



Shaping
Pacific
Futures

2022

A N N U A L

PLAN



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Vice-Chancellor and President's Foreword

The University of the South Pacific's Annual Plan 2022 (AP2022) outlines the University's targets for 2022 based on the framework of its new Strategic Plan 2022-2024 (new SP). The AP2022 also encapsulates USP's strategies in continually improving our core business of student education, student experience, research and innovation and a greater commitment to our Regional Campuses as we embrace change to make USP sustainable, stronger and fit-for-purpose for at least the next decade. The new SP retains and refreshes the same Priority Areas of the previous Strategic Plan 2019-2021.

USP's ranking among the top 10 per cent of universities in the world, in the Times Higher Education (THE) World University Ranking for 2022, is a significant milestone. It is testimony to the hard work of our staff, students, alumni and key stakeholders. The ranking bolsters USP's international presence and signals a strong commitment to improve our position as we move into 2022 and beyond.

Recognising the challenges presented by reduced income, USP has continued to reimagine the way it operates whilst ensuring that our students remain at

the heart of all our endeavours. It is our responsibility to continue to foster a culture of excellence in the workplace. This Annual Plan recognises that our staff are central to our operations.

USP will continue to collaborate with other CROP (Council of Regional Organisations of the Pacific) agencies and key stakeholders, to play a critical role in the socio-economic development of the region, contributing through training and upskilling of the region's human resource capacity. The delivery of enabling Information and Communication Technologies (ICT)



services and the undertaking of research and innovation that informs policy level dialogue and decisions at the national, regional, and international levels will remain an important focus.

USP will implement a stronger marketing plan across all campuses to increase enrolments in 2022. It will look for new revenue streams, seek additional development partners and research income as well as strengthen its commercial activities. In addition, the University will continue to reprioritise resources to support its core business. Diversification, rationalisation and consolidation of operations and services are key elements of the AP2022.

It will require effort for the Regional Campuses of the University to sustain the delivery of decentralised high-quality services on both the academic and the

administrative fronts. In some campuses, there is an imminent need for upgrades and additional learning and teaching spaces given increased student numbers. Consequently, it will be necessary to place emphasis on our estate to address issues of deferred and essential maintenance.

To a large extent, COVID-19 has tested our resilience as a higher education institution and challenged us to think 'outside the box'. The University remains buoyant and innovative during these unsettling times. The AP2022 is aimed at delivering a quality education and research and innovation commensurate with being the premier regional university for our Pacific Island countries.

Professor Pal Ahluwalia
Vice-Chancellor and President
The University of the South Pacific

2022 at a Glance

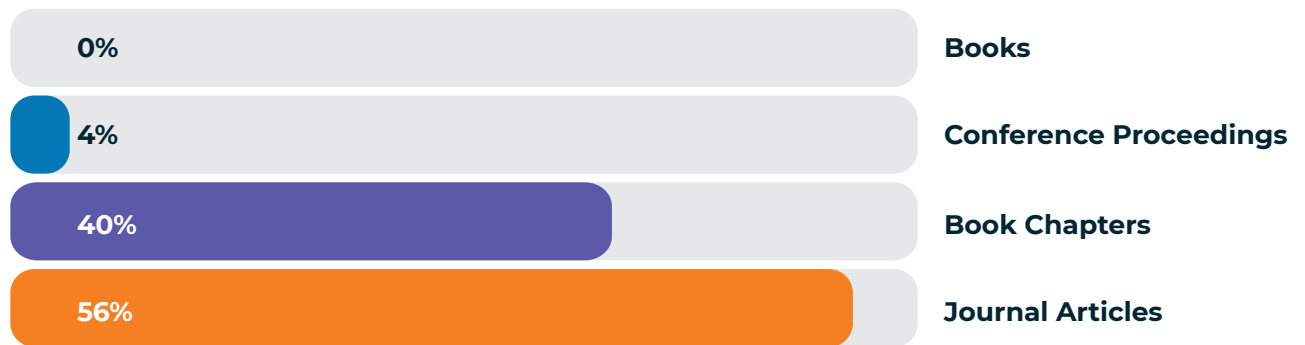
2022 FORECAST EFTS BY MODE



Mode	2019	2020	AP2021	Forecast 2021	AP2022
Blended	5,460	4,733	4,582	4,949	4,674
Face-to- Face	6,913	6,602	7,199	7,775	7,343
Online	3,320	3,432	3,832	4,139	3,909
Print	3,031	2,893	2,987	3,226	3,047
Total	18,724	17,659	18,600	20,088	18,972

University	13,488	12,613	14,099	15,227	14,381
Pacific TAFE	5,237	5,046	4,501	4,861	4,591
Total	18,725	17,659	18,600	20,088	18,972

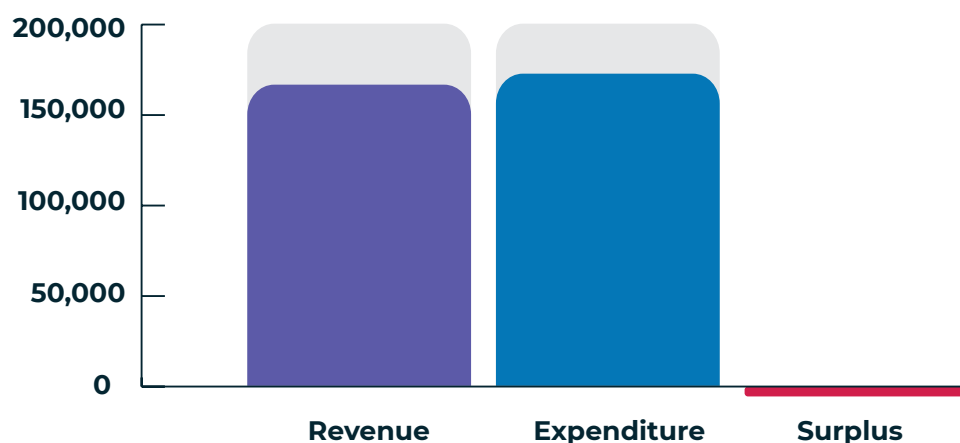
RESEARCH PUBLICATIONS



Publications	2017	2018	2019	2020
Books	3	3	0	1
Book Chapters	42	18	34	123
Conference Proceedings	30	53	23	11
Journal articles	206	134	165	175
Others	59	29	21	
Total	340	237	243	310

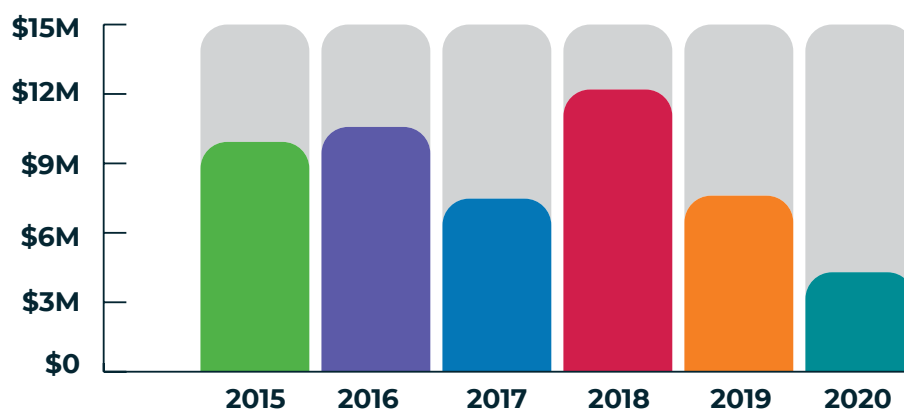
Finance

	2020	2021 Forecast	AP2022 Likely Scenario with Fiji's grant	AP2022 Likely Scenario without Fiji's grant
Revenue	182,481	167,963	190,382	167,401
Expenditure	153,162	153,876	185,536	172,869
Surplus	29,319	14,087	4,846	(5,467)
Surplus %	16.1%	8.4%	2.5%	-3.3%



Research Income

Year	Total Research Income
2015	\$9,928,820
2016	\$10,576,323
2017	\$7,478,636
2018	\$12,194,443
2019	\$7,606,523
2020	\$4,297,650



Executive Summary

This Annual Plan is built on the new Strategic Plan 2022 to 2024 and reflects the University of the South Pacific's aspirations to continue its journey of delivering excellence in learning, teaching and research. The Plan reflects USP's strategies to deliver quality learning and teaching in a tough economic and operating environment due to the impacts of COVID-19. In order to maintain its premier status and evolve into a comparatively modern university, it needs to take stock and reassess its strategic direction, operational profile and structure. Doing so will ensure that it is fit-for-purpose to meet the needs of the region and member countries and remain relevant in the changing landscape of the higher education sector. When viewed against the fact that USP is primarily dependent on its member Governments and Development Partners for direct budgetary support, these evaluations become even more urgent.

International border closures have had significant impacts on student and staff mobility and USP needs new strategies to be successful under the "new normal" post Covid-19. This is expected to place more demands on digital learning and will require significant investment to enhance the virtual experience for students and staff. It could mean changing the structure and recruiting new sets of skills to deliver on the new platforms. If the University can take advantage of technology to create solutions to deliver learning efficiently and effectively to all countries, then it would make the USP an excellent regional institution. The COVID-19 pandemic is a catalyst that necessitates such a pivotal change.

The University will have to adjust to the changing landscape of the higher education sector, meet the increasing demand for access, quality and growth, as well as absorb the increasing cost of doing business in our part of the world. It is envisaged that funding will be more challenging in the current economic climate, which would demand that the current resources be

optimised to create value for member countries and stakeholders. Major organisations and universities around the world are responding similarly to ensure survival and sustainability. Given the prevailing economic conditions, USP faces a potential risk of not receiving member country contributions at the agreed levels. USP will need to save \$30m in 2022 if member contributions are not paid as per agreement. This could pose significant potential challenges to normal service delivery.

The Annual Plan and Budget for 2022 is therefore constructed to reposition the University to adjust to these changes, especially to respond to the financial shortfalls in grants and development assistance as well as the ongoing and future impacts of COVID-19.

Due to the uncertain environment, the University has drawn up four scenarios for 2022. The best-case scenario assumes that all revenues projected will be received, including grants from Fiji based on the agreed funding formula. This will allow the

University to raise more than \$200m to continue to implement its current plans to deliver quality learning and teaching. There are two other likely scenarios, assuming lower revenues due to the economic and operating environment. One is assuming that Fiji will pay its grant contribution as per its Budget 2021-2022 of \$23m (\$11m lower than the formula) while the second

scenario assumes the grant from Fiji will continue to be on hold in 2022. The fourth and worst-case scenario assumes a further drop in revenue due to a 10 per cent drop in enrolments and 10 per cent in member contributions, should students and member countries find it hard to meet commitments in the current economic circumstances.

The table below provides a summary of financial performance and projections for 2022.

Table 1: Financial Performance 2018 – AP2022

Particulars	Actual 2018	Actual 2019	Actual 2020	Budget 2021	Forecast 2021	Budget 2022			
						Best Case	Likely 1 (with Fiji's Grant)	Likely 2 (without Fiji's Grant)	Worst Case
	\$m	\$m	\$m	\$m	\$m		\$m	\$m	\$m
Revenue	203.0	177.3	182.5	190.0	168.0	201.5	190.4	167.4	158.3
Expenses	190.6	174.9	153.2	180.6	153.9	187.5	185.5	172.9	165.9
Operating Surplus	12.4	2.4	29.3	9.4	14.1	13.9	4.8	(5.5)	(7.5)
Operating Surplus %	6.1%	1.3%	16.1%	4.9%	8.4%	6.9%	2.5%	-3.3%	-4.8%

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Note: The above figures are in \$ millions

* Operating surplus for 2019 was low by \$18 million due to the drop in grant from Fiji and deferral of assistance from Australia. Without these, there would have been an operating surplus of \$20.4 million or 10%.

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Figure 1: Funding Sources AP2022 vs Forecast 2021

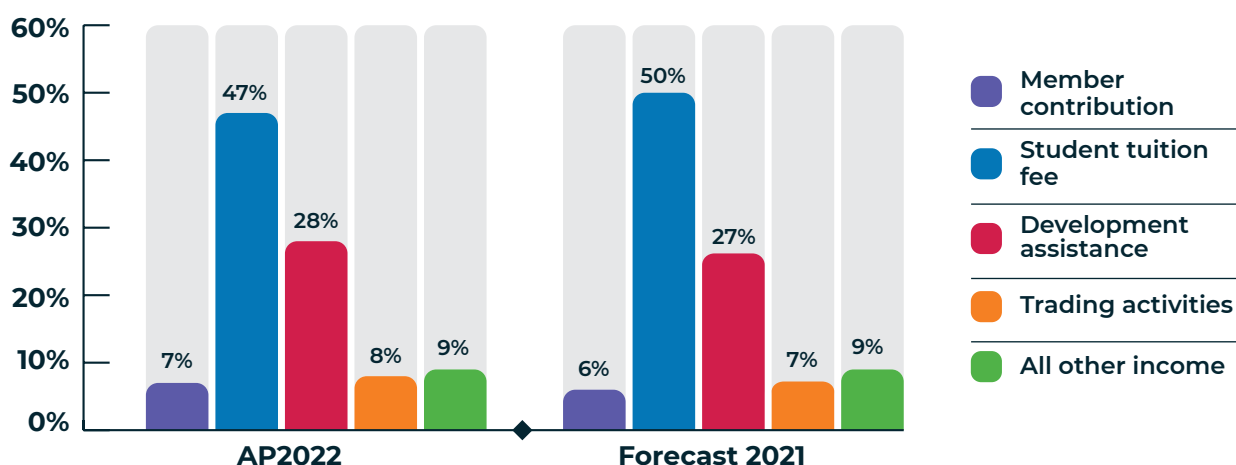
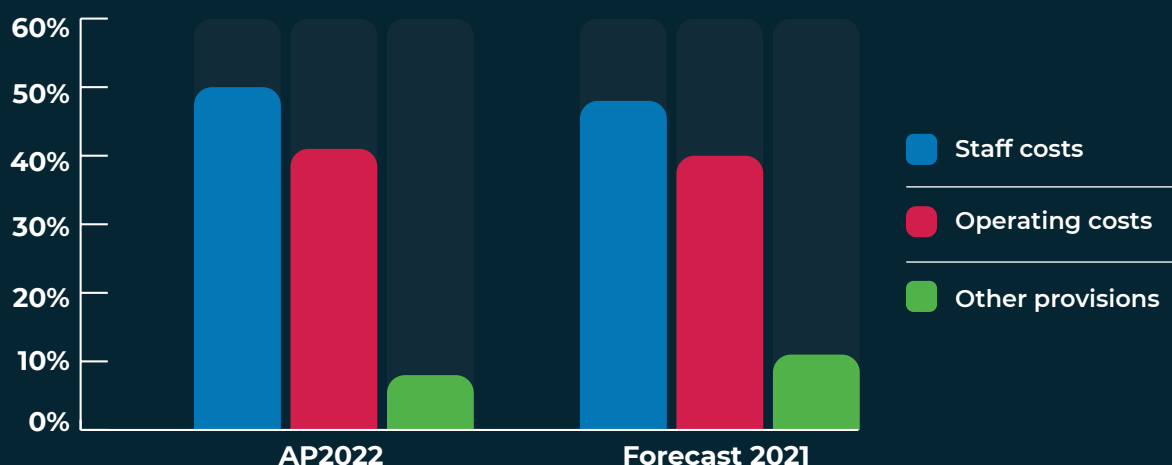


Figure 2: Spending Plan AP2022 vs Forecast 2021 (%)



The proposed financial plan is using Likely Scenario 2 as its funding plan which is projected to generate a net cash flow from operating activities of \$18 million. This will help fund \$15m for the capital replacement programme, \$0.6m towards loan repayments and \$2.3m as the net cash increase projected for the year.

