scientific paper by a student registered for the degree of PhD at any New Zealand university.

For the fourth consecutive year, a team of Bachelor of Engineering students from Massey won the Engineers Without Borders national competition.

Dr Jonathan Procter, from the Institute of Agriculture and Environment, led the development of the mātauranga Māori programme of the Resilience to Nature's Challenges project through the development phase and is expected to continue to lead when the challenge becomes fully operational. The project, hosted by GNS Science, aims to enhance New Zealand's resilience to natural disasters.

Associate Professor Murray Cox, from the Institute of Fundamental Sciences, was awarded a 2015 Visiting Fellowship from St John's College, University of Oxford, and admitted to the Senior Common Room. This award is separate from the University of Oxford Fellowship awarded to Dr Cox as part of the Association of Commonwealth Universities Titular Fellowships scheme.

Distinguished Professor Gaven Martin, from the Institute of Natural and Mathematical Sciences, has been chosen as the American Mathematics Society's MacLaurin Lecturer for 2016 and will serve on the International Council for Science Committee on Freedom and Responsibility in Science.

Associate Professor Jane Goodyer, from the School of Engineering and Advanced Technology, was made a fellow of Britain's Institution of Engineering and Technology.

Distinguished Professor David Penny, from the Institute of Fundamental Sciences, was awarded an honorary life membership of the New Zealand Association of Scientists.

Professor Shane Telfer, from the Institute of Fundamental Sciences, was awarded the New Zealand Institute of Chemistry Maurice Wilkins Centre prize for Chemical Science.

Massey's veterinary programme was ranked number one in the world for employer reputation according to the Quacquarelli Symonds rankings.

MASSEY BUSINESS SCHOOL HIGHLIGHTS

The new Bachelor of Retail and Business Management was well supported by the retail industry, both in terms of students and through the programme's advisory board, which is made up of leading chief executives, industry groups and training providers. The Warehouse Group's funding of the Sir Stephen Tindall Chair in Retail Management enabled the establishment of the Centre for Advanced Retail Studies and a scholarship in retail studies.

The Master of Analytics (Business), launched at the start of the year, secured the sponsorship of the world's leading business analytics software provider, SAS. The sponsorship agreement was the first of its kind with a New Zealand university and provides students with SAS certification credentials, research funding and internship opportunities at some of Australasia's largest firms.

The Master of Advanced Leadership Practice was launched in August, with participants describing the course's experiential workshops as "life-changing".

Massey Business School secured funding for two additional endowed chairs. A donation from business consultant, philanthropist and Massey University alumnus Matthew Abel provided partial funding for the MSA Charitable Trust Chairs in Marketing and Finance. The inaugural appointees are Professor Harald van Heerde and Professor Ben Marshall respectively.

The school's revenue from the fees of international students grew significantly to \$24.8 million, up 12 per cent on the previous year.

In November the outgoing Warehouse Group chief executive Mark Powell signed on as the school's first CEO-in-residence.

The number of entries for the school's annual Research Translation Competition doubled in 2015 and was identified by the Association to Advance Collegiate Schools of Business (AACSB) as an example of "Innovations that Inspire" and will be highlighted at its 2016 Deans' Conference.

The school also hosted successful visits by accreditation teams from AACSB and the Association of MBAs.

ACKNOWLEDGEMENTS

I would like to acknowledge the support of all the University staff and stakeholders. In particular, I would like to thank members of the University Council and Chancellor Chris Kelly, who oversaw the consultation and consideration process to reduce the size of the University Council, as required by a recent law change. The governance of the University is in good hands.

Steve Maharey
Vice-Chancellor

GOVERNANCE AND MANAGEMENT

UNIVERSITY COUNCIL MEMBERS

Chancellor

Chris Kelly, MVSc, MACVSc

Pro-Chancellor

Michael Ahie, BBS(Hons)

Vice-Chancellor

Steve Maharey, CNZM, BA, MA(Hons)

Members appointed by the Minister of Education

Michael Ahie, BBS(Hons)*◇

Dr Helen Anderson

QSO, PhD *Cantab.*, CRSNZ, F.Inst.D *◇

Colin Harvey, ONZM, BAgSc, BCC *Auck.**◇

Ben Vanderkolk, LLB *Canterbury**◇

Elected member of academic staff

Associate Professor Grant Duncan
MA, PhD *Auck.**

Distinguished Professor Gaven Martin BSc(Hons),
MSc, PhD *Michigan*, FRSNZ FAMS, FNZMS◇

Elected academic staff of the Academic Board[‡]

Vacant

Professor Cynthia White

BA (Hons), PhD, DipTESL *Well.**

Elected member of general (professional) staff

Fiona Coote

GradDipBusStuds (BusLaw), DipArts (Hist)*

Jacqui Hofmann, BA *Well.*, GDipInfSc◇

Elected by Māori students[‡]

Nitika Erueti-Satish (until May 1, 2015)

Elected by distance students[‡]

Vacant

Elected by internal students[‡]

Liam Tait*

Elected members from the Court of Convocation[‡]

Lesley Whyte, JP, MBA, M.Inst.D*

Bruce Ullrich, OBE

BCom *Canterbury*, MBA, ACA, FlntD*

Council appointees on the nomination of the Vice-Chancellor

Chris Kelly, MVSc, MACVSc*◇

Dr Russ Ballard

CNZM, MAgrSc, PhD *Flor.*, FNZIM*

Kura Denness, MBA, CA*

Ian Marshall

BCom *Natal*, CA, CASA*◇

* Until December 31, 2015

◇ From January 1, 2016

‡ Position disestablished December 31, 2015

Massey University Council 2015, from left: Associate Professor Grant Duncan, Colin Harvey, Steve Maharey, Dr Helen Anderson, Dr Russ Ballard, Chris Kelly, Bruce Ullrich, Lesley Whyte, Ben Vanderkolk, Michael Ahie, Ian Marshall, Kura Denness
Inserts: Nitika Erueti-Satish, Professor Cynthia White, Fiona Coote, Liam Tait



SENIOR LEADERSHIP TEAM MEMBERS

Vice-Chancellor

Steve Maharey, CNZM, BA, MA(Hons)

Deputy Vice-Chancellor

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

Pro Vice-Chancellors (Colleges)

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

Creative Arts – Professor Claire Robinson,
BDes, BA(Hons) *Well.*, PhD

Health – Professor Paul McDonald,
BA(Hons) *Wat.*, MA *UWO*, PhD *Wat.*

Humanities and Social Sciences –
Distinguished Professor Paul Spoonley,
DipEd *Auck.*, BA *Well.*, PGDipArts *Otago*,
MA *Otago*, MSc *Brist.*, PhD

Sciences – Professor Raymond Geor,
BVSc, MVSc *Sask.*, PhD *Ohio State*,
Diplomate ACVIM, AVCSMR, ACVN(Hon)

Assistant Vice-Chancellors

External Relations – Penelope Barr-Sellers,
DipMet *NZ MetSer*, DipTchg, BEd *Waik.*

Māori and Pasifika – Dr Selwyn Katene,
BA(Hons) *Well.*, MPM *Well.*, MA *Well.*, PhD

Operations, International and University
Registrar – Stuart Morriss, DipBusStuds,
BAgrSc, MPP *Well.*

People and Organisational Development –
Alan Davis, CertIndRel *Well.*, LLB *Canterbury*,
MBA *Well.*

Research, Academic and Enterprise –
Professor Brigid Heywood,
BSc(Hons) *Man.*, PhD *Liv.* (until October 2015)
Professor Giselle Byrnes, BA *Waik.*,
MA *Waik.*, PhD *Auck.* (from January 2016)

Strategy, Finance, IT and Commercial Operations –
Cathy Magiannis, BCA *Well.*, CA

OFFICERS OF THE UNIVERSITY

Chancellor

Chris Kelly, MVSc, MACVSc

Pro-Chancellor

Michael Ahie, BBS(Hons)

Vice-Chancellor

Steve Maharey, CNZM, BA, MA(Hons)

University Registrar

Stuart Morriss, DipBusStuds, BAgrSc, MPP *Well.*

Members of the Senior Leadership Team, from left: Penelope Barr-Sellers, Dr Selwyn Katene, Distinguished Professor Paul Spoonley, Professor Raymond Geor, Steve Maharey, Professor Claire Robinson, Professor Paul McDonald, Professor Giselle Byrnes, Alan Davis, Professor Ted Zorn, Cathy Magiannis and Stuart Morriss.



DIRECTORY

BANKER

Bank of New Zealand

AUDITOR

Audit New Zealand
on behalf of the Auditor-General

VALUER

Quotable Value New Zealand Limited

LEGAL ADVISERS

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

INSURERS

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

INTERNAL AUDITOR

PricewaterhouseCoopers



FINANCIAL REVIEW 2015

Introduction

Massey University and its controlled entities (the group) achieved a consolidated surplus of \$5.9 million in 2015. Exceeding budget by \$1.5 million was again a strong result given the continued financial constraints facing the tertiary education sector. 2015 saw continued growth in international student fee revenue; a great achievement in a highly competitive market. A strong contribution from the University's two key subsidiaries, Massey Ventures Limited (the University's research commercialisation arm) and Massey University Foundation Trust (the University's fundraising arm), also contributed positively to the consolidated surplus.

Commentary

Consolidated revenue was ahead of 2015 budget and prior year actual. At a time when the New Zealand domestic student population is decreasing, the 2015 increase in domestic EFTS was a significant achievement and reflects Massey University's growth in market share. International student numbers have also continued to rise, with fee income increasing by \$5.4 million from 2014. This is a reflection of the strength of Massey University's successful execution of its internationalisation strategy. Careful treasury management, higher than expected returns on investments and a number of one-off revenue items in 2015 also contributed to the increase in revenue.

2015 saw Massey University sell its stake in New Zealand Veterinary Pathology Limited. This resulted in a gain of \$3.1 million. This was a fantastic result and was the first of several expected sales of shareholdings developed under the umbrella of Massey Ventures Limited. This sale was a reflection of the strong strategy of the University to create value through commercialising intellectual property, predominantly from research and teaching activities.

Operating expenses in 2015 exceeded budget and 2014 actual as a result of bringing forward strategic decisions to reinvest some of the revenue gains in one-off initiatives such as the internationalisation strategy, campus development plans and student recruitment.

This is the first set of financial statements of the group required to be presented in accordance with PBE accounting standards. This change in reporting framework has not resulted in any change to amounts previously reported.

Financial Health

The group continues to have a very strong balance sheet, with assets of \$1.3 billion and liabilities of \$0.2 billion.

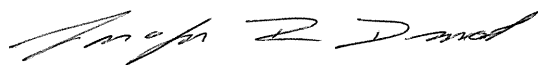
The table below sets out a number of the key Tertiary Education Commission (TEC) measures that are used to monitor the financial health of tertiary education institutions. With the exception of the surplus measure, the University meets or exceeds these measures. The group continues to target the achievement of a 3.0% surplus as part of its strategy. However, in 2015 the Council approved budgeted surplus was 1.0%.

Measure	TEC Target	Group
Operating surplus ¹	3-5%	1.3%
Net cash flow from operations ²	111-113%	118.4%
Liquid funds ratio (liquidity) ³	8-12%	27.2%
Ability to service debt ⁴	3-6 : 1 times	7.08 : 1 times
Debt to debt plus equity ⁵	0-7.5%	1.2%

- ¹ Surplus as a percentage of total revenue.
- ² Cash inflow from operations to cash outflows from operations.
- ³ Liquid resources to cash outflow from operations.
- ⁴ Earnings before interest to interest paid.
- ⁵ Total debt to total debt plus equity.

The achievement, and in some instances outperformance, of the non-surplus ratios demonstrates the group’s continued financial strength and sustainability. At 31 December 2015 the group had cash and other financial assets of \$146.2 million. The group has funded both operating activities and capital investment through the use of these cash reserves/assets. This has enabled the group to limit its borrowing and associated costs. It has also placed the group in a strong position as it embarks on its investment in growth in Albany and continues to focus on the capital programme, in particular the redevelopment of the Vet Complex in Manawatū.

However, the challenges facing the group and the tertiary education sector should not be underestimated. Market forecasts show a continued decline in domestic student numbers and increased competition for international students. The group’s balance sheet places it in a strong position to continue to focus on innovative growth strategies while maintaining the delivery of high-quality services to its students and stakeholders.



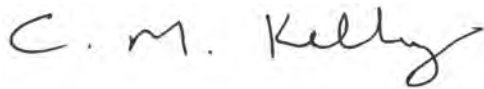
Carolyn Dimond
Chief Financial Officer

STATEMENT OF RESPONSIBILITY

In the financial year ended 31 December 2015, the Council and management of Massey University were responsible for:

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

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



Chris Kelly
Chancellor



Steve Maharey
Vice-Chancellor

15 April 2016



Independent Auditor's Report

TO THE READERS OF
MASSEY UNIVERSITY AND GROUP'S
FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2015

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

Opinion on the financial statements and the statement of service performance

We have audited:

- the financial statements of the University and group on pages 21 to 64, that comprise the statement of financial position as at 31 December 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the University and group on pages 66 to 79.

In our opinion:

- the financial statements of the University and group on pages 21 to 64:
 - present fairly, in all material respects the University and group's:
 - financial position as at 31 December 2015; and
 - financial performance and cash flows for the year then ended;
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Reporting Standards.
- the statement of service performance of the University and group on pages 66 to 79 presents fairly, in all material respects, the University and group's service performance achievements measured against the proposed outcomes described in the investment plan for the year ended 31 December 2015.

Our audit was completed on 15 April 2016. This is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

An audit also involves evaluating:

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

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

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

Responsibilities of the Council

The Council is responsible for preparing financial statements that comply with generally accepted accounting practice in New Zealand and present fairly the University and group's financial position, financial performance and cash flows.

The Council is also responsible for preparing a statement of service performance that presents fairly the University and group's service performance achievements measured against the proposed outcomes adopted in the investment plan.

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

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

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

In addition to the audit, we have carried out an assurance engagement providing a report on the University's Performance Based Research Fund external research income and research overhead recovery rate certification. We have also carried out an assurance engagement relating to expenditure verification on a grant contract under the External Actions of the European Union. These engagements are compatible with those independent requirements

Other than the audit and these assurance engagements, we have no relationship with or interests in the University or any of its subsidiaries.

A handwritten signature in black ink, appearing to read 'Clint Ramoo', with a horizontal line underneath it.

