



Annual Plan 2012





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ABBREVIATIONS & ACRONYMS

(Includes abbreviations and acronyms used in the electronic collection of Faculty and Section 2012 Annual Plans)

ADB	Asian Development Bank	GMES	Governance and Management Enhancement and Strengthening (Project)
ACP	Asia, Caribbean, Pacific	IBSTBI	International Board of Standards for Training, Performance and Instruction
AP2011	Annual Plan 2011	ICT	Information and Communication Technologies
AP2012	Annual Plan 2012	I&J	Intermediate and Junior (Staff)
AUQA	Australian Universities Quality Agency	ITS	Information Technology Services
AusAID	Australian Agency for International Development	JCU	James Cook University
CAPEX	Capital Expenditure	JICA	Japan International Cooperation Agency
CDU	Charles Darwin University	KPI	Key Performance Indicator
CFDL	Centre for Flexible and Distance Learning	MBA	Master of Business Administration
CFS	College of Foundation Studies	MOU	Memorandum of Understanding
CQU	Central Queensland University	OCACPS	Oceania Centre for Arts, Culture and Pacific Studies
DBA	Doctor of Business Administration	P&Q	Planning and Quality
DVC (ARC)	Deputy Vice-Chancellor (Administration and Regional Campuses)	PC	Personal Computer
DVC (LTSS)	Deputy Vice-Chancellor (Learning, Teaching and Student Services)	PICPA	Pacific Islands Centre for Public Administration
EDF	Executive Director of Finance	PRC	People's Republic of China
EDHR	Executive Director Human Resources	PVC (P&Q)	Pro Vice-Chancellor (Planning and Quality)
EFTS	Equivalent Full-Time Student	PVC (R&I)	Pro Vice-Chancellor (Research and International)
EU	European Union	SLS	Student Learning Support
F2F	Face to Face	SMT	Senior Management Team
FAL	Faculty of Arts and Law	SP	Strategic Plan
FBE	Faculty of Business and Economics	SPOMS	Strategic Plan Online Monitoring System
FIC	Finance and Investment Committee	STAR	Strategic Total Academic Review
FSTE	Faculty of Science, Technology and Environment	TEQSA	Tertiary Education Quality and Standards Agency (Australia)
GCTT	Graduate Certificate in Tertiary Teaching	UoN	University of Newcastle
		USP	University of the South Pacific
		USPI	University of the South Pacific International
		VC	Vice-Chancellor

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1. VICE-CHANCELLOR'S INTRODUCTION AND OVERVIEW

2011 has been a year of intense activity to implement the Annual Plan 2011, which was approved by Council and are directly aligned with the Strategic Plan 2010-2012. As at 1 September 2011, 76% of all objectives in the SP for the relevant period have been achieved. Furthermore, as this report indicates, a number of additional developments not in the Strategic Plan, but which were nevertheless major opportunities for the University, have also been captured in our sustained efforts throughout the year. More energy will be expended during the last quarter to increase implementation of the SP and Annual Plan, and to prepare the ground for the final year of the SP in 2012, in order that most of the Priority Area strategic initiatives can be completed.

Throughout 2010 and 2011, the University has achieved much greater financial reliability and stability, is generating reserves, at the same time as significantly investing in campus infrastructure across all of its 14 campuses. As part of a longer term strategy, stretching into the next Strategic Plan 2013-2018, this will ensure the physical infrastructure is renovated, modern, safe, green and meets the best of standards internationally. Remedialising the neglect of the campus environments over the preceding two decades, it will ensure better living and learning conditions for students and staff. Regenerated regional campuses, which will take place in 2012 and subsequent years will offer opportunities for stronger engagement in the member countries and improve the student learning experience, both for regional and international students.

The Strategic Total Academic Review (STAR) project is now underway, with a fully established office. Significant work has been undertaken to prepare the way for implementing improvements to student learning and support. STAR will remain a key focus for 2012, to complete the necessary preparatory work, reviewing all programmes and courses to ensure a streamlined and more relevant set of academic offerings are available. This will create a curriculum in line with international standards of delivery and assessment, including movement to credit-based learning, outcomes-based assessment and improved levels of student success. The Planning and Quality Office has been strengthened in line with the Strategic Plan, and now offers a more comprehensive range of statistical services as well as deeper institutional research. In 2012 the new data warehouse will be

rolled out and this will complete the aim to establish a planning and institutional research function equal or better than that in most Australian institutions.

The decline in student enrolments has been reversed and in 2012, USP management will produce a new marketing strategy and strategic student enrolment management plan. This is expected to realign the institution as a stronger postgraduate and research university. Further investment in research and a stronger emphasis on student recruitment to Master Degrees and PhDs will be made in 2012. Additional professorships will be recruited in 2012 which will exceed the SP 2010-2012.

2012 will see the University focusing on its revenue sources by embedding a stronger commercial and entrepreneurial culture and through leveraging its human knowledge capital. Our development partners have a renewed faith and confidence in USP and in 2012 we will continue to build on this with a clear pipeline of projects and programmes to seriously raise the level of development investment into our activities across the region, including capital projects.

The Governance and Management Enhancement and Strengthening (GMES) project, which was wound up in 2011, has seen remarkable improvement to the University's governance and management. A key issue in 2012 will be to strengthen management by completing the recruitment of all senior post holders and building their sense of shared purpose, and through strengthening the development of middle managers in Schools and Sections.

The University management has already begun to think about the next strategic plan 2013-2018. As USP moves towards its golden jubilee of 50 years, the debate is now how we can move beyond simply being a good university to what being a 'great' university means in the context of our region. 2012 will accelerate the preparation, consultation and engagement with Council and stakeholders in the production of the new Strategic Plan.

In 2012, the University will have to become more nimble and efficient. New funding arrangements may challenge the University, and management will need to be more creative in their thinking and more focused and innovative to maintain USP's lead as the

region's premier institution. A re-branding exercise will be commenced in 2012, and the STAR project and marketing strategies will work towards a stronger focus on regional need, the USP niche and on keeping our competitive edge.

USP will work closely with national tertiary institutions. A tertiary Heads of Institutions group has been established, chaired by the USP Vice Chancellor, and a major conference involving Ministers is planned. This will create a future agenda to confront the many challenges and opportunities tertiary education must play regionally for economic, social and cultural development. During continued turbulent change including climate change, globalisation, security, the reduction of poverty and the importance of health, all of which remain major issues for the South Pacific, USP will be both proactive and responsive to the needs of its member countries.

The annual planning process is an international model of good practice. By focusing on those

things we need to, using institutional research, close monitoring, evaluation and quality assurance feedback and alignment of resources, management is able to reassure its member countries that it is meeting those goals set by Council.

I therefore recommend this Annual Plan to FIC for its consideration and endorsement for Council's approval.



Professor Rajesh Chandra
Vice-Chancellor and President

16 September 2011



2. OVERVIEW OF THE ANNUAL PLAN 2012 PROCESS

- 2.1 The Annual Plan 2012 (AP2012) is the final year of the USP Strategic Plan (SP) 2010-2012. The main focus of the AP2012 will be to continue to improve institutional sustainability, improve student success, transformation and academic excellence, including STAR, improve quality through human resource transformation and to embed regional engagement and delivery. Further significant investments in campus infrastructure will be made as part of a longer-term strategy to bring the physical environment into line with leading international institutions, improve the greening of the campus and to support campus living and learning communities.
- 2.2 The SP 2010-2012 was fully costed by year and Priority Area as Table 1 illustrates.

TABLE 1 : COSTING OF STRATEGIC PLAN BY YEAR AND PRIORITY AREA

Priority Areas	2010	2011	2012	Total
Priority Area 1 Learning and Teaching	457,000	457,000	457,000	1,371,000
Priority Area 2 Student Support	3,930,000	646,000	630,000	2,056,000
Priority Area 3 Research, Graduate Affairs and Innovation	567,000	1,119,500	1,187,000	2,873,500
Priority Area 4 Regional and Community Engagement and Internationalisation	1,060,500	1,060,500	1,060,500	3,181,500
Priority Area 5 Human Resources	252,000	194,000	194,000	640,000
Priority Area 6 Governance, Management and Continuous Improvement	168,000	189,000	189,000	546,000
Total	6,434,500	3,666,000	3,717,500	13,818,000

- The SP outlay of \$3.166m in 2011 was enhanced by \$0.5m to provide for three more professorial appointments, bringing the total in the AP2011 to \$3.666m. Similarly, in 2012 an additional \$200,000 will be added, providing a total of \$3,717,500.
- 2.3 The June 2009 Council had approved the financial plan for 2012 as part of the approval accorded to the Strategic Plan 2010-2012. This projects an operating surplus of \$1.72m with a total income of \$134.38m against total expenditure of \$132.66m. The University's cash and cash equivalents were projected to be \$17.1m at the end of 2012.
- 2.4 The Annual Plan surpasses the efficiency parameters of the triennial financial plan 2010-2012 and the Financial Plan 2011, both of which were approved by Council at its June 2009 meeting. The Vice Chancellor and the Senior Management Team (SMT) have established the guidelines for the preparation of AP2012, and all faculties, schools and sections have been involved in this process. The Annual Plan follows a process where priorities, initiatives, targets and the use of a more comprehensive set of data and analysis including selected key performance indicators (KPIs) and benchmark data are used to inform management decision-making on the allocation of resources for the AP2011.

2.5 The projected annual plan for 2012 projects an operating surplus of \$5.63m with total income of \$149.18m against total expenditure of \$143.55m (Appendix 1). The University's cash and cash

equivalents are projected to be \$45.16m taking into account University funded capital expenditure (CAPEX) of \$7m in 2012. Table 2 below summarises a proposed financial plan for AP2012.

