

Royal Roads University

**2007/08 – 2009/10 Institutional Accountability
Plan and Report**

July 2007

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Accountability Statement

The 2007 – 2009 Royal Roads University Institutional Accountability Plan and Report was prepared in accordance with the Ministry of Advanced Education guidelines. All material fiscal assumptions and policy decisions as of June 1, 2007, have been considered. We are accountable for the context in which the plan has been prepared and the specific objectives that will be achieved.



Carole J. Didier
Acting Chair, Board of Governors
Royal Roads University



Allan R. Cahoon, PhD
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Institutional Overview

Our Vision

Royal Roads University is for people who wish to advance in the workplace. Our students share a passion for learning, a curiosity about the world, and a desire to contribute meaningfully to their organizations and communities. RRU was created to meet these needs by delivering applied and professional programs, primarily at the graduate level, that anticipate and respond to a changing world and global economy.

We are a recognized leader in providing accessible and relevant education targeted to labour market needs, and delivered through innovative, pioneering technology. We are committed to the highest level of quality, teaching excellence, and applied research that pursues solutions to real-world challenges.

We seek to be a leader in sustainable development. This will be achieved through environmental education, research, and a demonstration campus – also a national historic site and future home of the Robert Bateman Centre for Art and Environmental Education – that preserves, protects and showcases Canada's natural and cultural heritage.

We are a university of and for the 21st century. Our students seek to experience the personal and professional transformation that results from acquiring new knowledge, skills, and engagement with others through teamwork and collective challenges. We exist to serve our learners and alumni. Their outcomes and achievements are central to our purpose.

We reach out positively to our local community, province and country by collaborating with governments, public and private sector organizations, and other post-secondary institutions. Through such outreach, dialogue and cooperation, Royal Roads University will continue to provide accessible and applied post-secondary education on behalf of British Columbia.

Our Mission

Our formal mission statement directly reflects the Royal Roads University Act of June 21, 1995.

As a distinct, special purpose university serving British Columbians, Canadians, and international learners, Royal Roads University offers undergraduate, graduate, and executive programs solely in applied and professional fields. We provide continuing education to serve the requirements and strengthen the prosperity of our local community. We are dedicated to teaching excellence and applied research activities that respond to B.C. and Canadian labour market needs.

Our Values

Service

We are committed to supporting our students and our communities in meeting their goals.

Sustainability

We consciously make choices that foster a healthy social, economic, and environmental future.

Integrity

We will act with openness, honesty and respect in all that we do.

Excellence

We strive for the highest standards in all we do.

Employee Satisfaction

We aim to understand and fulfill faculty and staff expectations for personal and professional development, engagement, and success.

Planning and Operational Context

Our Strengths and Competitive Advantage

“In today’s world, knowledge is the key to opportunity. It gives people confidence, improves their self-reliance and allows them to discover and achieve their full potential while improving overall economic and social wellbeing for British Columbians. This is why the government has made education and literacy a top priority.”¹

Royal Roads University supports the BC Government’s goal to “make B.C. the best-educated, most literate jurisdiction on the continent.” Our special purpose mandate and focus on access and applied education for adults in the workplace – or those seeking to enter or re-enter the workplace sooner – allow us to make an important and distinct contribution.

The New Environment²

Eight months ago, Statistics Canada reported that university enrolments for the first time ever had exceeded the one-million mark in Canada in 2004/05.³ Yet instead of rejoicing over buoyant demand, many in post-secondary education fear the coming sea change.

The strong undergraduate enrolment of recent years – created by the wave of the “echo generation” moving *into* universities – will soon disappear due to that same generation moving *out*.⁴ Tellingly, their demographic replacement is nowhere in sight. And while more than one million university students – powered by 18-24-year-olds, foreign students, and the double cohort in Ontario – signal the cresting of a breakwater, the 2.1% year-over-year increase underpinning it represents the lowest rate gain in university enrolment in a decade.

As regions across the country, both rural and urban, begin to experience shrinking elementary and high school populations, the implications are becoming more pronounced. Compounding the challenge, government funding – a critical element of a public education system – has urgent and new claims upon it. These come from an ageing demographic concerned with health care, and more recently, Canadians of all ages who demand greater investment in climate change solutions.

In essence, many smaller and mid-size Canadian universities and colleges face multi-level threats: dwindling demand for their services, higher costs, worrisome structural deficits, and constrained funding. Here in B.C., UNBC has publicly announced a budget crisis, BCIT is closing programs, and several northern and rural colleges face steep enrolment declines.

¹ Province of British Columbia Strategic Plan, 2006/07 – 2008/09, Feb. 2006

² This analysis discusses the domestic market only

³ Statistics Canada <http://www.statcan.ca/Daily/English/061107/d061107a.htm>

⁴ Demographer David Foot, speech to Ontario Confederation of University Faculty Associations, reported in Globe & Mail, Jan. 22/07

Alberta, with its roaring economy, is committed to a sizeable investment in post-secondary education and attracting more students. Ontario, which is expected to bear the brunt of the coming demographic change, has already completed its own investigation into the sector and is grappling with the future. Other provinces realize the status quo of a ready pipeline is no longer, and the post-secondary talk is all about “enrolment management.”

If the mood is sombre, it is also one of much sharpened competition.

The Performance of RRU

Unlike other public universities across the country, Royal Roads University has never depended upon the 18-24-year-old student to drive enrolment or ever-expanding largesse from government. From the beginning, its audience has been older (average age 40), already employed, and primarily interested in pursuing applied and professional graduate education to advance their careers.

This audience’s appetite to pay higher tuition fees has been balanced by the RRU model that lets them continue to work as they do so. In this sense, RRU has finely honed a marketplace position of being the only public university in Canada to exclusively offer applied and professional programs for people in the workplace.

Even at the undergraduate level, RRU’s few programs have historically been targeted to those in their late 20s seeking to upgrade or complete their credentials by fast tracking a first degree. Yet in the last two to three years, we, too, have benefited from the echo generation, after choosing to expand our undergraduate offerings and more aggressively recruit younger students directly from the college system.

This strategy, in the short term, has been of significant benefit. It has helped mitigate the recent and very real impact of waning educational demand among our core working professional audience, due to the counter-cyclical effects of a strong economy creating increased employment opportunities.

Ipsos-Reid’s national market research studies, specifically commissioned for RRU in 2004 and 2006, show a dramatic drop in desire among this audience to return to (any) university. Those interested in taking a university course decreased by 34% from 2004 to 2006 (96% to 62%), while those interested in taking a university program decreased by 23% (76% to 53%).⁵

At the same time, the 2006 study showed that barriers which prevent a return to school among working professionals – time away from family, job pressures, cost – are seen as greater disincentives, while motivators – personal fulfillment, additional credentials, an ability to do one’s job better – are viewed as less compelling.

⁵ Ipsos-Reid Reputation and Tracking Research, 2004-2006

In this dynamic environment, Royal Roads has, nonetheless, made important gains over the last year. Recruitment of new students exceeded budget forecasts and *grew by 15%*, from 2005/06 to 2006/07.

Furthermore, growth has been achieved across all categories – graduate, undergraduate, and certificate programs – at a time when RRU has faced considerable internal uncertainty and reputation pressures. These have included the departure of a president; the departure of a vice-president, Academic; the departure of a dean of the Faculty of Management; and the unionization of faculty.

Despite this growth, a number of factors have continued to adversely affect our ability to confidently achieve Ministry-set FTE targets (which exclude international students) or internal business plan targets.