Clint Ramoo

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Consolidated			University		
		Actual 2015 (\$000)	Budget 2015 (\$000)	Actual 2014 (\$000)	Actual 2015 (\$000)	Budget 2015 (\$000)	Actual 2014 (\$000)
Operating Revenue							
Government Grants	2,3	185,759	183,622	181,632	185,759	183,622	180,298
Student Fees	3	158,101	155,477	149,394	158,101	155,477	148,813
Interest	3	4,522	2,355	4,538	4,465	2,311	4,456
Charges for Services	3	106,079	98,542	106,729	104,932	95,809	106,450
Trust Funds	3,28	5,446	4,024	5,852	1,355	1,206	1,426
Other (Losses) / Gains	3,4	(12)	-	1,567	79	-	3,059
Total Operating Revenue		459,895	444,020	449,712	454,691	438,425	444,502
Operating Expenses							
Staff Related Costs	2,5	271,056	260,689	263,441	269,790	259,216	261,155
Depreciation and Amortisation	2,6	52,000	50,400	48,245	51,989	50,400	48,192
Finance Costs	7	978	1,910	1,034	978	1,910	1,034
Other Direct Costs	2,8	130,572	124,656	125,636	130,268	122,956	126,059
Trust Funds	28	2,437	1,925	2,468	1,505	1,089	1,979
Total Cost of Operations		457,043	439,580	440,824	454,530	435,571	438,419
Share of Associates' Surplus	18	3,091	-	246	-	-	-
Surplus for the Year		5,943	4,440	9,134	161	2,854	6,083
Other Comprehensive Revenue and Expenses							
Net Gain/(Loss) on Available for Sale Assets	27	1,655	-	55	(50)	-	55
Gain on Property Revaluations	27	-	-	104,603	-	-	104,603
Total Other Comprehensive Revenue and Expenses for the Year		1,655	-	104,658	(50)	-	104,658
Total Comprehensive Revenue and Expenses for the Year		7,598	4,440	113,792	111	2,854	110,741

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Consolidated			University		
		Actual 2015 (\$000)	Budget 2015 (\$000)	Actual 2014 (\$000)	Actual 2015 (\$000)	Budget 2015 (\$000)	Actual 2014 (\$000)
Equity as at 1 January	27	1,063,256	950,391	949,465	1,055,846	946,286	945,105
Surplus		5,943	4,440	9,134	161	2,854	6,083
Other Comprehensive Revenue and Expenses		1,655	-	104,658	(50)	-	104,658
Total Comprehensive Revenue and Expenses for the Year		7,598	4,440	113,792	111	2,854	110,741
Property Revaluation Reserve Adjustment	27	(975)	-	-	(975)	-	-
Other		38	-	-	-	-	-
Equity as at 31 December	27	1,069,919	954,831	1,063,256	1,054,983	949,140	1,055,846

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	Consolidated			University		
		Actual 2015 (\$000)	Budget 2015 (\$000)	Actual 2014 (\$000)	Actual 2015 (\$000)	Budget 2015 (\$000)	Actual 2014 (\$000)
ASSETS							
Current Assets							
Cash and Cash Equivalents	11	91,358	11,330	50,661	87,503	9,459	48,296
Student and Other Receivables	12	25,287	27,464	26,006	24,857	26,731	25,916
Inventories	13	1,452	1,500	1,431	1,445	1,500	1,427
Other Financial Assets	14	15,857	54,279	46,197	15,100	54,279	44,766
Biological Assets - Livestock	15	3,621	3,250	3,405	3,621	3,250	3,405
Derivative Financial Instruments	16	1	-	78	1	-	78
Non-current Assets Held for Sale	17	11,000	-	-	11,000	-	-
Total Current Assets		148,576	97,823	127,778	143,527	95,219	123,888
Non-current Assets							
Investment in Associates	18	3,810	-	721	-	-	-
Other Assets	19	-	-	-	19,473	19,615	19,473
Other Financial Assets	14	29,584	25,124	25,565	2,325	2,311	2,373
Biological Assets - Forestry	15	661	804	718	661	804	718
Property, Plant and Equipment	20	1,059,529	985,296	1,064,279	1,059,505	985,266	1,064,255
Intangible Assets	21	12,866	10,599	14,117	12,866	10,599	14,117
Total Non-current Assets		1,106,450	1,021,823	1,105,400	1,094,830	1,018,595	1,100,936
Total Assets		1,255,026	1,119,646	1,233,178	1,238,357	1,113,814	1,224,824
LIABILITIES							
Current Liabilities							
Trade and Other Payables	22	36,057	28,271	39,863	35,111	28,150	39,471
Borrowings	23	13,134	1,238	708	13,134	1,238	708
Employee Entitlements	24	17,297	18,047	17,213	17,252	18,027	17,193
Receipts in Advance	25	75,182	60,132	62,203	74,440	60,132	61,671
Derivative Financial Instruments	16	130	-	-	130	-	-
Total Current Liabilities		141,800	107,688	119,987	140,067	107,547	119,043
Non-current Liabilities							
Borrowings	23	-	26,275	13,135	-	26,275	13,135
Employee Entitlements	24	39,653	30,045	35,084	39,653	30,045	35,084
Receipts in Advance	25	3,654	807	1,716	3,654	807	1,716
Total Non-current Liabilities		43,307	57,127	49,935	43,307	57,127	49,935
Total Liabilities		185,107	164,815	169,922	183,374	164,674	168,978
Net Assets		1,069,919	954,831	1,063,256	1,054,983	949,140	1,055,846
EQUITY							
Total Equity	27	1,069,919	954,831	1,063,256	1,054,983	949,140	1,055,846

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Consolidated			University		
		Actual 2015 (\$000)	Budget 2015 (\$000)	Actual 2014 (\$000)	Actual 2015 (\$000)	Budget 2015 (\$000)	Actual 2014 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES							
<i>Cash was provided from:</i>							
Government Grants		185,467	175,636	186,691	185,467	175,636	185,586
Receipts from Students Fees		153,983	155,265	152,395	153,895	155,265	151,174
Other Revenue		118,192	96,832	106,594	117,294	95,577	105,507
Interest Received		5,095	2,355	5,194	5,039	2,311	5,112
Trust Funds		4,347	4,024	4,923	962	1,206	1,724
		467,084	434,112	455,797	462,657	429,995	449,103
<i>Cash was applied to:</i>							
Payments to Employees and Suppliers		392,210	387,270	382,568	387,682	383,268	379,915
Net GST		1,312	-	(268)	1,292	-	(385)
Interest Paid		979	1,910	1,030	979	1,910	1,030
		394,501	389,180	383,330	389,953	385,178	(380,560)
Net Cash Flow from Operating Activities	9	72,583	44,932	72,467	72,704	44,817	68,543
CASH FLOWS FROM INVESTING ACTIVITIES							
<i>Cash was provided from:</i>							
Withdrawal from Investments		180,645	82,450	149,572	176,855	82,450	149,130
Sale of Fixed Assets		381	-	1,951	381	-	1,951
		181,026	82,450	151,523	177,236	82,450	151,081
<i>Cash was applied to:</i>							
Purchase of Investments		149,611	88,957	136,707	147,189	89,011	133,321
Sale of Subsidiary		-	-	1,902	-	-	-
Loan to Subsidiary		-	-	-	260	400	-
Purchase of Property, Plant, Equipment and Intangibles		63,004	78,122	66,568	62,986	78,117	66,539
		212,615	167,079	205,177	210,435	167,528	199,860
Net Cash Flow (to)/from Investing Activities		(31,589)	(84,629)	(53,654)	(33,199)	(85,078)	(48,779)

The accompanying notes form part of these financial statements.

	Consolidated			University		
	Actual 2015 (\$000)	Budget 2015 (\$000)	Actual 2014 (\$000)	Actual 2015 (\$000)	Budget 2015 (\$000)	Actual 2014 (\$000)
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Cash was provided from:</i>						
Loans Repaid by Subsidiary	-	-	53	-	-	53
Loan Raised	-	15,000	-	-	15,000	208
	-	15,000	53	-	15,000	261
<i>Cash was applied to:</i>						
Investment in Subsidiaries	-	-	-	-	-	768
Loans Repaid	709	1,331	664	709	1,331	664
	709	1,331	664	709	1,331	1,432
Net Cash Flow (to)/from Financing Activities	(709)	13,669	(611)	(709)	13,669	(1,171)
Net Increase/(Decrease) in Cash and Cash Equivalents	40,285	(26,028)	18,202	38,796	(26,592)	18,593
Net Foreign Exchange Gain	412	-	71	411	-	71
Cash and Cash Equivalent Brought Forward	50,661	37,358	32,388	48,296	36,051	29,632
Cash and Cash Equivalents Carried Forward	11	91,358	11,330	87,503	9,459	48,296

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Note 1. Statement of Accounting Policies

THE REPORTING ENTITY

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

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

- Massey Business School;
- College of Creative Arts;
- College of Health;
- College of Humanities and Social Sciences; and
- College of Sciences.

The Massey Group (the Group) consists of the University and its wholly owned subsidiaries, the Massey University Foundation Trust, Massey Global Limited, Massey Ventures Limited (MVL), E Centre Limited and MUSAC Limited (both E Centre Limited and MUSAC Limited are wholly owned by MVL). MVL also owns 60% of Synthodics Limited, which is part of the Group. The reporting entity includes the aforementioned Group, Agri One Limited (a joint venture 50% owned by the University) and associates owned by MVL: Tramal Limited (formerly New Zealand Vet Pathology Limited - 35.58%) and Consumer Insights Limited (39.98%). The University and its controlled entities were established as tertiary education providers and researchers. Accordingly, the University and its controlled entities have designated themselves as public benefit entities. All applicable public benefit entity exemptions have been adopted.

The financial statements of the University and Group are for the year ended 31 December 2015. The financial statements were authorised for issue by the Council on 15 April 2016.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis and in accordance with the Crown Entities Act 2004 and section 220 of the Education Act 1989, which requires compliance with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements of the University and Group are the first set of financial statements presented in accordance with Tier 1 Public Benefit Entity (PBE) standards. The financial statements comply with PBE standards, which have been applied consistently throughout the period.

MEASUREMENT BASE

The financial statements have been prepared on a historical cost basis, except for the following assets carried at fair value: financial instruments designated as fair value through surplus and deficit, financial assets available for sale, financial instruments held for trading, non-current receipts in advance, biological assets, non-current assets held for sale, investment property and land and buildings classified as property, plant and equipment.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated.

EFFECT OF FIRST TIME ADOPTION OF PBE STANDARDS ON ACCOUNTING POLICIES AND DISCLOSURES

This is the first set of financial statements of the University and Group that is presented in accordance with PBE standards. The University and Group have previously reported in accordance with NZ IFRS (PBE).

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard are different to the requirements under NZ IFRS (PBE) as outlined below.

PBE IPSAS 23: Revenue from Non-Exchange Transactions (IPSAS 23)

IPSAS 23 prescribes the financial reporting requirements for revenue arising from non-exchange transactions. There is no equivalent financial reporting standard under NZ IFRS. This standard applies to the Group's accounting for government grants, subsidised student fees, research funding, gifts, bequests and donations. Detailed analysis of these items has not identified any material changes to amounts previously reported. Revenue recognition policies in accordance with IPSAS 23 are further discussed under Revenue section below.

IPSAS 23 requires the following additional disclosures for the University and Group:

- i. The amount of revenue from non-exchange transactions recognised during the period;
- ii. The amount of receivables recognised in respect of non-exchange revenue;
- iii. The amount of liabilities recognised in respect of transferred assets subject to conditions;
- iv. The amount of assets recognised that are subject to restrictions and the nature of those restrictions;
- v. The amount of advance receipts in respect of non-exchange transactions; and
- vi. The nature and type of major classes of bequests, gifts, and donations.

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The University and Group have not elected to early adopt any new standards or interpretations that are issued but not yet effective as at 31 December 2015.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The University and Group will apply these updated standards in preparing its 31 December 2016 financial statements. Management expects there will be minimal or no change in applying these updated accounting standards.

ACCOUNTING POLICIES

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

A) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the University and the Group as at 31 December 2015.

The Group consolidates as subsidiaries in the consolidated financial statements, using the purchase method, all entities where the Group has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entities. This power exists where the Group controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Group. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

Associates are entities over which the Group has significant influence and that are neither controlled entities nor joint ventures. The Group generally deems it has significant influence if it has over 20% but less than 50% of the voting rights in the investee. Investments in material associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

The investments in subsidiaries and associates are accounted for at cost less any provision for impairment in the separate financial statements of the University and other Group entities.

At the end of each reporting period, the University and Group assess whether there are any indicators that the carrying value of the investment in controlled entities and associates may be impaired. Where such indicators exist, an impairment loss is recognised to the extent that the carrying value of the investment exceeds its recoverable amount.

B) Budget Figures

The budget figures are those approved by the University Council at the end of the year prior to the financial year.

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

C) Allocation of Overheads

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

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

D) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

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

Student Achievement Component (SAC) Funding

SAC funding is the University's main source of operational funding from the Tertiary Education Commission (TEC). The University considers SAC funding to be non-exchange and recognises SAC funding as revenue when the course withdrawal date has passed, based on the number of eligible students enrolled in the course at that date and the value of the course.

Student Tuition Fees

Domestic student tuition fees are subsidised by government funding and are considered non-exchange. Revenue is recognised upon obtaining control over the related asset to the extent it does not represent future obligations. Assets received for the performance of future obligations are recognised under liabilities as deferred revenue.

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

Performance-Based Research Fund (PBRF)

The University considers PBRF funding to be non-exchange in nature. PBRF funding is specifically identified by the TEC as being for a funding period as required by section 159YA of the Education Act 1989. The University recognises its confirmed allocation of PBRF funding at the commencement of the specified funding period, which is the same as the University's financial year. PBRF revenue is measured based on the University's funding entitlement adjusted for any expected adjustments as part of the final wash-up process. Indicative funding for future periods is not recognised until confirmed for that future period.

Research Revenue

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

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

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

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

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

Other Grants Received

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

Donations, Bequests and Pledges

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

Sales of Goods

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

Accommodation Services

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

Interest and Dividends

Interest revenue is recognised using the effective interest method.

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

E) Foreign Currencies

Both the functional and presentation currency of the University and Group is New Zealand dollars (NZ\$). Transactions in foreign currencies are translated into NZ\$ using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet date.

F) Cash and Cash Equivalents

Cash and cash equivalents represent funds held to meet short-term commitments and include cash in hand, deposits held at call with the bank, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

G) Trade and Other Receivables

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

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

H) Inventories

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

I) Biological Assets

Biological assets include forestry and livestock. Biological assets are measured at fair value less costs to sell. All consumables are charged direct to expenditure. Fair value is the market value at balance sheet date.

J) Non-current Assets Held for Sale

The University and Group classify non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale.

K) Property, Plant and Equipment

(i) Initial Measurement

Property, plant and equipment is measured initially at cost. Where an item of property, plant and equipment is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value.

(ii) Subsequent measurement

Asset Category	Valuation	Last Valuation
Land	Quotable Value New Zealand Limited	31 December 2014
Buildings	Quotable Value New Zealand Limited less accumulated depreciation subsequent to last valuation	31 December 2014
Leasehold improvements	Quotable Value New Zealand Limited less accumulated depreciation subsequent to last valuation	31 December 2014
Equipment and furniture	Historical cost less accumulated depreciation	
Computers and research equipment	Historical cost less accumulated depreciation	
Motor vehicles	Historical cost less accumulated depreciation	
Aircraft	Historical cost less accumulated depreciation and impairment	
Library collection	Historical cost less accumulated depreciation	

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

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

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

Where the fair value of an asset can be determined by reference to the price in an active market for the same asset or a similar asset, the fair value of the asset is determined using this information. Where the fair value of the asset is not able to be reliably determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of the fair value.

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

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

The net revaluation results are credited or debited to other comprehensive revenue and expenses and are accumulated to the asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve for a particular class of assets, this balance is not recognised in other comprehensive revenue and expenses but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit to the extent previously expensed, and then recognised in other comprehensive revenue and expenses.

Additions between valuations are recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that the future economic benefits or services potential associated with the item will flow to the University and Group and the cost can be reliably measured.

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

(iii) Depreciation

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

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

Land, permanently retained library collections, art collections and archives are considered to have an indefinite useful life and therefore are not depreciated.

Leasehold improvements are depreciated over the shorter of their estimated useful lives and the term of lease.

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

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

(iv) Crown-owned Assets

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

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

(v) Impairment

The University allocates all its fixed assets to one of the three cash generating units (CGU), being three main campuses. The University assesses at each reporting date whether there is an indication that an asset may be impaired. These indications include but are not limited to the following:

- An asset's market value has declined significantly.
- Significant changes have taken place in the technological, market, economic or legal environment to which an asset is dedicated.
- Market interest rates have significantly increased.
- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes have taken place in the extent or manner in which an asset is used.
- Other evidences are available that the economic performance of an asset is worse than expected.

Impairment of property, plant and equipment is recognised when the carrying amount of a CGU exceeds its recoverable amount. A CGU's recoverable amount is the higher of CGU's fair value less costs of disposal and its value in use.

(vi) Disposal/Derecognition of Assets

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Revenue and Expense in the year the item is derecognised. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to retained earnings.

L) Intangible Assets

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

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of acquisition. Internally generated software is classified into a research phase and a development phase. Research costs are expensed as incurred in the surplus or deficit.

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

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

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

- Costs of staff seconded to such projects;
- Costs to design, build, configure, test and document such systems; and
- Support fees payable before such systems are ready for use.

Intangible assets are subject to the similar impairment testing and procedures as explained under property, plant and equipment section above.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Asset Class	Amortisation Rate	Method
Software	10% - 33%	Straight line

M) Employee Entitlements

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

- leave and gratuities that have vested in the employee (an entitlement has been established) have been measured at nominal value using remuneration rates current at reporting date. This is included as a current liability; and
- leave and gratuities that have not yet vested in the employee (no entitlement has been established) have been measured using the present value measurement basis, which discounts expected future cash outflows. This is treated as a non-current liability.
- Duty leave overseas for academic staff has not been accrued as this leave is a commitment subject to eligibility and is not an entitlement.
- Sick leave has not been accrued as the University has a "Wellness System", hence no sick leave is available to carry forward.
- Obligations for contributions to superannuation schemes are accounted for as defined contribution schemes and are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

N) Goods and Services Tax (GST)

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

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

O) Taxation

Tertiary Education Institutions are exempt from the payment of income tax as they are treated by the IRD as charitable organisations. Accordingly, no charge for income tax has been provided for. The University's subsidiaries are also exempt from paying income tax.

P) Leases

Operating lease payments, where the lessor retains substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating surplus or deficit on a straight-line basis over the lease term.

Q) Financial Instruments

The University and Group classify their financial assets into the following categories: financial assets as at fair value through surplus or deficit (including those held for trading), loans and receivables, and available for sale. Management determines the classification of its investments at initial recognition. Financial assets are initially measured at fair value plus transaction costs unless carried as at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Impairment losses are recognised immediately in the surplus or deficit.