TABLE 2 : PROPOSED ANNUAL PLAN 2012

Item	2007 Actual	2008 Actual	2009 Actual	2010 Actual	Financial Plan 2011	AP2011 Approved	AP2012 Proposed
Income	\$132.1m	\$134.8m	\$129.0m	\$139.1mm	\$134.4m	\$138.6m	\$149.2m
Expenditure	\$132.3m	\$129.4m	\$112.3m	\$127.3m	\$134.3m	\$135.1m	143.5m
Operating Surplus/Deficit	(\$0.2m)	\$5.4m	\$15.9m	\$3.4m	\$4.8m	\$3.5m	\$5.6m
University-funded CAPEX	\$1.9m	\$2.4m	\$4.3m	\$9.64m	\$7.0m	\$9.0m	\$7.0m
Government Contributions as % of Income	37%	37%	39%	37%	35%	35%	32%
Cash Flow	(\$10.2m)	\$10.5m	\$16.4m	\$9.6m	(\$2.2m)	(\$6.5m)	(\$0.5m)

3. PROGRESS OF THE STRATEGIC PLAN 2010 - 2012 AT 1 SEPTEMBER 2011

3.1 At 1 September 2011, the University is 21 months into the 2010-2012 Strategic Plan. Much has been achieved within that timeframe to re-establish a strong financial base to secure USP's sustainability following a period that had threatened the University's future. Although many measures have been instituted and successes achieved, some of the main strategic thrusts have seen:

- The return to financial stability and building of reserves.
- An increase of confidence leading to a significant increase in donor support.
- The upgrade of planning processes and systems to ensure a world-class integration of strategic and operational planning, monitoring and evaluation and institutional research.
- Improvements in ICT speed, infrastructure and access to information and communication technologies in education, the opening of the Japan Pacific ICT Centre and upgrade of USPNet.
- The decline of infrastructure being addressed through planned development, master planning and raising of capital expenditure for long-term maintenance, the improvement of regional campuses and improved facilities to enhance living and learning communities.
- A focus on student services and an emphasis in all regional campuses on campus life.
- The rationalisation of programmes and the introduction of new and relevant programmes to meet the needs of regional sustainable development.
- A demonstrated commitment to the transformation of curriculum.
- Achievement of international accreditation of key programmes in accounting, banking, tourism and hospitality and finance.
- A heightened focus on students and student success.

- Agreement on eight focal areas to drive forward the research, learning and engagement activities of the University.
- The emphasis on and actual growth of online and blended learning and progress towards embedding the Learning Management System, Moodle, across all courses at USP.
- Comprehensive quality assurance and enhancement processes across all academic and support functions.

3.2 The USP SP is the guiding force of the University's activities during 2010-2012. Significant progress against it has been made at 1 September 2011. A number of new strategically important initiatives not identified in the SP objectives and strategies have been subsequently incorporated into USP strategic aims and are being implemented. The SP also identifies KPIs and targets for each of the six priority areas.

3.3 The University has implemented an innovative, detailed and interactive online monitoring system to regularly report upon progress of the SP. This system, known as SPOMS (Strategic Planning Online Monitoring System), and the training of over 70 managers and key staff in its use, ensures that the SP is monitored and reported on regularly to ensure sound progress is being made. At 9 September 2011, the University had achieved overall 76 per cent of the SP objectives and tasks scheduled to that date (see Table 3). This does not include those tasks which have been completed ahead of schedule nor the additional strategic achievements identified below:

- Improvements in ICT infrastructure and access.
- Preparation of a loan from the Asian Development Bank (ADB) which will be submitted to Council in November 2011.
- Major research funding for climate change and renewable energy (projects funded by the European Union (EU) and Korea).
- Establishment of the Pacific Islands Centre for Public Administration (PICPA) and funding worth \$43m over four years, with the promise of further funding as required.

- Major funding from the Japan International Cooperation Agency (JICA) for Human Development and Human Security project for three years.
 - Funding from AusAID for the upgrade of USP Internet Gateway from STM1 to STM4.
- 3.4 The University is confident that most of the 2010 and 2011 initiatives will be fulfilled by the end of 2011 as its performance management system further embeds into the organisation.

TABLE 3 : COMPLETION OF STRATEGIES AND TASKS OF THE STRATEGIC PLAN AT 9 SEPTEMBER 2011 (AS PER TARGET DATE OF 9 SEPTEMBER 2011)

No.	Category	Overall Completion at 9 September 2011
1	Learning & Teaching	76%
2	Student Support	59%
3	Research & Graduate Affairs	87%
4	Regional & Community Engagement	75%
5	Human Resources	65%
6	Governance, Management & Continuous Improvement	92%
Overall		76%

3.5 The success of the Governance and Management Enhancement and Strengthening (GMES) Project has seen significant progress in Priority Area 6. Priority Area 2 (Student Support) and Priority Area 5 (Human Resources) require greater acceleration during 2011. The four themes for 2012 reflect this. Table 4 (page 11) indicates progress of the Strategic Plan 2010-2012 targets as at 9 September 2011.

3.6 The University has also benchmarked its performance data against Australian universities. Comparative performance is illustrated on Table 5 (page 16). Whilst the University enrolments and number of graduating students declined in the previous strategic plan, in 2010 due to more focused marketing and stronger promotion, this decline was halted. Enrolment grew from 10,246 equivalent full-time students (EFTS) in 2009 to 10,672 EFTS in 2010 (a growth of 4%). At 6 September 2011, the EFTS has grown by 9% from

2010 to 11,597. This indicates an important reversal and provides a strong platform from which to increase the number of graduates in the region from 2011 and beyond, due to the multiplier effect.

3.7 In 2010, the student pass rate grew to 78%, reflecting an increasing pass trend achieved during the SP and indeed, over the last 10 years. Although this is below the Australian universities dataset which indicates an 82 per cent pass rate, this is still good given the diversity of USP students and the difficulties in their transition to higher education. Retention of students is an important performance indicator as dropout often represents wastage. 2010 had the best student retention rate over the last 10 years at 77%. It should be reflected that the diversity of students and the many challenges they face will impact on retention performance at USP. The Australian universities retention average is 75%. Time to completion rates are

measured by the University but like many Australian universities a decision has been made not to publish these at the present time as they can be extremely misleading and difficult to interpret especially from

those institutions with multi-modal delivery. Figures 1 and 2 (below) provide enrolment, graduation, retention and pass rate trends since 2001 (data are not available for 2011 until the beginning of 2012).