For example, many new students often register for a program – following a lengthy decision-making process in which one-quarter of them re-think their choice *as or after* they apply⁶ – but then defer before the first day of classes. This change of mind is often caused by lifestyle issues involving career and family responsibilities experienced by an older demographic or self-doubt as to their ability to return to school after an absence that can involve decades. Furthermore, attrition of *continuing* students, due to these same issues, can have a significant impact on smaller programs and an impact on university's enrolment as a whole – particularly if they leave or defer in the early days of their program.

These issues underline the need for the faculties and the university to develop an *ongoing* retention strategy, something that has received sporadic but not comprehensive attention due to competing priorities. Indeed, they are the *familiar* challenges of attempting to manage individual circumstances to optimal ends. Yet in 2006/07, Royal Roads also faced *specific* challenges on the enrolment front.

For example, RRU felt the *continuing impact* of unsuccessful programs cancelled in the previous two years, dramatically smaller MBA enrolment over the same period, and past tuition increases. Leadership, long a flagship program, saw a decrease in demand that seems to have its source in no single cause.⁷ The MALT-Justice program was cancelled, and a new intake of the Conflict-Thai program was indefinitely deferred due to political unrest in Thailand.

Other specialized programs – highly valued for their strategic and reputation qualities in the university – continue, realistically, to have limited opportunities to grow or produce higher margins. Recruiting into new programs can be compromised, in part, because of tight timelines to go to market, launch dates that were deferred due to the requirement for DQAB approval, and a highly competitive market for faculty appointments.

⁶ A 2005 survey of RRU alumni found that 27% question their decision to apply during the application process

⁷ Declines in the MBA and Leadership programs account for significant FTE loss at RRU since the peak enrolment year of 2003/04. Statistics Canada data measuring 2004/05 university enrolment – the most recent year available – shows that graduate enrolment as a whole increased across the country, with the exception of programs focused on business, management and public administration, which declined across all categories of graduate education.

The executive education market, always dynamic, also saw program cancellations over the period and was essentially flat in 2006/07 aside from the impact of a new certificate in Environmental Practice (which, in turn, achieved less enrolment than forecast by the partner organization). Finally, recruitment outcomes and FTE mix between graduate, undergraduate, and certificate enrolment; staggered intakes, which result in partial FTEs for programs that start later in the fiscal year; and weaker recruitment performance at the start of the fiscal can all affect the achievement of annual FTE goals.

As 2006 unfolded, new marketing and recruitment strategies were put in place in the fall to drive a recovery of forecasted FTE loss. These strategies were successful, with recruitment of new students into remaining 2006/07 programs exceeding budgeted targets, in some cases by more than 30%. The results well position us for the coming year and allow us to further build on such momentum – a critical factor in the time ahead.

Analysis of Upcoming Market Factors

Without doubt, we will need to get smarter and increasingly strategic in our response to a changing market. While undergrad enrolment will continue to be an essential element of our future mix of programs, the decreasing population of this demographic is likely to limit the growth potential and heighten competition among institutions for the audience that remains.

RRU's undergraduate advantage is largely due to its innovative degree completion model, which lets full-time students enter the workplace faster through programs that compress two years into one, or allows online students to continue to work full-time as they complete their degrees. Unfortunately, barriers to entry are not high, as the model can be easily replicated by competitors. To date, the desire to do so by other institutions has been limited, but this may change.

Furthermore, the financial margins achieved by RRU undergraduate programs are less than those of our graduate programs. This, alone, should shape RRU's graduate/undergraduate program mix (without negating the value that we provide the province by ensuring access to mid-to-late-20-somethings, who in the past have been underserved by traditional universities).

At the graduate level, attracting working professionals into applied and professional programs is likely to be seen more and more by other institutions as a source to replace lost revenue at the undergraduate level. In the near term, however, recruitment of this audience will continue to be affected by the demands and opportunities of a healthy economy.

For example, a recent job report from Statistics Canada⁸ shows the Canadian economy added 88,900 jobs in January, far exceeding economic predictions of 13,000 jobs for the month. These gains are largely being driven by the four western provinces – and particularly B.C. and Alberta, key enrolment regions for RRU – which all posted record highs for employment last month.

⁸ As reported in the Globe & Mail, Feb. 9/07

As previously noted, motivation to return to school weakens in a strong economy that is creating significant new employment opportunities. Non-working time becomes more precious, career demands on employees soar, a shortage of talent opens up new job possibilities, and fewer people feel the need to upgrade their credentials.

In this tough recruiting environment, Royal Roads University, however, possesses some key advantages:

- One, is that among working professionals, our attributes are seen as highly desirable, and more so than ever. The 2006 Ipsos-Reid survey placed a higher value than it did in the 2004 survey on the ability to work with peers, being taught by a faculty of practicing professionals, and being able to continue to work while applying new knowledge. Furthermore, the fact that we are the only public university in Canada to *specialize* in serving this audience places us in the position of category leader, an attribute that can be further leveraged through greater consumer awareness of our “specialist” status.
- Two, is that among those working professionals who are *familiar* with Royal Roads, we rank well on a comparative basis with other Canadian universities. In fact, we hold leadership positions in innovation, specialized education for working professionals, faculty who are working professionals/or are seasoned academics with real world experience, the variety of delivery options, programs aligned with professional associations, students with business experience, and students who are working professionals. The 2006 Ipsos-Reid survey also pointed to important gains in perception of quality.
- Three, we have organized and pursued marketing and recruitment strategies that are well ahead of a competition that has long relied on a comfortable market of high school leavers and defined geographic catchments. As many colleges and universities begin to struggle with the new enrolment reality, we have absorbed lessons learned from a market that has *always* been more difficult to reach and convert.
- Four, even in an environment where the working professional audience demonstrates less interest in education than it has previously, there is opportunity to capture greater market share – *provided we can reach them*. In other words, we have a product that is in demand. Our challenge is ensuring people are aware and familiar with what we offer, so we can convert their interest into program applications, and convert applicants into registered learners – the kind of learners who show up the first day of class, successfully complete their studies in a reasonable timeframe, and graduate from Royal Roads University.

To illustrate this demand, the chart below quantifies the size of the working professional audience in four key provinces according to Statistics Canada demographic data.⁹ This data has been combined with the 2006 Ipsos- Reid research, which identified that five in ten working professionals would consider taking a full university program, while six in ten would consider taking a university course. The consolidated result is the total population and core target market for RRU.

⁹ Defined as “people, between 25-55 years, employed in a professional role.”

Province	Working Professionals 25-55 yrs	Considering furthering education	Considering a full program	Considering a course
British Columbia	1,029,575	514,787	272,837	319,167
Alberta	821,395	410,697	217,669	254,632
Saskatchewan	215,725	107,862	57,167	66,874
Ontario	3,119,705	1,559,852	826,721	967,108
Total	5,186,400	2,748,792	1,374,394	1,607,781

The size of this market, however, is challenged by the low familiarity of the audience with Royal Roads – a small, young, largely distance-based university, geographically located on the western-most edge of the country. The next chart¹⁰ combines the Statistics Canada and Ipsos-Reid findings with additional data from the working professional audience who have heard of, are familiar with, have a somewhat correct perception of, and are likely to consider enrolling with Royal Roads University.