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

(i) Financial Assets Designated as at Fair Value through Surplus or Deficit

Financial assets designated as at fair value through surplus or deficit are classified in this category if acquired principally for the purpose of trading in the short term. Assets in this category are classified as current assets if they are expected to be realised within 12 months of the balance sheet date. Purchases and sales of financial assets are recognised on trade-date, the date on which the University and Group commit to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University or Group have transferred substantially all risks and rewards of ownership.

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

Derivatives are also categorised as held for trading and are measured at fair value.

(ii) Loans and Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method less any provision for impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. Loans to third parties and receivables are classified as trade and other receivables in the statement of financial position. Cash and cash equivalents and bank deposits with a maturity of more than three months are classified as loans and receivables.

(iii) Available for Sale Financial Assets

Financial assets available for sale are those financial assets that are not classified in either of the above categories. This category encompasses investments held for strategic purposes. After initial recognition these investments are measured at their fair value with any gains and losses recognised in other comprehensive revenue and expenses. Investments in unlisted entities are carried at cost if their fair value cannot be reliably measured. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expenses is reclassified from equity to the surplus or deficit.

(iv) Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. The nominal amounts of borrowings repayable within one year approximate their amortised cost, as the effect of discounting is insignificant.

(v) Impairment of Financial Assets

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

Objective evidence of impairment could include:

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

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

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

Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

R) Trade and Other Payables

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

S) Borrowing Costs

All borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The University and Group have chosen not to capitalise borrowing costs directly attributable to the acquisition, construction or production of assets.

T) Investment Property

Any property held that is not held to meet service delivery objectives is classified as investment property. Investment property is measured initially at its cost, including transaction costs. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

After recognition, the University and Group measure all investment properties at fair value as determined annually. Gains or losses arising from a change in fair value of an investment property are recognised in the surplus or deficit.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by e.g. commencement of an operating lease to another party. For a transfer to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in surplus or deficit.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by e.g. commencement of development with a view to sale. For a transfer from investment property the deemed cost of property for subsequent accounting is its fair value at the date of change in use.

U) Derivative Financial Instruments

Derivative financial instruments are used to manage exposure to foreign exchange risk and interest rate risk arising from the University's financial activities. In accordance with its Treasury Policy, the University does not hold derivative financial instruments for trading purposes. The University and Group, have elected not to apply hedge accounting.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value at each balance sheet date with the resulting gain or loss recognised in the surplus or deficit.

The full fair value of a derivative is classified as current if the contract is due for settlement within 12 months of balance sheet date; otherwise, derivatives are classified as non-current.

Note 2. Government Grants and Cost of Operations

i Government Grants

The Crown through the TEC provides revenue to the University by way of a grant, which is recognised as income as the University obtains control of the funds.

ii Cost of Operations

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

Note 3. Revenue

	Notes	Consolidated		University	
		2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Government Grants					
Students		145,921	143,906	145,921	142,891
Other		39,838	37,726	39,838	37,407
		185,759	181,632	185,759	180,298
Student Fees					
Domestic students		100,538	97,269	100,538	96,759
International students		57,563	52,125	57,563	52,054
		158,101	149,394	158,101	148,813
Charges for Services					
Research		53,820	61,553	54,511	61,510
Other		52,259	45,176	50,421	44,940
		106,079	106,729	104,932	106,450
Interest		4,522	4,538	4,465	4,456
Trust funds	28	5,446	5,852	1,355	1,426
Other (losses) / gains	4	(12)	1,567	79	3,059
Total Revenue		459,895	449,712	454,691	444,502
Revenue Classification					
Revenue from exchange transactions		138,472	131,926	133,261	126,488
Revenue from non-exchange transactions		321,423	317,786	321,430	318,014
Total		459,895	449,712	454,691	444,502

Note 4. Other (Losses) / Gains

	Notes	Consolidated		University	
		2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Operating Gains/(Losses)					
Livestock fair value gain/(loss)	15	136	185	136	185
Forestry fair value (loss)/gain	15	(43)	1	(43)	1
Disposal of property, plant and equipment (loss)/gain		(219)	561	(219)	561
Disposal of shares (loss)/gain		(40)	404	-	2,163
Reversal of impairment on investments		50	317	-	-
Derivative fair value (loss)/gain		(207)	78	(207)	78
Foreign exchange gain		412	71	412	71
Impairment of investments		(101)	(50)	-	-
Total Operating (Losses)/Gains		(12)	1,567	79	3,059

Note 5. Staff-related Costs

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Salaries and wages	250,959	248,001	249,693	245,393
Superannuation	10,484	10,360	10,484	10,392
Increase in employee entitlements	4,623	1,629	4,623	1,622
Other	4,990	3,451	4,990	3,748
Total Staff-related Costs	271,056	263,441	269,790	261,155

Note 6. Depreciation and Amortisation

	Notes	Consolidated		University	
		2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Depreciation	20	47,825	45,980	47,814	45,927
Amortisation	21	4,175	2,265	4,175	2,265
Total Depreciation and Amortisation		52,000	48,245	51,989	48,192

Note 7. Finance Costs

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Interest expense	978	1,034	978	1,034
Total Finance Costs	978	1,034	978	1,034

Note 8. Other Direct Costs

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Audit fees for annual report/financial statements	247	245	187	183
Other services provided by principal auditors	25	12	25	12
Internal audit fees	235	213	235	213
Bad debts written off	292	338	292	338
(Decrease) / increase in provision for bad debts	(237)	611	(237)	621
Rental expenses on operating leases	4,320	4,384	4,320	4,009
Scholarships	12,693	11,887	12,693	11,887
Energy	6,016	5,639	6,016	5,639
Repairs and maintenance	14,276	16,002	14,276	16,002
Travel and accommodation	12,047	10,768	12,047	10,768
Computing and telecommunications	7,659	7,493	7,659	7,493
Contracted services	26,868	25,978	26,900	25,927
Other operating expenses	46,131	42,066	45,855	42,967
Total Other Direct Costs	130,572	125,636	130,268	126,059

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

	Notes	Consolidated		University	
		2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Surplus for the year		5,943	9,134	161	6,083
Add/(Less) Non-cash Items					
Depreciation and amortisation expense	6	52,000	48,245	51,989	48,192
Other (gain) - livestock fair value	4	(136)	(185)	(136)	(185)
Other loss/(gain) - forestry fair value	4	43	(1)	43	(1)
Other loss/(gain) on investments	4	40	(1,256)	-	-
Other gain - write back of earlier impairment	4	(50)	(317)	-	-
Derivative - fair value loss/(gain)	4	207	(78)	207	(78)
Foreign exchange gain	4	(412)	(71)	(412)	(71)
Other losses - impairment of investment	4	101	50	-	-
Unrealised gains from managed funds		(1,093)	-	-	-
Share of profit from associates		(3,091)	(246)	-	-
Bad debts written off	8	292	338	292	338
Movement in provision for doubtful debts	12	(500)	621	(503)	621
Increase in employee entitlements	24	4,653	1,391	4,628	1,392
Total Non-cash items		52,054	48,491	56,108	50,208
Add/(Less) Items Classified as Investing or Financing Activities					
Disposal of joint venture gain		-	(259)	-	(2,018)
Loss/(gain) on disposal of property, plant and equipment	4	219	(561)	219	(561)
Total Items Classified as Investing or Financing Activities		219	(820)	219	(2,579)
Add/(Less) Movements in Working Capital Items					
(Increase) / decrease in prepayments	12	(914)	(278)	(914)	(277)
Decrease in student and other receivables		1,841	353	2,184	594
(Increase) / decrease in stocks and biological assets	13, 15	(87)	155	(84)	155
Decrease / (increase) in accounts payable		(1,390)	10,126	323	10,016
Increase in receipts in advance		14,917	5,304	14,707	4,343
Net Movement in Working Capital Items		14,367	15,660	16,216	14,831
Net Cash Inflow from Operating Activities		72,583	72,465	72,704	68,543

Note 10. Significant Budget Variances

	Consolidated		
	Variance to/ from Budget		
	(\$000)		
Total operating revenue	15,875	Favourable	A number of one off revenue items which had not been anticipated.
Total cost of operations	17,463	Unfavourable	Higher than budgeted staff salaries and other direct costs associated with a number of new teaching and research initiatives.
Share of associates' surplus	3,091	Favourable	Gain on disposal of the assets of Tramal Limited (formerly NZ Veterinary Pathology Limited).
Surplus for the Year	1,503	Favourable	
Other Comprehensive Revenue and Expenses			
Other movements in revaluation reserves	1,655	Favourable	Increase in fair value of investments classified as available for sale financial instruments.
Balance Sheet			
Total assets	135,380	Favourable	Primarily due to revaluation of land and buildings brought forward.
Total liabilities	20,292	Unfavourable	Higher employee retiring leave liability due to lower than expected interest and discount rate. Receipts in advance ahead of budget.

Note 11. Cash and Cash Equivalents

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Cash at bank and in hand	6,683	4,367	4,202	2,002
Short term deposits with maturities of 3 months or less	84,675	46,294	83,301	46,294
Total Cash and Cash Equivalents	91,358	50,661	87,503	48,296

The carrying value of cash at bank and short term deposits with original maturities less than three months approximates their fair value.

Refer to Note 14 for weighted average effective rates for cash and cash equivalents.

Consolidated cash at bank and in hand included USD, AUD, GBP and EUR valued in NZD\$1,996k (2014: \$1,512k), NZD\$253k (2014: \$198k), NZD\$145k (2014: \$Nil) and NZD\$81k (2014: \$Nil) respectively.

At 31 December 2015, the Group had available \$15million (2014: \$Nil) of an undrawn committed borrowing facility.

Note 12. Student and Other Receivables

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Current Portion				
Trade debtors	17,122	13,924	16,591	13,619
Other amounts receivables	515	5,846	381	5,731
Prepayments	10,170	9,256	10,159	9,245
Related party receivables	-	-	238	336
	27,807	29,026	27,369	28,931
Less provision for doubtful debts	(2,520)	(3,020)	(2,512)	(3,015)
Total Student and Other Receivables	25,287	26,006	24,857	25,916
Total Student and Other Receivables from Exchange Transactions	21,358	21,008	20,928	20,918
Total Student and Other Receivables from Non-exchange Transactions	3,929	4,998	3,929	4,998

The carrying value of student and other receivables approximates fair value and is the same as contractual value, and are generally receivable within 30 days. There are no external or internal ratings used to identify the credit quality of financial assets not past due or impaired.

Debtors amounting to \$1,503k (2014: \$1,963k) are determined to be individually impaired because of either significant financial difficulties being experienced by the debtor, or due to the nature of dispute.

If the University and Group determine that no objective evidence of impairment exists for an over due trade debt, it includes the trade debts in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Trade debts that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The University and Group do not hold any collateral as security or other credit enhancements over receivables that are past due or impaired.

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

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Less than one month	6,566	8,565	6,035	8,418
One month	1,439	1,716	1,439	1,716
Two months	376	551	376	551
Three months and over	1,132	704	1,132	704
Total	9,513	11,536	8,982	11,389

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

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
At 1 January	3,020	2,409	3,015	2,394
(Reduction)/addition during the year	(500)	621	(503)	621
Receivables written off during the year	-	(10)	-	-
At 31 December	2,520	3,020	2,512	3,015

Note 13. Inventories

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Material and stores - at cost	1,452	1,431	1,445	1,427
Total	1,452	1,431	1,445	1,427

The carrying amount of inventories identified as held for distribution as at 31 December 2015 amounted to \$963k (2014: \$1,004k). The carrying amount of inventories pledged as securities for liabilities is nil (2014: nil).

Note 14. Other Financial Assets

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Current Portion				
Short term bank deposit with maturities of 4-12 months	10,057	45,847	9,300	44,416
Term deposits originally maturing between 1 and 5 years	5,800	350	5,800	350
Total Current Portion	15,857	46,197	15,100	44,766
Non-current Portion				
Fair value through surplus or deficit-managed funds	23,515	21,260	-	-
Loans and receivables	88	88	-	-
Listed shares	2,325	2,373	2,325	2,373
Unlisted shares	3,656	1,844	-	-
Total Non-current Portion	29,584	25,565	2,325	2,373

There were no impairment provisions for other financial assets.

Fair value through surplus or deficit managed funds: After initial recognition, financial assets in this category are measured at their fair value with gains or losses on re measurement recognised in surplus or deficit.

Listed shares: Market values as at 31 December are used to ascertain the fair value of this category of investment. Gains and losses on revaluation are recognised in other comprehensive revenue and expenses.

Unlisted shares: No market exists for the unlisted shares and these are shown at a) fair value wherever a reliable evidence is available, or b) at cost because either the fair value of the investment cannot be determined using a standardised valuation technique or due to cost not being materially different to fair value. Gains and losses on revaluation are recognised in other comprehensive revenue and expenses.

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Maturity Analysis and Effective Interest Rate:				
Short term deposits with original maturities of 3 months or less	84,675	46,294	83,301	46,294
Weighted average interest rate %	3.14%	3.92%	3.14%	3.92%
Short term deposits with original maturities of 4-12 months	10,057	45,847	9,300	44,416
Weighted average interest rate %	3.66%	4.66%	3.66%	4.66%
Term deposits originally maturing between 1 and 5 years	5,800	350	5,800	350
Weighted average interest rate %	3.97%	4.49%	3.97%	4.49%
	100,532	92,491	98,401	91,060

The fair value of term deposits closely approximate their nominal value.

Note 15. Biological Assets

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Livestock				
Opening balance	3,405	3,265	3,405	3,265
Increase due to purchases	518	389	518	389
Gains arising from changes in fair value	136	185	136	185
Decrease due to sales	(438)	(434)	(438)	(434)
Closing Balance	3,621	3,405	3,621	3,405
Forestry				
Opening balance	718	804	718	804
(Loss)/gain arising from changes in fair value	(43)	1	(43)	1
Decrease due to sales	(14)	(87)	(14)	(87)
Closing Balance	661	718	661	718
Total	4,282	4,123	4,282	4,123
Current	3,621	3,405	3,621	3,405
Non-current	661	718	661	718
Total	4,282	4,123	4,282	4,123

Massey University owns 101 hectares of pinus radiata forest which are at varying stage of maturity.

In 2015, 4 hectares of forest were harvested (2014: 7.79 hectares)

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

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

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

Livestock has been valued at market value.

Note 16. Derivative Financial Instruments

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Current Asset				
Forward foreign exchange contracts	1	78	1	78
Total Current Asset	1	78	1	78
Current Liability				
Interest rate swaps	130	-	130	-
Total Current Liability	130	-	130	-

The value of foreign exchange contracts has been determined using a discounted cash flows validation technique based on quoted market prices. The input into the valuation model are independently sourced market parameters such as currency rates. Most market parameters are implied from instrument prices.

The notional principal amounts of outstanding forward foreign exchange contracts in NZ\$ were \$169k (2014: \$1,799k).

The foreign currency principal amounts were AUD 160k (2014: USD 990k and AUD 575k).

The notional amount of Interest rate swaps was NZ\$9 million at interest rates ranging from 3.60% to 3.85%.

Note 17. Non-Current Assets Held for Sale

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Land and buildings	11,000	-	11,000	-
Total Non-current Assets Held for Sale	11,000	-	11,000	-

On 31 December 2015, Hokowhitu property (10 Hectares of Land and 30,000 Sq meters building in Hokowhitu, Palmerston North) held by the University was classified as non-current asset held for sale. Prior to reclassification, this property was recognised within the University's property, plant and equipment. The University is following a property divestment plan to dispose of facilities which are not being used for University's core (teaching and research) activities. The sale of Hokowhitu property became unconditional on 5 April 2016 and the transaction is expected to be settled around 31 May 2016. The University and Group did not have any non current assets held for sale at the end of 2014.