FIGURE 1 : ENROLMENT AND GRADUATION TREND 2001-2010

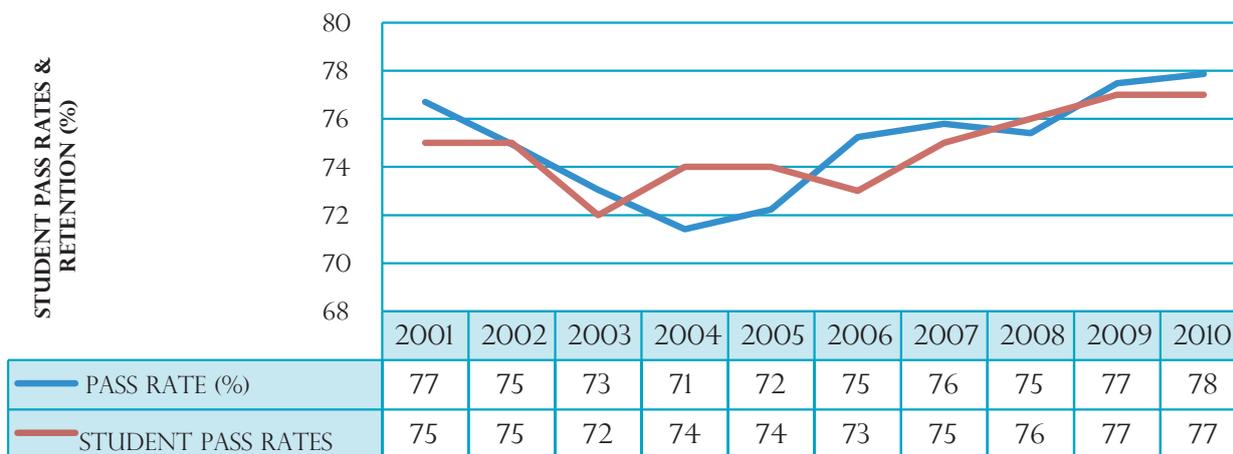


FIGURE 2 : STUDENT PASS RATE AND RETENTION KPI TREND 2001-2010

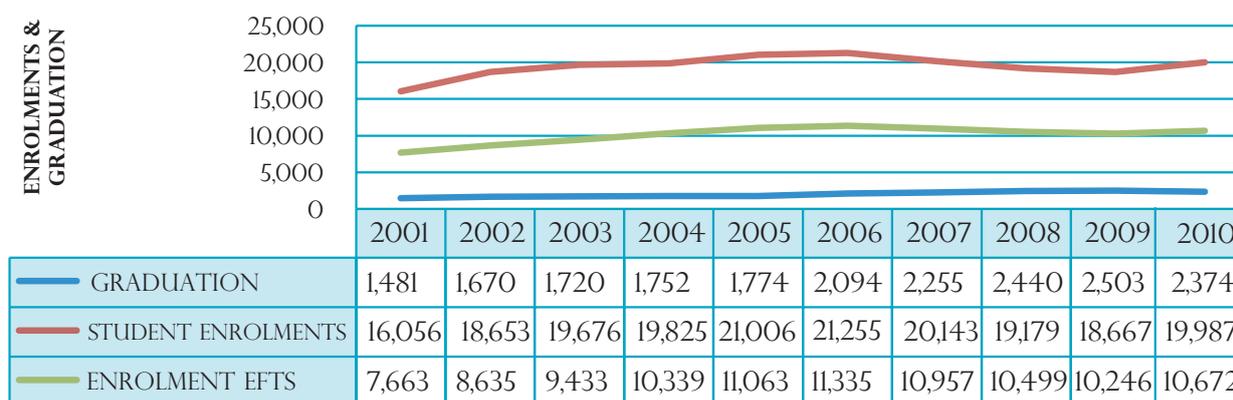


TABLE 4 : PROGRESS OF STRATEGIC PLAN TARGETS 9 SEPTEMBER 2011

Priority Area	Key Targets	Progress On Strategic Plan 2010-2012 Targets														
Learning and Teaching	Learning and Teaching Policy and Plan	The Learning and Teaching Policy which was approved by the Senate at its 29th September 2010 meeting is now available online. The Learning and Teaching Plan is a work in progress and will be submitted to the November, 2011 Council.														
	Japan-Pacific ICT Centre: 2010	The ICT Centre is now operational with the second phase of the project due to be completed by November, 2011. A replacement Director for the ICT Centre is currently being sought.														
	Review of Academic Portfolio completed: 2011	The DVC (LTSS) holds responsibility for the implementation of the STAR project. Nine Working groups have been formed to work on particular components of STAR and Management Retreats in April and September, 2011 considered progress. A STAR Project Office has been established and is fully staffed.														
	Four new courses at undergraduate level (refer to Strategy 2.2) to be operational by 2011	The courses were introduced in phases. In Semester 1, 2010 the English for Academic Purposes UUI14 course was introduced at the 100-level. The second course, on Communications and Information Literacy (UU100), commenced in Semester 2, 2010, and the last two remaining courses, UU200: Ethics and Governance and UU204 : Pacific Worlds, are now being offered in 2012.														
	50% increase in number/percentage of courses to be implemented through Moodle by 2012	<p>The total number of courses in full year 2010 is 628. Of these, the current conversion of courses to Moodle is as follows:</p> <table border="1"> <thead> <tr> <th><i>Courses Utilising Moodle</i></th> <th><i>UG Courses converted</i></th> <th><i>Total UG Courses</i></th> </tr> </thead> <tbody> <tr> <td><i>Faculty of Arts, Law and Education</i></td> <td>99</td> <td>196</td> </tr> <tr> <td><i>Faculty of Business and Economics</i></td> <td>96</td> <td>122</td> </tr> <tr> <td><i>Faculty of Science, Techn. and Env.</i></td> <td>136</td> <td>173</td> </tr> <tr> <td><i>Total</i></td> <td>331</td> <td>491</td> </tr> </tbody> </table> <p>The numbers have increased from 202 courses in Semester 1, 2010 to 331 courses (67%) in the first half of Semester 1, 2011. This is a 64% increase in the percentage of courses converted to Moodle thus far, indicating a strong commitment to this by all Faculties under the leadership of their Deans and HoS. The Faculty of Arts, Law and Education, however, needs to accelerate this development.</p>	<i>Courses Utilising Moodle</i>	<i>UG Courses converted</i>	<i>Total UG Courses</i>	<i>Faculty of Arts, Law and Education</i>	99	196	<i>Faculty of Business and Economics</i>	96	122	<i>Faculty of Science, Techn. and Env.</i>	136	173	<i>Total</i>	331
<i>Courses Utilising Moodle</i>	<i>UG Courses converted</i>	<i>Total UG Courses</i>														
<i>Faculty of Arts, Law and Education</i>	99	196														
<i>Faculty of Business and Economics</i>	96	122														
<i>Faculty of Science, Techn. and Env.</i>	136	173														
<i>Total</i>	331	491														

Priority Area	Key Targets	Progress On Strategic Plan 2010-2012 Targets
Student Support	Student Charter to be fully implemented by 2010	The Student Charter was approved by Senate in May 2011.
	An increase in the number of student accommodation – additional 100 beds by 2011	This construction is due for completion by July, 2011.
	Graduate Destination Survey (GDS) operational by 2010	The GDS was reinstated in 2010. Reports have been made to Management in order to inform the future development of ‘employability strategies’. The survey includes graduates from the Laucala Campus and a 65% rate was recorded for September, 2010. In 2011, the GDS was administered in May and September with response rates of 63% and 69% respectively. Analysis of these data are informing the development of a graduate employability strategy
	Careers Advisory Services to be established by 2011	This should have been completed by the end of 2011 and is now moved into 2012.
	20% improvement in student to computer ratio by 2012	Our ratio of the number of students to a computer has improved to 1 computer per 6 EFTS, with specific laboratories at a ratio of 1 computer per 5 EFTS.
Research, Graduate Affairs and Innovation	Research clusters to be operational by end of 2010	Research Clusters have been identified. Four of the clusters will have their targets by 2012. The University is seeking to fill the PVC(R&I) vacancy during 2011.
	Increase the number of PhD students to 40 EFTS by 2012	The enrolments for PhD in 2010 was 65 EFTS. The University has exceeded this target therefore by 63%.
	Increase the number of research-active professors to 20 by 2012	With new appointments recently made, there are now 20 Professors in the University. There are also 28 Adjunct Professors from international universities.. There are also two Professors in the Vice-Chancellor’s Office. This target therefore has already been exceeded.
	Increase internal research allocation by 25% each year to 2012	Internal research funding increased from \$500,000 to \$1,000,000 in 2010 and remains the same for 2011.
	Increase external research income by 25% each year by 2012	The Research Office staff has been working with relevant staff to develop proposals for funding in (1) Pacific Cultures, especially a Centre for Pacific Languages, (2) Pacific Education, and (3) Renewable Energy.

Priority Area	Key Targets	Progress On Strategic Plan 2010-2012 Targets
Regional and Community Engagement and Internationalisation	At least 3 member countries visited by a member of the senior management each year	<p>The Vice-Chancellor visited the following member countries in 2010 and 2011: Vanuatu, Samoa, Solomon Islands, Tonga, the Cook Islands, Tuvalu and Niue. He visited Tonga in January 2011 and Emalus Campus in March this year to celebrate the Pacific Islands Forum 40th Anniversary. He also visited Tonga Campus, the Alafua Campus, Kiribati Campus, Emalus Campus and the Lautoka Campus in 2010. The DVC (ARC) also visited the Emalus Campus in March, 2011 and Tuvalu in June 2011. The DVC (LTSS) visited Emalus and Lautoka in 2010 and visited the Marshall Islands in July 2011. The PVC (P&Q) visited the Solomon Islands and the Marshall Islands with the objective of finalising Master plans for these Campuses. The DVC (ARC) visited the Cook Islands in 2011 for the USP graduation ceremony.</p>
	Establish Alumni Office by 2010	<p>The Alumni Office was established in July, 2009. A new Alumni Officer was appointed in December, 2011. Work on the Alumni database has been completed. The Alumni website is still under construction and should be online by May, 2012. The first Alumni gathering was held in Auckland, New Zealand and at least 30 USP Alumni attended this function hosted by the Vice-Chancellor. The second one was held in Kiribati. For Fiji, the first Alumni Launch was held in Lautoka in December, 2010 which was attended by about 90 USP Alumni. An Alumni gathering is also earmarked for Vanuatu in 2011.</p>
	Broaden and expand Bandwidth of USPNet by 2010	<p>In September 2010, USP successfully upgraded and migrated from the Gilat System to i-DIRECT system. This upgrade has made the USPNet 300% more efficient. USP also bought more bandwidth (space segment) which increased the total bandwidth from 7.5Mhz to 11Mhz.</p> <p>In March USP will be implementing the second phase which is the installation of PCMA technology. This technology will allow USPNet to reuse its frequency. This should also improve the efficiency of USPNet.</p> <p>Between April/May, USP implemented the third phase which is the installation of Web Optimizer. Again, this will also increase the efficiency of USPNet by 30%. In June/July, USP will be implementing and deploying Ku band and we are targeting Solomon Islands, Vanuatu, Tonga and Samoa.</p>

Priority Area	Key Targets	Progress On Strategic Plan 2010-2012 Targets
Research, Graduate Affairs and Innovation	Infrastructure development implemented in 3 regional campuses by 2011	<p>The Director Property and Facilities visited 3 regional campuses in 2010 – Solomon Islands, Vanuatu, Kiribati - to evaluate campus physical development and improvement. The Director Property and Facilities again visited the Solomon Islands and Kiribati campuses early this year with the Asian Development Bank (ADB) team. The Government of the Peoples Republic of China (PRC) is providing some funds towards the development of the Emalus Campus. Campus design for Lautoka has also been done.</p>
	25% increase of international students by 2012	<p>USP international (USPI) has been fully established in 2010. In the first semester of 2010, the increase in international students was 2.0% from the same time in 2009. A new Strategic Plan has been put in place by the PVC (P&Q) as interim SMT (pending the replacement of PVC R&I). Target KPIs are back on track in 2011 with an anticipated enrolment of 285 international headcounts by the end of 2011. This would represent a growth of 12 per cent from 2010.</p>
Human Resources	Vice-Chancellor's Forum by 2010	<p>The University hosted the second annual Vice-Chancellor's Forum on Learning and Teaching at its USP Laucala Campus in Suva, Fiji Islands from 8 - 9 November, 2010.</p> <p>A two-day Forum showcased USP staff members' work on innovative and successful approaches to improving learning and teaching across USP's 12 member-country campuses. This is the one occasion where for two days, all senior management, academics, staff and the whole University community get together to talk about excellence in learning and teaching and is rated as one of the most important occasions in the University's calendar.</p>
	Workload Model to be in place by end of 2010	<p>Each Faculty has a workload system in place. However, the post AUQA review of the 2008 audit (in June, 2008), highlighted the need for a more comprehensive institution-wide workload model. The three Deans have been requested to do this, supported by the Pro Vice-Chancellor (Planning & Quality). The Executive Director HR will also join the task group.</p>
	Human Resources Strategy and Plan implemented by 2011	<p>This is a work in progress. The recruitment of a new EDHR should provide a stronger stimulus to the initiatives of the priority area being achieved during 2011 and 2012.</p>

Priority Area	Key Targets	Progress On Strategic Plan 2010-2012 Targets
	Increase in the number of PhD staff at lecturer level and above by 2012	At the end of 2010, Doctoral Qualifications of academic staff at lecturer level and above increased by 3% to 65% overall compared to the same period in 2009. FBE and FAL showed good improvement in this measure with increases of 8% and 4% respectively while FSTE showed no change over the same period. Lecturers accounted for the lowest percentage of Doctoral Qualification holders with only 46% holding this qualification. Staff development plans for each staff in this category is in progress.
Governance, Management and Continuous Improvement	Review of Council governance, structures and roles completed by 2010	This was reported to Council in May 2010 and the new management structure is embedding well.
	Integrated Management Cycle encompassing planning, budgeting, review and audit operational by 2010	Identification of KPIs and targets of SMT members have been conducted and disseminated. The P&Q Office has created a Strategic Plan Online Monitoring tracking System (SPOMS) with traffic light indicators that is now “live” online. Training has taken place for over 70 managers and staff. The 3rd Strategic Planning Workshop for the SMT and HOS was completed from 15-16 April, 2011. The main agenda of this workshop was the Strategic Total Academic Review (STAR). An audit on the Strategic Plan was conducted by USP internal auditors (KPMG) and a report has been released.
	Formal implementation of External Quality Audit review completed by end of 2011	<p>The AUQA senior auditor, Professor Robyn Quin, revisited the University in July 2010 to examine progress and had made a very favourable report on progress to date. A report on this visit was made to Council in November, 2010. Further work on the affirmations and recommendations arising from the Quin Report will be monitored and a report on progress against them made was presented separately to the May, 2011 Council.</p> <p>The University is on track for the next academic audit in 2013 and high level meetings will be taking place in 2011 to plan for this. Two senior staff of SMT were trained as external international auditors by AUQA (Dean FAL and PVCP&Q). Training of 3 Heads of Schools will take place in 2012 with the newly constituted TEQSA, which AUQA has been merged with.</p>
	Risk Management Plan	A Risk Management Unit was created February 2009 and positions (Manager and Assistant) were created and filled with both positions dedicated to Risk Management in USP in 2010.