Considering a Full Program and...				
Province	Heard of RRU	Familiar with RRU	Somewhat Correct Perception of RRU	Somewhat Correct Perception Of RRU and Very Likely to Consider Enrolling ¹¹
British Columbia	204,627	87,989	43,994	4,065
Alberta	89,244	23,203	11,601	1,072
Saskatchewan	17,721	4,076	2,038	188
Ontario	198,413	41,666	20,833	1,925
Total	510,005	156,934	78,466	7,250

¹⁰ Statistics Canada, Community Profiles, 2001 – 2004 and Ipsos-Reid Reputation and Tracking Research, 2004-2006

¹¹ Note – these numbers reflect the fact that only one-third of those polled in the 2006 Ipsos-Reid study preferred a blended learning model (residency and online) over a completely online model. The likelihood of enrolling can be potentially increased up to three-fold if we were to offer satellite campuses or successfully persuade prospects of the merit of a Victoria residency.

The end result is an obvious one: due to low familiarity, we have an audience that is a fraction of what it could be. The response is equally obvious. Like any organization, if we are to increase our market share, we must gain more market intelligence to better define our market potential and target audience. Equally, we must develop and execute strategies that create greater awareness, deepen familiarity, and increase the sales of our product and services.

In the first instance, we are improving our market research strategy in a number of ways. For example, research now underway will further quantify demand for specific RRU programs, not just the university itself. This will allow us to improve the accuracy of our enrolment forecasts and optimally assign resources to high-demand programs. Other research being planned will gather greater insight into customer profiles, customer satisfaction, and validation of the benefits of an RRU education.

As for successful strategies for marketing and sales, we continue to build on tactics that achieved the increase in new student growth of the past year. In addition, we are putting in place both structural changes and new efforts that will bring a sharpened focus to program sales and new business development. These are described in more detail in the next section.

Student engagement that drives successful academic outcomes and satisfaction

All RRU programs are based on the power of learning communities that make extensive use of cohort-based programs, mentoring, teamwork, small group, and problem-based learning. This not only produces strong academic performance, it creates a level of student engagement and satisfaction that reinforces successful careers in the workplace.

In the most recent two-year out survey of B.C. baccalaureate graduates¹², 72% of Royal Roads' respondents rated their program 'very highly' for helping them develop group collaboration skills. This finding compared to a system-wide average of 30%. Nearly two-thirds of RRU respondents expressed themselves as being 'very satisfied' with their program, compared to a system-wide level of 39%.

Such satisfaction sticks with our graduates. The most recent survey of baccalaureate graduates taken a full five years after graduation¹³ showed that 71% of RRU respondents rated their programs as 'very useful' in acquiring the knowledge, skills, and abilities related to their work, and 89% said they would choose the same program again.

In this same survey, underlining the appeal of lifelong learning, 39% of RRU baccalaureate respondents went on to pursue further post-secondary education, including 44% who obtained professional certifications and 25% who enrolled in master's programs.

RRU's own surveys, commissioned through independent research firms, show equally strong satisfaction ratings across all programs, including those at the graduate level. For example, 93% of

¹² The University President's Council of B.C. Baccalaureate Outcomes 2005 Survey of 2003 Baccalaureate Graduates

¹³ The University President's Council of B.C. Baccalaureate Outcomes 2005 Survey of 2000 Baccalaureate Graduates

Royal Roads University graduates¹⁴ said they would recommend the university to others. (This percentage slightly exceeds that of a recent Maclean's magazine survey of universities across the country, where the top institutional scorer registered a 91% finding to a similar question.)

Another survey of alumni performed in late 2005¹⁵ found that 95% of respondents said their RRU degree contributed to personal growth, 69% said it led to career advancement, 53% experienced increased earnings, and 94% cited a contribution to personal satisfaction.

If student engagement is the key to academic scholarship and personal growth, RRU is uniquely positioned to support the needs of adults who are returning to school. We are now extending our achievements in distance learning technology to providing distributed student services, such as online career advice and services, to RRU students living and working in regions across the country.

Furthermore, the merits of highly engaged students pay off in an alumni network of influential professionals that are strong ambassadors for the university. Not only do our alumni enthusiastically participate in marketing promotions, recruiting sessions, advice to prospective learners, and mentoring of current students, but they help open new doorways for customized executive education within their organizations.

Labour market responsiveness for a changing economy

As a university designed to meet the needs of the labour market, RRU specializes in developing education that reflects current and emerging career opportunities. Most of our learners are already in the workplace and have significant experience. In fact, we have one of the larger graduate student populations in B.C., with forecasts that we will serve 1,249 domestic graduate full-time equivalent students (degree and certificate) this year.

Our focus on the workplace is supported by all aspects of our approach: an innovative model that combines internet-based distance learning with short residencies, thereby allowing learners to enhance their education as they continue to work; faculty with academic, teaching and research credentials who are often practicing professionals in their field; a diverse portfolio of graduate programs, many of them unique in the country; and advisory boards composed of leading academics and public and private sector experts who ensure that RRU programs remain relevant and in demand.

Human Resources and Skills Canada (HRSC) is forecasting a number of critical demographic and labour market trends that are reshaping the employment landscape in Canada. These include:

- a gradual slowdown in labour force growth with the accompanying ageing of the workforce
- an accelerated shift toward knowledge industries that will heighten demand for post-secondary education and lead to an increase in management occupations

¹⁴ Venture Research Survey, Feb. 2005

¹⁵ West Research Survey, Dec. 2005

- new technologies and workplace approaches that will drive a need for lifelong learning and re-skilling
- a retiring workforce that will create extensive vacancies and high demand for management and leadership skills.

RRU's focus on career-oriented learners, management education, and real-life problem solving can help address issues of productivity, quality, and adaptation to a changing economy. Furthermore, through our blended learning model, which combines residencies and internet-based distance learning, RRU offers education that helps balance the professional and personal responsibilities held by those in the labour market now.

Royal Roads is responding to the new reality of the workplace in a number of ways. These include:

- customized programs linked to succession planning, such as the Leading the Way program for the B.C. Government, offered in collaboration with the University of Victoria and Camosun College
- degree programs in international hotel management that support provincial objectives for tourism sector growth
- the creation of the Canada Centre for Environmental Education, which provides education, training, professional development, and accreditation for environmental professionals
- graduate degree in disaster and emergency management
- proposed applied doctoral degrees in fields driven by demand for professional expertise, action research, and emerging knowledge.

Increased access to education through innovative learning technologies

RRU's delivery model benefits students, the government, industry, and the people of B.C. by producing more university graduates at a very high level of quality, in less time, with less personal disruption, and at a lower than average taxpayer cost.

Since 2000/01 RRU has received less than 2% of the total provincial capital investment in university infrastructure, thereby demonstrating the value of our made-in-B.C. learning model. For much of this period, RRU consistently exceeded enrolment targets set by the Ministry of Advanced Education, even as we drew less on government funding. Operating grants per funded full-time equivalent (FTE) dropped from \$15,678 to \$7,016 in 2006/07.

This model, underpinned by innovative learning technologies and RRU's leadership in distance education, does more than deliver good value to provincial taxpayers. It creates access to learning for those who face significant barriers or may be less inclined to participate in post-secondary education.

For example, RRU's undergraduate completion programs – delivered in an intensive, full-time format or through a combination of residencies and distance learning – have strong appeal for those who were unable to complete their undergraduate degrees or entered the workplace right after high school. Now adults in their mid to late 20s, many from this demographic group are seeking career progression and higher incomes, but find their way blocked by the lack of a university degree.