Note 18. Associates

	Consolidated	
	2015 (\$000)	2014 (\$000)
Tramal Limited (Formerly New Zealand Vet Pathology Limited)		
Balance Sheet Date: 31 March		
Principal activity: Research		
Movement in the carrying amount of investment in associate		
Balance at 1 January	691	-
New investment during the year	-	127
Reversal of prior year impairment	-	317
Recognition of prior year unrecognised loss	-	(57)
Share of comprehensive revenue and expenses	3,081	304
Balance at 31 December	3,772	691
Unrecognised gain / (loss) current year	-	-
Accumulated unrecognised gain / (losses)	-	-
Summarised information:		
Assets	12,098	2,714
Liabilities	2,491	1,185
Revenue	4,280	8,294
Surplus	8,659	862
Group's interest %	35.60%	35.60%
Share of associates contingent liabilities incurred jointly with others	-	-
Contingent liabilities that arise because of several liabilities	-	-
Consumer Insights Limited		
Balance Sheet Date: 31 March		
Principal activity: Consumer research		
Movement in the carrying amount of investment in associate		
Balance at 1 January	30	-
New investment during the year	-	30
Dividend	(2)	-
Share of comprehensive revenue and expenses	10	-
Balance at 31 December	38	30
Unrecognised gain / (loss) current year	-	-
Accumulated unrecognised gain / (losses)	-	-
Summarised information:		
Assets	51	-
Liabilities	-	-
Revenue	168	-
Surplus	25	-
Group's interest %	40.00%	40.00%
Share of associate's contingent liabilities incurred jointly with others	-	-
Contingent liabilities that arise because of several liabilities	-	-

Note 19. Other Assets

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Non-current Portion				
Investment in Massey University Foundation Trust	-	-	17,043	17,043
Investment in Massey Ventures Limited	-	-	2,430	2,430
	-	-	19,473	19,473

Note 20. Property Plant and Equipment (continued)

University 2015	Accumulated Depreciation & Impairment Charges				Carrying Amount 01 Jan 2015 (\$000)	Additions (\$000)	Disposals/Transfer at Cost (\$000)	Depreciation on Disposals (\$000)	Impairments (\$000)	Revaluations (\$000)	Depreciation Recovered on Revaluation & Impairment (\$000)	Depreciation (\$000)	Cost/Valuation 31 Dec 2015 (\$000)	Accumulated Depreciation & Impairment Charges 31 Dec 2015 (\$000)	Carrying Amount 31 Dec 2015 (\$000)
	Cost/Revaluation 01 Jan 2015 (\$000)	01 Jan 2015 (\$000)	01 Jan 2015 (\$000)	01 Jan 2015 (\$000)											
Land	191,600	-	191,600	307	3,857	-	-	-	-	-	-	-	188,050	-	188,050
Buildings	715,379	311	715,068	68,736	7,265	1	-	(971)	-	55	25,315	775,880	25,571	750,309	
Leasehold Improvement	1,896	628	1,268	-	-	-	-	-	-	-	492	1,897	1,121	776	
Aircraft	4,625	698	3,927	236	94	13	94	-	-	-	308	4,767	912	3,855	
Furniture	3,201	2,325	876	67	13	13	13	-	-	-	151	3,255	2,463	792	
Equipment	159,855	115,566	44,289	17,923	3,252	2,857	-	-	-	-	14,782	174,526	127,491	47,035	
Implements	305	217	88	-	-	-	-	-	-	-	13	305	230	75	
Vehicles	3,938	2,322	1,616	448	652	480	-	-	-	-	511	3,734	2,353	1,381	
Art	1,780	-	1,780	91	-	-	-	-	-	-	-	1,871	-	1,871	
Library	111,128	78,835	32,293	6,710	-	-	-	-	-	-	6,242	117,838	85,077	32,761	
Work in Progress	71,450	-	71,450	-	38,850	-	-	-	-	-	-	32,600	-	32,600	
Total	1,265,157	200,902	1,064,255	94,518	53,983	3,445	(971)	55	47,814	1,304,723	245,218	1,059,505	1,059,505		

University 2014	Accumulated Depreciation & Impairment Charges				Carrying Amount 01 Jan 2014 (\$000)	Additions (\$000)	Disposals/Transfer at Cost (\$000)	Depreciation on Disposals (\$000)	Impairments (\$000)	Revaluations (\$000)	Depreciation Recovered on Revaluation & Impairment (\$000)	Depreciation (\$000)	Cost/Valuation 31 Dec 2014 (\$000)	Accumulated Depreciation & Impairment Charges 31 Dec 2014 (\$000)	Carrying Amount 31 Dec 2014 (\$000)
	Cost/Revaluation 01 Jan 2014 (\$000)	01 Jan 2014 (\$000)	01 Jan 2014 (\$000)	01 Jan 2014 (\$000)											
Land	166,447	-	166,447	126	957	-	-	25,984	-	-	-	-	191,600	-	191,600
Buildings	691,179	45,132	646,047	13,939	913	175	-	11,174	-	67,853	23,207	715,379	311	715,068	
Leasehold Improvement	3,137	1,435	1,702	-	-	-	-	178	-	1,243	436	1,896	628	1,268	
Aircraft	4,432	531	3,901	282	88	65	88	-	-	-	233	4,625	698	3,927	
Furniture	3,072	2,183	889	128	-	-	-	-	-	-	141	3,201	2,325	876	
Equipment	151,542	104,997	46,545	13,090	4,776	4,639	-	-	-	-	15,209	159,855	115,566	44,289	
Implements	316	211	105	-	11	8	-	-	-	-	14	305	217	88	
Vehicles	3,673	2,125	1,548	549	285	262	-	-	-	-	458	3,938	2,322	1,616	
Art	1,754	-	1,754	26	-	-	-	-	-	-	-	1,780	-	1,780	
Library	104,570	72,606	31,964	6,558	-	-	-	-	-	-	6,229	111,128	78,835	32,293	
Work in Progress	43,495	-	43,495	27,955	-	-	-	-	-	-	-	71,450	-	71,450	
Total	1,173,617	229,220	944,397	62,653	7,030	5,149	178	36,095	69,096	45,927	1,265,157	200,902	1,064,255		

Transfers from Work in Progress to the other fixed assets were \$94,518k (2014: \$34,698k).

Work in progress at the year end significantly relates to buildings.

Disposals of land and buildings include reclassification of Hokowhitu property as non-current asset held for sale.

Impairment losses of \$Nil were recognised in 2015 (2014: \$175,000).

The University and Group do not have any finance leases.

Asset values included in the balance sheet as at 31 December 2015 and 2014 include all land and buildings as occupied and utilised by the University. The exception to this is the land on Riverside Farm (leased from the Sydney Campbell Foundation).

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

	Land		Buildings	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Massey University owned	105,122	108,672	484,145	463,137
Crown owned (includes buildings on Crown owned land)	82,928	82,928	266,164	251,931
Total	188,050	191,600	750,309	715,068

Land, buildings and leasehold improvements were valued at the end of 2014 by Andrew Parkyn SPINZ, of Quotable Value New Zealand Limited.

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

During 2014 the mortgage held by the BNZ over the Albany Campus was replaced with a negative pledge deed.

Seismic Risk Analysis

During 2015 the University progressed its programme of seismic assessments of buildings across the portfolio. While the Building (Earthquake prone Buildings) Amendment Bill (the Bill) is progressing through parliament, the University will continue to proactively assess buildings to ensure the safety of all stakeholders and effective management of the portfolio.

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

This is an extremely large project, that will take several years to complete the initial assessments. The University has a significant portfolio of over 600 buildings. Buildings at Albany Campus currently fall outside of the Building Act definitions of earthquake prone. In the Manawatu, of those buildings requiring assessment, 91 IEP and DSA assessments are complete covering the majority of space on campus. All Wellington buildings have been assessed with remediation of earthquake prone buildings completed.

Seismic remediation of the Sir Geoffrey Peren building was completed during 2015. Remediation of the Refectory Building is scheduled to commence in 2016.

Note 21. Intangible Assets

	Cost/ Valuation 01 Jan 2015 (\$000)	Accumulated Amortisation & Impairment 01 Jan 2015 (\$000)	Carrying Amount 01 Jan 2015 (\$000)	Additions (\$000)	Disposals/ Transfer at Cost (\$000)	Amortisation on Disposals (\$000)	Impairments (\$000)	Revaluations (\$000)	Amortisation Recovered on Revaluation (\$000)	Amortisation (\$000)	Cost/ Valuation 31 Dec 2015 (\$000)	Accumulated Amortisation & Impairment 31 Dec 2015 (\$000)	Carrying Amount 31 Dec 2015 (\$000)
Consolidated 2015													
Software	13,114	5,491	7,623	6,831	21	19	-	-	-	4,175	19,914	9,637	10,277
Work in Progress	6,494	-	6,494	-	3,905	-	-	-	-	-	2,589	-	2,589
Total	19,608	5,491	14,117	6,831	3,926	19	-	-	-	4,175	22,503	9,637	12,866
Consolidated 2014													
Software	8,478	3,226	5,252	4,636	-	-	-	-	-	2,265	13,114	5,491	7,623
Work in Progress	4,912	-	4,912	1,582	-	-	-	-	-	-	6,494	-	6,494
Total	13,390	3,226	10,164	6,218	-	-	-	-	-	2,265	19,608	5,491	14,117
University 2015													
Software	13,103	5,480	7,623	6,831	21	19	-	-	-	4,175	19,914	9,637	10,277
Work in Progress	6,494	-	6,494	-	3,905	-	-	-	-	-	2,589	-	2,589
Total	19,597	5,480	14,117	6,831	3,926	19	-	-	-	4,175	22,503	9,637	12,866
University 2014													
Software	8,478	3,226	5,252	4,636	11	11	-	-	-	2,265	13,103	5,480	7,623
Work in Progress	4,912	-	4,912	1,582	-	-	-	-	-	-	6,494	-	6,494
Total	13,390	3,226	10,164	6,218	11	11	-	-	-	2,265	19,597	5,480	14,117

Transfers from work in progress to software were \$6,831k (2014: \$4,636k).

Note 22. Trade and Other Payables

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Trade payables	1,266	253	1,140	88
Deposits and bonds	483	1,047	482	1,047
Accrued expenses	19,013	25,870	18,923	25,870
Amounts due to related parties	-	-	1,906	42
Other payables	15,295	12,693	12,660	12,424
Total Creditors and Other Payables	36,057	39,863	35,111	39,471
Total Creditors and Other Payables from Exchange Transactions	36,057	39,863	35,111	39,471
Total Creditors and Other Payables from Non-exchange Transactions	-	-	-	-

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

Note 23. Borrowings

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Current Portion				
Term loans	13,134	708	13,134	708
Total Current Portion	13,134	708	13,134	708
Non-current Portion				
Term loans	-	13,135	-	13,135
Total Non-current Portion	-	13,135	-	13,135

The University has a fixed interest loan of \$13,134k (2014: \$13,843k) with the BNZ which is due to be repaid in June 2016.

The University had available \$15 million (2014: \$Nil) of an undrawn cash advance facility.

The above facilities are secured through a negative pledge agreement between the University and BNZ signed on 5 December 2014.

The negative pledge agreement removed any security the BNZ previously had over the University's property and prohibits the University from providing any property as security for borrowing with any other counterparty.

Maturity Analysis and Effective Interest Rate:

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Less than one year	13,134	708	13,134	708
<i>Weighted average effective interest rate</i>	6.98%	6.98%	6.98%	6.98%
Later than one year but less than 20 years	-	13,135	-	13,135
<i>Weighted average effective interest rate</i>	-	6.98%	-	6.98%
Total Borrowings	13,134	13,843	13,134	13,843

Note 24. Employee Entitlements

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Current Portion				
Accrued pay	7,306	6,905	7,288	6,904
Annual leave	9,603	9,877	9,576	9,858
Long service leave	388	431	388	431
Total Current Portion	17,297	17,213	17,252	17,193
Non-current Portion				
Long service leave	588	415	588	415
Retirement gratuities	39,065	34,669	39,065	34,669
Total Non-current Portion	39,653	35,084	39,653	35,084
Total Employee Entitlements	56,950	52,297	56,905	52,277

The long service leave and retirement gratuities were independently assessed by Johnathan Eriksen of Eriksen & Associates as at 31 December 2015.

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

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

Discount rates range from 2.50% to 5.50% (2014: 3.70% to 5.50%).

An increase in the discount rate by 1% reduces the long service and retirement gratuities by \$2,299k (2014:\$2,041k), whereas a reduction in the discount rate by 1% increases the long service and retirement gratuities by \$2,598k (2014: \$2,307k).

Salary progression allows for a 3.00% increase per year (2014: 3.00%).

A 1% reduction in the salary increase assumption has the same effect on the long service and retirement gratuities as a 1% increase in the discount rate.

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

Note 25. Receipts in Advance

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Current Portion				
Student fees	26,155	22,496	26,155	22,496
Other receipts	49,027	39,707	48,285	39,175
Total Current Portion	75,182	62,203	74,440	61,671
Non-Current Portion				
Receipts others	3,654	1,716	3,654	1,716
Total Non-current Portion	3,654	1,716	3,654	1,716
Total Receipts in Advance	78,836	63,919	78,094	63,387

The current portion of receipts in advance is expected to be recognised as income during 2016.

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

Impact of discounting on non current portion is considered to be immaterial.

Note 26. Asset Revaluation Reserves

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Balance on 1 January	482,530	377,927	482,530	377,927
Revaluation	-	105,077	-	105,077
Disposal	(58)	(474)	(58)	(474)
Adjustment	(917)	-	(917)	-
Balance on 31 December	481,555	482,530	481,555	482,530

Asset revaluation reserves relate to Land, Buildings and Leasehold Improvements.

Note 27. Equity

	Consolidated 2015				Consolidated 2014			
	Opening Balance 01.01.15 (\$000)	Other Comprehensive Income (\$000)	Operating Surplus/ (Deficit) (\$000)	Closing Balance 31.12.15 (\$000)	Opening Balance 01.01.14 (\$000)	Other Comprehensive Income (\$000)	Operating Surplus/ (Deficit) (\$000)	Closing Balance 31.12.14 (\$000)
Trust Funds	35,185	-	3,009	38,194	31,801	-	3,384	35,185
Asset Revaluation Reserves	482,530	(975)	-	481,555	377,927	104,603	-	482,530
Special Reserves	22,054	-	-	22,054	22,054	-	-	22,054
General Reserves	523,487	1,693	2,934	528,114	517,682	55	5,750	523,487
Total	1,063,256	718	5,943	1,069,919	949,464	104,658	9,134	1,063,256

	University 2015				University 2014			
	Opening Balance 01.01.15 (\$000)	Other Comprehensive Income (\$000)	Operating Surplus/ (Deficit) (\$000)	Closing Balance 31.12.15 (\$000)	Opening Balance 01.01.14 (\$000)	Other Comprehensive Income (\$000)	Operating Surplus/ (Deficit) (\$000)	Closing Balance 31.12.14 (\$000)
Trust Funds	11,727	-	(150)	11,577	12,280	-	(553)	11,727
Asset Revaluation Reserves	482,530	(975)	-	481,555	377,927	104,603	-	482,530
Special Reserves	21,964	-	-	21,964	21,964	-	-	21,964
General Reserves	539,625	(50)	311	539,886	532,934	55	6,636	539,625
Total	1,055,846	(1,025)	161	1,054,983	945,105	104,658	6,083	1,055,846

Note 28. Trust Funds

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Balance on 1 January	35,185	31,801	11,727	12,280
Income	5,446	5,852	1,355	1,426
Expenses	(2,437)	(2,468)	(1,505)	(1,979)
Total Trust Funds	38,194	35,185	11,577	11,727

Although these items are trusts, the University has control over them and obtains benefits associated with ownership of them. They have therefore been treated as equity in the University and Group balance sheet. Details of significant trust funds are as follows:

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

Note 29. Financial Instruments Risk and Summary of Financial Assets and Liabilities

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

a. Credit Risk

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

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

Maximum exposure to credit risk at balance sheet date are:

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Cash at bank and term deposits	107,215	96,858	102,603	93,062
Receivables	15,117	16,750	14,460	16,671
Loans	88	88	-	-
Managed funds	23,515	21,260	-	-
Guarantee bond	32	30	32	30
Credit facility on credit card	4,000	4,000	4,000	4,000
Total Credit Risk	149,967	138,986	121,095	113,763

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

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Counterparties with Credit Ratings				
Cash at Bank and Term Deposits				
AA- (Very strong)	79,915	69,728	75,303	65,932
A+ (Strong)	27,300	27,130	27,300	27,130
Total Cash at Bank and Term Deposits	107,215	96,858	102,603	93,062
Credit Facility on Credit Card				
AA- (Very strong)	4,000	4,000	4,000	4,000
Counterparties Without Credit Ratings				
Receivables	15,117	16,750	14,460	16,671
Loans	88	88	-	-
Guarantee bond	32	30	32	30

Managed Funds

Managed Funds of \$23.5 million (2014: \$21.2 million) have not been included in the table above, because while these portfolios of debt and equity investments managed by fund managers on behalf of the Group do not have credit ratings at a portfolio level, many of the underlying individual debt and equity instruments have credit ratings.