Management will put in place measures to further strengthen its accountability processes and closely monitor the progress of the Plan during the year. Specifically, there will be close monitoring of emergent risks due to the uncertainty in receipt of funds from its major revenue sources. In the event

the worst-case scenario eventuates, the University will implement its cost reduction strategies, including moratoriums on academic and administrative positions, possible pay cuts, maintaining expenditure restrictions and reducing and deferring capital investments. These will have major impacts on staff morale and the University's ability to invest in its strategic initiatives and key operational plans. To avoid such risky situations, the University will need to raise around \$30m from other revenue sources to fund all its strategic ambitions. It will need at least \$20m in new revenue to maintain the status quo if Fiji's grant continues to be on hold.

Strategies, Outcomes and Targets for AP2022

The University's priorities and activities in 2022 will be driven by the New Strategic Pwlan 2022 to 2024 and adjusted to take into account the impact of COVID-19. The new Strategic Plan for the period 2022-2024 (SP) follows the same key Priority Areas (PA) as the previous Strategic Plan 2019-2021 and has been adjusted in the 2022-2024 period for the impact of COVID-19 on USP, the education industry and our member countries.

This Plan provides the adjusted targets to reflect these changes. It will continue to prioritise the education of students, providing excellent student support and reprioritize resources so USP can continue to invest in infrastructure to meet its strategic objectives.

Key Financial Strategies

The following financial strategies underpin a sharper budgetary approach to support the shift in strategic focus and deliver USP's strategic goals.

Revenue Growth

The University is implementing a stronger marketing plan across all campuses to increase enrolments from 2022 onwards. Results in 2020 showed that enrolments were increasing as a result of implementing the right marketing strategies. It was projected that enrolments would increase due to many working people returning to studies when they are unemployed, as long as they can afford higher education fees or access scholarships and other forms of assistance such as their superannuation funds. USP will also leverage its announcement of entering into the top 10 per cent of universities in the world in the Times Higher Education (THE) ranking. It is aware of the challenging economic conditions and the current restrictions affecting the enrolment of international students. It will pursue agency arrangements to attract new international student markets as soon as borders are open.

Governmental grants are expected to drop in 2022 due to the reduction of grant in Fiji's budget. USP will attempt to approach its major donors for additional contributions for the new triennium. New development assistance partners will be pursued for special projects such as regional support, deferred maintenance and capital projects.

New commercial revenues will be pursued as part of the new commercial strategy. This includes repurposing spaces, pursuing conferencing opportunities and building new student halls. The Commercial Section is also reorganising activities within the Campus to generate savings driven by the better commercial rates that the Commercial section can negotiate for the University. These benefits will be passed to the University, such as centralising stationery and printing services and procuring goods and services.

Reorganisation of Faculties and Schools

The University is reaping the savings and efficiencies from the reorganisation of Faculties and Schools approved by the Council in 2020. This includes restructuring the operations of Pacific TAFE.

Rationalise disciplines, programmes and courses

There will be a review and further rationalisation of disciplines, programmes and courses to enhance efficiency in the delivery of programmes and improving outcomes. At the moment, only 30 per cent of our courses are financially viable, subsidising 70 per cent of our courses. All universities have some level of subsidy built into their operations given that certain courses are essential to the broader education mandate. USP is no different, however, this ratio will need to be redressed to at least 50 per cent.

Reorganisation of non-academic sections

There will be a review and reorganisation of all support functions with the goal of synergising all positions to obtain maximum output from staff. This process will begin after considering the outcomes of the benchmarking exercise completed this year.

Functional rationalisation and staff synergies will also support efforts to identify the right-fit for purpose across USP. This will commence by reallocating HR resources to allow for natural attrition. It will require retraining and reskilling of staff.

Rethinking the nature of operations and level of activities

COVID-19 restrictions have demanded that a few previously “normal” activities such as travel be curtailed whilst achieving the same outcomes. There are options available now to communicate through more efficient and cheaper means without the need for travel.

There will also be continuous reviews of operating costs and closure of low value activities. The changing nature of employment driven by COVID-19 will also demand reviews of staff benefits. This includes assessments of our recruitment strategies to ensure we attract and retain talent.

The University will implement several strategies to remain sustainable and ensure that the quality of student learning, student support and research are not affected. It will also need to reprioritise resources so that it can invest in its growth and achieve its strategic ambitions.

A number of activities are under review and includes the following:

- Restrictions on travel, with limited travel expected worldwide
- Removal of VAT Reverse Charge (VRC) by the Fiji Government on all imports of services.
- Restrictions on consultancies, workshops and trainings.
- Rethink and reprioritise strategic investments.
- Reorganisation of commercial activities and support structure.
- Review of selected activities and sections and removing low priority activities.

Review of staff benefits

The Human Resources Department will lead the review of all staff benefits commensurate with the vision to attract and maintain excellent staff.

Due to limited revenue, the University cannot afford any form of salary increments, allowances, bonuses and salary adjustments in the current triennium. There will also be savings from a total overhaul in the payments of allowances with the implementation of the new policies recommended by the Commission and now approved by the Council.

Outcomes and Targets

The key outcomes and targets under each Priority Area (PA) are provided in Tables 2 to 6 below.

Most of these targets have been revised compared to the SP targets due to the changes in priorities caused by COVID 19.

Priority Area 1 – Education

This is USP's core business aimed at providing the best possible support for each student to succeed. The key deliverables and outcomes to achieve this priority area are focused on improving the following areas:

- Providing a high-quality teaching and learning experience

- Attainment of graduates' attributes and learning outcomes
- Ensuring student success, enhancing the student experience and engagement, better graduate employment and employability rates, and the portability of qualifications.

It is envisaged that during the next three years, we will review our portfolio of offerings to ensure that our programmes are innovative and relevant to our Pacific context whilst recognising that these must be balanced by global perspectives and regional priorities. In particular, we will embark on developing new programmes in the broad area of Health.

Table 2: KPIs and Targets for Priority Area 1

KPI #	KPI	Plan Baseline	2020 Actual	2021 Target	2022**
1	Overall Pass Rates (%) Excluding PTAFE	79%	81%	82%	
2	Number of Bachelor Withdrawals/ Deregistration	3,136	3,200	3,200	
3	Overall Student Satisfaction with the Quality of Educational Experience (%)	80%	83%	84%	
4	Overall Student Satisfaction with Student Support Services (%)	91%	91%	92%	
5	Student Enrolment (EFTS) Growth*	6%	3%	0%	
6	Overall Bachelor Graduate Employment Rate (%)	65%	65%	65%	

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** Even though marketing is forecasting and working towards a growth in Student numbers in 2021, for financial purposes, growth is assumed at 0%.*

*** 2022 targets to be finalised from the new Strategic Plan*

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Priority Area 2 – Research and Innovation

USP undertakes research and innovation to address the needs of its member countries and contribute internationally to knowledge production and knowledge transfer.

We will focus our research and innovation activities around four major areas of transdisciplinary activity and one cross-cutting theme. These thematic areas will enable our researchers to work across traditional disciplines and across the boundaries between basic and applied research to explore the intractable challenges facing the Pacific region aligned to the United Nation's Sustainable Development Goals (SDGs) (2015-2030) and the SAMOA Pathway (2014).

Research Focus Area #1: Innovation

The translation of research into outcomes that support the development of the Pacific region has tremendous value not only in supporting and facilitating economic and social development and wellbeing but also through close engagement with government, non-government and the local business sectors, creating opportunities for greater empowerment and independence for member countries.

Research Focus Area #2: Research Students

Postgraduate education will be of major importance to the University's programme offerings in the future as regional governments and employers place greater emphasis on high-level, research-informed leadership skills. In particular, our postgraduate student recruitment must become more targeted in relation to our strengths and country needs and dramatic improvements must be achieved in completion rates led by continuing improvements in the quality of supervision at this level. A systematic and institution-wide approach is required to embed the

highest quality candidature management, accountability systems and supervisor and student training.

Graduate studies are becoming of increasing importance to the University and it will be critical in the next Strategic Plan period that we place significant emphasis on growth and impact in this area. Postgraduate research scholarships are one of the mechanisms used by the University in growing the area of graduate studies. PSERI is the premier postgraduate research scholarship offered by the University, providing support to both Master's by Research and Doctor of Philosophy candidates. The management of postgraduate studies will be facilitated by a proposed Graduate School.

Research Focus Area #3: International Students

Achieving an increase in the number of international students recruited to the University will contribute to enhancing the brand of the University in the international arena. In addition, diversity of the student body will enhance the quality of the learning of all students through the experience of multiculturalism and the sharing of cross-cultural experiences.

USP is already an international university with a student body that is recruited from its 12 member countries. The fact that the University is already an international university with such a diverse mix of students is a strong selling point upon which to base future growth.

The International Office has an important part to play in student induction and in providing high quality student support in areas such as finding suitable accommodation, providing visa advice and support and ensuring that an outstanding classroom experience is delivered. It is the quality of teaching and learning and the

quality of learning resources and support that will drive the quality brand of the University in the international student market. Greater emphasis will be placed on attracting international students to other member countries.

- The International Office has now established the International Student Advisory Committee (ISAC) which oversees the marketing plan of the

International Office and all ongoing institutional initiatives and partnerships exploring future potential engagements with USP to avoid any repetition of work.

- In 2020, an increased number of international students was anticipated, given that a new and reduced fee structure was adopted. However, the travel restrictions as a result of COVID-19 made international recruitment virtually non-existent.

Table 3: KPIs and Targets for Priority Area 2

KPI #	KPI	Plan Baseline	2020 Actual	2021 Target	2022*
7	Number of EFTS Master's by Research/PhD Students	280	285	290	
8	Number of Master's by Research/PhD Completions	76	80	85	
9	Research Income (\$)	\$10.1m	\$5m	\$10m	
10	Number of Research Outputs	274	280	290	
11	EFTS of International Students*	219	250	260	

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** 2022 Targets to be finalised from the new Strategic Plan*

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Priority Area 3 – Regional Campuses and Global Engagement

- This PA reflects the importance of our regional campuses and centers to the overall success of USP's vision and mission recognising the individual member country's education and research needs. The key deliverables and outcomes for this PA are aimed at improving the success of regional students, delivering an equitable student experience and engagement, enhancing regional stakeholder engagement, focusing on the quality of teaching, ensuring better graduate employability, as well as bolstering student and staff satisfaction.
- Graduates of USP continue to dominate every public and private sector across the region, including internationally. Over the 50-plus years since its inception, USP graduates continue to represent the region across all sectors - providing

returns to the home communities. Despite the geographic, economic, environmental and development challenges that face the regional campuses, USP continues to prioritise equity across its campuses. Equity in terms of learning spaces, accessibility to research facilities, delivery of courses and creating an environment conducive to effective student experience.

- This priority area will continue to look for new and innovative ways to support the campus development aspirations, including looking to its alumni and key stakeholders to assist campus operations and development efforts. This assistance will be directed towards three areas which will ensure outcomes for teaching and learning, in-country

research and community outreach objectives are effectively met. These are:

- Addressing deferred maintenance
- Rightsizing of administrative staff and
- Enhancing appropriate academic support to students at regional campuses, especially first year student support.
- The University Council at its 88th meeting, considered a paper on Regional Campus Developments (C88/8/2) and approved plans and estimates for investment to develop new spaces, subject to funding availability. In February 2020, the Finance Investment Committee approved a more detailed plan for the implementation of a \$5 million special allocation for maintenance. However, this has since been delayed by the COVID-19 pandemic. The construction of the Solomon Islands Campus is among these developments which have been delayed from March 2020 to 2021.
- Work continues on identifying gaps and developing a comparable model for improving administrative and academic services at the regional campuses. All of these will require funding in an already difficult economic situation.
- Recognising the pride each member country places on the significance and uniqueness of every USP campus, this SP will place a special emphasis on further strengthening collaboration between the campus and stakeholders such as alumni, local communities, civil societies and public/private philanthropists. In addition, campuses in member countries will be ear-marked for hosting specialised academic programmes and research.
- The current KPI needs to be reviewed to reflect how USP should measure the success of regional campuses – something that is addressed in the new SP.