Priority Area	Key Targets	Progress On Strategic Plan 2010-2012 Targets
	Increase in the number of PhD staff at lecturer level and above by 2012	<p>USP's Risk Management System (Risk Mitigation Plan) was submitted as a living document to November, 2010 Council and was approved. This document also includes the framework and phases completed to develop the risk register.</p> <p>Risks were reviewed by SMT on 22 April, 2010, the Audit and Risk Committee on 11 August, 2010 and submitted to the November Council, 2010. The University has also developed a Risk Register where 53 risks have been identified and this includes the top 11 risks. Risks were further reviewed at a workshop in September 2011. The Risk Management Policy was approved on 3rd November, 2010 by Council. A major workshop in September 2011 considered revisions to the risk management register.</p>

TABLE 5 : 2010 USP DATA COMPARED TO AUSTRALIAN BENCHMARK COHORT

KPIs	USP	CQU	JCU	CD	UoN	Benchmark Cohort (Average)
Total Student Enrolments in Headcounts	19,987	19,786	19,000	21,238	35,501	23,102
Higher Education Student Enrolments in Headcounts (Non Award Enrolments Excluded)	14,823	19,701	-	7,154	30,970	18,162
Student Enrolment in EFTS	10,672	12,410	13,750	3,933	24,023	12,958
Student Pass Rates	78%	79%	87%	80%	86%	82%
Student Retention Rate	77%	69%	75%	74%	82%	75%
Graduations	2,374	4,537	2,900	850	5,895	3,311
Ratio of Total Students/ Graduations	6	4	7	8	5	6

Key: UoN - University of Newcastle, CD - Charles Darwin University, JCU - James Cook University, CQU - Central Queensland University

4. ACTIVITIES AND OUTPUTS OF THE ANNUAL PLAN FOR 2012

4.1 The key focus for 2012 will be:

1. *Institutional Sustainability*
2. *Student Success, Transformation and Academic Excellence*
3. *Human Resource Transformation*
4. *Regional Engagement and Delivery*

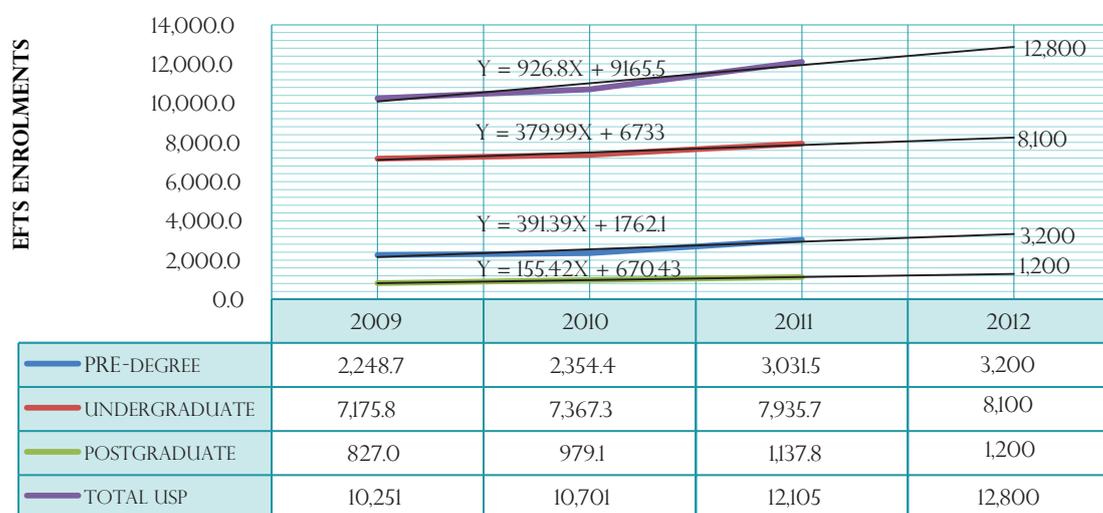
4.2 The USP Strategic Plan 2010-2012 enters its last 12 months in January 2012. Its success will be used as a springboard to shape the University from being a good university to being a great university, and on which to build the next USP strategic plan to 2018 - its 50th anniversary. Four key themes signal the next year as one in which there will be a concerted intention to

solidify USP as a respected regional institution, well governed, managed wisely and with the foresight of academic leadership in the Pacific. By focusing on these four cross-cutting themes, the SP 2010-2012 will be fully accomplished.

4.3 The detailed Faculty and Section plans are posted on the University intranet and available for FIC and Council members to view. This section briefly summarises each thematic set of initiatives, strategic activities and KPIs for 2012 at the institutional level to be met in 2012 in order to complete the Strategic Plan 2010-2012 and prepare for the incoming new Strategic Plan 2013-2018. This will enable the 6 Priority Areas to be fully achieved.

4.4 Student numbers for 2012 have been predicted using a regression analysis (see Figure 3 below):

FIGURE 3 : PROJECTED 2011 AND 2012 EFTS DISAGGREGATED BY BROAD LEVEL OF PROGRAMME



4.5 Focus areas for 2012: A full set of Annual Plans 2012 for all Faculties and Sections are electronically available as follows:

Student Success, Transformation and Academic Excellence

i. Learning and Teaching and the STAR Project

ii Faculties:

- Faculty of Arts, Law and Education
- Faculty of Business & Economics
- Faculty of Science, Technology & Environment
- College of Foundation Studies
- Research Office

iii. Student Support

- Campus Life
- Student Academic Services
- Centre for Distance and Flexible Learning
- ITS and Japan Pacific ICT Centre
- University Library

b. Human Resource Transformation Human Resources

c. Regional Engagement and Delivery Regional Campuses

USP International

d. Institutional Sustainability

Finance

Planning and Quality

Property and Facilities

Marketing, Development and Communications

Trading Activities

- o Book Centre
- o Accommodation Units
- o RCCCE

4.6 All of these key strategic initiatives have been built into the financial plan for 2012.

4.7 Student Success, Transformation and Academic Excellence

This will implement the remainder of the SP 2010-2012 Priority Areas on Learning and Teaching, Student Support and Research.

a. Key Strategic Initiatives for 2012

1. Completion of STAR preparatory work and begin implementation.
2. Learning and Teaching Plan to be approved.

3. Embed Evaluation of Teaching Surveys.

4. Roll out P&Q data warehouse for institutional assessment.

5. Complete cycle of discipline area external reviews and conduct 2 whole School reviews.

6. Prepare submission for TEQSA second external audit.

7. Commence preparation for WASC accreditation.

8. Recruit two additional Professors.

9. Implement activities from SAS and CFS review.

10. Implement academic staff workload model.

11. Implement student workload model.

12. Implement additional F2F in regional campuses.

13. Commence Doctor of Business Administration Degree.

14. Increase publication in refereed journals.

15. Open Careers and Employability Centre.

16. Conduct a baseline international assessment of USP quality and quantity of research to provide baseline data for the SP 2013-2018.

17. Improve student orientation and first year experience.

18. Development of USP's Student Welfare and Health and Wellness Services.

19. Develop essential generic research skills for postgraduate and early career researchers.

20. Develop 6 interdisciplinary research clusters.

21. Conduct comprehensive employer satisfaction survey.

b. KPIs and Targets

- Increase postgraduate enrolments by 10%.
- Achieve total enrolment of 12,800 EFTS.
- Increase external research and consultancy income by 15%.
- Increase moodilised courses to 80% and full programmes by at least 10 in Moodle and DFL Print.
- Host 2 international conferences at USP.
- Refereed publications to increase by 10%.
Improve retention by 2%.
- Improve student pass rates by 1%.
- Improve graduate destination into employment by 2%.
- 2% increase in student satisfaction ratings across all surveys.

c. Risks and Mitigation

The 3 major risks are:

1. Completion of STAR preparation. This will be mitigated by maintaining the strength of the STAR project office, close monitoring and reporting.
2. Increasing the proportion and number of postgraduate students. This will be mitigated by ensuring a robust strategic enrolment management plan, improved marketing and strengthening the role of the professoriate.

Improvements in research. This will be
3. mitigated by the recruitment of the PVC (R&I) and strengthening the Research Office and through implementing a balanced academic workload model combined with more attention in individual review of performance to international research output in A*, A and B rated journals.