Standard and Poor's Credit Ratings sourced from the Reserve Bank of New Zealand: <http://www.rbnz.govt.nz/regulation-and-supervision/banks/prudential-requirements/credit-ratings>.

b. Liquidity Risk

	Carrying Amount (\$000)	Contractual Cash Flows (\$000)	6 Months and Less (\$000)	7-12 months (\$000)	2 Years (\$000)	More than 2 Years (\$000)
CONSOLIDATED 2015						
Creditors and other payables	36,059	36,059	36,059	-	-	-
Accrued pay	17,297	17,297	17,297	-	-	-
Secured loans	13,264	13,264	13,264	-	-	-
Total	66,620	66,620	66,620	-	-	-
UNIVERSITY 2015						
Creditors and other payables	33,206	33,206	33,206	-	-	-
Accrued pay	17,252	17,252	17,252	-	-	-
Secured loans	13,264	13,264	13,264	-	-	-
Total	63,722	63,722	63,722	-	-	-
CONSOLIDATED 2014						
Creditors and other payables	39,863	39,863	39,863	-	-	-
Accrued pay	6,905	6,905	6,905	-	-	-
Secured loans	13,843	15,242	826	827	13,589	-
Total	60,611	62,010	47,594	827	13,589	-
UNIVERSITY 2014						
Creditors and other payables	39,471	39,471	39,471	-	-	-
Accrued pay	6,904	6,904	6,904	-	-	-
Secured loans	13,843	15,242	826	827	13,589	-
Total	60,218	61,617	47,201	827	13,589	-

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

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

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

The maturity profiles of the interest bearing investments are disclosed in note 14.

Market Risk

Currency Risk

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

The University minimises the risk over expenditure by holding funds in the major foreign currencies in which it does business. The amount on deposit is determined by the amount that is expected to be incurred against that currency in the following 12 months. Holdings of foreign currencies are disclosed in note 11. The University manages currency risk associated with the purchase of assets from overseas that are above specified amounts by entering into forward foreign exchange contracts. This means the University is able to fix the New Zealand dollar amount payable prior to the delivery of the asset from overseas.

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

The only significant exposure to currency risk relates to funds held in USD and AUD bank accounts as disclosed in note 11. If the United States dollar had moved up or down by 1% the effect on surplus and equity would have been \$20k (2014: \$15k). If the Australian dollar had moved up or down by 1% the effect on surplus and equity would have been \$3k (2014: \$2k).

Interest Rate Risk

The interest rates on Massey University's investments are disclosed in note 14, and borrowings in Note 23.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market rates. The University and Group are limited by statute in its ability to manage this risk. If interest rates on investments had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease the surplus by \$502k (2014: \$578k). Interest rates on borrowings are fixed and not subject to fluctuation for the duration of the fixed maturity chosen. Borrowings are carried at amortised cost and therefore are not impacted by fair value interest rate risk. All other variables are held constant.

Cash Flow Interest Rate Risk

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

Other Price Risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of market changes in market price. The University and Group does not hold any significant financial instruments that are subject to this risk.

Summary of Financial Assets and Liabilities

CONSOLIDATED 2015 Classification of Financial Assets and Liabilities	Loans and Receivables (\$000)	At Fair Value Through Surplus or Deficit (\$000)	Available-for-Sale Financial Assets (\$000)	Other Liabilities at Amortised Cost (\$000)	Total (\$000)
FINANCIAL ASSETS					
Cash and cash equivalents	91,358	-	-	-	91,358
Trade and other receivables	15,117	-	-	-	15,117
Prepayments	10,170	-	-	-	10,170
Loans	88	-	-	-	88
Short term deposits with maturities of 4-12 months	10,057	-	-	-	10,057
Term deposits maturing between 1 and 5 years	5,800	-	-	-	5,800
Derivatives	-	1	-	-	1
Unlisted shares	-	-	3,656	-	3,656
Shares	-	-	2,325	-	2,325
Managed funds	-	23,515	-	-	23,515
Total Financial Assets	132,590	23,516	5,981	-	162,087
FINANCIAL LIABILITIES					
Trade and other payables	-	-	-	17,044	17,044
Accrued expenses	-	-	-	19,013	19,013
Borrowings: term loans	-	-	-	13,134	13,134
Derivative financial instruments	-	130	-	-	130
Total Financial Liabilities	-	130	-	49,191	49,321
CONSOLIDATED 2014					
Classification of Financial Assets and Liabilities	Loans and Receivables (\$000)	At Fair Value Through Surplus or Deficit (\$000)	Available-for-Sale Financial Assets (\$000)	Other Liabilities at Amortised Cost (\$000)	Total (\$000)
FINANCIAL ASSETS					
Cash and cash equivalents	50,661	-	-	-	50,661
Trade and other receivables	16,750	-	-	-	16,750
Prepayments	9,256	-	-	-	9,256
Loans	88	-	-	-	88
Short term deposits with maturities of 4-12 months	45,847	-	-	-	45,847
Term deposits maturing between 1 and 5 years	350	-	-	-	350
Derivatives	-	78	-	-	78
Unlisted shares	-	-	1,844	-	1,844
Shares	-	-	2,373	-	2,373
Managed funds	-	21,260	-	-	21,260
Total Financial Assets	122,952	21,338	4,217	-	148,507
FINANCIAL LIABILITIES					
Trade and other payables	-	-	-	13,993	13,993
Accrued expenses	-	-	-	25,870	25,870
Borrowings: term loans	-	-	-	13,843	13,843
Total Financial Liabilities	-	-	-	53,706	53,706

UNIVERSITY 2015 Classification of Financial Assets and Liabilities	Loans and Receivables (\$000)	At Fair Value Through Surplus or Deficit (\$000)	Available-for-Sale Financial Assets (\$000)	Other Liabilities at Amortised Cost (\$000)	Total (\$000)
FINANCIAL ASSETS					
Cash and cash equivalents	87,503	-	-	-	87,503
Trade and other receivables	14,698	-	-	-	14,698
Prepayments	10,159	-	-	-	10,159
Short term deposits with maturities of 4-12 months	9,300	-	-	-	9,300
Term deposits maturing between 1 and 5 years	5,800	-	-	-	5,800
Derivatives	-	1	-	-	1
Shares	-	-	2,325	-	2,325
Total Financial Assets	127,460	1	2,325	-	129,786

FINANCIAL LIABILITIES					
Trade and other payables	-	-	-	16,188	16,188
Accrued expenses	-	-	-	18,923	18,923
Borrowings: term loans	-	-	-	13,134	13,134
Derivative financial instruments	-	130	-	-	130
Total Financial Liabilities	-	130	-	48,245	48,375

UNIVERSITY 2014 Classification of Financial Assets and Liabilities	Loans and Receivables (\$000)	At Fair Value Through Surplus or Deficit (\$000)	Available-for-Sale Financial Assets (\$000)	Other Liabilities at Amortised Cost (\$000)	Total (\$000)
FINANCIAL ASSETS					
Cash and cash equivalents	48,296	-	-	-	48,296
Trade and other receivables	16,671	-	-	-	16,671
Prepayments	9,245	-	-	-	9,245
Short term deposits with maturities of 4-12 months	44,416	-	-	-	44,416
Term deposits maturing between 1 and 5 years	350	-	-	-	350
Derivatives - forward foreign exchange contracts	-	78	-	-	78
Shares	-	-	2,373	-	2,373
Total Financial Assets	118,978	78	2,373	-	121,429

FINANCIAL LIABILITIES					
Trade and other payables	-	-	-	13,601	13,601
Accrued expenses	-	-	-	25,870	25,870
Borrowings: term loans	-	-	-	13,843	13,843
Total Financial Liabilities	-	-	-	53,314	53,314

Note 30. 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:

- Level 1 - Quoted market price - Financial instruments with quoted prices for identical instruments in active markets.
- Level 2 - Valuation technique using observable inputs - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in an inactive market and financial instruments valued using models where significant inputs are observable.
- Level 3 - Valuation techniques with significant non observable inputs - Financial instruments valued using models where one or more significant inputs are not observable.

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

CONSOLIDATED 2015 Classification of Financial Assets	Level 1 (\$000)	Level 2 (\$000)	Level 3 (\$000)	Total (\$000)
FINANCIAL ASSETS				
Shares	2,325	-	3,656	5,981
Managed funds	-	23,515	-	23,515
Derivatives	-	1	-	1
Total	2,325	23,516	3,656	29,497
CONSOLIDATED 2014 Classification of Financial Assets				
FINANCIAL ASSETS				
Shares	2,373	-	1,844	4,217
Managed funds	-	21,260	-	21,260
Derivatives	-	78	-	78
UNIVERSITY 2015 Classification of Financial Assets				
FINANCIAL ASSETS				
Shares	2,325	-	-	2,325
Derivatives	-	1	-	1
Total	2,325	1	-	2,326
UNIVERSITY 2014 Classification of Financial Assets				
FINANCIAL ASSETS				
Shares	2,373	-	-	2,373
Derivatives	-	78	-	78
Total	2,373	78	-	2,451

Note 31. Joint Ventures

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

The University's interest in the New Zealand School of Music (NZSM) joint venture was accounted for as a jointly controlled entity. The University sold its 50% share of NZSM on 30 June 2014.

A summary of Massey Group's interest in joint ventures follows:

	Consolidated	
	2015 (\$000)	2014 (\$000)
Group		
Current assets	471	445
Non-current assets	-	-
Current liabilities	375	310
Non-current liabilities	-	-
Revenue	664	2,906
Expenses	703	2,760
Share of joint venture's commitments	-	-
Share of joint venture's contingent liabilities	-	-

Note 32. Council Members' Fees and Key Management Remuneration

	University	
	2015 (\$)	2014 (\$)
C Kelly	25,350	25,350
R Ballard	8,960	4,160
M Ahie	16,800	5,600
H Anderson	4,800	2,400
K Denness	8,960	8,960
N Eruti-Satish	960	3,680
C Harvey	4,320	2,720
I Marshall	5,920	960
A Scott	-	640
R Springett	-	480
L Tait	1,920	2,400
B Ullrich	4,480	4,800
B Vanderkolk	8,960	8,960
L Whyte	2,560	4,000
Total	93,990	75,110

Total number of Council members remunerated in 2015 is 12 (2014:14).

Key Management Remuneration

Senior Executive team including Vice-chancellor

3,649,042	3,422,348
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Key management personnel include Vice-chancellor, five Pro Vice-chancellors and six Assistant Vice-chancellors.

Note 33. Related Party Information

The reporting entity section in Note 1 provides the information about the Group's structure including the details of the subsidiaries, associates and other investments.

All sales, purchases and income and expenses from rendering of services between related parties are carried out on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2015, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2014: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The loan granted by Massey University to MVL is intended to finance the operations of MVL. The loan is unsecured and interest free. The amount outstanding at the year end was \$449k (2014: \$Nil)

Note 34. Statement of Commitments

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

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Capital Commitments				
Building	13,205	17,293	13,205	17,293
IT	8,005	11,581	8,005	11,581
Equipment	1,266	504	1,266	504
Others	26	71	26	71
Total Capital Commitments	22,502	29,449	22,502	29,449

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

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Operating Leases				
Due not later than one year	2,399	2,279	2,399	2,279
Due later than one year and not later than five years	4,412	4,995	4,412	4,995
Later than five years	1,628	2,539	1,628	2,539
Total Non-cancellable Operating Leases	8,439	9,813	8,439	9,813

	Consolidated		University	
	2015 (\$000)	2014 (\$000)	2015 (\$000)	2014 (\$000)
Other Commitments				
Due not later than one year	4,630	3,081	4,630	3,081
Due later than one year and not later than five years	3,112	2,891	3,112	2,891
Total	7,742	5,972	7,742	5,972

Note 35. Statement of Contingent Liabilities and Assets

Contingent Liabilities

Management is not aware of any significant contingent liabilities related to the University and Group as at the year end.

Contingent Assets

Tramal Limited (formerly New Zealand Veterinary Pathology Limited), in which MVL holds 35.58% of shares, sold its business on 1 July 2015 via an asset sale. Certain components of the sale consideration were contingent on the future revenues of the business and compliance with a non competition clause by Tramal Limited's shareholders. Management is of the view that disclosure of the possible financial outcome could be contrary to the confidentiality clause of the asset sale agreement, and could seriously prejudice the position of MVL.

As at 31 December 2015, the University and the Group were not aware of any other contingent assets or liabilities.

Note 36. Post Balance Sheet Date Events

University incorporated a 100% owned subsidiary ALPP Limited in New Zealand in January 2016.

Massey Global Limited incorporated a 100% owned subsidiary Massey Global Singapore Private Limited in Singapore in February 2016.

The sale of Hokowhitu property became unconditional on 5 April 2016 and the transaction is expected to be settled around 31 May 2016.

Note 37. Critical Accounting Estimates and Judgements in Applying Massey University Accounting Policies

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

Long Service Leave and Retirement Gratuities

In order to assess the University's liability in respect of long service leave and retirement gratuities, an actuarial report was prepared by Eriksen Actuarial in accordance with PBE IPSAS 25. (Refer note 24 for assumptions).

Management has exercised the following critical judgements in applying the University's policies for the year ended 31 December 2015.

Impairment of Trade Receivables

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

Carrying Value of Land, Buildings and Leasehold Improvements

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

Crown-owned Land

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

Distinction Between Revenue and Capital Contributions

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

Note 38. World Bank Funding

	Actual 2015 (\$000)	Actual 2014 (\$000)	Actual 2013 (\$000)	Actual 2012 (\$000)
One Health Hub - Phase Two				
Opening balance	-	(464)	-	-
Income	-	1,070	-	-
Expenses	-	(606)	-	-
Closing Balance				
Global Food Safety Partnership				
Opening balance	-	-	-	-
Income	544	473	-	-
Expenses	(362)	(473)	-	-
Closing Balance	182	-	-	-

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

The Global Food Safety Partnership Programme 2015 funding covers an 18 month period 1/1/2015 to 30/6/2016.

Note 39. Capital Management

The University and Group's capital is its equity, which comprises of general funds, restricted reserves, property valuation and fair value through other comprehensive revenue and expenses reserves. Equity is represented by net assets.

The University is subject to the financial management and accountability and accountability provisions of the Education Act 1989.

The University manages its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. The University and Group's equity is largely managed as a by product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing the University and Group equity is to ensure that it effectively and efficiently achieves the goals and objectives for which it has been established, while remaining a going concern.

Compulsory Student Services Fees

	Advocacy, Legal and Financial Support (\$000)	Careers and Employment Advice (\$000)	Health and Counselling (\$000)	Pastoral Care (\$000)	Clubs, Societies, Sports, Recreation (\$000)	Media (\$000)	Total (\$000)
Revenue							
Compulsory student services fees collected	695	475	3,067	2,280	1,102	310	7,929
Expenses	675	461	2,977	2,213	1,070	300	7,696
Surplus	20	14	90	67	32	10	233

Categories of Compulsory Student Services Fee

Advocacy and legal services:	Advocating on behalf of students, (individual and groups) to provide support including legal and financial advice, welfare including hardships grants.
Career and employment advice:	Supporting students to develop skills and experience for their transition to post-study employment or the next stage of their career path. Support provided includes career consultations, internship opportunities, developing job interview techniques and preparing curriculum vitae.
Counselling and health services:	Providing students with access to counselling and health services, including health education and other medical services, to support students to stay well.
Pastoral care:	Providing students with access to services such as spiritual support, leadership and transitional programmes, pastoral care for students living in accommodation on and off campus and for students living at a distance from campus, student events and activities.
Media communications:	Supporting the production and dissemination of information by students to students, which covers student radio, printed media and web/on-line communications.
Clubs, societies, sports and recreation:	Providing resources to support and encourage student participation through Sports and Recreation Centre activities, facilities and events including student clubs, societies and cultural groups.

Note: The compulsory student services fee for an internal student undertaking a full-time programme of study in 2015 was set at \$536.90 (GST inclusive).

Any surplus is carried forward to the following year to be used solely for the provision of student services per Ministerial Direction.

The administration of compulsory student services fees is integrated within the University's normal operations.

All income and expenditure associated with the provision of student services is separately accounted for in the University's accounting system.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2015

The Massey University Act 1963 describes the purpose of Massey University as existing “for the advancement of knowledge and the dissemination and maintenance thereof by teaching and research”. Massey University understands its purpose and recognises that its role within the New Zealand context is further defined in the Education Act 1989 section 162 and guided by the Tertiary Education Strategy 2014-2019.