Table 4: KPIs and Targets for Priority Area 3

KPI #	KPI	Plan Baseline	2020 Actual	2021 Target	2022*
12	Endowment Fund for the 13 Regional Campuses	\$0	\$0.3m	\$0.4m	

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** 2022 Targets to be finalised from the new Strategic Plan*

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Priority Area 4 – International and Regional Cooperation

- This PA is aimed at strengthening the University's role as a development partner in the region and within the Council of Regional Organisations of the Pacific (CROP). The University as a regional organisation is a highly respected member of CROP and will continue to lead working groups in Information Communication Technologies (ICT) and Human Resource Development (HRD) as well as in research and innovation in climate change, management of marine resources and Pacific cultures and heritage. The University will also support PacRef initiatives especially with respect to research in areas already identified.
- The key deliverables and outcomes for this priority area are:
 - Improved direct and indirect economic and social benefits to

- member countries,
- Enhanced satisfaction and engagement with donors,
- Building capacity and responsiveness to meet member country needs.

This PA supports the University's commitment towards effectively coordinating regional efforts in the spirit of the Framework for Pacific Regionalism, SAMOA Pathway, Sustainable Development Goals (SDGs), Framework for Resilient Development in the Pacific, Regional Small Island States Strategy and other regional and international agenda.

This PA will focus on areas that USP has the capacity and capability to address and to collaborate with other regional and international organisations that can provide additional expertise and capacity. In essence, this approach allows for greater collaboration across regional organisations and enhances USP's abilities to address issues in a more coherent and cost-effective manner. This approach further eliminates competition and duplication of resources among CROP agencies.

It also complements the University's efforts on the development cooperation front, mainly in terms of fostering partnerships and engagement with its international and regional development partners. This has proven essential as an enabler towards better implementation of the University's initiatives in addressing regional priorities and development needs.

There is a greater need for the University to attract more development partners and donors as core funders of the SP, a role generously played by Australia and New Zealand. Over the next triennium, greater efforts will be invested in research and development project initiatives that are deeply rooted within Pacific communities for further sustained project financial resources to meet USP and Pacific Island Countries (PICs) needs. The diversification of donors and increased donor funds to

the University will be further explored. Engagement with philanthropic organisations in higher education as well as in the key areas of challenge facing the region, will be new areas of focus.

Since 2020, efforts are being made to support the pledge of the Pacific Islands Forum Leaders for a new, inclusive, transformative and game changing approach to Pacific regionalism. A regionalism that can not only realise the unaccomplished development needs of the people of the Pacific, but also respond to the demands of the new global development paradigm.

It is imperative to work together with CROP agencies, countries and other regional and international agencies collaboratively to assist PICs to respond to the complexity of what the region is facing. The Regional and International Engagement Unit will work on ensuring that there is increased coordination and collaboration among CROP in support of the regional initiatives identified by the Forum Leaders. This will maximise the impact of the region's scarce technical, financial and human resources, and more effectively focus on delivering results to PICs.

USP's contributions towards the implementation of Forum Leaders' priorities and policy as well as technical advice will be maximised through its comparative capacity in teaching, research, innovation and engagement through greater levels of collaboration with other CROP agencies to make the best use of the shared resources applied to Pacific Islands' priorities and deliver agreed outcomes.

With the COVID-19 pandemic and its adverse impacts in the form of travel and other restrictions, the efforts towards bolstering development initiatives and aid have been impeded. Development partners are cautious and becoming more restrictive in providing funding to support development and research projects and these restrictions will inhibit the ability of

implementing partners to deliver project outcomes effectively and robustly and to generate the aspired benefits to the project beneficiaries.

Implementation rates and acquittals for the University's ongoing projects have been low given the inability to travel and undertake required capacity building and research efforts. Online platforms can only deliver so much robustly, and only aid consultations with stakeholders and managing meetings. The on-the-ground activities are significantly impeded therefore remedial measures are being undertaken in consultation with the respective development partners, particularly in relation to projects being supported by the European Union.

Australia and New Zealand have also placed preconditions on the release of committed and mutually agreed to tranche amounts or even entering a full-fledged partnership with the University (in the case of the MFAT-USP partnership finalisation) in view of the governance and management issues facing the University. Unless these are resolved, the steady flow of development aid from Australia and New Zealand will continue to be uncertain and subjected to reviews and delays in terms of releasing of funding.

The current KPI is being reviewed to reflect how USP needs to measure the success of international and regional engagements being addressed in the new SP.

Table 5: KPIs and Targets for Priority Area 4

KPI #	KPI	Plan Baseline	2020 Actual	2021 Target	2022*
13	Development Partnership Funding	\$48.7m	\$40m	\$42m	

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** 2022 Targets to be finalised from the new Strategic Plan*

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Priority Area 5: Governance and Intelligent Use of Resources

- This Priority Area covers the enabling strategies aimed at facilitating both an outstanding learning and teaching experience and fostering a deep culture of research and innovation within the University. Estate and infrastructure as well as the virtual resources will focus on the ambitions to provide students with the best possible education and student experience. Our staff are at the heart of all endeavours and the University needs to foster a culture of excellence in the workplace.
- The goal in 2021 will be to deploy ICT resources intelligently for the benefit of students and staff. The financial resources, including critical investments in facilities and ICT infrastructure, will be used in a highly sustainable manner. We will ensure that the highest level of good governance and ethics are paramount to all operations. The administrative functions will necessarily be efficient and support the academic endeavours. The University will work hard to become a beacon of how an organisation can reduce its environmental impact.

- The University is aware of the changing landscape of the higher education sector and recognises the need to review its operations to become sustainable over the long term. It has become understood that the traditional University model of teaching and research with large support sections, needs to be reshaped to maximise the efficiency and effectiveness gains made possible in the new digital age. In 2021, the University will review and benchmark all its support and administrative functions and has set a 5 per cent efficiency target for all these areas.
 - There are major plans in 2021 to advance the commercial opportunities on Laucala Campus through the rezoning of commercial land at prime locations at Laucala and the commercial developments earmarked in these locations. The University will pursue these through various funding options, including borrowing and Private Public Partnerships (PPP), each subject to business case and due diligence.
 - KPI 16 is very important to the University as Professors provide academic leadership to the University, primarily through demonstrating and fostering excellence in research, teaching, professional activities, and policy development at a variety of levels – within the academic discipline, within the academic unit, within the institution and within the wider community. Professorial leadership is also linked to a record of scholarly and professional achievement in the relevant discipline. A benchmarking exercise will be carried out to gauge USP's professorial performance compared to others.
 - USP has achieved a 9.61 per cent target in 2020 for the Senior Academic Staff as
- a Proportion of Total Academic Staff (%), a slight shortfall from our baseline and 2020 target. However, USP recognises the many challenges in recruiting senior academic staff as a result of resignations (AP and Prof) due to COVID-19. USP aims to narrow the disparity in staff ratio between academic and administrative staffing.
- KPI 17 measures USP's staff perception using the Staff Voice survey over the following 8 dimensions: 1) Leadership; 2) Recruitment & Selection; 3) Cross-Unit Cooperation; 4) Learning & Development; 5) Involvement; 6) Rewards & Recognition; 7) Performance Appraisal; and 8) Supervision and Career Opportunities. This KPI is at the core of the University as it tracks the satisfaction level of its most valuable resource.
 - Staff satisfaction in the above areas were low (48per cent) in the last Staff Voice Survey in 2017 and is an area this New Strategic Plan is geared to improve upon significantly. In addition, staff satisfaction is also linked to staff productivity and performance hence the University could use this to track its staff performance over the years. It recognised that a survey was a useful tool to gauge the overall feedback of performance and behaviours of staff, but of equal importance is the feedback on leadership for both professional and academic leadership.
 - Conducting another survey will also be useful to gain feedback on pre and post COVID-19 impacts on staff on issues relating to work practices, psychological, physical, motivational, and personal levels. Results of this survey will assist with inputs of USP's new Strategic Plan.

Table 6: KPIs and Targets for Priority Area 5

KPI #	KPI	Plan Baseline	2020 Actual	2021 Target	2022*
14	Operating Surplus as Proportion of Total Income (%)	5%	4%	4.9%	
15	Commercial and Other Income	\$26.6m	\$19.5m	\$23.1m	
16	Senior Academic Staff as a Proportion of Total Academic Staff (%)	10%	11%	12%	
17	Staff Satisfaction	48%	53%	55%	

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** 2022 Targets to be finalised from the new Strategic Plan*

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Funding the Priorities and Activities

Resourcing the Plan

The context for USP's 2022-2024 Triennial Budget is against a tumultuous time in the University's history, on account of the advent of the COVID-19 global pandemic and USP's own internal challenges on governance matters and financial sustainability.

The budget to fund the University strategy is cast against a challenging economic backdrop. The International Monetary Fund has forecast GDP growth for Pacific Island Countries (PICs) of -7.1% for 2020 compared to -3.3% world GDP growth, which while initially forecast to improve in 2021 will now likely remain in negative territory due to the prolonged closure of borders in 2021. Inflation in PICs is also anticipated to remain elevated between 3-4 per cent.

The budget is underpinned against a backdrop of dynamic strategic forces impacting higher education – the need for more operational agility within the University as it seeks a more equitable servicing model for all members in the region; the need to strengthen both digital and face-to-face course delivery to improve student experience via a combination of economies of scale on connectivity and technology equipment costing, as well as a leaner, more efficient utilisation of its physical asset base as USP seeks to streamline its offering and delivery channels. The need to attract academic talent to maintain USP's premier higher education provider status in the region is acknowledged as well as the increased market competition for funding. Strengthening and deepening partnerships with employers will continue to be strengthened to enhance student employability.

The initiatives in this Plan require substantial investments to achieve these targets. Given the projected drop in revenues from member grants and student fees, the University will need to put a moratorium on vacancies and maintain its current financial controls to ensure operations are not affected. The University is implementing a comprehensive marketing plan for 2022, a Commercial Plan and Strategy and developing a Resource Mobilisation Plan to fund key initiatives and capital projects.

The Plan is projecting income of \$167.4 million to fund a planned expenditure of \$172.9 million, generating an operating deficit of \$5.5 million. After adding back non-cash items and cash flow requirements, the Plan will generate \$18 million cash from operating activities. And after accounting for planned capital expenditures (\$15 million) and loan repayments, the University is projecting a net increase in cash and cash equivalent of \$2.3 million.

The Plan includes a comprehensive financial control plan to mitigate the withholding of grant from Fiji if that continues for another year. So, the capital investment is planned to drop from \$20m to \$15m to account for some of the revenue shortage. While some of the financial restrictions will continue from this year, these will continue to expose the University to other operational and financial risks.

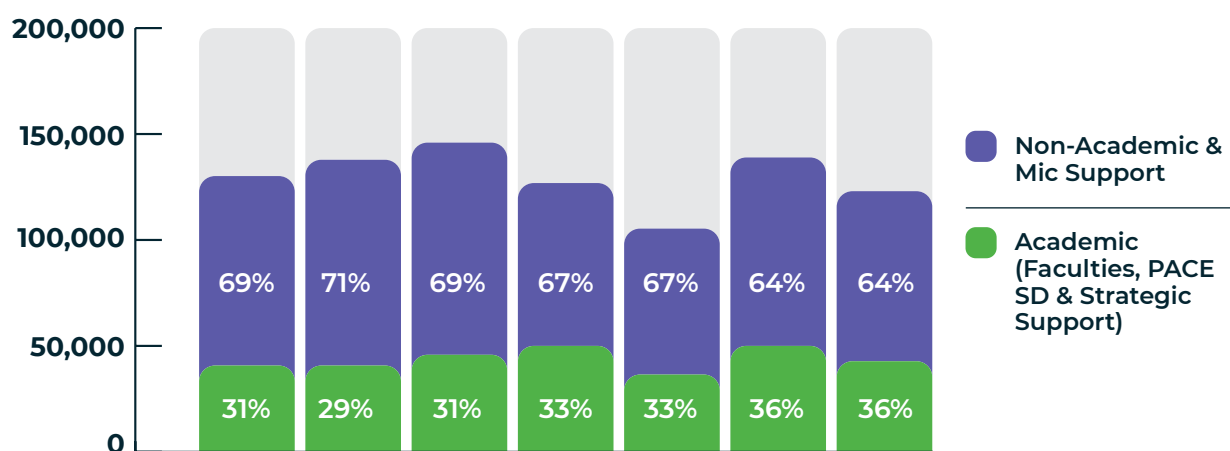
Funding the Priority Areas

The financial plan for 2022 was based around the funding sources proposed in the UGC Submission 2022 to 2024 but adjusted to reflect the impacts of COVID-19, the slow economic conditions and uncertainty in grant. Other funds will be sourced from borrowings and development assistance to meet the cost of certain strategic initiatives. Table 7 below shows the breakdown of funding areas and capex allocation.

Table 7: Total Budget (\$'000)

Descriptions	Pay	Non-Pay	Capex	Total
Recurrent & Non-Recurrent Funding	86,355	69,702	15,000	171,056
Provisions & Accruals	250	15,562		15,812
New Strategic Plan Funding		1,000		1,000
Total	\$86,605	\$86,264	\$15,000	\$187,869

Figure 3: Academic vs. Admin Support Budget Distribution



Schools Funding Plan:

USP's Faculties were reorganised into Schools from the 2021 academic year. The budget will be rolled over for 2022 with a vacancy savings target, less travel budget. Total allocation for Schools is \$42m.

The Schools will continue strengthening their efforts in 2022 to improve quality of teaching and learning systems and enhance student success. They will continue to rationalise programmes and courses to ensure efficiency in delivery, review curriculums to ensure relevance and continue to assess delivery systems for continuous improvements. The University will further review the workload model for academic staff.