4.8 Human Resource Transformation

Although currently behind overall SP performance (except for Student Support), HR activities are now being accelerated and it is anticipated that by the end of 2011 there will be a rise in the achievement levels. This section outlines the key initiatives and KPIs that will enable Priority Area 5: Human Resources to be achieved during 2012. It reflects the overarching approach that considerable transformation is needed in human resource and people management in the University to raise its level of performance. This is not simply about the structures and processes of the HR Office, but of managing change and transformation.

a. Key Strategic Initiatives

- Complete Human Resources Strategy.
- Carry out Staff Climate Survey (by a confidential and external process).
- Improve staff recruitment and retention strategies.
- Develop a clear talent management strategy.
- Enhance leadership development, coaching and mentoring.
- Improve staff development.

b. KPIs and Targets

1. 90% of all positions to be filled.
2. All sections to have succession planning in place.
3. Recruitment during early 2012 of the EDHR.
4. Reduce recruitment and selection processing times.
5. Increase 'hit' rate of recruitment website.
6. Increase by 2% the number of staff at lecturer level and above holding a PhD.
7. Increase by 5% the number of females into

middle management and senior academic positions.

c. Risks and Mitigation

Four major risks to this focus area have been identified:

1. Recruitment of the EDHR. This will be mitigated by using a recruitment agency. It is hoped an offer will be made before the end of 2011.
2. Processing times in recruitment processes. This will be mitigated by new systems being implemented and monitored.
3. Leadership. This will be mitigated by focusing on team building in SMT and in filling all senior positions to ensure distribution of leadership activities.
4. Implementation of change. This will be mitigated by clearer communication strategies, recruitment of fresh talent, improved staff review processes, rewarding innovation and success, strengthened coaching and development for middle management and improved staff development opportunities and outcomes.

4.9 Regional Engagement and Delivery

This theme relates to Priority Area 3: Regional Engagement and Internationalisation

a. Key Strategic Initiatives for 2012

1. Improve regional campus infrastructure.
2. Develop academic plans for each campus.
3. Complete design phase of Lautoka Campus.
4. Begin build out of Kiribati Campus and Emalus Campus.
5. Complete detailed design for Marshall Islands Campus.

b. KPIs and Targets

Increase international students by 10%.

Agree all Campuses Development Plan including pipeline of capital projects required.

Reduce non-renewable energy reliance in regional campuses.

c. Risks and Mitigation

Two major risks have been identified in this focus area:

1. Sufficiency of funding. This will be mitigated by reducing campus inefficiencies and increasing income through increased student numbers through trading activities and by generating development assistance. A particular risk here is failing to achieve the ADB loan. This will be mitigated by strong engagement with development assistance partners, ensuring a strong business case for campus development and in the case of the ADB loan by securing a 3rd country guarantee.
2. Growing national competition. This will be mitigated by strengthening our regional engagement with member countries at all levels of government, through improved marketing and by more relevant offerings, including the international accreditation of programmes.

4.10 Institutional Sustainability

a. Key Strategic Initiatives

1. Implement recommendations from the review of the Finance Section.
2. Develop capacity for business intelligence using the new data warehouse
3. Agree the Strategic Plan 2013-2018.
4. Agree the framework and submission for the TEQSA Audit 2013.

5. Carry out re-branding exercise.
6. Develop Marketing Strategy and Plan.
7. Develop Strategic Enrolment Management Plan.
8. External review of data integrity.
9. Improve usefulness of Banner system.

b. KPIs and Targets

- Increase trading revenue by minimum 10%.
- RCCCE to provide 5% marginal return.
- Accommodation Units to be 95% fully occupied.
- Student residential units to be 90% fully occupied during semester period and income generated from short term lets in inter-semester activities.
- Lodges and international student housing to be 75% occupied.

c. Risks and Mitigation

Three major risks have been identified:

1. Management decision-making. This will be mitigated by a thorough data integrity review, followed by a clean-up exercise of data, improved training of data inputters and stronger verification systems.
2. Meeting enrolment targets. This will be mitigated through the development of a marketing strategy, a strategic enrolment management plan and improved communication and re-branding of the University.
3. Financial systems. This will be mitigated through restructuring of the Finance Section, improved financial processes, more responsive financial services and the full implementation of recommendations of the Finance Section Review.



5. PRINCIPLES, GUIDELINES, ASSUMPTIONS AND TARGETS OF AP2012

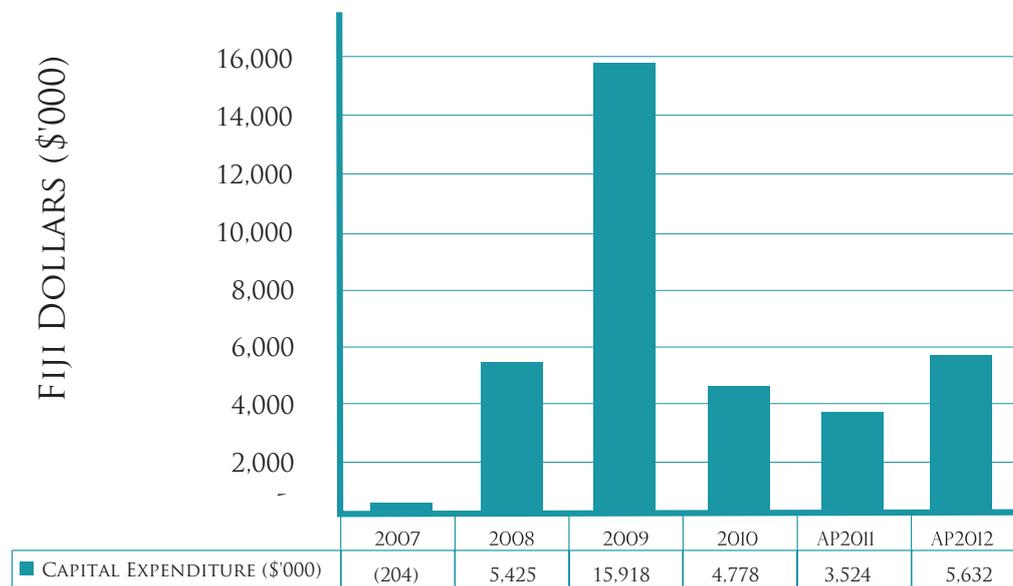
- 5.1 Principles and Guidelines: All income belongs to the University, including that earned by trading units, projects, institute and department funds. All income from each fund is accounted for in the budget against the nature of income. The budget is comprehensive and includes recurrent, department, trading, and institute activities. Project funds budgets have also been projected. Unbudgeted expenditure will only be allowed through authorisation from the relevant SMT member, generally approved only where it is justified by additional income and in keeping with the scheme of financial delegations. Units and funds will, however, continue to retain the surpluses, after making the required contribution to University's recurrent fund. Estimates are based on 2010 Actuals, AP2011, annualised 2011 and the June 2009 Council approved Financial Plan (FP) 2012, but are also aligned with the new priorities and directions set for 2012. Provisions have been made for sound incentive structures that reward cost-control, innovation and entrepreneurship and disincentives for sections that are not innovative or entrepreneurial. Special provisions have also been reduced and these are allocated directly to SMT to enhance immediate action and implementation of plans. Decisive allocations have been made to strategic areas that have been decided in order to re-shape boldly and with speed.
- 5.2 Drivers: The Strategic Plan 2010-12 continues to remain the main driver of AP2012. The 2012 plan has been constructed to achieve the goals set by the University for itself in the third year of the triennium. Initiatives continuing from 2011 are targeted for completion before new initiatives may commence. The foundations for achieving the movement towards a financially sustainable University were laid in 2009 and have continued to be strengthened in 2010 and 2011. AP2012 has taken further steps in this direction: aligning its strategic and financial planning to work in tandem and strive for clarity, simplicity, transparency, robustness, value for money and comprehensiveness. The changing external environment has also shaped and helped to refine the plan from its initial version approved at the June 2009 Council meeting.
- 5.3 Assumptions: The assumptions made while formulating the financial plan 2010-12 that was approved at the June 2009 Council meeting have served as a starting point. These assumptions have been revised taking advantage of the AP2011 approved by November 2010 Council, full-year 2010 financials, current year trends, changes to USP's internal and external environment and other factors, to the following:
- Tuition fees income to increase by 9% from AP2011 level.
 - Aid and Donations income confirmed at 2012 agreed level.
 - Provision of \$0.5m for I&J salary adjustments.
 - Full year impact of the ICT Centre Phase II.
- 5.3 Financial Targets: AP2012 has the following financial targets:
- All Trading Activities to contribute 20% of their total expenditure to the University's Recurrent Fund.
 - All Department and Institute funds to contribute 15% of their total expenditure to the Recurrent Fund.
 - All Project Funds to contribute 15% of their income to the Recurrent Fund. The Vice Chancellor alone may permit a project fund to contribute a lower share.
 - All non-recurrent USP activities, other than project funds, will each generate a 4% surplus after allowing for the required level of contribution towards USP's Recurrent Fund.
 - Capital expenditure will be F\$7.0m.

6. FINANCING THE ANNUAL PLAN 2012 - SUMMARY OF FINANCIAL PROJECTIONS:

6.1 AP2012 is projecting a surplus of \$5.6m or \$3.9m better than the FP2012 target of \$1.7m (Appendix 1). The income is projected to be \$149.2m and expenditure to be \$143.5m. Cash and cash equivalents are expected to have a net decrease of \$0.5m (Appendix 3). University funded Capital Expenditure is budgeted at \$7.0m. The \$5.6m surplus target is necessary to ensure enough cash is generated to significantly fund this capital expenditure.

6.2 Annual Plan 2012 - Surplus from Operations: The proposed annual Plan for 2012 is projecting a surplus from normal operations of \$5.6m or \$2.1m (or 60%) better than the AP2011 target of \$3.5m. Appendix 7 shows that USP's financial performance (operating surplus as a percentage of income) has been increasing for the last 5 years compared to other universities which are struggling under the current global crisis.