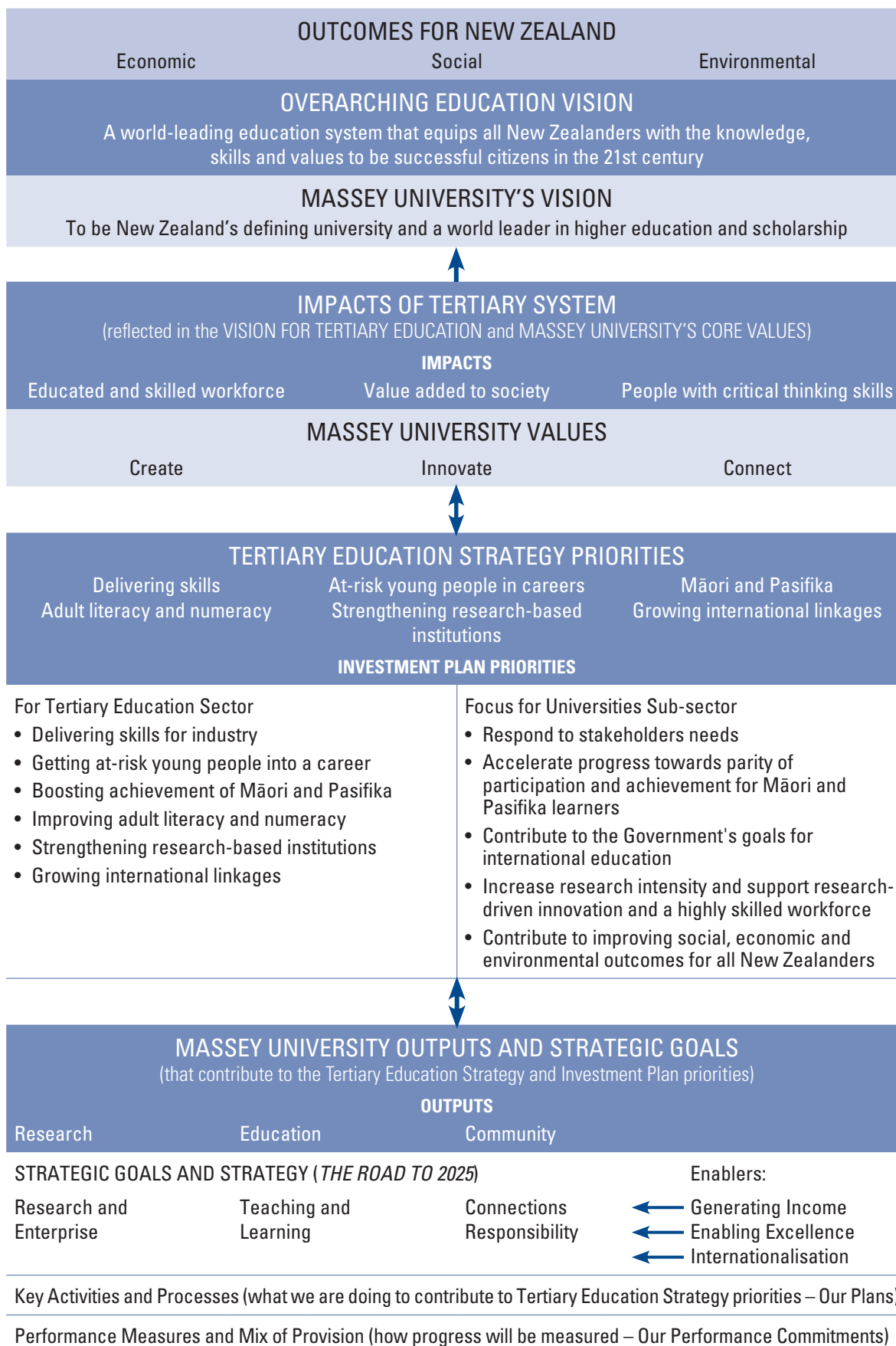
Massey University’s contribution to outcomes for New Zealand, the national vision for the education system, the TEC priorities, and the priorities for the Investment Plan period is illustrated in the following diagram, “Massey University Outcomes Framework”. This framework is consistent with the framework and guidelines for reporting on outcomes developed by a joint TEC and Universities New Zealand working group and endorsed in June 2010. The framework for the university sector provides a shared view of the national contribution of New Zealand’s universities and informs the preparation of Massey University’s Investment Plan.

Massey University frames the strategic goals of the institution and the strategy for their achievement in *The Road to 2025*, and also identifies the activities in our plans and the processes that underpin them. Massey University actively measures its progress against these strategic goals through a series of performance measures under each goal.

Massey University’s key outputs (Research, Education and Services to the Community) contribute to the impacts sought from the tertiary education system for an educated and skilled workforce, adding value to society, and developing people with critical thinking skills. Ultimately, these are to meet the Government’s vision of a world-leading tertiary education system that equips New Zealanders with the knowledge, skills and values to be successful citizens in the 21st century.

The key activities in Massey University’s plans derive from its commitment to supporting learning through research, education and engagement with communities and businesses (public and private sector contribution). These plans are strongly aligned with the priorities for the sector as identified in the Tertiary Education Strategy. By delivering on *The Road to 2025* strategic goals, which are founded on the values of creativity, innovation and connectedness, Massey University contributes to outcomes for New Zealand and the overarching vision for education, which links this nation to a wider global community.

Massey University Outcomes Framework



Operating Environment

Massey University's current operating climate continues to be financially challenging and competitive. The key influences in the operating environment provide the context for Massey University's performance in 2015. These include:

- The Government has continued to signal lower levels of government spending than those of the past decade. Where additional resources are available, these have been targeted at areas where there is high alignment with Government priorities, such as engineering, sciences and agriculture. Private sector investment also continues to be constrained;
- Reduced funding from the Government in real terms for student programmes and the reprioritisation of existing funding among tertiary education providers through a policy that is moving tertiary funding away from "low-performing" provision (such as provision with low completion rates or poor educational or labour market outcomes) to funding growth in "high-performing" provision that benefits New Zealand and contributes to economic growth;
- Performance-linked Funding (PLF) and Educational Performance Indicator (EPI) results for the Student Achievement Component (SAC) of tertiary sector funding continues to be a challenge given Massey University's distinctive student demographic profile: more than half of Massey University's students study part-time (often while currently in the workforce) and at a distance. Part-time students complete qualifications at a slower and lower rate than full-time students, often due to competing demands such as family and work;
- Ensuring that Massey University's portfolio of qualifications remains relevant and aligned with regional and national needs; and
- Acknowledging that international education is an important enabler in strengthening New Zealand's economic, cultural and social links with the world. Massey University remains focused on realising its international aspirations despite intense and increased competition from other universities in New Zealand and overseas.

OUTPUTS

Massey University provides three core services or outputs – Research, Education and Services to the Community.

Research

Massey University's goals are to promote the highest standards of research and scholarship, be a world leader in its areas of specialisation and support active engagement with, and participation in, knowledge exchange to ensure that the intellectual capital it generates is used to best advantage.

Massey University's research outputs have driven innovation, knowledge transfer and economic development both regionally and nationally. Research outputs have also enhanced educational outcomes for students and the provision of benefits to society.

Activities

Activities contributing to this output include:

- Project-based contractual research for the private and public sectors;
- Teaching-related research;
- The commercialisation of research outputs;
- Supervision of research-based Masterate and Doctoral students; and
- Participation in and hosting of Centres of Research Excellence (CoREs) and National Science Challenges.

Performance 2015

External Research Income

The environment for gaining research funding continues to be highly competitive. Massey University's external research income in 2015 shows as \$7.0 million less when compared with 2014. While Massey University has seen an increase in funding in 2015, a greater proportion relates to the delivery of research and achievement of milestones in future years, than in 2014. Approximately \$9.0 million revenue was received for multi-year projects, predominantly in the areas of sciences and health, but not yet spent due to the timing of receipt of funds and ensuing project activity. For the three main annual competitive Government funding rounds, in 2015 Massey University received \$5.18 million from the Ministry of Business, Innovation and Employment, \$5.2 million from the Marsden Fund and \$3.8 million from the Health Research Council of New Zealand. There is an ongoing focus on increasing external research income to produce research that yields quality outcomes.

Key Performance Indicator	Note	5-Year Rolling Average (2010-2014)	2015 Target	2015 Actual	2014 Actual
EXTERNAL RESEARCH INCOME (\$M)		67	65	55	62
PERFORMANCE-BASED RESEARCH FUND EXTERNAL RESEARCH INCOME (\$M)	1	55	56	52	55

Note 1: The 2015 actual is an interim figure only, pending confirmation of final data from TEC.

The Institutional Review of Research (IROR), which gives Massey University an understanding of its current and likely future research performance, was undertaken in 2015 as a critical element leading to the 2018 Performance-Based Research Fund (PBRF) submission. Strategic planning and investment is proceeding and colleges are under way with plans for the support and development of researchers, with particular attention to individual research trajectories and the management of research productivity, and an emphasis on high-quality research outputs.

Massey University continues to build formal links with industry, business and other institutions and agencies that share our vision and ambition to realise the benefits of effective knowledge management. The Massey Institute of Food Science and Technology (MIFST) was publicly launched in June 2015 and presents the largest capability in food science and innovation in the Southern Hemisphere. MIFST's inaugural head is Distinguished Professor Harjinder Singh, who is also co-Director of the Riddet Institute.

Distinguished Professor Singh was presented with the 2015 International Dairy Foods Association Research Award in Dairy Food Processing, becoming the first recipient from outside North America. He was also elected a Fellow of the United States Institute of Food Technologists, which is the largest union of food scientists in the world.

The Riddet Institute, New Zealand's premier centre for fundamental and strategic scientific research in food, was re-selected as a CoRE to be funded for the period 2016-2020. The Riddet Institute, hosted by Massey University, received almost \$1.0 million from a total \$7.0 million in research investment funding from the High-Value Nutrition National Science Challenge for a project with Goodman Fielder to research the advantages of blending food proteins into foods aimed at older people to help maintain muscle and to help mobility.

Distinguished Professor Paul Moughan, co-Director of the Riddet Institute, was appointed one of four experts on the Global Food and Nutrition Security Think Tank, to report on ways to reduce the number of chronically malnourished people and address the challenges posed by the planet's rapidly growing human population. The initiative is funded by the International Academy Partnership, which is a global network of science academies.

New partnerships are continuing to be developed in relation to New Zealand's food innovation gateway – FoodHQ – the substantial Manawatū-centred cluster of agrifood business innovation organisations; and through Massey University's Te Puna Whakatipu (Transforming AgriFood Business) for commercial and business opportunities for revenue growth through a set of interrelated activities with regions, organisations and individuals. The Te Puna Whakatipu Flourishing Regions initiative aims to design a regional solution for entrepreneurial leadership. Research alliances with industry are being developed; FoodHQ has engaged with significant industry associations and facilitated multi-party strategic workshops with each.

The Ministry of Business, Innovation and Employment has committed funding of \$16.7 million over six years for a research programme hosted by Massey University on selected processing steps, otherwise known as unit operations, that will transform New Zealand's primary food production into added-value exports. Partner organisations are AgResearch, Plant & Food Research, the Riddet Institute, the University of Auckland and the University of Otago. The programme is closely linked to the New Zealand Food Innovation Network and will make use of regional product development centres based in Auckland, Hamilton, Palmerston North, Christchurch and Dunedin. It utilises and widens the networks of FoodHQ. While this new research programme enables new food processing capability, it sits alongside existing funded programmes, including the High-Value Nutrition National Science Challenges, the industry-targeted Primary Growth Partnerships and the Bioresource Processing Alliance. The first commercialisations will be by participating companies, but the programme allows the technologies to become available soon afterwards to other New Zealand companies to move other products up the value chain.

Research

The core agenda remains to build and sustain a strong culture for engaging with and delivering research excellence in those domains of academic endeavour where Massey University has proven excellence at subject level, and to create effective critical mass through strategic realignment and multidisciplinary and multi-party collaboration that supports specialisations where we have world-class capabilities. The growth of a responsive entrepreneurial community within and across Massey University, with expertise that can be applied to support innovation in New Zealand, is a key priority. The conglomeration of MIFST, the Riddet Institute (CoRE), Te Puna Whakatipu, and FoodHQ is an excellent example of the headway being made as a realm that vertically integrates

farm-to-fork. Linking to this, the latest QS World University Subject Rankings have reaffirmed the strength of Massey University's programmes in agriculture (ranked 33rd) and veterinary science (ranked 15th).

Massey Business School launched the new Centre for Advanced Retail Studies in December, after the successful launch in February of New Zealand's only retail-focused degree, the Bachelor of Retail and Business Management (BRBM). The multidisciplinary centre, focused on external engagement, creates a broad view of retail that incorporates retail management, consumer behaviour and culture, logistics, supply chain management and marketing. The centre's first major research project is the "Big Issues in Retail Survey" in which it has partnered with Retail NZ and Monash University. The outgoing Warehouse Group Chief Executive, Mark Powell, a strong proponent of the BRBM, has signed to become Massey University's first CEO-in-Residence, a part-time position in which he will serve as a liaison between the University and the business community, a guest lecturer, a mentor for students and a strategic consultant to the Massey Business School executive team; he will commence in the role in 2016.

A memorandum of understanding (MOU) was signed with Metlifecare in an initiative to create a centre of excellence in healthy aging and geriatric care. The first joint research project is under way.

In public health, Professor John Potter from Massey University's Centre for Public Health Research was appointed as Chief Science Advisor to the Ministry of Health.

Massey University is also home to the strongest concentration of professional programmes in psychology in New Zealand and there is an emerging initiative, which will be progressed in 2016, to organise programmes in clinical, health, professional practice, cognitive and behavioural therapy, and industrial/organisation under a single banner.

Massey University formed a Centre for Information Technology at Albany, which is engaged in contract work with North Shore businesses through a package of options that includes scholarships, internships and cadetships. Also at Albany, the Centre for Additive Manufacturing was formed with strong connections to the NZ Product Accelerator, Scion and the Science for Technological Innovation National Science Challenge. An expression of interest was received from Fuji Xerox in supporting a computer-aided design and additive manufacturing training facility based at Massey University.

Massey University's School of Design was rated fourth in Asia-Pacific by the global design award agency Red Dot. Massey University has consistently been the only university in New Zealand and Australia to be ranked within the top 15 for design. DesignCo, New Zealand's first national design research centre, ran Helix, a symposium on the New Zealand Design DNA project in November. This was the first national design meeting for more than a decade, and although the bid for a CoRE earlier in the year was unsuccessful, the symposium was a precursor for a white paper in 2016 to the Government on a national strategy for New Zealand design. Helix and the Art School of the Future symposium (held in July with keynote speaker Professor Juan Cruz, Dean of Fine Arts, Royal College of Art, London) are invaluable events to discuss future directions for art and design research and education.

The advancement of Māori and Pasifika research and leadership continues as a key priority. The Pacific Research and Policy Centre (PRPC) was formally launched at Parliament in March. The activities of PRPC during the year included hosting the first meeting in Suva of a University Twinning and Networking Programme of the United Nations Educational, Scientific and Cultural Organisation (UNESCO). The network includes partner representatives from the University of the South Pacific, the National University of Samoa and Unitec. The Massey PRPC will take responsibility for coordinating and facilitating project development.

A Pacific Research Talanoa was also held to get researchers to collaborate and discuss synergies that may lead to developing new projects; representatives from the Ministry of Health, Ministry of Social Development, Ministry for Pacific Peoples and New Zealand Qualifications Authority participated in the talanoa and discussed how researchers can make their research relevant for policy development and decision-making.

Massey University continued its efforts to build Māori research capacity through activities that included Te Au

o Tukaiaia (a research seminar series), hosting overseas indigenous research scholars, and developing a formal research relationship MOU with the University of Hawaii. A project called Sharing the Waiwhakaiho – Taranaki Living Lab, a partnership between Massey University, Taranaki Regional Council, NIWA (the National Institute of Water and Atmospheric Research), Intercreate, Te Matahiapo Indigenous Research Organisation, iwi, hapū and community groups, was completed.

Commercialisation

Massey University is committed to translating innovative academic research into commercial opportunities, through existing commercial enterprises or new ventures. In 2015 Massey University sold its stake in the assets of New Zealand Veterinary Pathology Limited to IDEXX Laboratories (NZ) Limited, a wholly owned subsidiary of leading global veterinary diagnostic company IDEXX Laboratories, Inc.

Massey University's focus has evolved to be directed towards quality of disclosures¹ as opposed to quantity, meaning that a lower number of quality disclosures is a better outcome for the University. The unpredictable nature of complex commercial negotiations makes it difficult to predict the number of deals in any one year.

Key Performance Indicator	5-Year Rolling Average (2010-2014)	2015 Target	2015 Actual	2014 Actual
COMMERCIALISATION				
New disclosures (number of)	29	45	23	25
Licences/Commercialisation deals executed (number of)	4	10	3	4
Licensing revenue (\$000's)	400	500	308	364

Postgraduate Students

A new programme through Vitae.org for researcher development was selected in 2015 for implementation in 2016. Massey University is the first New Zealand member of Vitae.org; the five-year membership offers enhanced researcher support online, which delivers an internationally benchmarked career framework (PhD to Professor).