Table 8: Schools Funding Plan AP2021-AP2022

School	AP2021	AP2022
School of Accounting, Finance and Economics (SAFE)	5,424,872	5,336,969
School of Business and Management (SBM)	4,611,758	4,526,156
School of Information Technology, Engineering, Mathematics and Physics (STEMP)	10,429,969	10,308,863
School of Agriculture, Geography, Environment, Ocean and Natural Sciences (SAGEONS)	11,300,285	11,238,974
School of Law and Social Science (SOLASS)	6,958,896	6,794,168
School of Pacific Arts, Communication and Education (SPACE)	7,366,280	7,200,651
PACE SD	1,349,703	1,265,131
Strategic Support	1,399,157	1,399,157
Vacancy Savings (\$600,000 for each school)		-3,500,000
Contingency Pay		3,000,000
Total	\$48,840,920	\$47,570,068

The vacancy savings is planned from each School to help cushion the impact of uncertainty in receipt of grant from Fiji. These however can affect the quality of learning and teaching, and affect morale of staff, especially those being asked to take on additional workloads.

Support Sections Funding Plans

The total funding for Support Sections is \$82.9 million in AP2022, a decrease of \$4.7 million when compared to AP2021. This is mainly in response to the drop in income level. The drop is mainly due to current financial restrictions, reduced SP allocation, reduced VC's contingency, and exclusion of salary adjustments.

Table 9: Recurrent Funding - Support Units

Description	2019	2020	AP2021	AP2022
Research Support	3,978,062	2,544,851	4,133,106	4,704,242
Regional Campus Support	11,845,496	11,496,012	16,454,605	16,856,817
Estates & Infrastructure & Security	6,038,740	5,910,775	8,459,127	7,901,193
ITS Support	11,303,127	12,400,355	10,280,459	8,948,070
Student Support	5,176,634	3,776,729	4,392,618	4,282,466
Academic Support	7,301,418	7,118,761	6,871,770	7,187,200
Admin Support	10,757,819	9,005,098	12,133,401	11,556,545
Financial Support	2,615,364	2,416,967	2,474,490	2,476,294
HR	5,258,107	3,348,385	5,753,887	5,415,518
Others*	24,882,719	20,294,160	16,656,456	18,083,372
Vacancy Savings				-3,500,000
Sub Total: Non-Academic & Admin Support	\$89,157,486	\$78,312,092	\$87,609,919	\$82,875,560

“**Others Include: Strategic Support, VC's Strategic and Initiatives Fund, Rewards and Incentives, University Accounting fees, provisions for salary adjustments, depreciation, provision for leave entitlements, provision for doubtful debts, Contingency, Provision for Exchange loss/Gain and Restructure funds*”

Non-recurrent Funds

All other funds have been allocated (both income and expenditure) in keeping with their contribution and minimum surplus targets. These operations are expected to run as self-funding or break-even operations. Commercial will contribute 20 percent to the recurrent fund as an overhead charge while self-funding programmes like the Master of Business Administration (MBA) and Pacific Technical and Further Education (Pac TAFE) will contribute 25 per

cent. In addition to overhead recovery, a 10 per cent of revenue will be charged as royalty fee to trading and self-funding units, except for academic self-funding units. Institutes are excluded from the royalty fee. The total surplus contribution for 2021 is projected at \$4.4 million. Appendices C, D and E show the 2021 budgets for these operations. The summary is presented in Table 10 below.

Table 10: Other Funds - Income and Expenditure

Fund	AP 2022			AP 2021		
	Net Income*	Expenditure*	Surplus	Net Income*	Expenditure*	Surplus
Commercial	12,584	10,614	1,970	11,005	10,008	997
Department	22,728	17,742	4,985	24,039	20,870	3,168
Institute	4,148	3,646	503	3,919	3,655	264
Project **	15,450	15,450	0	15,450	15,450	0
Total	54,910	47,452	7,458	54,412	49,983	4,429

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* Expenditure includes pay, non-pay, and contributions to the recurrent fund. All self-funding and commercial activities are subject to 10% royalty fee to recurrent fund.

** Project incomes are realised when the expenditures related to those project activities are incurred. Unspent project funds are not recorded as surplus but as deferred revenue liability and recorded in the Statement of Financial Position.

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Operating Budgets and Financial Commentaries

The University is budgeting a projected income of \$167 million and expenditure of \$173 million, generating a deficit of \$5.5 million (Likely 2). This is based on the assumption that Fiji's grant will be on hold for another year. Table 11 presents the proposed income and expenditure for AP2022 Detailed summaries of income and expenditure forecasts are presented in Appendices A to F at the end of this report.

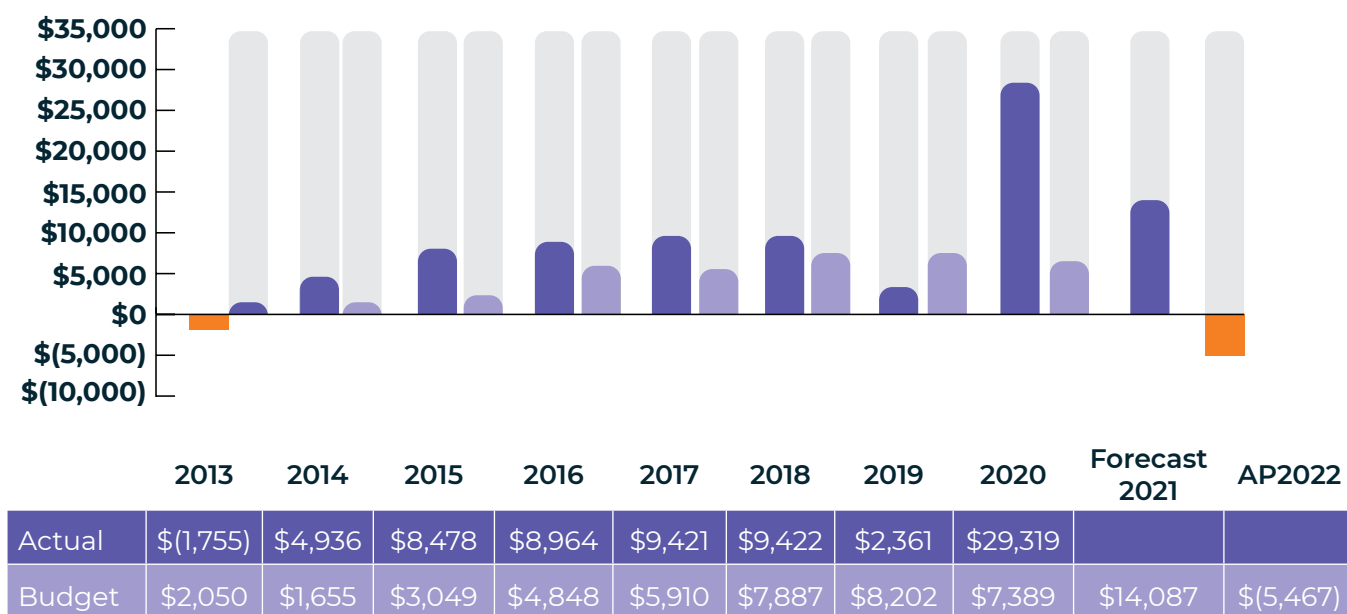
Table 11: Income and Expenditure 2020 - AP2022 (\$'000)

Description	2020	AP2021	Forecast 2021	AP2022			
				Best	Likely 1 (with Fiji's grant)	Likely 2 (without Fiji's Grant)	Worse
Government Grants	25,086	38,430	10,811	45,200	34,120	11,139	10,025
Tuition Fees	79,878	77,928	84,000	79,487	79,487	79,487	71,538
Development Assistance - Recurrent	32,905	28,944	28,944	30,322	30,322	30,322	30,322
Development Assistance – Projects	15,938	17,000	17,000	17,000	17,000	17,000	17,000
Trading Activities	12,875	12,049	11,549	13,578	13,578	13,578	13,578
Consultancy Income	1,685	2,650	2,650	2,783	2,783	2,783	2,783
Other Income	9,362	8,483	8,483	8,566	8,566	8,566	8,566
Release of Deferred Revenue	3,671	3,867	3,866	3,867	3,867	3,867	3,867
Interest Income	1,082	660	660	660	660	660	660
Total Income	182,481	190,009	167,963	201,462	190,382	167,401	158,339
Staff Costs	(75,374)	(88,391)	(73,000)	(93,605)	(91,605)	(86,605)	(79,605)
Operating Costs	(60,200)	(80,789)	(62,000)	(78,598)	(78,598)	(70,931)	(70,931)
Depreciation	(12,291)	(10,172)	(13,172)	(14,062)	(14,062)	(14,062)	(14,062)
Provisions & Accruals	(4,662)	(500)	(4,652)	(500)	(500)	(500)	(500)
Realised exchange loss/provision		(500)	(500)	(500)	(500)	(500)	(500)
Interest expense		(271)	(552)	(271)	(271)	(271)	(271)
Write off assets	(635)			0	0	0	0
Total expenditure	(153,162)	(180,623)	(153,876)	(187,536)	(185,536)	(172,869)	(165,869)
Operating Surplus	29,319	9,386	14,087	13,926	4,846	(5,467)	(7,530)
Operating Surplus Margin	16.1%	4.9%	8.4%	6.9%	2.5%	-3.3%	-4.8%

i. Operating Surplus

The proposed operating deficit is \$5.5million. Figure 4 shows the operating surplus trend for the University from 2013 to AP2022.

Figure 4: Operating Surplus/Deficit from 2013 to AP2022 (\$'000)



Note: The 2019 operating surplus is low due to revenue of \$10m deferred and recognised in 2020

Even with a deficit budget of \$5.5m, the University will generate \$18m net cash from operating activities, which will help contribute \$15 million to the capital programme. The capital investment is reduced to account for the uncertainty in the receipt of grant from Fiji. The University plans to end the year with a net increase in cash of \$2.3 million.

After accounting for uncollected incomes and unpaid bills, the University projects an unencumbered cash balance of \$59.5 million at the end of 2022. After adding \$5 million of the available overdraft facility, the available cash at the end of 2022 is forecast to be \$64.5 million. That is above the cash reserve benchmark of \$21.8 million for 2022 and represents 5.5 months of operating

cash requirements for the year (excluding project expenditures).

ii. Funding Entity Budgets:

The overall budget is comprised of five funding operations: recurrent, departmental, trading, institutes and projects. The first two deal with activities associated with the University's core activities of teaching and learning. Trading activities are commercial in nature but support the core activities of the University. Institutes are research and community support arms of the University. Project funds are for specific purposes, controlled and received in the form of grants and donations and must be spent within the terms and conditions or wishes of the

donors. Appendix A illustrates the overall contribution of these activities for AP2022.

Income:

The Annual Plan 2022 is projecting an income of \$167 million. The major components of incomes are detailed below:

Member Contributions

The following table provides the grant level per scenario.

The best-case scenario assumes funding will be received based on the agreed UGC contribution level of \$45.2m. This is distributed using the funding formula. Likely 1 scenario assumes the same level as best case. However, for Fiji, the grant is based on their 2021-2022 budget level. Likely 2 scenario assumes the same level of contribution as best case, with Fiji withholding their total grant. Worst case is based on Likely 2 scenario with a further 10 per cent reduction for all member countries.

Table 12: Member Country Contributions in 2022 (\$'000)

Member Country	AP2022				AP2021	UGC 2022
	Best	Likely 1	Likely 2	Worse		
Cook Islands	128	128	128	115	156	128
Fiji	34,281	22,980	0	0	27,619	22,980
Kiribati	1,370	1,370	1,370	1,233	979	1,370
Marshall Islands	272	272	272	245	288	272
Nauru	116	116	116	104	127	116
Niue	65	65	65	59	54	65
Samoa	1,344	1,344	1,344	1,210	1,430	1,344
Solomon Islands	2,849	2,849	2,849	2,564	3,261	2,849
Tokelau	35	35	35	31	48	35
Tonga	1,412	1,412	1,412	1,271	1,364	1,412
Tuvalu	397	397	397	357	449	397
Vanuatu	3,151	3,151	3,151	2,836	2,654	3,151
Total	\$45,420	\$34,120	\$11,139	\$10,025	\$38,430	\$34,120

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Note: The figures above are in \$'000s

- The UGC base grant for Fiji based on funding formula is \$34.3m and only \$23m was approved in their budget - a \$11.3 million shortfall in 2022.

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Tuition Fees

Tuition Fee Income is based on AP2021 with an assumption of a 2 per cent increase. Tuition fee has become a major source of revenue during the last decade. This will continue to be the major source going into the next decade, driven by an increase in

enrolments. But this needs to be balanced with the quality aspect of delivery if funding is not commensurate with the enrolment growth.

In AP2022, enrolments are expected to increase by 2per cent. It is expected that enrolment will grow at the campuses by

offering Year 1 courses and programmes so that students can study in their home country. Due to the pandemic, travelling has been restricted since last year and this is expected to continue in the future. Pacific TAFE will also grow its delivery by targeting skills gaps in selected countries. The University will continue to implement strategic marketing for each Campus with the aim of exceeding the above targets.

Table 13: EFTS 2018-AP2022

	2018	2019	2020	AP2021	Forecast 2021	AP2022
Recurrent Funded (IFM)						
100	4,925	4,643	5,109	4,669	5,364	4,762
200	4,006	3,770	3,299	3,797	3,464	3,873
300	3,536	3,518	2,768	3,352	2,906	3,420
Postgraduate (taught)	978	963	949.25	927	997	946
Research	294	280.8	250.25	279	263	284
Total recurrent	13,739	13,175	12,375	13,024	12,994	13,284
Self-funded Courses						
English Language	2.4	1.3		2		2
Pacific TAFE	5,599	5,240	5,046	5,306	5,298	5,412
PDLP	143	140.8	123	135	129	138
MBA	140	167.3	115	133	121	135
Total self- funding	5,884	5,550	5,284	5,576	5,548	5,687
TOTAL EFTS	19,623	18,724	17,659	18,600	18,542	18,972

Development Assistance

The University has signed agreements with Australia and New Zealand only up to 2021. The funding levels for 2022 are still to be agreed. These are expected to be known before the end of 2021. The indications at the moment are that these will not increase in the next triennium; no increase has been factored in the proposed financial plan.

Development assistance project income is expected to increase due to our pursuit for more funds through the European Union. These incomes are matched by project expenditures but the University will be able to generate revenues from project administration fees. The University will need to strengthen its project management

capacity to be able to mitigate reputational risks and financial losses. This means additional expenditure is required to manage these projects better. These resources can be funded from the project funds.