FIGURE 4 : OPERATING SURPLUS/(DEFICIT) FOR 2007 TO 2012

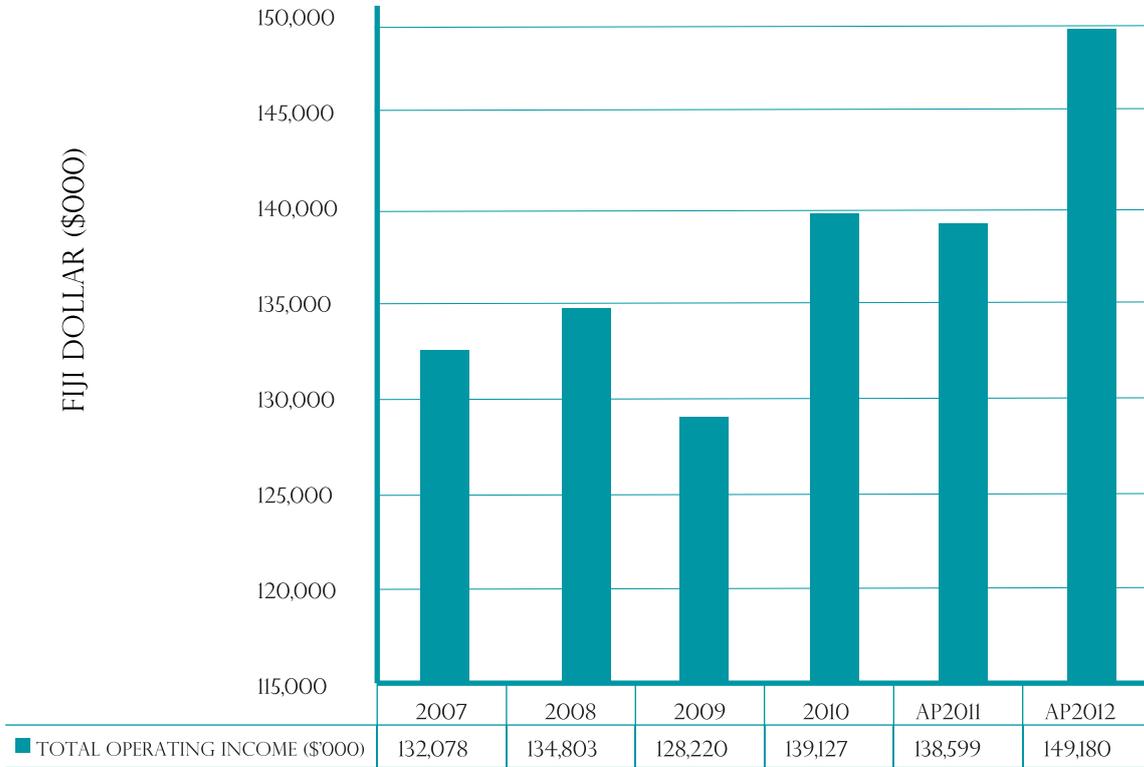


6.3 Income: The Annual Plan 2012 is projecting an income of \$149.2m, an increase of \$10.6m or 8% when compared against the Annual Plan 2011 figure of \$138.6m. The major reasons for income variances compared to the 2011 planned level are as follows:

- \$2.9m increase in student tuition fees, all of which is coming from increased enrolments due to current marketing efforts and expected increase in post graduate and professional programme enrolments.

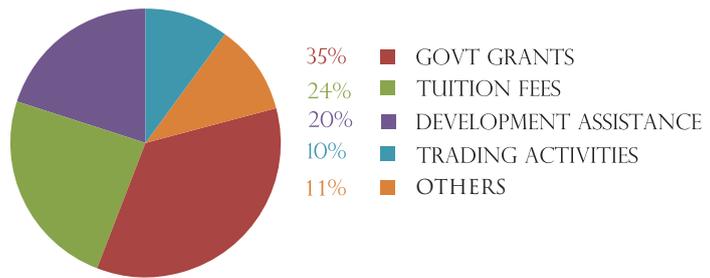
- \$0.6m increase in trading activities, mainly from additional revenue expected from new Students' Hostel.
- \$2.9m increase in other income, largely from enhanced targets for department funds and institutes. Department fund income budgets were always under budgeted previously.

FIGURE 5 : TOTAL INCOME FOR AP 2010 TO AP 2012



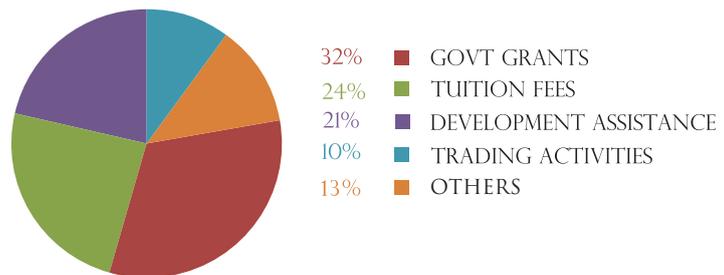
INCOME SUMMARY AP2011

FIGURE 6 :
INCOME SUMMARY AP 2011



INCOME SUMMARY AP2012

FIGURE 7 :
INCOME SUMMARY AP 2012



6.4 Expenditure: Total expenditure projected for 2012 is \$143.5m, compared against \$135.1m for AP2011, an increase of \$8.4m or 6%.

6.5 Salary expenses are projected to be \$66.8m, compared against \$63.1m in AP2011, an increase of \$3.7m or 6%.

6.6 Non Salary expenses are projected to be \$76.7m, when compared against the AP2011 figure of \$72.0m, an increase by \$4.7m or 7%.

6.7 The major assumptions and variances on expenditure items are as follows:

- \$3.7m increase in Salary expenses is mainly coming from:
 - a. \$0.5m more for regional campuses to properly budget for current commitments.
 - b. \$0.4m more in department funds, coming from properly resourcing CFS after its budget was cut in 2009 and 2010, and additional staff for Graduate School of Business to commence operations in PNG in 2012.
 - c. \$0.2m more for trading activities, largely from the new Director Commercial Operations position and additional staff to cater for new hostel.
 - d. \$0.5m as provision for I&J salary adjustments.
 - e. Additional \$0.1m as possible restructure fund.
 - f. Balance \$2.0m attributed to appointment of

senior positions in various areas as per current structure and to meet Strategic Plan priorities.

- The \$4.4m increase in general expenses is largely due to:
 - a. General increase in VAT to 15% in Fiji \$0.8m.
 - b. Additional provision for electricity costs due to increase in tariffs and consumption \$1.0m.
 - c. Additional budget for regional campuses in line with their current operational costs \$0.7m.
 - d. Additional \$0.4m to ITS in light of increasing costs of satellite and internet charges, and licenses (impact of the exchange rate changes).
 - e. Additional \$0.4m for library to cater for increasing cost of subscriptions, journals and books in light of current inflation and exchange rate movements.
 - f. Marketing budget enhanced by \$0.3m to fund marketing and development initiatives.
 - g. Recruitment budget enhanced by \$0.6m in light of current costs to place advertisements of senior positions in overseas media.
 - h. Student related budget enhanced by \$0.4m, mainly for graduation expenses and provision for Pacific Academic Excellence Awards.

Appendices 7 to 9 show distribution of costs compared to other Universities from 2007 to 2010.

FIGURE 8 – TOTAL EXPENDITURE 2007 TO AP 2012

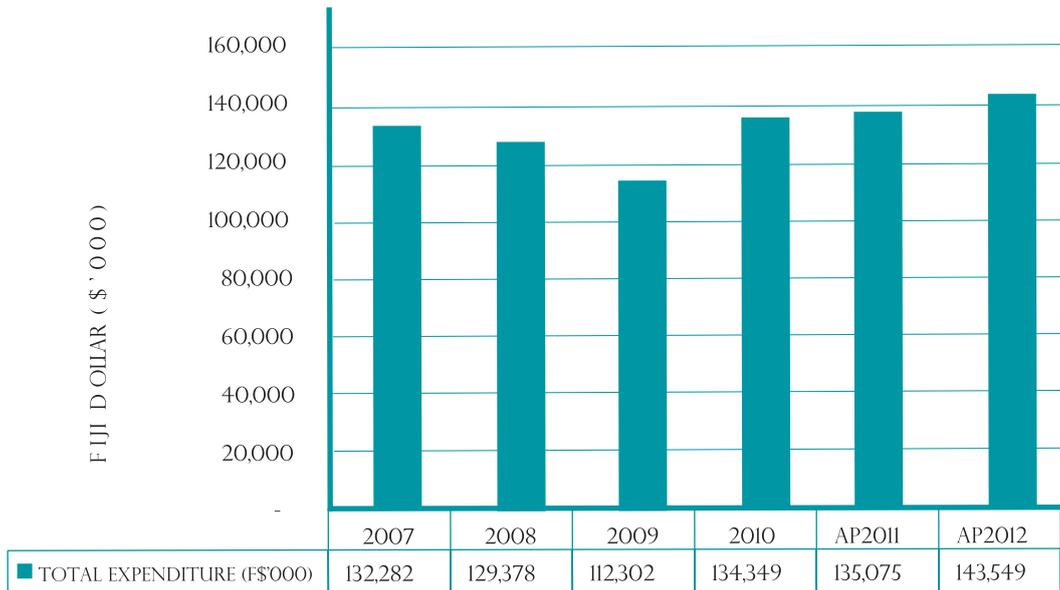


FIGURE 9 :
EXPENDITURE SUMMARY
AP 2011

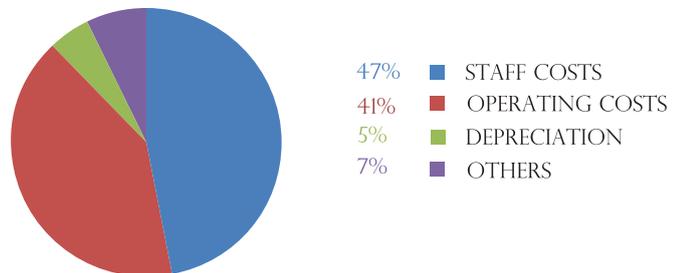
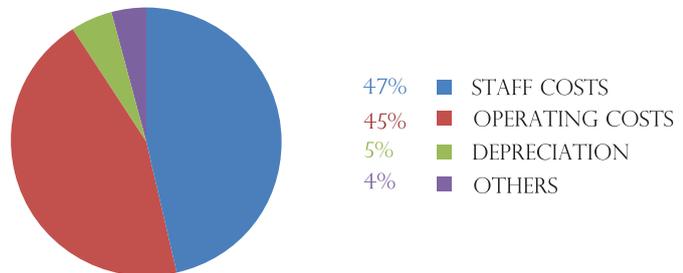