Improvements have been made in the higher research degree student admission application process, which is now online and less complicated for students. In addition, "Master classes" form part of a programme in place for supervisors with the aim ultimately of improving the higher research degree student experience. Graduate schools with research providers have increased the opportunities for students to be involved in industry research.

A draft agreement has been prepared to establish a joint postgraduate school with AgResearch. The joint postgraduate school with Plant & Food Research are already showing increased numbers of postgraduate students.

Massey University is the first university in New Zealand to now offer a Doctor of Social Work.

Also of note is the number of Māori research degree completions from Massey University increased from 33 in 2014 to an indicative 41 in 2015.

¹ An invention disclosure ("a disclosure") is an invention or idea that has a commercial potential.

Key Performance Indicator	5-Year Rolling Average (2010-2014)	2015 Target	2015 Indicative	2014 Actual
RESEARCH DEGREE COMPLETIONS (NUMBER OF)				
All students	402	350	402	450

Indicative results for 2015 research degree completions are available from Massey University's Student Management System. Even though the indicative figure is higher than the 2015 target and on par with the five-year rolling average, the total number of research degree completions in 2015 can only be reported once Massey University's Single Data Return has been submitted in April 2016. The 2014 indicative figure reported for the prior year was 393 and it has now been updated with the actual result.

Key Performance Indicator	Note	5-Year Rolling Average (2010-2014)	2015 Target	2015 Indicative	2014 Actual
POSTGRADUATE STUDENTS					
Student participation by equivalent full-time students (EFTS) as % of total EFTS – postgraduate research	4	8	7	8	8
Overall student satisfaction with educational experience (%) – postgraduate students	5		Not provided	76	77

Key Performance Indicator	Note	5-Year Rolling Average (2010-2014)	2015 Target	2015 Indicative	2014 Actual
Successful course completion (%) – postgraduate students	6	89	89	86	90

Indicative results for 2015 successful course completions are taken from the TEC Tertiary Data Warehouse workspace, but will not be finalised until all results have been processed and Massey University's Single Data Return is submitted in April 2016. This number is likely to increase as new completions will be reported.

Note 4: Postgraduate research: paper enrolments in papers at funding category levels 4 and 5 as defined by the TEC.

Note 5: A target for 2015 was not provided in the Investment Plan 2015-2017, therefore a target has not been disclosed in the *Annual Report*.

Note 6: Successful course completion is measured by successful course completion EFTS as a proportion of the total EFTS delivered.

Education

Massey University's goal is to ensure an exceptional and distinctive learning experience for all students.

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

Activities

Activities contributing to this output include:

- Higher-level tertiary education (teaching, learning and assessment)²;
- Foundation-level tertiary education³;

² Higher-level tertiary education: primarily degree-level (undergraduate and postgraduate) education at qualification levels 7 and above.

³ Foundation-level tertiary education: sub-degree-level education at qualification levels 5 and 6.

- A comprehensive portfolio of education offerings including:
 - Professional degrees (for professional groups, eg veterinary, nursing, accounting, education and engineering);
 - Degrees developed in partnership with business and industry (eg defence and security, food, agriculture, design and fine arts) and to meet the needs of community groups (regional and ethnic communities including Māori, Pasifika and new-migrant communities);
 - Professional and continuing education short-course programmes;
 - Distance and blended education (New Zealand's leading university); and
 - International education (both on-shore and off-shore); and
- Student support services, including residential and social.

Performance 2015

Student Participation

There is strong competition for both domestic and international students among New Zealand's tertiary education providers. Massey University actively monitored student participation rates throughout 2015 in terms of numbers, student quality, mix of provision and enrolment location. There was extensive marketing and recruitment work to encourage student enrolments. The refreshed "I AM" marketing campaign, with eight new creative executions that included distance and postgraduate, led the marketing activity across print, digital and outdoor channels.

New qualifications launched by Massey University and under way in 2015 included the BRBM, Master of Analytics, Master of Sport Management, Master of Aviation (Professional), Master of Advanced Leadership Practice, Master of Teaching and Learning and Bachelor of Creative Media Production. Massey University also launched the new Bachelor of Commercial Music degree, which will begin in 2016 through Te Rewa O Puanga, the School of Music and Creative Media Production. The degree has already attracted considerable attention from prospective students and the wider industry.

A Māori Academy Model for Science and Business – Pūhoro – was created to foster Māori secondary school pupils from year 11 through to university education and ultimately on to employment. The academy was launched in February 2016 and will work with a select number of Māori students from several schools in Manawatū and Whangarei. A number of new scholarships were established for Māori and Pasifika students at both postgraduate and undergraduate levels to encourage participation at Massey University.

Massey University aims to build its international student community. Onshore enrolments of international students continue to increase. New online portals were developed for international recruitment agencies and students to lodge enrolment applications. A new international recruitment community of practice was established to share information and encourage best practice across Massey University and a new workshop for staff was offered to enhance the development of Massey University's export curriculum. A student ambassador programme was developed to assist with the promotion of Massey University, and international students who are now Massey University alumni are being recruited as ambassadors for Massey University.

Massey University did not meet its EFTS target in 2015 for a number of reasons, which included a softening of demand for tertiary education in New Zealand and a high EFTS target, which may be redeveloped for the next Investment Plan 2017-2019.

Key Performance Indicator	Note	5-Year Rolling Average (2010-2014)	2015 Target	2015 Actual	2014 Actual
STUDENT PARTICIPATION BY EFTS					
Total University EFTS delivered		19,425	18,945	18,688	18,680
STUDENT PARTICIPATION BY EFTS AS A % OF TOTAL EFTS					
All international students	1	14	15	17	16
Postgraduate taught students	2	13	14	15	14

Note 1: All international students include students who pay full international fees and subsidised international students, eg foreign wholly research students.

Note 2: Postgraduate taught students include paper enrolments in papers at funding category level 3 as defined by the TEC.

Educational Performance Indicators (EPIs)

Concrete efforts to increase retention, completion and progression to higher qualifications rates through curriculum design and mapping, quality assurance, building comprehensive capabilities among our academic staff, and enhancing online content provision and online/blended delivery have been priorities for Massey University.

Massey University continued to review and refresh its academic portfolio to meet the needs of the national labour market and build capabilities in industries, businesses, the public sector, not-for-profit organisations, iwi and our communities. In 2015 major progress was made on the redesign of the Bachelor of Arts and on an overall plan for a revision of the Bachelor of Business Studies. The Association to Advance Collegiate Schools of Business (AACSB) accreditation review teams visited Massey University during 2015; a five-year extension of accreditation, with no provisos, was confirmed in January 2016. A comprehensive evaluation of the Bachelor of Science will be undertaken in 2016.

A number of quality assurance and quality enhancement projects were launched during the year. These included the Hallmarks of a Good Qualification project to inform the design, approval, delivery and review of qualifications. The Hallmarks project is a precursor for developing metrics for qualification performance dashboards.

A model to provide a cultural audit of Massey University's implementation of strategies for Māori and for Pasifika – Kia Mārama and Growing Pearls of Wisdom respectively – was created and trialled in 2015 and is to be fully implemented in 2016. The cultural audit monitors and reports on participation, retention and outcomes resulting from initiatives aimed to support Māori and Pasifika advancement. It accompanies the Māori Achievement/Development Plans and Pasifika Achievement/Development Plans of colleges, of which some are developed and being implemented, whereas others are being developed.

Applying Massey University's Student Success Framework alongside strengthening its academic advice, learning support and pastoral care services to students also played a pivotal role in 2015. An analysis of data from the first four semesters of Academic Standing took place to identify trends and provide insights into students' academic performance trajectories. The Academic Standing Model enables Massey University to identify and acknowledge students' excellent progress, as well as recognise when students need extra assistance to perform at their best.

One of the central tenets of Massey University's Employability Framework is entrepreneurship as a signature for innovative and creative citizens. A growing focus at our Albany and Wellington campuses on student enterprise and the development of hatcheries is increasing connections of students with New Zealand's economic, cultural and social activities. As practical examples, the College of Creative Arts' Spring programme, rolled out

in March, prepares students for a range of post-tertiary options, including helping them to set up businesses and get value from their intellectual property. Another initiative, Space Between (previously Made by Us), is a sustainable fashion venture that gives students and recent graduates another way to get their designs noticed. It provides an alternative to mass-produced, high-waste clothing, creating ethical business opportunities for new designers. The first collection of both staff and student work has been on sale on an e-commerce site.

Indicative results for all EPIs are based on 2015 data that is available from the data provided in Massey University's Single Data Return in December 2015, but will not be finalised until Massey University's Single Data Return is submitted in April 2016. It is anticipated that the figures will be higher as a result of additional completions reported in April 2016. It is at this stage that actual 2015 performance against all EPIs can be analysed.

Key Performance Indicator	Note	5-Year Rolling Average (2010-2014)	2015 Target	2015 Indicative	2014 Actual
STUDENT RETENTION (%)	3	72	73	76	76
SUCCESSFUL COURSE COMPLETION (%)	4				
All students		80	81	80	80
Internal students		84	86	85	85
Distance students		72	72	71	72
QUALIFICATION COMPLETION (%)	5				
All students		64	60	60	77
STUDENT PROGRESSION (%)	6				
All students		39	51	76	68

Note 3: Student retention is measured by the proportion of SAC-eligible students in a year who either re-enrol in the next year or complete qualifications. The 2014 indicative figure reported in the prior year was 76 per cent and it has remained the same for the actual result.

Note 4: Successful course completion is measured by SAC-eligible successful course completion EFTS, as a proportion of the total SAC-eligible EFTS delivered. The 2014 indicative figure reported in the prior year was 78 per cent (all students), 83 per cent (internal students) and 70 per cent (distance students) and it has now been updated with the actual result.

Note 5: Qualification completion is measured by qualifications completed by students, weighted by the EFTS value of the qualifications, as a proportion of total SAC-eligible EFTS enrolled in the qualifications. The 2014 indicative figure reported in the prior year was 53 per cent and it has now been updated with the actual result.

Note 6: Student progression is measured by progressions to higher levels of study in the tertiary sector by students (at qualification levels 1-4). The 2014 indicative figure reported in the prior year was 68 per cent and it has remained the same for the actual result.

Student Satisfaction

The Student Experience Survey is a major survey undertaken each year that gathers data on a range of services that contribute to the Massey University student experience. A survey block design enables all enrolled students to provide feedback on their University experience in relation to commencement services, teaching, skills' development, overall experience and departure intentions. Additional sub-blocks were administered in 2015, where relevant, to postgraduate research students, international students and those using disability services. A block of questions related to employability attributes and skills was also included.

Key Performance Indicator	Note	5-Year Rolling Average (2010-2014)	2015 Target	2015 Actual	2014 Actual
OVERALL STUDENT SATISFACTION (%)					
With educational experience	7	New measure	82	82	81
With services and facilities (% of students rating services good/very good)		85	88	82	81

Note 7: A rolling average is not provided as this data has only been collected in 2013, 2014 and 2015 from the Student Experience Survey. A total of 9,518 students participated in the survey, a response rate of 36 per cent.

Although the overall target for student satisfaction with services and facilities was not achieved, Massey University has made progress in this rating, with a 1 per cent increase on the previous year. Of particular note within this metric, is the high level of student satisfaction with library services, and improved satisfaction with student accommodation.

The \$26.2 million Te Ōhanga accommodation village at Massey University's Albany campus, providing beds for 292 students, was opened in February. Tourism New Zealand's Qualmark quality and environmental accreditation system has given a five-star rating to the new campus student accommodation – the first and only student halls of residence to be given such a rating in New Zealand.

Graduate Outcomes

Massey University engages to develop and support its students' personal employability attributes and skills with the aim of making individuals more likely to be successful in their chosen occupations to the benefit of themselves, the workforce, the community and the economy. Massey University's Employability Framework has three core nodes: employability in an educational context; citizenship within the context of employability; and entrepreneurship as a signature for innovative and creative citizens. The review and refresh of core elements of Massey University's academic portfolio, the establishment of Massey CareerHub, and the launch of the Spring entrepreneurship programme by the College of Creative Arts are examples of action taken during the year that responded to the Massey University Employability Framework agenda.

Key Performance Indicator		2-Year Rolling Average (2013-2014)	2015 Target	2015 Actual	2014 Actual
GRADUATE OUTCOMES (%)					
Progression to employment		87	80-85	89	87
Engaged in further study		29	8-10	28	27

Services to the Community

One of Massey University's goals is to enhance its reputation as New Zealand's defining university by contributing to an understanding of – and providing innovative responses to – social, economic, cultural and environmental issues, including those that affect tangata whenua, and to promote and value citizenship and leadership across Massey University staff and students. It is also Massey University's goal to strengthen its connections with tangata whenua and local, national and international partners and stakeholders, creating mutual benefits.

Activities

Activities contributing to this output include:

- Engagement with all our stakeholder communities, including business and industry, government (local and central), iwi, Pacific peoples, new-migrant communities and schools;
- Maintaining ongoing relationships with Massey University alumni;
- Providing advanced critical thinking on matters relevant to society, including expert commentary and advice locally, nationally and internationally;
- Sharing the academic and professional expertise of staff, particularly on issues of national and regional significance and on research that is of benefit to the community;
- Holding and/or participating in regional and national events;
- Hosting conferences and public lectures;
- Supporting and contributing to a diverse range of community-oriented programmes and initiatives; and
- Promoting public dialogues on the big issues of the day where Massey evidences intellectual and thought leadership (eg sustainability, climate change, population demographics and migration, food security, natural-resource management, creativity and design for culture, commerce and community).

Performance 2015

International Partnerships

Massey University is committed to taking the best of New Zealand to the rest of the world. The first international launch of Massey University Worldwide (MUWW) was held at the Going Global 2015 conference in London in June 2015. A General Manager of MUWW has been appointed and market investigations have been undertaken in five focus markets, as has a review of programmes currently available and those scheduled for development for worldwide delivery.

Examples of partnerships entered into during the year include an articulation agreement with Hebei University of Technology, China for a 3+1 Bachelor of Information Science programme with a first cohort, which exceeded target, enrolled and commenced in September; an articulation agreement signed with Fujian Normal University, China for a 3+1.5 BBS (Finance); an MOU signed with Zhongkai University of Agriculture and Engineering, China, for a 3+2 BSc/MSc with Massey University; an MOU signed with Shih Chien University, Taiwan, with a focus on design; and an MOU signed with Syracuse University in New York to formalise a research relationship in the area of art and design.

The veterinary twinning programme with the University of Peradeniya in Sri Lanka started during the year. The programme is funded by the Ministry of Foreign Affairs and Trade and endorsed by the World Organisation for Animal Health.

Massey University is also one of four universities leading a University Twinning and Networking Programme of the United Nations Educational, Scientific and Cultural Organisation (UNESCO), to help communities get access to engineering solutions for everyday problems. These can range from making high-tech breathing apparatus affordable to disadvantaged communities through clever product design to building water sanitation facilities and creating mobility vehicles for the disabled – any problem where an engineering solution may be useful and benefit a community.

Key Performance Indicator	Note	5-Year Rolling Average (2010-2014)	2015 Target	2015 Actual	2014 Actual
ACTIVE INTERNATIONAL PARTNERSHIPS (NUMBER OF)	1	208	252	263	245

Note 1: Active international partnerships are those partnerships where Massey University is the first party (the lead contractor) to the programmes/contracts. The results for 2015 reflect the significant efforts by Massey University in building its international profile.

Community

Massey University has developed campus strategies that define its point of difference for the regions in which it operates, and these are underpinned by the Massey University values to create, innovate and connect. The strategies are for all campuses.

The Albany initiative, Grow North, combines two key goals: to grow the number of students on the Albany campus; and to facilitate the development of a “smart, innovation corridor” in Auckland North. The first public Grow North symposium was held in February, featuring a panel discussion followed by four concurrent discussions regarding trade and future workforce; transport and infrastructure; health and wellness; and innovation/technology. A Grow North plan was agreed and priorities established for 2015 and 2016. A second public Grow North symposium in November launched the “Innovation Corridor” plan; the event heard from Professor Howard Armitage on similar work that has been undertaken by the University of Waterloo in Canada. A contract was signed with Auckland Tourism Events and Economic Development to conduct research to facilitate development of an innovation corridor in Auckland North, with Massey at the centre. In addition, the Auckland Knowledge Exchange Hub continued to enhance engagement with business and industry in Auckland through cross-college, multidisciplinary projects. The longstanding relationship with Ngāti Whātua Ōrākei was renewed early in the year and some practical actions devised to advance Māori development collaboratively in the region.