Development assistance has been projected at \$47 million for 2022. The difference in FJD amount is due to fluctuations in the exchange rate. The Australian Government has confirmed assistance of AUD\$14 million while the New Zealand Government had initially advised of assistance around NZD\$7 million, but it is yet to be formalised. Project aid has been assumed at 2021 level. Negotiations continue with major donors to obtain funding for the planned Strategic Plan initiatives.

Table 14: Development Assistance AP2022

	Local Currency	FJD
Australia	AUD 14,000	20,673,361
New Zealand	NZD 7,000	9,648,518
Projects		17,000,000
Total		\$47,321,879

Commercial and Other Income

Consultancy income is projected to remain at the same level as in the AP2021, largely due to expected incomes from self-funding units. The University is working on strengthening its policy to increase consultancy income by incentivising staff to carry out more consultancy works for the University.

Commercial activities are projected to generate a total income of \$13.5 million in 2022 (compared to \$12 million in AP2020) and earn a surplus of \$1 million after contributing 20 per cent of total expenditure and 10 per cent royalty fee to the University recurrent fund. Table 15 shows the proposed

income from commercial activities in 2022. Commercial Operations for USP can be leveraged to create investment opportunities, undertake joint ventures and create new business opportunities in order to increase profit and reduce costs. USP Commercial has devised a concept investment plan for 2021 to 2026 to both grow business activity and derive cost savings. The business plans will be subject to various levels of due diligence, especially in the current economic environment. These have not been factored into the draft financial plan as they would require significant investments and the benefits might not be realised in the next triennium.

Table 15: Total Income from Commercial Activities 2019 to AP2022

	2019 Actuals	2020 Actuals	AP2021	AP2022
Laucala				
Residential Hall	3,613	4,795	3,530	3,717
Book Centre & Computer Shop	6,101	6,317	4,639	6,187
Housing Rental	2,443	282	1,766	1,564
Others	405	601	1,072	970
	12,562	11,994	11,007	12,438
Alafua	320	317	335	485
Emalus	775	533	707	655
Others	5	30	-	-
Total	13,662	12,875	12,049	13,578

“

Note: The figures above are in \$'000s.

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- Other income has been budgeted at \$8.6 million for 2022. Other income covers a variety of sources, including miscellaneous student fees such as health service fees, library fines, administration cost recovery from projects, course material and textbook sales, faculty and support unit income, ITS domain name registration, laboratory income, publication sales, insurance proceeds, and departmental trading income as well as space charges from trading, departments and institutes.
- Investment income consists of interest received on bank deposits. The forecast has been based on the 2021 level as market interest rates have generally remained low.

Table 16: Total Income 2019 to AP2022

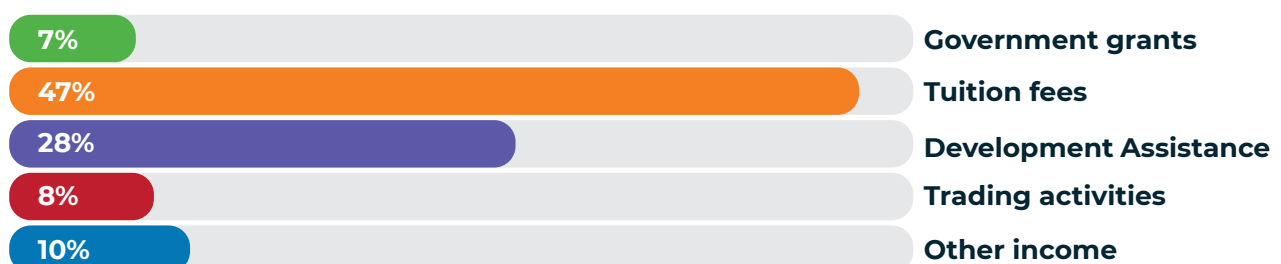
Description	Actual 2019	Actual 2020	AP2021	Forecast 2021	AP2022
Government Grants	37,562	25,086	38,430	10,811	11,139
Tuition Fees	79,642	79,878	77,928	84,000	79,487
Development Assistance - Recurrent	17,438	32,905	28,944	28,944	30,322
Development Assistance - Projects	12,687	15,938	17,000	17,000	17,000
Trading Activities	13,662	12,875	12,049	11,549	13,578
Consultancy Income	1,660	1,685	2,650	2,650	2,783
Other Income	10,258	9,362	8,483	8,483	8,566
Release of Deferred Revenue	3,598	3,671	3,867	3,866	3,867
Interest Income	787	1,082	660	660	660
Total Income	177,294	182,481	190,009	167,963	167,401

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Note: The figures above are in \$'000s.

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Figure 5: Income Summary - AP2022



iii. Expenditure

The total expenditure budgeted for 2022 is \$172.9 million, compared to \$180.6 million in AP2021- a decrease of \$7.7 million. The reduced expenditure reflects the drop in revenue.

Staff costs include a vacancy savings of \$7 million which will be equally divided amongst academic and non-academic units. A further \$3m has been added to personnel costs, which will be used to support teaching on regional campuses. Recruitment continues to be a challenge and savings from vacancies have always provided the University extra cash to make capital investments. But the budget assumes that 90 per cent of these positions will be filled.

Financial controls will also roll into 2022 while the travel budget has been removed. This is in recognition of the restrictions that are still in place due to COVID-19 and that many activities like travel, research work, etc. will still be limited. The University will need to work within its means and must be able to generate internal savings and shift resources from low priority to strategic priority areas. It will also use its learning from the current period to reprioritise activities under the new normal. It could also mean reconsideration of provision of certain services to ensure the financial targets are achieved.

Table 17: Expenditure Summary by % - AP2022

	AP2022	%
Staff Costs	86,605	50%
Operating Costs	70,931	41%
Provisions & Accruals	15,333	9%
Total	172,869	100%

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Note: The figures above are in \$'000s

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Table 18: Expenditure 2019- AP2022

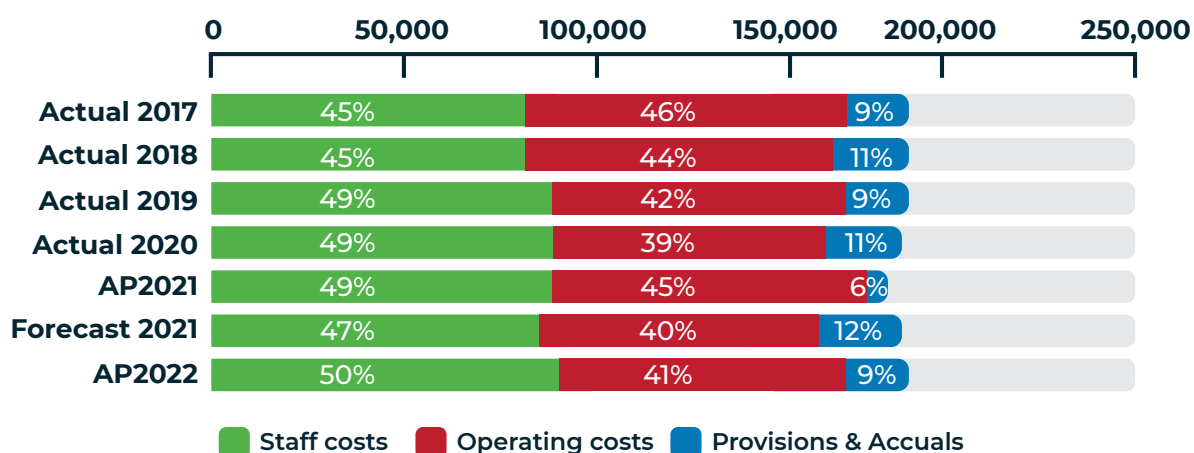
Description	2019	2020	AP2021	Forecast 2021	AP2022
Staff Costs	85,840	75,374	88,391	73,000	86,605
Operating Costs	73,824	60,200	80,789	62,000	70,931
Depreciation	12,341	12,291	10,172	13,172	14,062
Provisions & Accruals	2,104	4,662	500	4,652	500
Write-down in value of inventories	-	-	-	-	-
Realised exchange loss/ provision	848	-	500	500	500
Interest expense	-	-	271	552	271
Write off assets	(24.5)	635	-	-	-
Total expenditure	174,932	153,162	180,623	153,876	172,869

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Note: The figures above are in \$'000s.
”

2022 assumes a normal academic year without restrictions. This means the University will not be able to save \$10m from utilities, graduation, travel and other associated costs. It includes recruitment of vacant positions. This explains the increase in expense budget by \$19m compared to the forecast in 2021.

In 2021, there were tight controls put in place for funds distribution. Figure 6 shows total USP expenditure and its components from the 2017 to AP2022 period.

Figure 6: Total Expenditure 2017 to AP2022 (\$'000)



- Non-academic sections will be benchmarked in order to determine the right level of staff for support sections, taking into account the unique nature of USP as an institution operating in 12 countries.
- Operating costs are projected to be \$71 million against the AP2021 figure of \$80.8 million – a decrease of \$9.8 million. The decrease is largely to keep in line with the decrease in revenue.

iv. Savings Plan 2022

The savings plan includes a combination of vacancy savings, efficiency targets, restriction on travel, reduction in SP allocation and a projected drop in the contingency fund.

v. Depreciation and Amortisation

Depreciation forecasts have been prepared on the basis of existing charges plus calculation of charges on forecast asset additions. The change in depreciation amount is due to adaptation of IFRS 16 for Leases.

vi. Other Key Provisions

- VCP's Strategic and Initiatives fund is budgeted at \$500,000.
- Contingency fund is reduced to \$1 million.
- Provision for RC support is \$3m to support additional teaching for students studying in their home country due to border closures.

Statement of Financial Position

This statement shows the value of the University at any given point in time. Table 19 shows the projected financial position of the University at 31st December 2022.

Table 19: Statement of Financial Position

	Actual 2019	Actual 2020	AP2021	Forecast 2021	AP2022
Current Assets					
Inventories	3,616	2,460	3,844	3,844	2,584
Accounts Receivable	11,387	10,798	11,088	13,088	11,338
Development Assistance partners – projects	4,013	3,617	4,000	4,000	4,000
Prepayments	2,363	2,300	981	981	2,300
Cash and Cash Equivalents	81,430	102,566	87,165	104,244	106,566
Total Current Assets	102,808	121,741	107,077	126,157	126,787
Non-Current Assets					
Property, Plant and Equipment	241,553	244,122	263,864	256,270	265,153
Intangible Assets	-	-	-	-	-
Total Non-Current Assets	241,553	244,122	263,864	256,270	265,153
Total Assets	344,362	365,863	370,941	382,427	391,940
Current Liabilities					
Creditors and Accruals	23,441	17,980	25,599	24,639	24,420
Deferred Revenue Liability	3,815	3,703	3,700	3,700	3,700
Development Assistance (projects) Unexpended	41,598	1,372	1,500	1,500	1,500
Lease Liability		35,047	31,110	31,110	32,210
Total Current Liabilities	68,855	58,102	61,909	60,949	61,830
Non-Current Liabilities					
Creditors and Accruals (L-T)	829	864	1,150	1,150	1,208
Deferred Revenue Liability (L-T)	97,193	91,556	92,261	92,262	97,671
Borrowings	13,612	16,911	23,212	15,750	23,812
Lease Liability (L-T)		2,074	1,924	1,924	2,500
Total Non-Current Liabilities	111,635	111,405	118,547	111,086	125,191
Total Liabilities	180,489	169,507	180,456	172,035	187,021
Total Assets Less Liabilities	163,873	196,356	190,485	210,392	204,920

Represented by:

Funds and Reserves

Retained Earnings	137,140	163,630	157,810	177,717	172,250
Foreign Currency Translation Reserve	-5,953		-	-	-
Endowment Capital	5,741	5,783	5,778	5,778	5,725
Other Contributed Equity	26,945	26,945	26,897	26,897	26,945
Total Funds and Reserves	163,873	196,358	190,485	210,392	204,920



Note: The figures above are in \$'000s.



Financial Position Commentaries:

Net assets are projected to be \$205 million by end of 2022. The Plan projects the following movements in the financial position of the University:

Cash Flow Projections

The Plan projects a \$106.6 million in Cash and Cash Equivalents & Held to Maturity Financial Assets balance as at 31st December 2022.

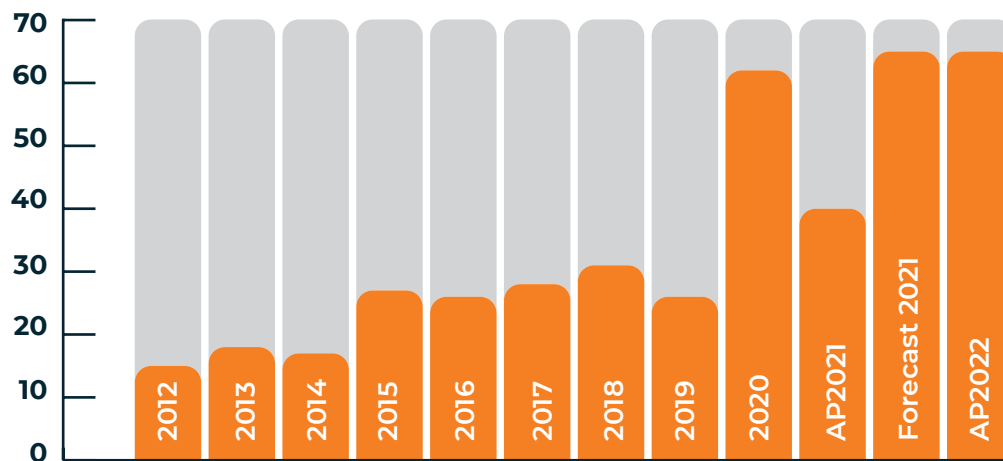
Cash Flow Commentaries:

- **Cash Balance:** The Plan projects a cash balance of \$106.6 million by the end of 2022.
- **Net Cash Flow:** The projected net cash flows generated from normal operating activities is \$18 million and after deducting projected capital expenditure and loan repayments, a net increase in cash and cash equivalents of \$2.3 million is projected.