No other B.C. university is as focused on meeting their learning needs as Royal Roads, which was also the first university in the country to combine years 3 and 4 of an undergraduate degree in a 12-month format. By recognizing previous education and workplace experience and enabling these students to re-enter the labour market sooner through an accelerated approach – or work full-time as they learn in a two-year format – RRU is encouraging young adults to succeed at post-secondary education even if their earlier experiences were not positive.

Equally so, RRU believes that this learning model can well serve the education and employment needs of groups traditionally disadvantaged (e.g. immigrants) in the post-secondary system. Meeting this need could be particularly critical to provincial economic growth, as a decreasing number of young people enter the labour market and an increasing proportion of the workforce reaches retirement age. In fact, HRSC predicts that immigrants will continue to be the main source of Canada's population growth, representing as much as 15% of new entrants annually to the labour market. Post-secondary institutions are being asked to do more to help individuals within these groups enhance their value in the labour market. Royal Roads is ready to do so.

Applied research for complex problems and increased collaboration for new benefits

As with all universities, research is critical in underpinning the scholarship, quality and relevance of academic programs, particularly at the graduate level. At Royal Roads, it is complementary to and integrated with our teaching programs, further enhancing our reputation and underlining our credibility in academic and other circles.

As such, our applied research model is highly interdisciplinary and focuses on real world problems with immediate outcomes. RRU's strategic research themes are learning and innovation, and sustainable communities and societies.

Over the past seven years, RRU has steadily built research capacity proportionate to its size and mandate. Like other universities in B.C., RRU receives faculty and student funding for peer-reviewed proposals from the federal granting agencies, as well as provincial research funding. The university is a full member of both the Canadian Association for Graduate Studies and the Western Canadian Deans of Graduate Studies. We have all the required infrastructure, policies and procedures in place to meet the criteria for membership in these organizations and to fully support research at the university.

In keeping with our focus on applied and professional education, the majority of faculty research is problem solving and action oriented, thereby addressing social and environmental responsibilities in B.C., Canada, and beyond. Practical knowledge generated from seeking innovative solutions to real-

life problems is funnelled back, in turn, into curriculum development and instruction for the benefit of learners.

Research collaborators come from all sectors – industry, government, organizations, and communities. These collaborations reinforce mutual sharing of knowledge and become an important source of new knowledge creation for British Columbia.

Collaboration, however, also extends beyond research to new opportunities for commercialization, program development, and articulation with the B.C. post-secondary system. For example, our partnership with the Innovation and Development Corporation at the University of Victoria allows us – together with other Vancouver Island post-secondary institutions – to access resources that will help expand commercialization opportunities for our students and faculty.

Additionally, our relationship with Capilano College has resulted in the development and delivery of a Graduate Certificate in Tourism Leadership. We have also begun discussions with the Nicola Valley Institute of Technology to offer an undergraduate degree completion program tailored to the needs of First Nations learners.

Furthermore, we have more than 100 transfer agreements signed or under discussion with colleges across B.C. and throughout Canada. These provide students at institutions with two-year programs clear access to the third year of an RRU baccalaureate degree.

Sustainability and stewardship to safeguard our remarkable heritage

As the only university in Canada with a campus located on a national historic site, Royal Roads takes seriously its responsibility to manage and maintain Hatley Park and educate the public about our natural and cultural heritage. To do so, we are developing the tourism potential of the site in keeping with provincial goals for strengthening the tourism industry, and in ways that demonstrate and educate about responsible tourism and environmental stewardship.

Key to our commitment on sustainability is the Royal Roads University Foundation Board. As well as supporting greater access to post-secondary education for learners, the Foundation is securing financial support for restoring and enhancing the campus's heritage assets on behalf of the people of Canada. Projects to date include restoration of an Edwardian greenhouse, the creation of a community trail, and a botanical inventory of the gardens.

One of the most exciting initiatives is the recently announced creation of the Robert Bateman Art and Environmental Education Centre at Royal Roads University. Internationally renowned artist and educator Robert Bateman has made a significant gift to British Columbia and Canada in endowing an extensive collection of original art, prints, archival and other materials valued at \$10.7 million to RRU. The centre itself is due to open in 2010.

This collection, without doubt, could have gone to any country in the world. The fact that Mr. Bateman has chosen his adopted province of British Columbia and Royal Roads University for his

life work is a testament to RRU and his belief that we provide the kind of environmental education that makes a difference in this world.

Increasing local outreach while sharpening our global perspective

As a university designed to serve the labour market needs of British Columbians and Canadians, Royal Roads is, nonetheless, keenly aware of its responsibility to and relationship with our neighbours, the Western Communities of Greater Victoria. To this end, RRU launched a new Continuing Studies department last fall that will offer a wide range of learning opportunities focused on the needs of the “West Shore”. These programs will complement and collaborate with continuing education courses offered by the University of Victoria and Camosun College.

Royal Roads has long offered a variety of executive education programs and workshops, many of them certificate or diploma programs aligned to professional certification. Reflecting this, our Continuing Studies courses support these and other RRU programs, while providing – in many cases – a stepping stone for learners to move into RRU’s certificate or degree programs. By optimizing the assets of Hatley Park National Historic Site as an “outdoor classroom” with gardens, a forest, a heritage castle, and rare ecosystems, Royal Roads will also be able to offer unique experiential programs that showcase the natural and cultural heritage of the site.

A renewed appreciation for serving the local community will not diminish our interest in the wider world. While focused on the needs of B.C. and Canadian learners, we also seek enrolments from international students – recognizing their participation is critical to our understanding of and responsiveness to a global workplace.

Engaging learners from different cultures is fundamental to fostering global citizenship and attracting qualified immigrants and international trade to British Columbia. Not only do RRU’s international activities support the province’s Asia-Pacific Gateway Strategy, our programs focused on conflict management and human security help create more stable environments where conditions for trade and economic development can flourish.

In particular, RRU’s presence in Asia, and especially in China and Taiwan, creates international linkages with countries that are leading the world in economic growth. In 1999, we began serving working professionals in China in their own language with an MBA program for Mandarin speakers.

These learners and graduates are the entrepreneurs, the managerial class, the rising professionals, and tomorrow’s leaders, influencers, and decision-makers in the new, dynamic, China. We are further strengthening these relationships through institutional partnerships with Chinese universities and colleges that bring international students to our campus in Victoria.

Responding to the Challenges

Stepping into its second decade, Royal Roads University remains a young, vibrant university – well positioned to capitalize on the innovation, commitment to quality, accessibility, and leadership in applied and professional education that has marked its first 12 years.

At the same time, we have a realistic view of some key challenges and the required response if we are to successfully achieve the potential and opportunities that lie before us. Three of these challenges are discussed here.

Challenge: Change and Competition

In its early years, RRU's primary focus on mid-career learners led to a unique opportunity to provide education to a critically important market segment that was under-served in Canada. While undergraduate completion degrees were part of our portfolio from the beginning, the majority of our offerings were targeted to working professionals seeking graduate degrees that would allow them to keep working and keep learning.

Demand from this demographic group softens in a robust economy – as barriers to return to school escalate with added professional responsibilities, and motivation diminishes in response to time constraints and personal commitments.

Nonetheless, this demand still exists and will return in force. As noted above, there is an urgent need for well-educated professionals and managers in a shrinking workforce. And as B.C. and Canada face new productivity challenges, there is a growing need for lifelong learning and on-demand knowledge and skills that are relevant to a global workplace.