In the Wellington initiative, Think Differently, new ideas were explored and are being developed to profile Massey University’s Wellington campus as a “living laboratory” where cross-college, multidisciplinary collaboration is the norm for developing experiential learning, employability and entrepreneurial initiatives. Progress was also made towards a “knowledge hub” at Wellington.

At Manawatū the UniverCity concept – making Palmerston North a great place for a university while ensuring that the capacity of the University is captured by the city – has been socialised among key stakeholders in the region, with strategic planning sessions and events held to progress the project. Further development of a framework based on consultative community workshops is being progressed; its launch is planned for early 2016. The area of agrifood business is a focus for the Manawatū campus; Massey University has been the driver of the Manawatū-based multi-party FoodHQ “supercampus” that has attracted support from around the region.

Key Performance Indicator	Note	5-Year Rolling Average (2010-2014)	2015 Target	2015 Actual	2014 Actual
MASSEY UNIVERSITY ACADEMIC STAFF INVOLVED IN COMMUNITY SERVICE ACTIVITIES (%)	2	New measure	80+	42	N/A
MASSEY UNIVERSITY ACADEMIC STAFF SERVING ON ADVISORY BOARDS AND COMMITTEES (%)	2	New measure	20+	20	N/A

Note 2: This is a new measure, with data collected from the 2015 Institutional Review of Research (IRoR), in which 900 academic staff participated. The achievement of these targets was influenced by the differing levels of engagement with IRoR data collection, which may have resulted in incomplete datasets. The data collection will be strengthened for future years.

EQUITY AND DIVERSITY AT MASSEY UNIVERSITY

Massey University is committed to providing equity of employment and equity of access to educational opportunities for all staff and current and prospective students, irrespective of their sex, marital status, religious belief, colour, race, ethnic or national origin, disability, age, political opinion, employment status, family status or sexual orientation.

Equal Employment Opportunity

Massey University is committed to upholding its responsibilities as an Equal Opportunities Employer and creating a workplace that attracts, retains and values diverse employees. To achieve this policy objective Massey University:

- provides equal opportunities for recruitment, appointment, development and promotion for all current and prospective employees, regardless of sex, marital status, religious belief, colour, race, ethnic or national origin, disability, age, political opinion, employment status, family status or sexual orientation;
- develops and maintains a workplace culture that values and supports diversity;
- ensures that it provides a safe, supportive and healthy environment for all employees that is conducive to quality teaching, research and community service;
- identifies and eliminates all aspects of policies and procedures and other institutional barriers that cause or perpetuate inequality in respect of the employment of any person or group of persons;
- does not tolerate any form of unfair discrimination in the workplace on any ground, including sex, marital status, religious belief, colour, race, ethnic or national origin, disability, age, political opinion, employment status, family status or sexual orientation;
- promotes equal employment opportunities as an integral part of University policies and practices;
- supports the health and wellbeing of women staff members with breastfeeding infants by ensuring the right to time for breastfeeding (or expressing milk) and the provision of private facilities in the workplace for breastfeeding or expressing or storage of milk wherever possible; and
- monitors, reviews and evaluates progress towards achieving equal employment opportunities.

For the reporting period, Massey University's equal opportunities activities focused on:

- i. The introduction and implementation of a new Cultural Audit Model (CAM), facilitated by the Office of Māori and Pasifika. The application of the model supported all major business units to assess the current representation of Māori and Pasifika staff in recruitment, academic promotion, and in overall staff composition and to identify practices that would support improvement and to set goals to measure progress.
- ii. An implementation team progressing recommendations from the University's Pay and Employment Equity Review, related to increasing the number of women applying for academic promotion and increasing the success rate of women applicants.
- iii. A staff recruitment project that reviewed the social media materials used to attract suitable applicants for jobs at Massey, to reflect a more diverse workforce in terms of ethnicity and gender.
- iv. Selecting a cohort of aspiring women leaders to participate in an internal Massey University Women in Leadership Programme and selection - from previous year's internal programmes - of two academic women and two professional service women to attend a five-day, residential, Universities NZ Women in Leadership programme. Massey University also offers scholarships specifically for Māori and Pasifika women to attend the national programme.

Equity of Access to Educational Opportunity

Equity in tertiary education refers to creating opportunities for equal access and success throughout the student lifecycle for historically under-represented student populations, such as ethnic minority and low-income students. The concepts of equity and diversity are intrinsically linked; equitable access and participation is evidenced in a diverse and representative student population.

Equity is a fundamental principle that underpins the key teaching, learning and research functions of the University. As such, issues of equity influence all aspects of University activities. This is reflected in the references made to equity or diversity in almost all of the University's high-level strategic documents and it is embedded in the University's operational plans.

Removing Barriers to Student Participation and Success

The University has worked progressively over recent years to implement a number of systems and strategies designed to support students during their study journey and each has contributed to achieving equity outcomes. These include:

Student Success Strategy - The Student Success Strategy positively contributes by encouraging collaboration to action student success and retention initiatives; and '*supporting activities related to academic progress, exclusions and appeals*'. The strategy ensures that students have the best possible chance to succeed at tertiary study by assisting them to successfully integrate into university life and academic study.

Bursaries and Scholarships - A wide range of bursaries and scholarships are promoted on the Massey University website and many can assist students who may otherwise have been excluded or disadvantaged from participating in a course of study.

Academic Standing Regulations - The recently approved Academic Standing Regulations will support and address academic progress by students, enabling success to be acknowledged as well as prompting early action in relation to unsatisfactory progress. This policy was developed to improve course completions and the retention of all students, but it is of particular significance and benefit in terms of supporting under-represented groups who traditionally have a lower rate of success, such as Pasifika students.

Student Support Services - A mixed framework of specific student support services are in place, which pastoral care, advocacy, counselling and health services, disability services, careers and employment services, childcare services, student success advisers and support services specifically for Māori and Pasifika students.

Māori and Pasifika Advancement at Massey University

The Office of the Assistant Vice-Chancellor, Māori and Pasifika has developed a Cultural Audit Model for the purpose of monitoring and reporting on the performance of colleges and service lines in advancing selected Māori and Pasifika targets and outcomes.

Information generated by the audit is comprehensive. It provides insight into Māori and Pasifika staff, student participation, retention and success; stakeholder engagement; research activity and plans; and insight into Treaty of Waitangi responsiveness.

The model was piloted during 2015 using 2014 data from a range of documents, including the Investment Plan 2015-17 and both Māori and Pasifika Strategies (Kia Mārama Māori@Massey 2020 Strategy and from Growing Pearls of Wisdom Pasifika@Massey Strategy 2020). In addition, extensive consultation with colleges and service lines was undertaken. During 2015 the audit model has been further refined and advanced. Many of the previous measures listed in the 2015 audit will now be integrated into the revised Performance and Risk report, which is reported to both University management and Council.

APPENDIX

STUDENT NUMBERS

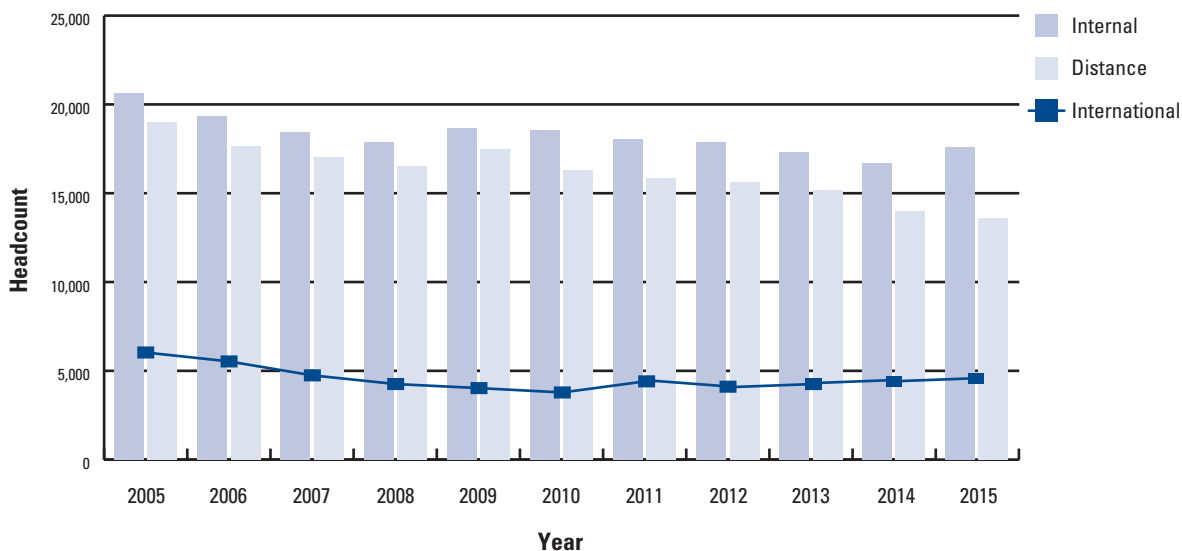
Note: Figures below are student headcount, and include all students enrolled regardless of funding source.

Massey University totals

	Note	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Internal	1	19,366	18,436	17,902	18,637	18,566	18,034	17,864	17,303	16,867	17,658
Distance	1	17,656	17,055	16,511	17,488	16,299	15,870	15,627	15,146	14,402	13,965
Total		37,022	35,491	34,413	36,125	34,865	33,904	33,491	32,449	31,269	31,623
% change over previous year		(6.64%)	(4.14%)	(3.03%)	4.97%	(3.49%)	(2.76%)	(1.22%)	(3.11%)	(3.64%)	1.13%
Number of international students included in totals above	2	5,279	4,481	3,985	3,752	3,503	3,947	3,806	3,859	3,924	4,419

Notes:

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

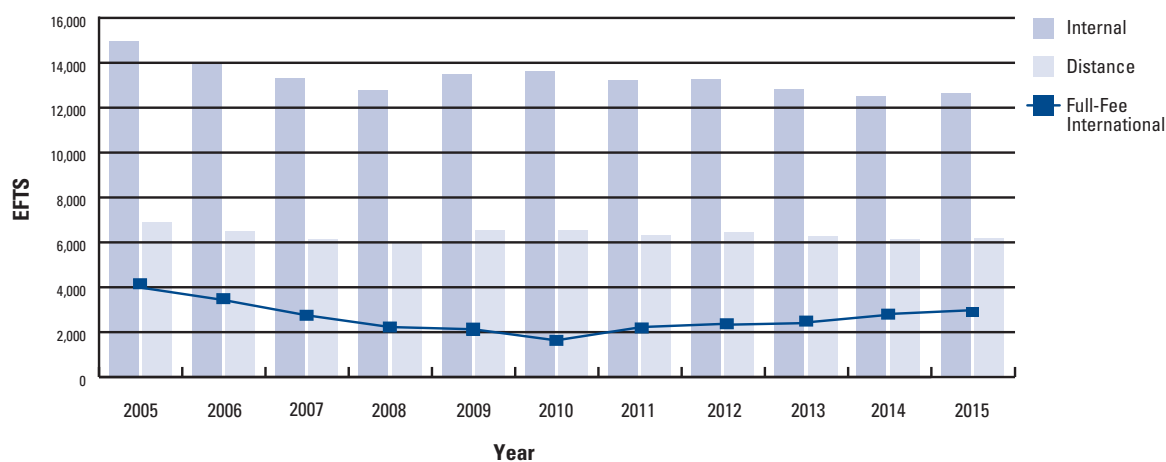


EQUIVALENT FULL-TIME STUDENTS (EFTS)

	Note	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Internal	1	14,002	13,315	12,749	13,469	13,599	13,201	13,256	12,822	12,502	12,613
Distance	1	6,473	6,117	5,989	6,525	6,520	6,318	6,449	6,279	6,179	6,075
Total all students (regardless of funding sources)		20,475	19,432	18,738	19,994	20,119	19,519	19,704	19,101	18,680	18,688
% change over previous year		(6.29%)	(5.09%)	(3.57%)	6.70%	0.63%	(2.98%)	0.94%	(3.06%)	(2.20%)	0.04%
Full-fee international students included in totals above	2	3,412	2,671	2,084	2,021	1,886	2,050	2,222	2,289	2,587	2,816
EFTS funded by TEC	3	16,297	16,085	15,996	17,360	17,673	16,784	16,852	16,140	15,583	15,345
% change over previous year		(3.07%)	(1.99%)	(0.55%)	8.52%	1.80%	(5.03%)	0.41%	(4.22%)	(3.45%)	(1.53%)

Notes:

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



STAFFING LEVELS

FULL-TIME EQUIVALENT (FTE) STAFF

	2014	2015
Colleges		
Academic	1,100	1,109
Professional services	449	483
Contract and trading	361	393
Total Colleges	1,910	1,985
Centres of Research Excellence, Support Services and Administration		
Vice-Chancellor's Office	16	16
Assistant Vice-Chancellor (External Relations)	44	67
Assistant Vice-Chancellor (Māori and Pasifika)	21	15
Assistant Vice-Chancellor (People and Organisational Development)	36	40
Assistant Vice-Chancellor (Operations, International and University Registrar)	458	477
Assistant Vice-Chancellor (Strategy, Finance, IT and Commercial Operations)	269	303
Assistant Vice-Chancellor (Research, Academic and Enterprise)	260	212
Total Centres of Research Excellence, Support Services and Administration	1,103	1,130
Total Staff	3,013	3,115

STAFF (FTE), BY COLLEGE

College		2008	2009	2010	2011	2012	2013	2014	2015
College of Business	Academic	251	240	221	210	207	212	212	202
	Professional services	97	103	106	89	86	81	80	86
	Contract and trading	11	9	12	9	9	8	8	8
College of Creative Arts	Academic	101	113	113	107	98	93	91	100
	Professional services	35	37	38	37	40	44	45	53
	Contract and trading	6	6	3	3	4	1	3	3
College of Education	Academic	104	107	104	102	99	N/A	N/A	N/A
	Professional services	47	47	47	34	32	N/A	N/A	N/A
	Contract and trading	94	85	73	65	49	N/A	N/A	N/A
College of Health	Academic	N/A	N/A	N/A	N/A	N/A	138	139	140
	Professional services	N/A	N/A	N/A	N/A	N/A	50	51	54
	Contract and trading	N/A	N/A	N/A	N/A	N/A	130	129	152
College of Humanities and Social Sciences	Academic	226	234	245	258	257	299	302	299
	Professional services	49	55	56	49	47	66	62	61
	Contract and trading	137	154	147	146	139	84	65	80
College of Sciences	Academic	432	423	408	403	411	339	356	368
	Professional services	242	255	233	221	222	189	211	230
	Contract and trading	158	156	170	160	166	153	157	150
Total Colleges	Academic	1,114	1,117	1,091	1,080	1,072	1,081	1,100	1,109
	Professional services	470	497	481	430	426	430	449	483
	Contract and trading	402	410	405	383	367	377	361	393
Total FTE		1,987	2,023	1,976	1,893	1,865	1,887	1,910	1,985

Note:

In 2013 the College of Education became an Institute of Education, based in the College of Humanities and Social Sciences. The College of Health was created in 2013, formed from a combination of departments/schools/institutes in the College of Humanities and Social Sciences and the College of Sciences.

STAFFING RATIOS

	2008	2009	2010	2011	2012	2013	2014	2015
Funded EFTS (excluding Professional and Continuing Education)	17,869	18,889	19,048	18,493	19,316	18,777	18,232	18,672
Total academic staff including casual academic	1,114	1,117	1,091	1,080	1,072	1,081	1,100	1,109
Total professional services staff including casual professional services	1,456	1,553	1,552	1,519	1,533	1,536	1,552	1,614

College	2013		2014		2015	
	Ratio of EFTS to Academic Staff	Ratio of Professional Services to Academic Staff	Ratio of EFTS to Academic Staff	Ratio of Professional Services to Academic Staff	Ratio of EFTS to Academic Staff	Ratio of Professional Services to Academic Staff
College of Business	25.3 : 1	0.38 : 1	24.2 : 1	0.38 : 1	25.3 : 1	0.43 : 1
College of Creative Arts	17.7 : 1	0.47 : 1	16.5 : 1	0.47 : 1	16.2 : 1	0.52 : 1
College of Education	N/A	N/A	N/A	N/A	N/A	N/A
College of Health	15.5 : 1	0.36 : 1	16.4 : 1	0.36 : 1	16.6 : 1	0.38 : 1
College of Humanities and Social Sciences	17.2 : 1	0.22 : 1	17.4 : 1	0.22 : 1	16.1 : 1	0.20 : 1
College of Sciences	11.4 : 1	0.56 : 1	11.4 : 1	0.56 : 1	11.5 : 1	0.62 : 1
University Total	16.8 : 1	1.42 : 1	16.2 : 1	1.43 : 1	16.8 : 1	1.46 : 1