UNENCUMBERED CASH:

After accounting for uncollected incomes and unpaid bills, the University projects a cash balance of \$106.6 million at the end of 2022, with \$59.5 million in unencumbered cash. After adding \$5 million of available overdraft facility, the available cash at the end of 2022 is forecast to be \$64.5 million, which is above the cash reserve benchmark of \$21.8 million for 2022. This represents 5.5 months of operating cash requirements for the year (excluding project expenditures). However, after adjusting for capital commitments, the cash reserve would be slightly below the benchmark.

Figure 7: Unencumbered Cash 2012-AP2022



AVAILABLE CASH:

The projected available cash of \$65 million is well above the required 2 months cash balance of \$21 million, being the level required to cover expenditures planned for 2022.

Table 20: Statement of Cash Flow

Operating Activities	2019	2020	AP2021	Forecast 2021	AP2022	UGC 2022
Recurrent Activities						
Development Assistance - Recurrent	17,438	32,905	28,944	28,944	30,322	30,322
Government Contributions	26,549	32,915	38,430	10,811	11,139	34,120
Interest Received	787	1,082	660	660	660	660
Student Tuition Fees	79,328	76,224	75,841	80,000	77,897	78,147
Trading Activities	12,371	13,039	12,049	11,549	13,578	12,651
Other Receipts	11,017	6,914	11,133	11,133	14,454	11,350
	147,490	163,078	167,056	143,097	148,051	167,250
Staff Costs	(83,379)	(70,287)	(79,896)	(67,345)	(75,960)	(85,045)
Other Operating Costs	(66,701)	(47,077)	(65,632)	(53,016)	(54,170)	(56,699)
	(150,079)	(117,365)	(145,529)	(120,361)	(130,129)	(141,744)
Net Cash Flows Provided By Recurrent Activities	(2,590)	45,714	21,527	22,736	17,922	25,506
Project Activities						
Development Assistance - Projects	16,535	10,220	15,450	15,450	15,450	17,000
Staff Costs - Projects	(3,569)	(4,907)	(4,040)	(4,040)	(4,040)	(5,100)
Other Operating Costs - Projects	(10,382)	(12,504)	(11,410)	(11,410)	(11,410)	(11,900)
Net Cash Flows Provided By/ (Used In) Project Activities	2,584	(7,192)	0	0	0	0
Total Net Cash Flows Provided by Normal Operating Activities	(6)	38,522	21,527	22,736	17,922	25,506
Investing Activities						
Payment For Property Plant and Equipment	(11,262)	(16,053)	(20,000)	(20,000)	(15,000)	(20,000)
Payment For Property Plant and Equipment - (Loan)	0	0	(9,600)	(9,600)	0	0
Payment For Property Plant and Equipment - Project Activities	(3,052)	(1,143)	0	0	0	0
Net Cash Flows Used in Investing Activities	(14,314)	(17,196)	(29,600)	(29,600)	(15,000)	(20,000)
Financing Activities						
Proceeds/(Repayment) Of Term Loan, Net	(93)	(510)	9,600	9,600	0	0
Loan Repayment	0	319	(557)	(558)	(600)	(600)
Interest Expense	278	0	(500)	(500)	0	0
Net Cash Flow Used in Financing Activities	185	(191)	8,543	8,542	(600)	(600)
Net (Decrease)/Increase in Cash and Cash Equivalents	(14,136)	21,136	470	1,678	2,322	4,906
Cash And Cash Equivalents & Held to Maturity Financial Assets At 1 January	95,565	81,430	86,694	102,566	104,244	87,164
Cash And Cash Equivalents & Held to Maturity Financial Assets At 31 December	81,430	102,566	87,165	104,244	106,566	92,070

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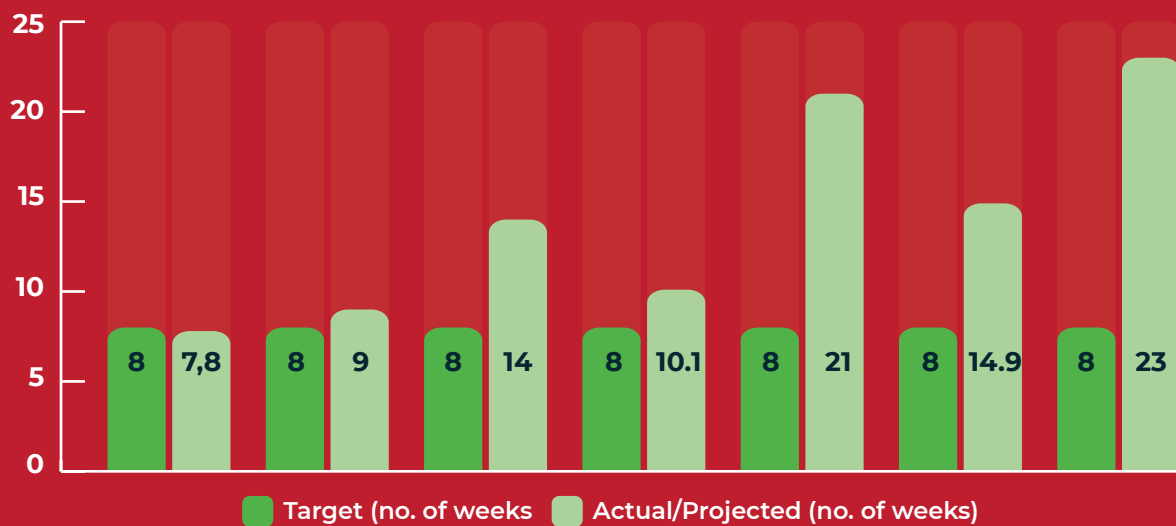
Note: The figures above are in \$'000s.

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Table 21: Available Cash Coverage 2015-AP2022

Available cash period in weeks	2015	2016	2017	2018	2019	2020	AP2021	AP2022
Target (no. of weeks)	8	8	8	8	8	8	8	8
Actual /Projected (no. of weeks)	8.3	7.8	9	14	10.1	21	14.9	23

Figure 8: Available cash for operations against targets 2016 – AP2022



Financial Targets and Ratios

The financial performance of the University is benchmarked against certain ratios set by the Finance and Investments Committee (FIC), with the goal of ensuring the long-term financial sustainability of the University.

Table 22 shows the table of financial ratios from 2018 to AP2022 against the benchmarks.

Table 22: Financial Ratios 2019 – AP2022

External - Strategic Financial Ratios							
	Financial Ratio	B/mark	Actual 2019	Actual 2020	Forecast 2021	AP2022	UGC 2022
FINANCIAL VIABILITY	Operating Surplus	5%	1.3%	17.2%	8.4%	-3.3%	3.3%
	Core Earnings	11.0%	8.3%	24.7%	16.2%	5.3%	10.7%
	Net Cash from Operations	115.0%	100.0%	128.7%	116.7%	113.8%	116.1%
	Liquidity Ratio	16%	22%	50%	51%	53%	37%
	Quick Ratio	1.5x	0.5	1.2	1.1	1.1	1.0
FINANCIAL SUSTAINABILITY	Debt-to-Equity (Gearing) Ratio	20.0%	8.2%	8.6%	7.5%	11.6%	11.2%
	Interest Coverage	3x	6	60	27	21	13
	Return on Long Term Assets	6%	6.3%	19.2%	10.6%	5.5%	7.3%
	Debt Repayment	3x	1.5	0.3	1.1	(4.4)	3.80
INTERNAL RATIO	Cash Margin	110%	566%	455%	521%	710%	460%
	Cash Availability	16%	42%	71%	65%	63%	51%

i. Operating Surplus

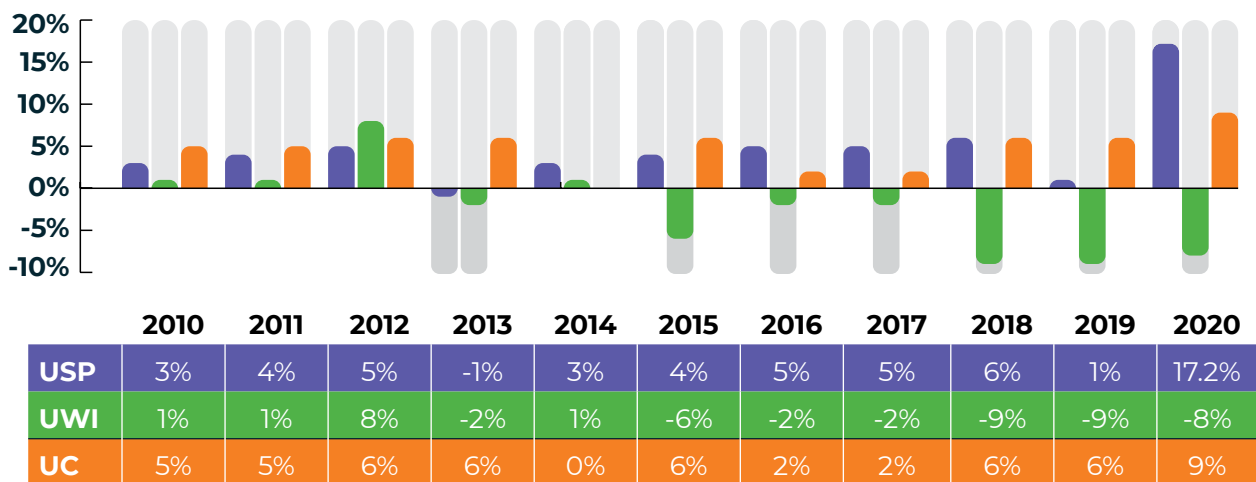
This ratio indicates the level of retained earnings the University can generate to meet its investment needs. The current benchmark is 5 per cent. This Plan projects a deficit of 3.3 per cent in AP2022 due to the uncertainty in revenue.

The University is limited in its ability to grow its income substantially and needs

to adjust its cost structure to respond to change more quickly. The lower operating margin is largely due to the drop in income level.

Figure 9 below shows USP's surplus margins against the University of West Indies (UWI) and Canberra University (CU).

Figure 9– Operating Surplus Margin against other Universities

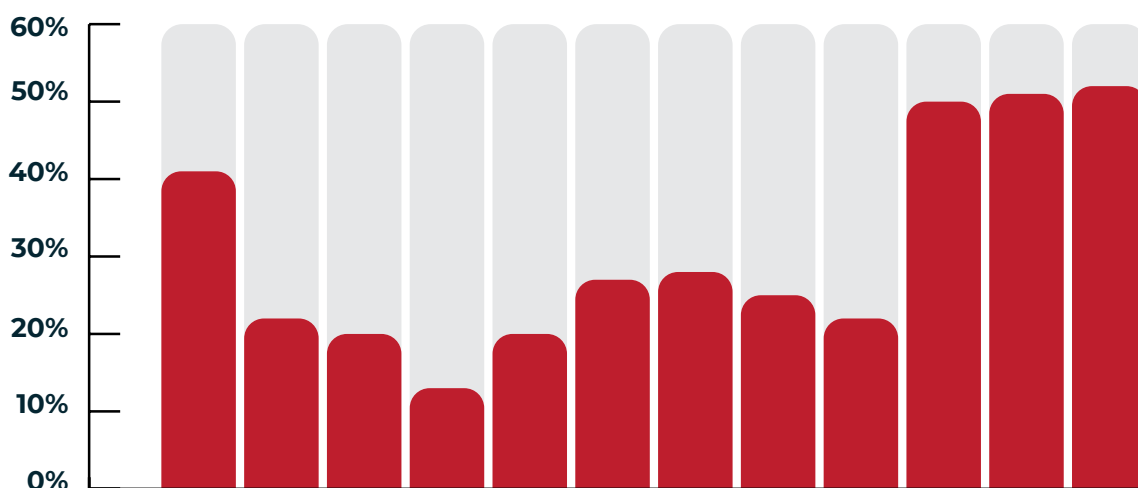


ii. Liquidity Ratio

The liquidity ratio reflects the ability of the University to pay its short-term liabilities using liquid assets easily convertible to cash. The benchmark is 16 per cent while this Plan is projecting it to be 53 per cent.

Figure 10 shows that the liquidity position (cash and available borrowings over operating cash outflow) has generally improved over the years.

Figure 10: Liquidity Ratio 2011 – AP2022



iii. Financial Stability

This measures the ability of USP to sustain continuing robust and viable financial performance in the long term. Two important ratios are:

Debt-to-Equity (Gearing) ratio – measures the proportion of total debt over total equity. The plan for end of 2022 is 11.6 per cent, which is below the maximum acceptable limit of 20 per cent.

Interest coverage ratio – measures the ability of the University to generate enough net revenues to meet the interest payments. The plan for end of 2022 is 21 and is above the benchmark requirement of 3x.

Capital Plan and Infrastructure Developments

The University has developed a three-year capital development plan, with an indicative ten-year plan as part of the Laucala Campus Master Plan. As part of its Strategic Plan 2019-2021, the University needs to make various investments throughout the region to enable equity and enhance the effective delivery of learning, teaching, research and administrative support on each Campus. The capital plan for 2022 will be funded through various sources as follows:

A total of \$15 million is planned to be funded from the University's surplus, contributing \$11 million for the capex replacement programme and \$9 million for strategic investments.

Table 23: Capital Expenditure Plan AP2022 – 2024 (\$m)

Capital Projects	AP2022	Projected Expenditures	
	University Funded \$m	2023 Forecast \$m	2024 Forecast \$m
1). Known Building Projects:			
Solomon Islands Campus			
Student hostels *			
Re-Engineering Building		1	1
Teaching/Learning Spaces/Campus Upgrades	3.5	3.5	5
2). ICT Infrastructure and Developments			
Computers	3	3	3.5
ICT Development	3	5	3
3). Vehicles and Tractor	0.3	0.5	0.5
4) Seed funding – commercial development			
5). Furniture, Equipment and Renovations	3.2	3	3
6). Strategic Investments	2	4	4
Totals	15	20	20

Building Projects in 2022

The major capital projects for 2022 will be put on hold until there is certainty in funding. There are also planned developments for the Tonga and Tuvalu Campuses; these will be subject to donor funding.