Royal Roads has adjusted to the cyclical tension of economic growth versus demand-for-education in a number of ways. We have chosen to focus on the needs of people who wish to advance in the workplace, rather than mid-career learners. This allows us to broaden our appeal beyond professionals and managers to young adults who traditionally did not pursue further education after high school or college, and are now seeking the ways and means to do so.

We are also attracting recent university graduates to our graduate-level programs. Many of these young people now wish to pursue applied credentials at an advanced level or seek out more meaningful careers in areas other than what they first chose to study.

To this end, we are expanding both undergraduate and graduate offerings in new fields and emerging areas of the economy, and forging strong ties and new alliances with the corporate market through relationships with alumni.

RRU is also emphasizing its competitive advantages: our exclusive specialization in applied and professional programs; the leadership and innovation of our learning model that combines the best

of face-to-face interaction with the convenience of distance learning; and the teaching expertise and excellence we have developed in facilitating learning for adults.

The validation of our learning model was borne out by a 2006 survey conducted for Royal Roads by Ipsos Reid¹⁶. While demand for post-secondary education from working professionals had slipped across the country, regardless of institution, compared to a benchmark 2004 survey, the attributes offered by RRU have significantly increased in value. Furthermore, a 2007 survey of the same audience demonstrated that the opportunity to serve the working professional market with specific RRU programs remains substantial in B.C. and across the country.

These attributes include an ability to work and go to school at the same time, admissions criteria that place equal emphasis on work experience and academic credentials, and learning with peers who are also working professionals. Furthermore, among those familiar with RRU, scores in the survey had improved in awareness of RRU's reputation for overall quality, innovation, employer satisfaction, and specialization in education for working professionals.

As the post-secondary sector grapples with increasing competition, and institutions embrace new learning technologies and enrolment in professional programs, Royal Roads expects to continue to be challenged in a market it once pioneered. This market – economic boom notwithstanding – is far from saturated or the purview of any one competitor.

Indeed, we believe that RRU has a unique position in being the only public university in Canada to exclusively offer, not only applied programs, but an entire infrastructure – delivery platform, applied research, faculty model, advisory boards, and collaboration with other institutions – devoted to student success with this approach. In a survey conducted in 2005¹⁷, one-third of our current learners and alumni who participated said they did not consider other universities when selecting RRU.

This is why we are committed to doing more for British Columbia, supporting government policy, and creating new means of access. We aspire to contribute more fully to the provincial target of 25,000 new post-secondary spaces by 2010 and supporting the education needs of under-served demographic groups in B.C.

Challenge: Focusing International Activities

As mentioned above, Royal Roads did something ground breaking and entrepreneurial when it began to offer Mandarin MBA programs in China in 1999. This investment has paid off, as we have graduated influential and high quality professionals in a country that is an engine of economic growth and a vibrant trading partner of B.C.

But participation in international education demands focus. Business opportunities from around the world beckon, and RRU is committed to a necessary discipline for expansion, aligned with a strategy that primarily serves B.C. and Canada. To this end, action has been taken to rationalize and

¹⁶ Ipsos Reid Reputation Tracking Survey 2004, 2006, 2007

¹⁷ Venture Research Survey, Feb. 2005

consolidate our international activities, while strengthening overall academic quality and engagement with students.

For example, we have significantly limited the number of Royal Roads representatives and affiliates in Asia. We have strengthened contractual obligations and our management of curriculum, faculty, quality, and outcomes. We have appointed a seasoned director of Asian operations, based in Hong Kong, who speaks Mandarin and is well versed in managing international business development and a dynamic regulatory environment. We have also increased our full time staff in Hong Kong, including an Academic Director and Admissions Manager, to more effectively manage this burgeoning market.

International education will remain a vital part of Royal Roads University, as it is fundamental to a global workplace. Depending on the program, we provide our learners opportunities to undertake residencies in Grenoble, France; Kampala, Uganda; or Bangkok, Thailand – thereby providing rich learning experiences.

In addition to the partnership we have with eight universities in Thailand and the King Prajadhipok's Institute¹⁸ to deliver our MA in Conflict Analysis and Management in that country, we also have partnerships with Shandong Normal University and Qufu University that see Chinese students complete their undergraduate degrees in Victoria, B.C. Other initiatives include a recently signed agreement with the Environmental Management College of China and curriculum design for the Central Party School that will help develop environmental education in a country facing enormous environmental challenges.

Through research collaborations, the strength of our offshore programs, and the vibrancy of alumni in 48 countries, we are investing in global citizenship in a world that is increasingly inter-connected and interdependent. Programs such as our MA in Human Security and Peacebuilding and our MA in Professional Communication (with a specialization in Intercultural and International Communication) are unique in Canada for their marriage of applied skills in zones of conflict and failed states or their grasp of how theory is readily applied in practice in diverse and complex intercultural settings.

Our international outreach will match the needs of British Columbia and the objectives of the provincial government. Above all, we will be a B.C. university with an appreciation for and understanding of the wider world around us.

Challenge: Growth that meets the needs of B.C.

Royal Roads University is a small university that grew rapidly in its first decade. Its innovative approach not only attracted bright students, but talented faculty and staff who provide outstanding service to them.

¹⁸ An organization established and supported by the Thai Parliament to train parliamentarians

As a public university, Royal Roads has responsibilities to deliver the highest quality of academic programs, scholarship and research guided by established ethical protocols, and student services that not only create the conditions for student success, but also fulfill legal and moral obligations for minority and disadvantaged groups.

A leader in distance education technologies, RRU requires a learning platform that is robust, seamless, and intuitive for student and faculty use. Furthermore, growth has brought new requirements for investment in student information, financial, human resources and operational systems, and new challenges to a campus that was originally designed to serve only 300 military cadets. Within the last year we have implemented a new open source learning platform (Moodle) and a new student information system.

We have also examined the principles of growth associated with a special purpose university that is dedicated to student engagement and meeting labour market needs.

There is merit, borne out by student satisfaction surveys, in being small, learner-focused, and flexible. Our students build strong networks with peers, establish close bonds with professors, learn in small class sizes, and are known individually to faculty and staff at all levels. Many of our alumni retain their connection long after graduation, and continue to benefit from it.

Organizationally, RRU has used the advantage of its size to react competitively to emerging academic disciplines and demands for new knowledge, skills, and customized programs from business and government. This advantage is leveraged through a unicameral model of the Board of Governors and strong attention to governance issues from board members. Such an approach has allowed for nimble decision-making, focused analysis, and responsiveness to labour market needs.

Equally so, however, we require a level of growth that will allow us to finance and provide the critical services and quality indicators of a public university, in tune with student expectations, sector benchmarks, technology advancements, and increasing competition for enrolment. We need to continue to attract leading faculty and entrepreneurial staff, while maintaining and improving our campus and other capital infrastructure.

Our challenge at this stage of our history is to both “right-size” our university and to scale our growth to meet strategic objectives and optimize our value to the B.C. Government. In renewing our commitment to serve British Columbians and Canadians in the workplace, RRU is determined to continue to add value to the public university system.

This means we will develop new programs and pursue new business opportunities where it makes sense, and where we can contribute to the labour market. It means opportunities will be underpinned by thorough market analysis, a robust business case, and channels for collaboration. Above all, it will mean that growth opportunities must be aligned with the education and policy needs of B.C. and the workplace requirements of a prosperous Canada.