FIGURE 10 :
EXPENDITURE FOR 2012



- 6.8 Funding the Plan: The SMT and FIC have reviewed and endorsed AP2012 for Council approval.
- 6.9 Faculties' Funding Plan: The Faculties have been funded with \$31.6m for 2012, an increase of \$0.6m or 2%, when compared against the AP2011 figure of \$31.0m. The increase partly reflects the changes made

in the internal funding model to recognise hours taken to teach postgraduate and doctorate research students. However, another \$1.8m is made available under various centralised funds for Faculties to access on achieving and exceeding their KPIs, reinforcing the reward driven nature of AP2012. The summary is recorded in Table 6 below:

TABLE 6 : FACULTIES FUNDING PLAN

Faculty	AP2012 (\$)	AP2011 (\$)	2010 Actual (\$)
Arts and Law	8.2m	7.9m	8.3m
Business and Economics	11.0m	11.6m	10.8m
Science, Technology and Environment	12.4m	11.5m	13.9m
Total	31.6m	31.0m	33.0m

(Note: excludes Strategic Support Areas)

- 6.10 The funding plan for the strategic support areas under the control of the Vice Chancellor/Deans is summarised in Table 7 below:

TABLE 7 : FUNDING PLAN FOR STRATEGIC SUPPORT AREAS

Strategic Plan Support Area	AP2012 (\$)	AP2011 (\$)	2010 Actual (\$)
Oceania Centre for Arts, Culture and Pacific Studies (OCACPS)	0.388m	0.511m	0.392m
PACE-SD	0.319m	0.199m	0.172m
Institute of Marine Resources		0.131m	0.088m
Herbarium	0.139m	0.145m	0.145m
Total	0.846m	0.986m	0.797m

6.11 Regional Campuses: Regional Campuses have been provided with funding of \$12.0m, the same allocated for AP2011, in total. The \$1.5m allocated as strategic initiatives in 2011 has now been fully transferred to campuses to fund all their staffing and operational requirements.

6.12 Support Sections' Funding Plans: The total funding for support sections is \$42.7m for 2012, an increase of \$6.7m, when compared against the AP2010 figure of \$36.0m as summarised in table 8 below:

TABLE 8 : SUPPORT SECTION FUNDING PLANS

Support Sections	AP2012 (\$)	AP2011 (\$)	2010 Actual (\$)
Total Expenditure	42.7m	36.0m	34.0m

6.13 Major sources of increases are as follows:

1. \$0.5m additional budget for ITS to cater for additional staff and increasing cost of consumables, licenses, internet and satellite charges.
2. \$0.4m additional budget for ICT Centre, including the salary of new ICT Centre Director.
3. \$0.5m additional budget for Library to cater for current staffing commitments and increasing cost of books and journal subscriptions.
4. \$0.2m for staffing and operating costs of new Director of Compliance and Assurance establishment.
5. \$0.4m to enhance marketing and development initiatives, with staffing support.
6. \$0.3m for establishment of Alumni and Central Records Offices.
7. Additional \$0.2m for Council Secretariat staffing and Council expenses.
8. \$0.3m more for Campus Life to fund staffing needs for Counseling Centre, and security charges at Lower Campus which was not budgeted for in 2011.
9. \$0.5m for STAR project initiatives.

10. \$0.2m more to fund current staffing commitments and marketing campaigns for Students Academic Services (SAS).
11. \$0.4m additional budget for students related expenses, mainly to increase graduation expenses and provision for Pacific Academic Excellence Awards.
12. \$1.3m more to fund research support and initiatives.
13. \$1.0m additional budget for electricity due to tariffs and consumption increase.
14. \$0.15m for regional engagements.
15. \$0.2m to provide for energy saving initiatives.

All the additional costs above have been partly met by reducing provisions by \$2.0m, and allocating these directly to SMT members to allow for faster implementation of plans and activities.

6.14 Other Funds: All other funds have been allocated budgets (both income and expenditure) in keeping with their contribution and surplus targets as outlined in the previous chapter. The details are summarised in table 9 below:

TABLE 9 : OTHER FUNDS INCOME AND EXPENDITURE

Faculty	AP 2012		AP 2011		Actual 2010	
	Income	Expenditure	Income	Expenditure	Income	Expenditure
Department	\$13.6m	\$10.1m	\$10.3m	\$8.7m	\$11.1m	\$8.6m
Trading	\$14.9m	\$10.4m	\$14.3m	\$9.5m	\$15.2m	\$11.8m
Institute	\$3.2m	\$2.5m	\$2.4m	\$2.0m	\$4.6m	\$5.2m
Project	\$17.5m	\$15.9m	\$17.5m	\$15.9m	\$14.0m	\$13.4m

6.15 Financial Targets as per AP2012: If AP2012 financial targets are achieved, the comparisons against Council approved targets in FP2012 are as follows:

TABLE 10 : FINANCIAL TARGETS FOR AP2012

Faculty	AP2012	AP2011	2010 Actual
Financial Surplus	$\frac{\text{Operating Surplus}}{\text{Total Income}}$	1.3%	3.8%
Cash Margin	$\frac{\text{Operating Cash Inflows}}{\text{Operating Cash Outflows}}$	101.3%	104.9%
Asset Sustainability	$\frac{\text{Capital Expenditure}}{\text{Depreciation}}$	70.1%	107.2%
Financial Liquidity	$\frac{\text{Liquid Fund} + \text{Available Borrowing}}{\text{Annual Operating Cash Outflows}}$	11.3%	12.5%

6.16 Cash Flow Projections: The projected cash-flow position of the University shows a net decrease in cash and cash equivalents of \$0.5m, taking the projected cash balance to \$45.2m (Appendix 3).

6.17 The projected cash surplus generated from normal operating activities is \$6.5m, and after deducting \$7.0m from projected capital expenditure, a net decrease in cash and cash equivalents of \$0.5m is projected.

6.18 The Table in Appendix 5 shows that the cash margins (operating cash inflow over operating cash outflow) and the liquidity positions (cash and available borrowings over operating cash outflow) have improved from 2007 to 2011 and are also slightly above average when compared to other universities respectively.

6.19 Balance Sheet Forecast: Non-Cash Current Assets are estimated to be around \$18.4m, Non-Current Assets are projected to be \$194.1m, Creditors \$37.2m, with Total Funds and Reserves totaling \$220.4m (Appendix 4).

6.20 The Table in Appendix 5 shows that the asset sustainability ratio (CAPEX/Depreciation) was below the FIC target in 2007 and 2008, largely due to budgetary constraints during those years. The new ICT Centre and the increase in capital expenditure from 2009 to 2012 will enable the University to exceed this target in 2011 and 2012.

6.21 Other Financing Arrangements:

User Pay

To ensure efficiency and enforce energy and cost savings, electricity meters will be installed in each major building and user units shall be responsible for controlling consumption.

Monthly Projections

The University will prepare month-by-month forecasts of AP2012 based on the 2011 actual spread and expectations of receipts and payments. This distribution will be done in January 2012 and submitted for FIC approval at its February 2012 meeting. Upon FIC approval, the month by month Income and Expenditure Budget and Cash flow Budget will be used for monthly reporting purposes in 2012.

Incentives Structure

Similar to 2011, the plan has set aside \$2.0m as rewards and incentives budget for 2012, that has \$1.8m earmarked for the faculties and the remaining \$0.2m for sections. Rewards shall be distributed based on SMT approved criteria being followed in 2011.

6.22 Strategic Initiatives: The following Strategic Initiatives and Provisions have been made in AP2012:

TABLE 11 : STRATEGIC INITIATIVES PROVISION

Fund	Purpose	Amount	Budget Controller
Strategic and Initiatives Fund	To fund any activities that meet the Strategic Plan targets not budgeted for earlier and to fund new initiatives that will be identified in 2012.	\$0.50m	Vice Chancellor and President
Regional Engagements	To enhance engagement with the region	\$0.15m	Vice Chancellor and President
Provision for Energy Savings	To fund initiatives to realize energy savings	\$0.20m	Vice Chancellor and President
Contingency	For any unforeseen costs that might arise during the year.	\$0.60m	Vice Chancellor and President

7.1 The University's Finance and Investments Committee (FIC) at its meeting in June this year agreed to a CAPEX budget of \$7.0m for 2012 (without the ADB loan scenario) and \$6m (under with the ADB loan scenario).

The Committee approved the following allocations:

- \$850,000 for CAPEX plans that are identified in the Strategic Plan 2012 and detailed as follows:

	SMT	
	\$	
SP target 5.2 – Facilities for students	50,000	DVC (LTSS)
SP target 5.3 – Recreation facilities	150,000	DVC (LTSS)
SP target 11.3 – Campus development plans	400,000	DVC (ARC)
SP target 5.10 – Student PCs	250,000	DVC (ARC)
TOTAL	850,000	

- Similar to 2011, the SMT is given an allocation as contingency to fund all CAPEX proposals in their respective sections under \$30,000. The approved allocation for each SMT is as follows:

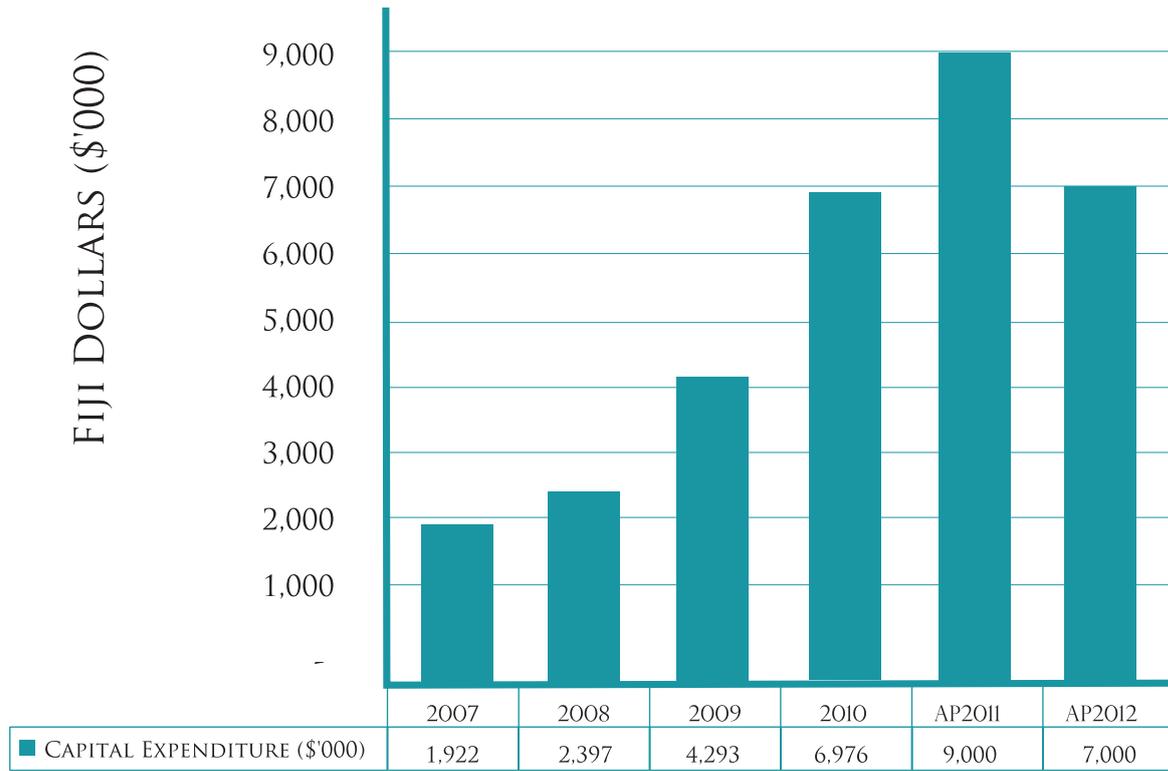
VC	1,450,000(2011: \$500,000) *
DVC/LTSS	100,000 (2011: \$50,000)
DVC/ARC	300,000
PVC/P&Q	120,000
PVC/RI	30,000 (2011: Nil)
Dean/FAL	70,000
Dean/FBE	130,000(2011: \$110,000)
Dean/FSTE	200,000
EDF	100,000
EDHR	50,000
Total	2,550,000

* In the event the ADB loan proposal is approved, the contingency under the control of the VC will be reduced by \$1.0m to \$0.45m.

TABLE 12 : CAPITAL ALLOCATION TO SPECIFIC PROJECTS

Fund	Purpose	Amount	Budget Controller
1	Staff PCs	500k	All; based on number of equivalent full-time staff under their charge.
2	Student PCs (Faculties managed PC labs)	100k	Dean FSTE \$50k and \$25k each under Dean FBE and Dean FAL.
3	ITS Projects	1,000k	DVC (A&RC)
4	P&F Projects	800k	PVC (P&Q)
5	FSTE Lab Equipment	500k	Dean FSTE
6	Housing & Lodges	200k	EDF
7	Student HoR	300k	DVC (LTSS)
8	Student PCs (ITS' PC labs)	200k	DVC (A&RC)

FIGURE 11 : UNIVERSITY FUNDED CAPITAL EXPENDITURE - 2007 TO 2012



8.1 The Senior Management Team (SMT) shall be responsible for the full implementation, monitoring and evaluation of AP 2012. The following reporting and monitoring structure will be in place as in 2011:

The Finance Section will prepare and distribute Monthly Management Accounts to the SMT, Heads of Schools and other Heads of Departments.

The Finance Section will prepare and submit Quarterly Financial Reports to FIC.

The Finance Section, through the FIC, will prepare and submit a 6-monthly report to the Council.

The Finance and Planning and Quality Office will

work in coordination to put together progress reports and present to SMT on a monthly basis. Monitoring through the Planning Office's online system (SPOMS).

The CAPEX Progress Review Group will monitor quarterly progress of spend against capital budgets.

The progress will be reported to the FIC and Council continuously throughout 2012.

8.2 In addition, there shall be greater emphasis on analytics that go beyond mere reporting of variances. All budget controllers shall be responsible for analysing and reporting on the financial and physical progress of activities under their charge on a quarterly basis.



9. RISK ASSESSMENT

- 9.1 USP recognises the importance of risk management and strongly believes that risks must be managed on an enterprise-wide basis and must be independent.
- 9.2 The University considers risk management as a comprehensive process integrating concepts of strategic planning, operations management and internal control. There are 53 risks to the University. In terms of functions, risks are divided between Strategic (13), Operations (27) and Financial (13).
- 9.3 The first draft of the risk register has already undergone reviews with SMT, Audit and Risk Committee and Council. Particular emphasis is being placed on addressing the top 11 risks (Extreme Residual) viewed as likely to prevent the University from achieving its SP objectives.
- 9.4 Management considers the following financial risks in achieving the 2012 financial targets.

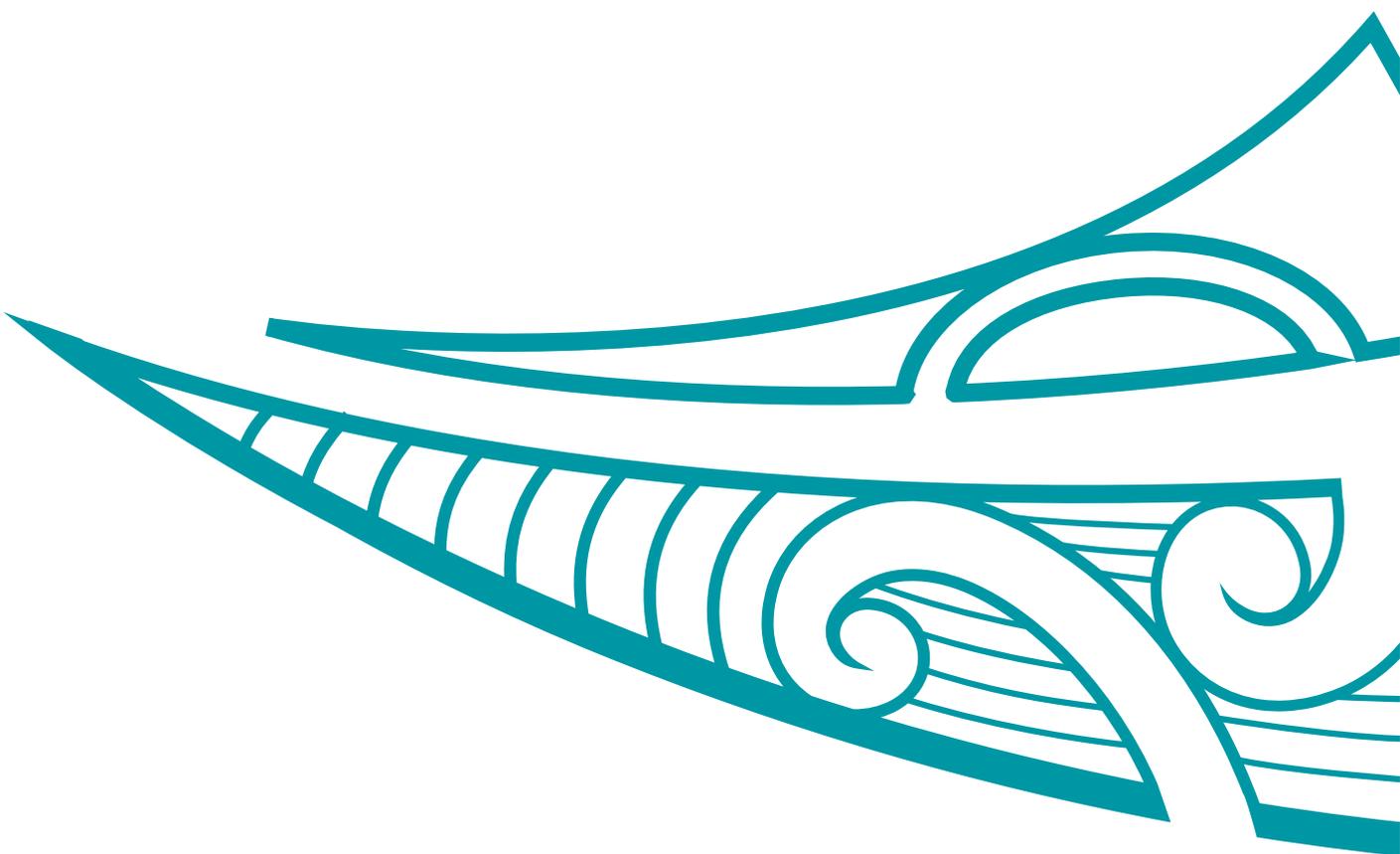
TABLE 13 : RISK TO FINANCIAL TARGETS

Fund	Purpose	Amount	Budget Controller
1	Ability of Governments to honour their grants commitments	Will affect cash flows.	Appropriate engagement with member countries.
2	Reduction in enrolments	Will reduce income.	Complete coordination of marketing efforts.
7	Change in Government Policy eg tax on educational materials	Will increase costs and increase costs of text books for students.	Continued consultation with the member governments and other stakeholders.
8	Increase in tariffs	Will increase costs.	Continued consultation with the governments, FEA and other service providers.
9	Inflation	Will increase costs.	Obtain value for money for every dollar spent.
11	Under-performance of Key Trading Areas and Institutes	Will reduce income by reduced contribution to recurrent fund. Deficits will worsen overall USP bottom line.	All trading funds and institutes to be monitored regularly.
12	Loss of Quality Staff	SP initiatives not achieved and development assistance funding reduced.	Ensure staff job satisfaction and institutionalise appropriate succession planning methods.

NOTES



The understated design of graphic elements illustrated in this report are inspired by the wooden carvings and markings on the sails of traditional canoes in the Pacific Islands, symbolising the University's journey in serving peoples across the Pacific. This theme was chosen as an apt concept for the USP Annual Plan 2012 Report.





Approved by: The USP Council 4 November 2011
For more information, contact
Office of the ProVice-Chancellor (Planning & Quality)
Tel : +679 3232009
Email : rokoduru_m@usp.ac.fj