Information Technology

The New Strategic Plan has placed emphasis on leveraging ICT to deliver outcomes that enhance student experience, teaching and

research outcomes in line with the strategic objectives of the University. The University has planned \$2 million to continue implementation of the new computer strategy, establishing the right number and mix of student lab requirements, putting in more wireless provisions to facilitate the use of more laptops for students, and moving all staff to laptops to support a more open office concept. It is expected that these investments will shift the University's e-platform to a more digital environment.

Vehicles, Furniture and Equipment: The University has set aside \$3.5 million to continue with Regional Campus development plans. The balance will be for equipment replacements, minor renovations and deferred maintenance.

Infrastructure Plan: The University will assess space requirements during the year and develop a capital and funding programme to respond to its current and future growth in line with the Campus master plan.

The University has approved its Asset Management Framework to govern the utilisation of facilities and spaces. The University is also implementing a Space Management Policy with an accompanying Facilities Management Manual to set standards and benchmarks for space allocation, space use, and design and layout.

Sensitivity Analysis

While the University will strive to control its costs, there remains a high number of risks associated with the income, expense and cash flows projections.

The chart below depicts the outcome of the sensitivity of the income and expenses. It demonstrates that the University's financial performance is sensitive to changes in revenue and worst-case scenarios can lead to deficits if costs are not controlled or reduced. This means that the University will have no choice but to maintain its cost reduction strategies to protect its financial position within the short term.

This chapter has an additional scenario - Worst Case 2, which assumes that \$10m will be drawn down from reserves for operating expenditure so that the University will not have to reduce expenditures through pay cuts and vacancy savings, in order to have the right staff in place to continue to deliver quality learning, teaching, research and student support.

The Council has approved the withdrawal from cash reserves in 2022 only in the event that the worst-case scenario eventuates. This will reduce the planned cash reserves down to \$51m, but it will still be above the cash reserve threshold.

Table 24: Financial Performance Summary

	Actual 2020	Forecast 2021	2022 Best	2022 Likely 1	2022 Likely 2	2022 Worst 1	2022 Worst 2
Revenue (m)	188.2	168	201.5	190.4	167.4	158.3	158.3
Expenses (m)	155.8	153.9	187.5	185.5	172.9	165.9	175.9
Operating Surplus/ (Deficit) (m)	32.4	14.1	13.9	4.8	-5.5	-7.5	-17.5
Operating Surplus % (m)	17.2%	8.4%	6.9%	2.5%	-3.3%	-4.8%	-11.1%
Cash balance at year end (m)	102.6	104.2	122.9	113.6	106.6	109.1	99.9
Capex investments (m)	13.9	20	20	20	15	10	10
Cash reserves at year end (m)	63.2	64.8	74.3	65.1	59.5	61.1	51.9
Cash reserve cover at year end (m)	16 weeks	20 weeks	22 weeks	22 weeks	22 weeks	24 weeks	18 weeks

Figure 11 Budget Scenarios

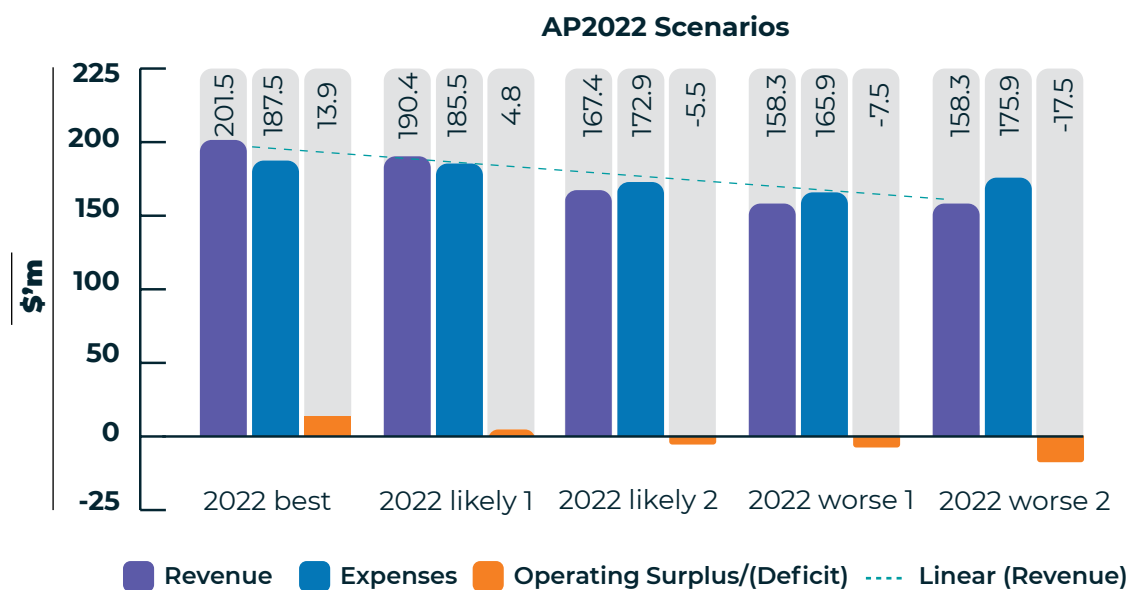


Figure 12 Cashflow Scenarios

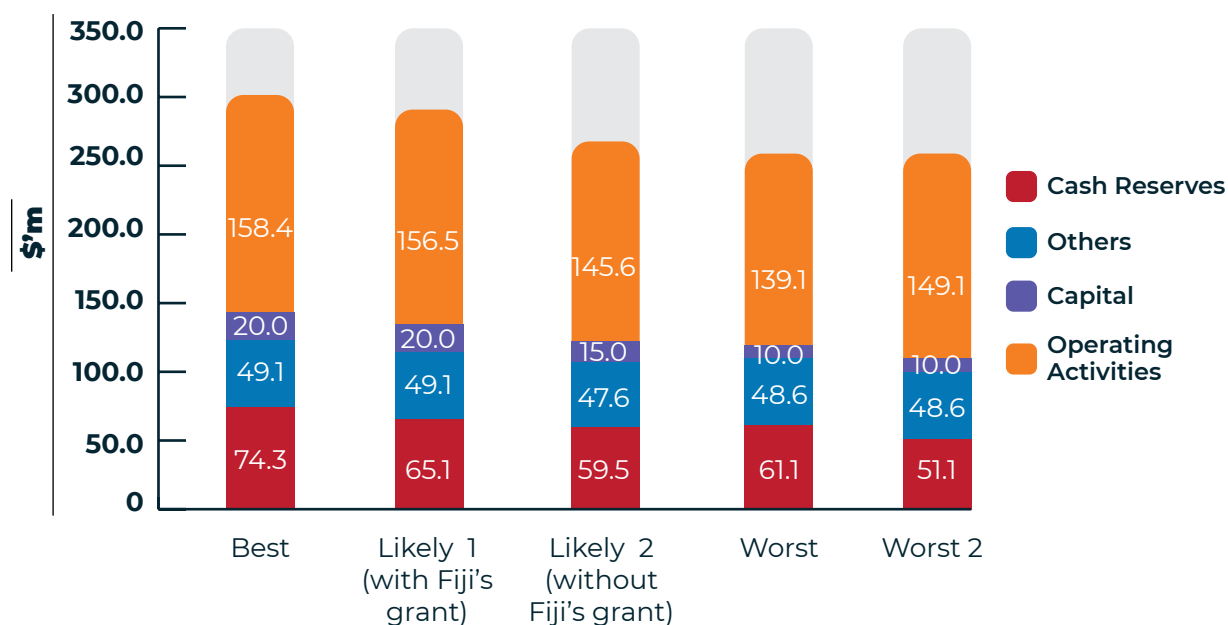
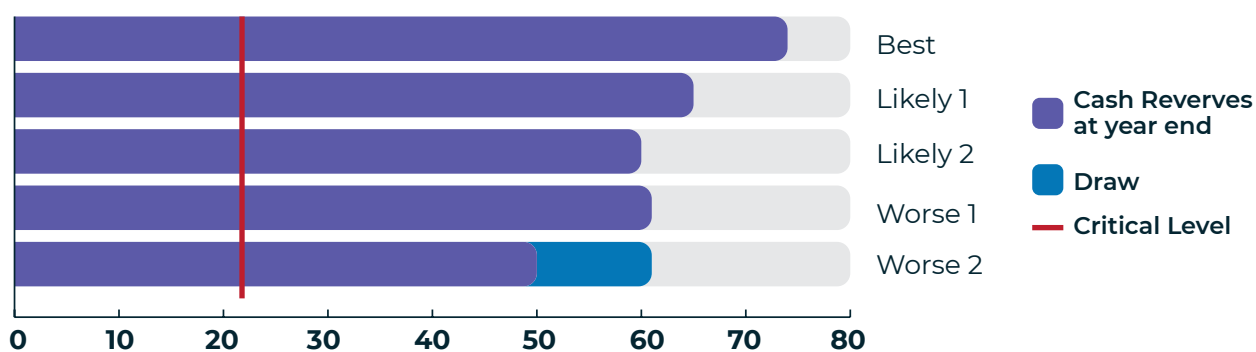


Figure 13 Cash Reserve Scenarios



Strategic Risk and Mitigation Strategies

USP is committed to an effective and efficient risk management framework, which assists in achieving its strategic and operational objectives. Table 25 provides a snapshot of the types of risks the University faces and the mitigation strategies designed to eliminate or reduce the impacts of these risks. The effective management of these risks enables USP to maximise opportunities, minimise uncertainties and increase organisational resilience.

There are some uncertainties in the level of income for 2022. The global economic downturn will have an impact on major funding sources. It should be expected that receipts from member countries and development partners will be affected and possibly, that students will not be able to afford higher education, which could have an impact on fee income. The University is running different scenarios to adjust expenditure to ensure financial viability

and sustainability. It has also decided to introduce tighter financial controls and defer capital projects until key funding sources are received. It will also need to approach other development partners to cover the shortfall in the budget.

The University considers the management of the following risks as pivotal to achieving its strategic objectives.

Table 25: Risks to Achieving Strategic Objectives

Risk Type	Due To	Mitigation Strategy
Strategic Risk	<ul style="list-style-type: none">• Changing student, regional, public, and private sector expectations on the standard and relevance of programmes and courses offered.• Lack of research with distinct benefits to Pacific Island Countries.• Limited access to external research funding.	<ul style="list-style-type: none">• Evaluation of courses by TQC and benchmarking against international standards.• Surveys of regional, public and private sector stakeholders conducted biennially for their feedback on whether the programs offered meet their needs.• Establishment of a University Graduate School that will systematically support students and supervisors in the creation of a high-performance graduate research culture across the whole University.• Implement a research innovation plan in consultation with member countries and aligned with the priorities of each country.• Deepening research collaboration with international university partnerships.

Financial Risk	<ul style="list-style-type: none"> • Loss of financial support from members or developing partners for various reasons including expected downward turn in the global economy. • Reduced student numbers & research opportunities. • Fraud. • Unreliable, inconsistent & poor-quality data. • Poor information system, reporting tools, analytical capability, and interpretation of data. • Financial Sustainability. 	<ul style="list-style-type: none"> • Will employ very stringent control measures on expenditure (both operating and capital), including moratoriums on recruitments and reprioritisation of programmes and delivery methods. • Approach new development partners to cover shortfall in budget if required. • Diversify income through joint ventures and commercial activities. • Fraud Control Policy & Procedures. • Data governance oversight. • Build unified MIS – Dashboard reporting and analytical reports by function. • University-wide agreed data definition/one place for data storage (EDW). • Automation of manual processes. • Role- based training.
Operational Risk	<ul style="list-style-type: none"> • Lack of capable human resources. • Business disruption resulting from natural disasters, fires, civil unrest, and technology failure. • Business Continuity. 	<ul style="list-style-type: none"> • A skill-based workforce plan. • iPerform to monitor and review performance in real-time. • Succession planning policy, procedure, and platforms. • Business continuity policy, procedures and plans. • Disaster Management policy and procedures.
Compliance Risk	<ul style="list-style-type: none"> • Inadequate protection of personal and sensitive information related to the University, USP student or employee. • Health & Safety incidents that can harm people and cause disrepute to the University. 	<ul style="list-style-type: none"> • Privacy policy & procedure. • Information security policy & procedures. • Essential training. • Health & Safety policy & procedure.

Monitoring and Evaluation Mechanisms

The Senior Management Team (SMT) shall be responsible for the full implementation, monitoring and evaluation of AP2022. The following reporting and monitoring structure will be in place:

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 Financial Reports to FIC at each of its meetings.
- The Finance Section, through the FIC, will prepare and submit externally audited 6-monthly financial reports to the Council.
- The CAPEX Progress Review Group will monitor the quarterly progress of spend against capital budgets.
- Progress will be reported to the FIC and Council continuously throughout 2022.
- There will be regular meetings of the Budget Efficiency Working Group to evaluate budget availability and identify savings and efficiency mechanisms. The Committee will monitor budget variances and propose options to ensure sections stay and manage within allocated budgets.
- Enforcement of the Budget Policy & Procedures is essential.

In addition, there will be greater focus in 2022 to monitor the risks due to COVID-19.