Growth is desirable if RRU is to maintain quality, strengthen the learning experience, and make the required investments of a public university. But growth will be disciplined – our reach will not

exceed our grasp. Projected FTE growth, as demonstrated in the table below, supports the goals of British Columbia as related to meeting provincial labour market needs.

Royal Roads University – FTE Growth					
	2005/06 Actual	2006/07 Actual	2007/08 Forecast	2008/09 Forecast	2009/10 Forecast
Domestic					
Academic Degrees – Undergraduate	614	768	893	1,060	1,195
Academic Degrees – Graduate	1,132	1,063	1,086	1,204	1,348
	1,746	1,831	1,979	2,264	2,543
Executive Education					
Credit Based Programs	105	110	163	186	197
Total Domestic -----	1,851	1,941	2,142	2,450	2,741
International Academic Degrees	1,036	1,038	1,060	1,068	1,341
Total for University -----	2,887	2,979	3,202	3,518	4,082

In the earlier discussion of our learning model, we outlined the value that RRU provides the provincial government and its taxpayers both from an operational and capital infrastructure perspective. RRU provides accessible education to Canadians, a majority of them British Columbians, who strengthen the prosperity of the province and country. The causal link between education and income, underpinning economic development and prosperity, is well researched and established.

But we also have an institutional role to play in ensuring that economic development is upheld by fiscal responsibility. The RRU Board of Governors has pledged that Royal Roads will maintain a strong and robust balance sheet on behalf of British Columbians. Our strong financial performance is illustrated by our ratings on financial health performance indicators developed by the Ministry of Advanced Education for the post-secondary system in British Columbia. These include the Primary Reserve Ratio¹⁹, the Equity Ratio²⁰, the Net Income Ratio²¹, a composite score²², and a rating that assesses the results of the three ratios. Royal Roads University's financial performance is strong on all indicators, and has improved from good to excellent over the last four years, as shown below.

19 The Primary Reserve Ratio provides a measure of a post-secondary institution's liquidity and margin against adversity.

20 The Equity Ratio measures an institution's capital resources and ability to borrow.

21 The Net Income Ratio measures an institution's ability to operate within its means.

22 The composite score is determined by converting each of the above ratios into a strength index and then taking the weighted average of the three.

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Year	Primary Reserve Ratio	Equity Ratio	Net Income Ratio	Composite Score	Rating
2002/03	0.167	0.370	0.027	2.05	Good
2003/04	0.233	0.353	0.035	2.34	Good
2004/05	0.272	0.386	0.064	2.63	Excellent
2005/06	0.270	0.375	0.047	2.59	Excellent
2006/07	0.293	0.455	0.038	2.81	Excellent

We believe this commitment to healthy finances, growth to serve provincial needs, and fiscal responsibility is a fundamental part of our accountability as a public university to the B.C. Government.

Goals, Objectives, Performance Targets and Results

Institutional Goals

Goal # 1 – Leadership

To be the Canadian leader among public post-secondary institutions in offering innovative certificate, diploma and degree programs at the undergraduate and graduate levels, solely in the applied and professional fields.

Goal # 2 – Quality

To deliver unparalleled teaching excellence and applied research activities that strengthen student outcomes, the quality of interdisciplinary academic programs, and university performance in response to evolving labour market needs.

Goal # 3 – Community

To provide continuing education, service learning, and social and cultural opportunities that are responsive to the needs of the local community and reflective of British Columbia's rich heritage and unique environment.

Goal # 4 – Building and Sustaining Capacity

To maintain a high level of organizational effectiveness and fiscal responsibility, thereby providing an excellent return on provincial investment and good value to British Columbians.

Institutional Objectives

The Strategic Institutional goals have been developed into a more detailed set of Institutional Objectives from which even more detailed “Key Performance Indicators” and “Annual Targets” have been defined to enable the effective day to day management of the University.

1. Leadership

Be a Leader in Applied Degree and Certificate Programs

2. Quality

Achieve Unparalleled Excellence in Teaching and Applied Research

3. Building Community

Build Strong Relationships Locally, Provincially and Nationally

4. Stewardship

Exercise Effective Environmental and Heritage Stewardship

5. Financial

Maximize Revenue Opportunities and Optimize Resource Utilization

6. Internal Processes

Ensure Efficient and Effective Support Processes

7. Human Resources

Achieve a High Level of Organizational Effectiveness through Attraction and Retention of a Motivated Workforce

8. Technology and Infrastructure

Build effective technology and infrastructure to support university objectives

Objectives five through eight all contribute to the goal of Building and Sustaining Capacity. They are, however, different from the first four objectives in that they are internal to the institution. Objective number five (Financial), is an important indicator of fiscal responsibility and is reported later under the headings “Summary Financial Report 2006/07” and Summary Financial Outlook 2007/08 – 2009/10. Each of the remaining three objectives (six-eight) act as enablers to the success in goals one through five.

Figure 1, on the following page, presents the relationship between the University’s objectives and those of the Ministry of Advanced Education. Objectives are only useful if they can be measured. Performance measures are noted for each of the objectives. In addition to those performance measures suggested by the Ministry we have added two additional items that are important to our growth and development plans. Continuing Studies both free to the user and for a fee are an integral part of a University’s outreach into the local community. We are working to enhance and build this aspect of our university and have put forward specific measurable targets to demonstrate our accomplishment of this objective.

Royal Roads University has had a focus on sustainability from its inception and continues to regard the environment as a trust from generation to generation. We have included an objective relating to environmental and heritage aspects of our operation. The specific targets are under development this year and will be reported next year. Action has already begun through the use of “carbon credits” by a number of our students and staff, extensive recycling, and support to alternate greener modes of transportation. We look forward to sharing more on this next year.