Appendices

Choosing the Right Vowel

rain	spray	play	sain
stay	snail	make	fail
break	strake	main	clay

Short and long — just like my grandpa
Some vowels take a long-oing, tri-lane to sh-a-y and some are just a qu-
But you already know that... That's just normal speech. You don't need to b-

Appendix A - Statement of Comprehensive Income (by Fund) - AP2022 (\$'000)

Description	Recurrent Fund	Department Funds	Commercial Fund	Institute Funds	Project Funds	Total AP2022	Forecast 2021	AP2021	Actual 2020
Income									
Government Grants	11,139	-	-	-	-	11,139	10,811	38,430	25,086
Tuition Fees	58,031	21,455	-	-	-	79,487	84,000	77,928	79,878
Development Assistance - Recurrent	30,322	-	-	-	-	30,322	28,944	28,944	32,905
Development Assistance - Projects	-	-	-	-	17,000	17,000	17,000	17,000	15,938
Trading Activities	-	-	13,578	-	-	13,578	11,549	12,049	12,875
Overhead to Recurrent Fund	6,729	(3,249)	(1,172)	(608)	(1,700)	-	-	-	-
Contribution to Recurrent-Royalty Fee	2,572	(1,577)	(994)	-	-	(0)	-	-	-
Overhead from Projects	-	-	-	-	-	-	-	-	-
Consultancy Income	-	2,000	-	633	150	2,783	2,650	2,650	1,685
Other Income	4,200	850	-	3,516	-	8,566	8,483	8,483	9,362
Release of Deferred Revenue	3,867	-	-	-	-	3,867	3,866	3,867	3,671
Interest Income	660	-	-	-	-	660	660	660	1,082
Unrealised Exchange gain/(loss)	-	-	-	-	-	-	-	-	-
Total - Income	117,520	19,479	11,412	3,541	15,450	167,401	167,963	190,009	182,481
Staff Costs	69,569	8,451	2,256	2,288	4,040	86,605	73,000	88,391	75,374
Operating Costs	45,543	6,042	7,185	750	11,410	70,931	62,000	80,789	60,200
Depreciation	14,062	-	-	-	-	14,062	13,172	10,172	12,291
Interest Expense	271	-	-	-	-	271	552	271	-
Provisions & Accruals	500	-	-	-	-	500	4,652	500	5,297
Provision for Exchange Gains/Loss	500	-	-	-	-	500	500	500	-
Total - Expenditure	130,446	14,493	9,442	3,038	15,450	172,869	153,876	180,623	153,162
Operating Surplus/(Deficit)	(12,925)	4,985	1,970	503	0	(5,467)	14,087	9,386	29,319
OP Margin	-11.00%	25.59%	17.26%	14.19%	0.00%	-3.27%	8.39%	4.94%	16.07%

Appendix B - Recurrent Budgets AP2022

Description	2019	2020	AP2021	AP2022
Schools				
SAFE			5,424,872	5,336,969
SBM			4,611,758	4,526,156
STEMP			10,429,969	10,308,863
SAGEONS			11,300,285	11,238,974
SOLASS			6,958,896	6,794,168
SPACE			7,366,280	7,200,651
Arts, Law & Education	13,128,112	11,097,624		
Business & Economics	11,508,294	8,822,528		
Science, Technology & Environment	17,972,287	14,999,486		
PACE - SD	1,033,798	1,001,437	1,349,703	1,265,131
Vacancy Savings				-3,500,000
Contingency-Pay				3,000,000
Strategic Support			1,399,157	1,399,157
Sub Total: Schools & Strategic Support	43,642,491	35,921,075	48,840,920	47,570,068
DVC (Research & International)	3,978,062	2,544,851	4,133,106	4,704,242
EDF	2,615,364	2,416,967	2,474,490	2,476,294
DVC (LTSS)	1,142,979	807,466	1,429,975	1,196,331
Vice-Chancellor & President	1,231,795	1,076,062	985,596	847,124
DHR	5,258,107	3,348,385	5,753,887	5,415,518
VP (RC & PF)'s Office-General	726,324	539,100	573,352	505,098
Regional Campuses	11,845,496	11,496,012	16,454,605	16,856,817
Security	946,337	894,180	948,535	992,326
Estates & Infrastructure	5,092,403	5,016,596	7,510,592	6,908,867
VP (Admin) Office	365,303	7,386	77,408	369,799
Planning Office	562,121	459,731	606,965	632,940
ICT Centre	589,798	612,010	567,958	481,982
ITS Office	10,713,329	11,788,345	9,712,501	8,466,088
Library	4,910,871	4,858,416	4,900,329	4,952,690
Director (Assurance & Compliance)	3,492,556	3,656,922	3,868,064	3,907,650
SPAC	1,678,537	1,360,991	1,493,990	1,450,043
Cntrl Record & Archives Unit (CRAU)	330,435	288,698	345,594	953,691
Council & Senate Secretariat	1,227,771	808,742	1,353,300	294,711
Campus Life	1,963,776	1,830,784	1,619,619	1,529,536
Student Academic Services	3,212,858	1,945,945	2,772,998	2,752,930
CFL	2,390,547	2,260,345	1,971,441	2,234,510
Depreciation and Others	24,882,719	20,294,160	18,055,614	14,946,372
Sub Total: Non-Academic & Admin Support	89,157,488	78,312,094	87,609,919	82,875,559
Total Recurrent Funding	132,799,979	114,233,169	136,450,839	130,445,628

Appendix C - Departmental Budget AP2022

Faculty	SAFE	SBM	STEMP	SAGEONS	SOLASS	SPACE	Regional Campuses	Library	Pacific TAFE	ITS	CSB	Others	AP 2022
Income	574,952	330,000	243,920	1,493,673	1,352,000	990,000	3,671,959	17,000	12,078,386	310,000	2,575,650	667,784	24,305,323
Less: Royalty	57,495	33,000	24,392	149,367	135,200	99,000	262,595	1,700	603,919	31,000	128,783	51,028	1,577,480
Net Revenue	517,457	297,000	219,528	1,344,306	1,216,800	891,000	3,409,364	15,300	11,474,467	279,000	2,446,868	616,755	22,727,844
Pay Expenditure	32,000	25,000	5,103	51,206	542,621	156,411	263,308	0	6,460,530	0	914,900	0	8,451,078
Non-Pay Expenditure	96,628	87,900	150,134	174,347	77,100	146,540	1,323,717	12,000	2,888,360	74,000	704,267	306,979	6,041,973
Contribution to overheads	32,157	28,225	38,809	56,388	154,930	75,738	396,756	3,000	1,963,267	18,500	404,792	76,745	3,249,307
Total Expenses	160,785	141,125	194,047	281,941	774,651	378,689	1,983,780	15,000	11,312,157	92,500	2,023,958	383,724	17,742,358
Surplus/Deficit	356,672	155,875	25,481	1,062,364	442,149	512,311	1,425,584	300	162,310	186,500	422,909	233,031	4,985,486

Appendix D - Commercial Budget AP2022

Description	BOOK CENTRE			Residential			Housing Laucala	Gym Laucala	Print Shop	Other	AP 2022
	Laucala	Emalus	Alafua	Laucala	Emalus	Alafua					
Revenue	5,372,108	135,000	83,000	3,717,040	432,000	240,000	1,564,431	929,500	815,000	290,401	13,578,480
Less: Royalty	318,021	13,500	8,300	371,704	43,200	24,000	112,682	75,950	0	27,040	994,397
Net Revenue	5,054,087	121,500	74,700	3,345,336	388,800	216,000	1,451,749	853,550	815,000	263,361	12,584,083
Pay Expenditure	573,720	45,504	24,664	756,827	34,861	27,192	316,265	378,111	83,279	15,961	2,256,381
Non-Pay Expenditure	2,873,539	51,898	31,670	2,008,446	280,109	108,659	862,034	309,478	476,600	183,023	7,185,457
Contribution to Overheads	161,592	19,480	0	545,335	62,994	0	232,537	106,106	25,576	18,728	1,172,348
Total Expenditure	3,608,851	116,882	56,335	3,310,607	377,963	135,851	1,410,836	793,695	585,454	217,711	10,614,186
Surplus/(Deficit)	1,445,237	4,618	18,365	34,729	10,837	80,149	40,913	59,855	229,546	45,649	1,969,897

Appendix E -Institute Budget AP2022

	IAS	IOE	IMR	PacLII	AP 2022
Revenue	1,870,125	1,718,940	100,000	459,272	4,148,337
Pay	914,650	1,060,632	52,703	260,000	2,287,985
Non-Pay Expenditure	545,300	149,900	30,000	24,950	750,150
Contribution to Overheads	291,990	242,106	16,541	56,990	607,627
Total Expenditure	1,751,940	1,452,639	99,244	341,940	3,645,762
Surplus/(deficit)	118,185	266,301	756	117,332	502,574

Appendix F Framework AP2022

i. Planning Framework: This Annual Plan was developed through the integration of the planning and budgeting process and included:

- preparing School and Section plans in line with the Strategic Plan;
- clearly defining measureable targets for each priority area;
- defining clear outputs and projects for each Faculty and Section;
- allocation of funds to faculties through the Internal Funding Model;
- allocation of financial and human resources to Strategic Plan priorities;
- Supporting clear management accountability and measurement of performance on a regular basis.

ii.Principles and Guidelines: During the planning process, further steps were taken to identify and create key principles which align the University's financial plan directly with the strategic objectives. The table below lists the budget principles which underpin the financial plan for 2022 and beyond.

Table 26: Financial Principles for 2022

Financial Principles	Established in Prior Years	New
Support the University's Strategic Plan	√	
Improved Faculty Internal Funding Model	√	√
Resource Allocation Methodology	√	
Meet financial benchmarks and targets	√	
Cash reserves	√	
Performance funding	√	
Investment in scholarships	√	
Administration effectiveness and efficiency	√	√
Prudence and Compliance	√	
User Pay	√	
Value for money	√	
Contingency and risk pools	√	
Departmental carry forward of retained earnings	√	
Reinvest in infrastructure	√	

Commercial and investment strategy to maximise returns	✓	✓
Enhance Risk Management and Strengthen First Line of Defence	✓	✓
Outsourcing to achieve efficiency	✓	✓
Resource Mobilisation Plan	✓	✓
Decentralised model with accountability to fund controllers	✓	✓
Measure and increase productivity of staff	✓	✓
Full charging of direct and indirect costs for self-funding units	✓	✓
Service Level Agreements for sections	✓	✓
10% Royalty fee on revenue from all self-funding units except institutes	✓	
Restructure and re-organisation	✓	✓

iii. Drivers: The 2022 Annual Plan aims to continue the progress of the Strategic Plan 2022-2024. The 2022 Plan has been constructed to push through some high-level priorities and moonshots to meet the aspirations of the Strategic Plan. This plan is also driven by the need to support growth and invest in infrastructure to support teaching, research and community support.

iv. Levers: The following key levers the University needs to invest in are identified in this plan in order to achieve the plan within available resources.

v. Revenue Growth: There will be vigorous efforts to increase the enrolment of international students and postgraduate students (high level streams) and to seek increase in funding from development partners. There will be considerable efforts to move forward on the planned Commercial developments on Laucala Campus that will generate commercial revenues in future years.

vi. Improved Productivity: Staff profiling and knowledge of workload is important to identify areas of performance improvements and maximisation of current staff

resources. Reclassification of academic staffing was implemented and piloted in 2017; this will continue to 2022. There will also be additional investments in technology to automate manual processes to drive efficiency and effectiveness in the delivery of teaching, research and regional support services. The use of Open Educational Resources (OERs) and e-Learning will continue in 2022.

vii. Investment in Strategic Plan initiatives: The plan must generate sufficient cash to invest in Strategic Plan initiatives, capital works, infrastructure, and, adding to the cash reserves for future investments and growth.

viii. Assumptions: The assumptions made while formulating the Financial Plan for the Triennium 2022-2024 serve as a starting point. These assumptions have been approved by the Council given the current trends, changes to USP's internal and external environment and other factors.

ix. Financial Targets: AP2022 has maintained the following financial targets:

x. Table 27: Targets for AP2022

Institutional Targets	Sectional Targets
<ul style="list-style-type: none"> ▪ Increase the operating surplus percentage towards the benchmark of 5%. ▪ Exceed cash margin of 16%. ▪ Generate enough cash from operating activities to pay for capex of \$20 million. ▪ Add to unencumbered (cash reserve) balance and achieve the UGC approved level of two months of operating expenditures. 	<ul style="list-style-type: none"> ▪ Spend within approved budget. ▪ All Commercial and Institutes to contribute 20% of their total expenditure to the University's Recurrent Fund. ▪ All self-funding programmes like MBA, Pacific TAFE to contribute 25% of their total expenditure to the Recurrent Fund. ▪ All self-funding units (except Institutes) to pay 10% of revenue as "royalty" to USP recurrent fund. (5% for academic self-funding Units) ▪ All non-recurrent USP activities, other than project funds, will each generate a 3% surplus (surplus over total income) after the required overhead recovery and royalty payments to the recurrent fund.

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Abbreviations and Acronyms



(Includes abbreviations and acronyms used in the electronic collection of Faculty and Section 2021 Annual Plan)

ADB	Asian Development Bank
AP2017	Annual Plan 2017
AP2018	Annual Plan 2018
AP2019	Annual Plan 2019
AP2020	Annual Plan 2020
AP2021	Annual Plan 2021
AP2022	Annual Plan 2022
ARC	Audit & Risk Committee
CAPEX	Capital Expenditure
CFL	Centre for Flexible Learning
CFS	College of Foundation Studies
DVC E	Deputy Vice-Chancellor Education
DVC (R & I)	Deputy Vice Chancellor (Research & International)
EDF	Executive Director Finance
EDPWS	Executive Director People & Workforce Strategy
EFTS	Equivalent Full-Time Student
FALE	Faculty of Arts, Law and Education
FBE	Faculty of Business and Economics
FIC	Finance and Investment Committee
FSTE	Faculty of Science, Technology and Environment
ICT	Information and Communication Technologies
I&J	Intermediate and Junior (Staff)
ITS	Information Technology Services
KPI	Key Performance Indicator
MOU	Memorandum of Understanding
OHS	Occupational Health and Safety
P&Q	Planning and Quality
QoR	Quality of Research
QoT	Quality of Teaching
SAS	Student Academic Services
SMT	Senior Management Team
SP	Strategic Plan
PTAFE	Pacific Technical and Further Education
UGC	University Grants Committee
USP	University of the South Pacific
VCP	Vice Chancellor and President
VP (RC & E&I)	Vice President - Regional Campuses and Estates & Infrastructure
WSCU	WASC Senior College and University Commission

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