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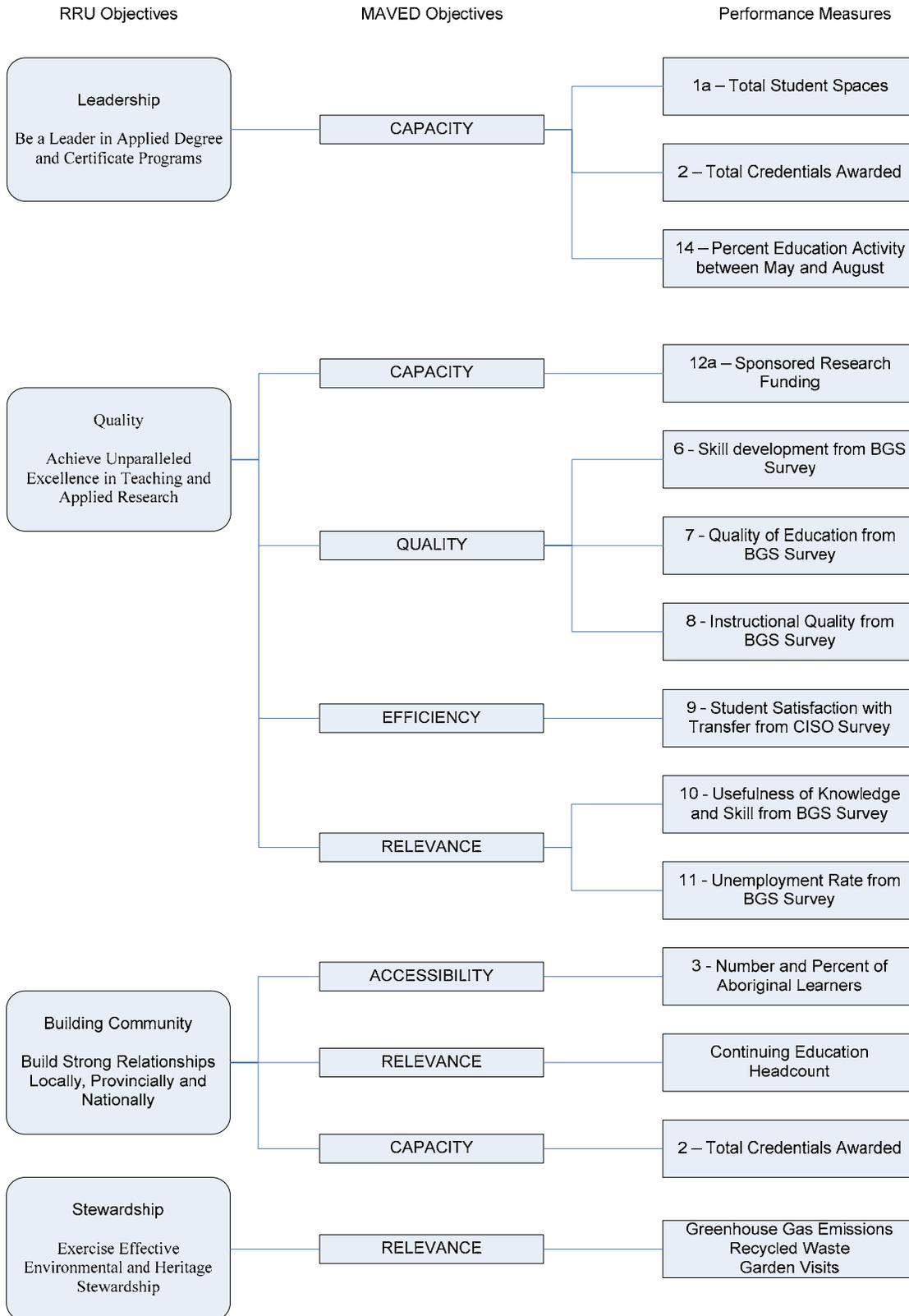


Figure 1

Performance Measures, Targets and Results

The following tables contain the results from the previous year as well as the upcoming year targets for each of the performance measures identified in Figure 1 above.

Ministry Objective	CAPACITY		
Performance Measure	Total Student Spaces		
2005/06 Actual	1,866.5 ²³		
2006/07 Target	1,930.0		
2006/07 Actual	1,940.8		
Performance Assessment	Target Achieved		
	MAVED	RRU	% of Ministry Target
2007/08 Target	1,959.0	2,142.0	109 %
2008/09 Target	1,970.0	2,450.0	124 %
2009/10 Target	1,991.0	2,741.0	138 %

Ministry Objective	CAPACITY	
Performance Measure	Total Credentials Awarded ²⁴	
2005/06 Actual	1,294	
2006/07 Target	1,377	
2006/07 Actual	1,771	
Performance Assessment	Target Exceeded	
2007/08 Target	1,385	
2008/09 Target	1,408	
2009/10 Target	1,429	

²³ Audited FTE Report 2005/06 stated a value of 1850 that was restated in the Audited FTE Report 2006/07 to reflect increased accuracy of new student information system for a revised value of 1866.5

²⁴ RRU reports current year only not three year average to more accurately reflect the achievement of its aggressive growth plan

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Ministry Objective	CAPACITY
Performance Measure	Percent Education Activity between May and August
2005/06 Actual	30%
2006/07 System Level Target	21%
2006/07 Actual	34.8%
Performance Assessment	Contributed to achievement of system level target of 21%
2007/08 Target	Contribute toward achievement of system level target of 21%
2008/09 Target	
2009/10 Target	

Ministry Objective	CAPACITY		
Performance Measure	Sponsored Research Funding (000\$)		
	MAVED ²⁵	RRU	
2005/06 Actual	\$514	\$1,477	
2006/07 Target	≥ \$514	\$1,700	
2006/07 Actual	≥ \$917	\$1,759	
Performance Assessment	Target Exceeded		
	MAVED	RRU	% of Ministry Target
2007/08 Target	≥ \$917	\$2,125	185%
2008/09 Target	≥ previous year	\$2,125	-
2009/10 Target	≥ previous year	\$2,650	-

²⁵ Data figures used by MAVED come from Statistics Canada data 2 years previous

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Ministry Objective	ACCESSIBILITY
Performance Measure	Number and Percent of Public Post-Secondary Students That Are Aboriginal
2005/06 Actual	46 / 1.5%
2006/07 Target	Maintain or increase
2006/07 Actual	66 / 2.4%
Performance Assessment	Target Exceeded
2007/08 Target	≥ 46 / ≥ 1.5%
2008/09 Target	≥ previous year
2009/10 Target	≥ previous year

Ministry Objective	QUALITY
Written Communication	89.0% ± 2.8%
Oral Communication	88.2% ± 3.0%
Reading and Comprehension	82.6% ± 3.8%
Group Collaboration	95.5% ± 1.9%
Critical Analysis	91.6% ± 2.5%
Problem Resolution	88.2% ± 3.0%
Learn on Your Own	79.4% ± 4.2%
Skill Development (Avg. %)	87.8% ± 3.1% Target exceeded
2005/06 Actual	89.5% ± 4.0
2006/07 Target	≥ 85%
2006/07 Actual	87.8% ± 3.1%
Performance Assessment	Target Achieved
2007/08 Target	≥ 85%
2008/09 Target	
2009/10 Target	

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Ministry Objective	QUALITY
Performance Measure	Student Satisfaction with Education
2005/06 Actual	100%
2006/07 Target	≥ 90 %
2006/07 Actual	96.2% ± 1.7%
Performance Assessment	Target Achieved
2007/08 Target	≥ 90 %
2008/09 Target	
2009/10 Target	

Ministry Objective	QUALITY
Performance Measure	Student Assessment of Quality of Instruction
2005/06 Actual	98.2 %
2006/07 Target	≥ 90 %
2006/07 Actual	94.3% ± 2.0%
Performance Assessment	Target Achieved
2007/08 Target	≥ 90 %
2008/09 Target	
2009/10 Target	

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Ministry Objective	EFFICIENCY
Performance Measure	Student Satisfaction with Transfer
2005/06 Actual	89.5 %
2006/07 Target	≥ 90 %
2006/07 Actual	88.9%
Performance Assessment	Contributed to System level Target of ≥ 90%
2007/08 Target	Contribute toward achievement of system level target of ≥ 90 %
2008/09 Target	
2009/10 Target	

Ministry Objective	RELEVANCE
Performance Measure	Student Assessment of Usefulness of Knowledge and Skills in Performing Job
2005/06 Actual	94.4 %
2006/07 Target	≥ 90 %
2006/07 Actual	92.8% ± 2.4%
Performance Assessment	Target Achieved
2007/08 Target	≥ 90 %
2008/09 Target	
2009/10 Target	

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Ministry Objective	RELEVANCE
Performance Measure	Unemployment Rate
2005/06 Actual	2.7 %
2006/07 Target	7.6 %
2006/07 Actual	4.4 %
Performance Assessment	Target Exceeded
2007/08 Target	Maintain unemployment rate of former RRU students below rate for persons with high school credentials or less
2008/09 Target	
2009/10 Target	

Royal Roads University Objectives in Addition to Those from MAVED

Ministry Objective	RELEVANCE	
Performance Measure	Continuing Education Headcount ²⁶	Continuing Education Paid Enrolments
2005/06 Actual	n/a	n/a
2006/07 RRU Target	1,200	800
2006/07 Actual	1,675	1,249
Performance Assessment	Target Exceeded	Target Exceeded
2007/08 RRU Target	1,948	1,694
2008/09 RRU Target	2,181	1,897
2009/10 RRU Target	2,442	2,124

²⁶ Continuing Education Headcount includes Free to the Public events.

Ministry Objective	RELEVANCE
Performance Measure	Greenhouse Gas Emissions Environmental Performance Heritage Performance
2005/06 Actual	n/a
2006/07 Target	Under development ²⁷
2006/07 Actual	n/a
Performance Assessment	n/a
2007/08 Target	Maintain or reduce emissions
2008/09 Target	
2009/10 Target	

Performance Context

The data presented in the previous section, shows that Royal Roads University has met or exceeded all of its performance targets for the past year.

The data for “Credentials Awarded” is based only on the most recent Academic Year, 2006/07. At Royal Roads University we are a fairly new institution and growing rapidly. It would significantly understate our performance to use an average over the past three years as recommended in the “Performance Measures Standards” document from MAVED.

The inclusion of objectives relating to the environment and heritage aspects of the Royal Roads University site is an addition to the Ministry reporting requirements and reflects the goal of Royal Roads University to both teach and practice sustainability. As part of our three-year strategic plan, the University has identified environmental and heritage concerns as significant issues and has directed the development of appropriate performance measures and targets to ensure that our good intentions become firm demonstrable achievements. The performance measure for this year is, in effect, to develop the measures and specific targets to report out in the next report. We look forward to providing leadership and examples of best practices in this area.

In terms of financial performance, RRU has managed its affairs responsibly and is rated Excellent in its financial health composite score, as developed by MAVED. The following section provides an overview of RRU’s financial performance.

²⁷ RRU is currently calculating environmental and heritage performance indicators. Actual numbers will be set during the current fiscal year (2007/08). Reductions will then be reported annually as the performance measures for this objective.

Summary Financial Report 2006/07

Financial performance in 2006/07 was similar to 2005/06, reflecting a stable operation for the university.

Royal Roads University Summary Financial Report - 2006/07 Amounts in \$000s		
Revenues and Expenses	2006/07 Actual	2005/06 Actual
Revenues		
Tuition Revenues	23,248	23,983
Other Revenues	7,021	5,507
Amortization of Deferred Capital	1,016	1,112
Provincial Operating Grant	14,388	14,898
	45,673	45,500
Expenses		
Compensation & Benefits	23,279	23,330
Professional Services Agreements	8,447	8,055
Other Expenses	12,217	12,059
	43,943	43,444
Net Income	1,730	2,056
Net Assets	21,113	19,383

Although overall enrolment²⁸ increased in 2006/07 (to 2,979 FTEs from a prior year total of 2,887 FTEs) tuition revenue is down slightly, reflecting a small shift to degrees with lower tuition rates. Other Revenues includes student fees other than tuition, research grants, tourism revenues and revenues from parking, student residences, and miscellaneous items. The Provincial Operating Grant is lower in 2006/07 than in 2005/06 due to a one-time grant received in 2005/06 to cover retroactive wage settlements.

Professional Services Agreements represent a significant portion of university expenses, due to the contracting of faculty with academic credentials who are practicing professionals in their fields.

Annual net income of \$1.7 million (\$2.1 million in 2005/06) has enabled the university to invest in redevelopment of automated systems, to improve operating efficiency and provide better services to students.

²⁸ Includes domestic and international

Financial Health of Royal Roads University

In 2004/05, the Ministry of Advanced Education developed a tool to monitor the financial health of public post-secondary educational institutions on an ongoing basis. This tool is based on a study produced by KPMG for the US Department of Education, adapted to the attributes of the public post secondary system in British Columbia. It provides a summarized picture of key conditions affecting the financial health of an institution.

The tool includes three ratios plus a composite score. The three ratios are:

- Primary Reserve Ratio, which provides a measure of a post-secondary institution's liquidity and margin against adversity.
- Equity Ratio, which measures an institution's capital resources and ability to borrow.
- Net Income Ratio, which measures an institution's ability to operate within its means.

The composite score is determined by converting each of the above ratios into a strength index and then taking the weighted average of the three. The composite score rating scale is as follows:

Composite Score Range	Rating
2.5 to 3.0	Excellent
1.5 to 2.4	Good
1.0 to 1.4	Fair
-1.0 to 0.9	Poor

The financial ratios and composite index for Royal Roads University for the last five years are shown in the following table:

Year	Primary Reserve Ratio	Equity Ratio	Net Income Ratio	Composite Score	Rating
2002/03	0.167	0.370	0.027	2.05	Good
2003/04	0.233	0.353	0.035	2.34	Good
2004/05	0.272	0.386	0.064	2.63	Excellent
2005/06	0.270	0.375	0.047	2.59	Excellent
2006/07	0.293	0.455	0.038	2.81	Excellent

Royal Roads University continues to focus on fiscal responsibility as a fundamental part of our accountability to the Government of British Columbia as a public university.

Summary Financial Outlook 2007/08 – 2009/10

Royal Roads University Summary Financial Outlook 2007/08 to 2009/10			
Amounts in \$000s	2007/08	2008/09	2009/10
Revenues			
Tuition Revenues	23,652	26,762	30,454
Other Revenues	9,155	9,464	10,291
Amortization of Deferred Capital	1,059	1,059	1,452
Provincial Operating Grant	15,316	16,442	17,300
	49,181	53,727	59,497
Expenses			
Compensation & Benefits	24,809	26,162	27,498
Professional Services Agreements	6,645	8,037	8,756
Other Expenses	15,507	16,176	17,534
	46,961	50,375	53,788
Net Income Before New Degrees	2,220	3,352	5,710
Development and Delivery of New Degrees	1,183	595	(22)
NET INCOME	1,037	2,757	5,732

The financial outlook for the next three years anticipates significant increases to revenue and net income, as a result of planned increases to enrolment and the development and implementation of new degrees. Domestic enrolment is projected to increase by 800 FTEs, reaching 2,741 FTEs by 2009/10. Most of these will be FTEs that are not funded by the Province. Achievement of this level of enrolment will depend, in part, on the construction of a new academic building to provide necessary classrooms and faculty offices.

Multi-year Enrolment Plan 2007/08 – 2009/10

The challenges and opportunities for growth were previously discussed in the Planning and Operational Context section of this report. The table below summarizes our achievements in the past two years and our plan for the next three. Our focus on people seeking to advance in the workplace means that our age demographic is significantly older than other post-secondary institutions and at this time less affected by enrolment reductions in the 18-24 age cohorts. We are confident that these growth targets can be achieved.

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Royal Roads University – FTE Growth					
	2005/06 Actual	2006/07 Actual	2007/08 Forecast	2008/09 Forecast	2009/10 Forecast
Domestic					
Academic Degrees – Undergraduate	614	768	893	1,060	1,195
Academic Degrees – Graduate	1,132	1,063	1,086	1,204	1,348
	1,746	1,831	1,979	2,264	2,543
Executive Education					
Credit Based Programs	105	110	163	186	197
Total Domestic - - - - -	1,851	1,941	2,142	2,450	2,741
International Academic Degrees	1,036	1,038	1,060	1,068	1,341
Total for University - - - - -	2,887	2,979	3,202	3,518	4,082